

长虹美菱股份有限公司

CHANGHONG MEILING CO., LTD.

MELING 美菱

二〇二三年年度报告

Annual Report 2023

I. Important Notice, Table of Contents and Definitions

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

Mr. Wu Dinggang, Chairman of the Company, Mr. Pang Haitao, person in charge of accounting work and Mr. Yang Jun, person in charge of accounting organ (accountant in charge) hereby confirm that the Financial Report of 2023 Annual Report is authentic, accurate and complete.

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

All the directors attended the board meeting to deliberating the Report by a combination of on-site and communication.

Modified audit opinions notes

Applicable Not applicable

Shine Wing Certified Public Accountants (LLP) issued standard unqualified Auditors' Report for the Company's Financial Report of 2023.

Major defects in internal control

Applicable Not applicable

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

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

Applicable Not applicable

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

Investors are advised to read the full text of annual report, and pay particular attention to the following risk factors: More details about the possible risks and countermeasures in the operation of the Company are described in the report "XI. Prospects for the future development of the company" of "Section III. Management Analysis and Discussion", investors are advised to read the relevant content.

Securities Times, *China Securities Journal* and Juchao Website (Juchao Website (www.cninfo.com.cn)) are the media for information disclosure for year of 2024 that appointed by the Company. All public information under the name of the Company disclosed on the above said media and website shall prevail, and investors are advised to exercise caution.

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

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

Applicable Not applicable

Whether to increase the share capital with public reserve

Yes No

The profit distribution plan for year of 2023, that deliberated and approved by 42th session of the 10th BOD was: take total shares of 1,029,923,715 shares as base dated 31 December 2023, distributed 3 Yuan (tax included) bonus in cash for every 10-share hold by all shareholders, no share bonus issued and no capitalizing of common reserves carried out.

Directors, supervisors and senior executives of the Company respectively signed a Written Confirmation Opinions for 2023 Annual Report.

Supervisory Committee of the Company formed Written Examination Opinions for 2023 Annual Report.

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Documents Available for Reference

- I. Financial statement carrying the signatures and seals of the Chairman, principal of the accounting works and person in charge of accounting organ;
- II. Original audit report carrying the seal of the CPA and signature & seal of the accountants;
- III. Original documents of the Company and manuscripts of public notices that disclosed in the website designated by CSRC in the report period;

Definition

Terms to be defined	Refers to	Definition
Company, The Company, Changhong Meiling or Meiling Electric	Refers to	CHANGHONG MEILING CO.,LTD.
Sichuan Changhong or controlling shareholder	Refers to	Sichuan Changhong Electric Co., Ltd.
Changhong Group	Refers to	Sichuan Changhong Electronics Holding Group Co., Ltd.
Hong Kong Changhong	Refers to	CHANGHONG (HK) TRADING LIMITED
Meiling Group	Refers to	Hefei Meiling Group Holdings Limited
Industry Investment Group	Refers to	Hefei Industry Investment Holding (Group) Co., Ltd.
Changhong Air-conditioner	Refers to	Sichuan Changhong Air-conditioner Co., Ltd.
Zhongke Meiling	Refers to	Zhongke Meiling Cryogenic Technology Co., Ltd.
Mianyang Meiling	Refers to	Mianyang Meiling Refrigeration Co., Ltd.
Jiangxi Meiling	Refers to	Jiangxi Meiling Electric Appliance Co., Ltd.
Ridian Technology	Refers to	Changhong Meiling Ridian Technology Co., Ltd.
Wulian Technology	Refers to	Hefei Meiling Wulian Technology Co., Ltd
Zhongshan Changhong	Refers to	Zhongshan Changhong Electric Co., Ltd.
Meiling Life Appliances	Refers to	Hefei Changhong Meiling Life Appliances Co., Ltd.
Changhong Huayi	Refers to	Changhong Huayi Compressor Co., Ltd.
Zhiyijia Company	Refers to	Sichuan Zhiyijia Network Technology Co., Ltd.
Shine Wing	Refers to	Shine Wing Certified Public Accountants (LLP)
CSRC	Refers to	China Securities Regulatory Commission
Anhui Securities Bureau	Refers to	China Securities Regulatory Commission, Anhui Province Securities Regulatory Bureau
SSE	Refers to	Shenzhen Stock Exchange

II. Company Profile & Financial Highlights.

I. Company Profile

Short form of the stock	Changhong Meiling, Hongmeiling B	Stock code	000521,200521
Short form of the Stock after changed (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	长虹美菱股份有限公司		
Short form of the Company (in Chinese)	长虹美菱		
Foreign name of the Company (if applicable)	CHANGHONG MEILING CO.,LTD.		
Abbr. of English name of the Company (if applicable)	CHML		
Legal representative	Wu Dinggang		
Registrations add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Code for registrations add	230601		
Historical changes on the registration address	The Company was registered in the Hefei Administration for Industry and Commerce on November 25, 1992 with the address registered as Linquan Road, Hefei City (Meiling Economic Development Zone); on March 13, 1997, registered address changed to No.48 Wuhu Road, Hefei instead of Linquan Road, Hefei City (Meiling Economic Development Zone); on May 19, 2008, the address changed to No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei from No.48 Wuhu Road, Hefei. Registered address of the Company has not changed during the reporting period.		
Offices add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei		
Codes for office add.	230601		
Website	http://www.meiling.com		
E-mail	info@meiling.com		

II. Person/Way to contact

	Secretary of the Board
Name	Li Xia
Contact add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei
Tel.	0551-62219021
Fax.	0551-62219021
E-mail	lixia@meiling.com

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company disclosed	Shenzhen Stock Exchange www.szse.cn
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Media and Website where the annual report of the Company disclosed	Securities Times, China Securities Journal and Juchao website: http://www.cninfo.com.cn
Preparation place for annual report	Room of secretary of the Board, 2/F , administrative center, Office building of the Company

IV. Registration changes of the Company

Organization code	Uniform social credit code:9134000014918555XK
Changes of main business since listing (if applicable)	No changes
Previous changes for controlling shareholders (if applicable)	<p>1. In October 1993, after initial listing, controlling shareholder of the Company-- Hefei Meiling Industrial Corp. (renamed as Hefei Meiling Group Co., dated 23 May 1994), executing controlling rights of the Company and management right of the state-owned assets on behalf of Hefei State-owned Assets Management Office, named at that time;</p> <p>2. From November 1997 to May 2003, controlling shareholder of the Company was Hefei Meiling Group Holding Co., Ltd. (established base on former Meiling Group Co.,, “Meiling Group” for short), an enterprise solely owned by the State; mainly operating the state-owned capital in authorized from State-owned Assets Management Commission of Hefei City, ensuring the maintenance and appreciation of state-owned assets;</p> <p>3. On 29 May 2003, Meiling Group entered into “Equity Transfer Agreement” with Shunde GreenKel Enterprise Development Co., Ltd. (“GreenKel”), the 82,852,683 state-owned shares held by the Company was transfer to GreenKel. After transferring, GreenKel comes to the first largest shareholder of the Company.</p> <p>4. According to the spirit of “Bulletin of Treatment Opinions on GreenKel Company purchasing State-owned Assets Shares of Listed Company” (GZFCQ[2006] No.: 44) jointly issued from SASAC and Ministry of Finance in April 2006, Meiling Group took back the Meiling Electric 82,852,683 shares from GreenKel by procedures, which has been transferred. In September 2006, relevant equity transfer agreement signed between the Meiling Group and GreenKel is invalid, which was confirmed by the “Award” ((2006) HZZ No.: 104) issued from arbitration commission of Hefei; the state-owned legal person’s 82,852,683 shares, held by GreenKel, should return to Meiling Electric, and relevant equity consideration will pay to GreenKel by Meiling Group . On 29 December 2006, the 82,852,683 shares of Meiling Electric were transfer to Meiling Group by GreenKel, and Meiling Group becomes the controlling shareholder of Meiling Electric again.</p> <p>5. On 18 May 2006 and 11 January 2007, Meiling Group entered into “Equity Transfer Agreement of Meiling Electric” and “Supplementary Agreement of Equity Transfer of Meiling Electric” respectively with Sichuan Changhong and Changhong Group, among the 123,396,375 shares held by Meiling Group, 82,852,683 shares were transferred respectively to Sichuan Changhong and Changhong Group according to the transfer way regulated in agreement; of this transferring, 45,000,000 shares (10.88% of total share capital of the Company) were transferred to Sichuan Changhong, the first largest shareholder of the Company while 37,852,683 shares (9.15% of total share capital of the Company) were transferred to Changhong Group, the third largest shareholder of the Company.</p> <p>6. On 29 October 2008, Changhong Group and Sichuan Changhong entered into “Equity Transfer Agreement of Hefei Meiling Co., Ltd.”, the 32,078,846 restricted circulations A shares of Meiling Electric held by Changhong Group were transferred by agreement to Sichuan Changhong. On 23 December 2008, the aforesaid equity transfer was approved by “Reply on Matters of Equity held by State-owned Shareholders of Hefei Meiling Co., Ltd.” (GZCQ(2008) No.: 1413) from SASAC; on 21 January 2009, the aforesaid transfer was registered for ownership transfer in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The first majority shareholder of the Company comes to Sichuan Changhong.</p> <p>7. Sichuan Changhong participated in the Company's private placement, and Sichuan Changhong and its concert</p>

	<p>party, Hong Kong Changhong, purchased the Company's shares through bidding transaction in the secondary market.</p> <p>8. Ended as 31 December 2023, Sichuan Changhong and its concerted action Hong Kong Changhong totally holds 281,832,434 shares of the Company, a 27.36% in total share capital of the Company; Sichuan Changhong directly holds 248,457,724 A-share of the Company, a 24.12% in total share capital of the Company while Hong Kong Changhong holds circulation B-share of the Company amounting as 33,374,710 shares, a 3.24% in total share capital of the Company.</p>
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V. Other relevant information

(1) CPA engaged by the Company

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

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2023	2022	Changes in the current year over the previous year (+,-)	2021
Operating income (RMB)	24,247,678,970.56	20,215,220,192.20	19.95%	18,032,957,501.44
Net profit attributable to shareholders of the listed company (RMB)	741,038,108.54	244,538,734.49	203.04%	51,898,388.84
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	749,415,002.39	102,739,493.47	629.43%	-140,217,633.26
Net cash flow arising from operating activities (RMB)	2,082,343,305.04	1,465,155,748.06	42.12%	160,923,258.10
Basic earnings per share (RMB/Share)	0.7195	0.2366	204.10%	0.0497
Diluted earnings per share (RMB/Share)	0.7195	0.2366	204.10%	0.0497

Weighted average ROE	13.49%	4.96%	8.53 percentage points up	1.07%
	Year-end of 2023	Year-end of 2022	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2021
Total assets (RMB)	19,391,604,526.19	16,200,361,212.80	19.70%	15,190,469,756.33
Net assets attributable to shareholder of listed company (RMB)	5,824,782,654.09	5,168,286,872.09	12.70%	4,837,334,400.21

The cause of the accounting policy change and accounting error correction

Applicable Not applicable

The lower one of net profit before and after deducting the non-recurring gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes No

The lower one of net profit before and after deducting the non-recurring gains/losses is negative

Yes No

VII. Accounting data difference under domestic and foreign accounting standards

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

Applicable Not applicable

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

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

Applicable Not applicable

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Current period	Previous period	Ending amount	Opening amount
Chinese GAAP	741,038,108.54	244,538,734.49	5,824,782,654.09	5,168,471,419.72
Items and amount adjusted by foreign accounting rules				
Foreign accounting rules	741,038,108.54	244,538,734.49	5,824,782,654.09	5,168,471,419.72

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

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

Applicable Not applicable

The “Notice of Relevant Issues of Audit for Company with Domestically Foreign Shares Offering” was issued

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

VIII. Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	5,025,237,527.25	7,803,456,796.32	6,338,921,510.27	5,080,063,136.72
Net profit attributable to the shareholders of the listed company	122,540,351.10	235,514,493.64	140,719,309.64	242,263,954.16
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	103,510,051.94	278,479,791.88	131,279,099.55	236,146,059.02
Net Cash flow generated by business operation	-372,008,676.48	1,782,528,486.29	995,747,226.04	-323,923,730.81

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

Yes No

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

Applicable Not applicable

In RMB

Item	2023	2022	2021	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	1,336,229.47	27,602,023.18	-133,214.72	Found more in “Income from assets disposal” and “Non-operation income/expenses”
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, the	80,683,233.76	86,846,880.06	103,024,250.74	Please refer to "Financial expenses" and "Other income" for details

government subsidy that accord with the provision of national policies and are continuously enjoyed in line with a certain standard quota or quantity are excluded)				
Gains/losses of fair value changes arising from holding of the trading financial asset, trading financial liability and investment earnings obtained from disposing the trading financial asset, trading financial liability, and financial assets available for sale, except for the effective hedging business related to normal operation of the Company	-90,853,412.77	36,077,236.23	105,811,461.63	Found more in "Financial cost", "Investment income" and "Income of fair value changes"
Switch back of the impairment for receivables that has impairment test independently	4,547,547.09	2,834,795.58	3,245,314.13	Found more in "Account receivable" and "Construct assets"
Other non-operating income and expenses other than the above	6,927,799.86	761,578.29	4,867,985.38	Found more in "Non-operation income" and "Non-operation expenses"
Less: impact on income tax	-377,847.36	3,581,742.85	21,813,023.99	
Impact on minority shareholders' equity (post-tax)	11,396,138.62	8,741,529.47	2,886,751.07	
Total	-8,376,893.85	141,799,241.02	192,116,022.10	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

Explain the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in

Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public ---

Extraordinary Profit/loss

Applicable Not applicable

There are no items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public ---

Extraordinary Profit/loss (revised in 2023).

III. Management Discussion & Analysis

I. Industry of the Company during the reporting period

1. Refrigerator industry

The refrigerator industry is a highly mature industry, and the market development has entered the slow development stage. From the overall data, In 2023, the price of raw materials remained at a low level throughout the year, and the pressure on the cost side of enterprises was light, but the recovery speed of the domestic home appliance market was lag behind the overall consumption, superimposed that the number of household appliances possessed in China was high, and the market has bided farewell to rapid growth and faced the dilemma of sluggish demand as a whole. According to the total data of AVC, the omni-channel retail sales of refrigerators in 2023 were 133.3 billion yuan, a YOY increase of 7.0%. The impact of overseas markets has subsided, the international sea freight has fallen back to normal levels, the efficiency advantages of Made in China have been highlighted, and the competitiveness of the whole value chain of export products has been improved; Meanwhile, driven by factors such as the relatively low inventory level of overseas channels, the export business showed a recovery growth. According to industry online data, the export volume of refrigerators in 2023 was 43.744 million units, a YOY increase of 27.4%.

2. Air-conditioning industry

The domestic air conditioning market is affected by the high temperature weather in 2022, leading to earlier market consumption and an overall trend of high opening and low closing. According to the total data of AVC, the retail sales in 2023 was 211.7 billion yuan, a YOY increase of 7.5%, of which the omni-channel gained a growth in the first half of the year and the retail sales increased by 19.5% YOY; In the second half of the year, the industry continued to decline, with retail sales falling by 15.7% YOY in the third quarter and falling by 15.5% in the fourth quarter.

At the beginning of 2023, the overseas air-conditioning market was affected by the international situation, geopolitics, economic downturn, global inflation and other aspects, and the export market of the air-conditioning industry was under large pressure, and the volume and price fell at the same time. After entering the second quarter, under the comprehensive favorable factors such as the decline in the price of bulk raw materials, the decline in exchange rates and shipping costs, and the global high temperature brought by the El Niño phenomenon, the purchase of air conditioners in overseas markets has increased, and the export demand for household air conditioners has gradually recovered. According to industry online data, the cumulative export of air conditioners in 2023 was 66.265 million units, a YOY increase of 8.3%; and the sales were \$13.16 billion, up 1.3% YOY.

3. Washing machine industry

The recovery of the domestic washing machine market in the first half of 2023 was relatively slow, with high growth only in the fourth quarter, the overall demand release was relatively slow, the scale was steadily recovering, and the market has entered a period of "intensive cultivation" of steady growth. According to the total data of AVC, the Omni-channel retail sales of domestic washing machines were 93.4 billion yuan, a YOY increase of 5.8%. As export sales were affected by favorable policies, RMB depreciation, and reduced logistics costs and other factors, which have prompted the expansion of China's home appliances to overseas markets. According to industry online data,

the export sales in 2023 was 38.449 million units, a YOY increase of 37.0%.

II. Main businesses of the company engaged in during the Period

The Company is one of China's major electric appliance manufacturers, possesses four major domestic manufacturing bases in Hefei, Mianyang, Jingdezhen and Zhongshan, and two overseas manufacturing bases in Indonesia and Pakistan. The Company has always adhered to the principle of "independent innovation, intelligent manufacturing in China", and has been unswervingly focusing on the home appliance industry, and carefully building the core competitiveness of the enterprise with technological innovation and product innovation. With the cutting-edge R&D team and advanced technology accumulation, Meiling has continuously made breakthroughs in many fields such as frequency conversion, intelligence, fresh-keeping, thin-walled, deodorant, energy-saving, air-cooled, cryogenic, simulation, ultra-thin, cleaning, and clothing protection. The Company has established the first RoHS public testing center in Anhui Province, a national enterprise technology center, a national industrial design center, a national postdoctoral research station, and a 5G industrial Internet innovation and application laboratory.

In recent years, the Company has successively won many national honorary titles such as "Smart Refrigerator Intelligent Manufacturing Pilot Demonstration Project", "National Green Factory", "National Home Appliance Industry Quality Leading Enterprise", "National Technological Innovation Demonstration Enterprise", "China Industry-University-Research Cooperation Innovation Demonstration Enterprise" and so on. Meanwhile, the Company has won a number of technical and product innovation honors with its strong innovation, product power and brand power, and a number of Meiling products have frequently won a number of domestic awards, constantly demonstrating the ability and strength of Meiling intelligent innovation technology. The Company won the 2023 China Refrigerator Industry Smart Health Brand Award at the China Refrigerator Industry Summit Forum; "Research and Industrialization of Constant Temperature Micro-freezing Long-term Preservation Technology" won the third prize of Science and Technology Progress Award of China Light Industry Federation; "BCD-537WQ3S" of cross-door air-cooled refrigerator won the "five hundred" energy-saving products for energy conservation and environmental protection in the industrial field of the province in 2023 and the green and low-carbon product of Hefei industrial field respectively; In terms of intellectual property rights, "Four-Door Refrigerator (Cross)" and "A Refrigerator Hinge Component and a Refrigerator Based on It" won the Silver Award and Patent Excellence Award of the 10th Anhui Province Patent Appearance Design respectively; "A refrigerated indoor constant temperature zone and its control method" won the second prize of the high-value patent competition of six central provinces; Changhong fully dust-free fresh air conditioner won the industry's first "5A fresh air air-conditioning certification"; Meiling 10KG hand-washing-like drum washing machine RS2H100 set a world record for the world's fastest drum washing machine for washing white shirts stained with 10ml of old soy sauce stains, in addition, the product has also obtained CHCT "maternal and infant household appliance certification" certificate and CVC "product double safety standard certification" certificate; Meiling's "Hercules" series pulsator washing machine D7B100 won the 2023 "Good Product" of China's home appliance industry sponsored by China Household Electrical Appliances Research Institute; Meiling range hood (CXW-188-MY-KD615) won the "Low Noise Range Hood Award" in the 2023 Boiling Quality Award evaluation; The two products of "XC-168L intelligent temperature controlled medical blood box" and "CX-1000 chromatography cabinet" of Zhongke Meiling have passed the new product appraisal of Anhui Province and obtained the new product appraisal certificate of Anhui Province.

After 40 years of development, the Company has built a new pattern of coordinated development of multiple categories such as refrigerator cabinets, air conditioners, washing machines, kitchens and bathrooms appliances, small household appliances and biomedical cryogenic storage equipment. Through continuous innovation, we have successively launched a series of industry-leading products such as M fresh refrigerator, the industry's first fully dust-free fresh air conditioner, the industry's leading drum washing machine as clean as hand washing, the industry's first intelligent tea bar machine, and ultra-low temperature medical refrigerator with refrigeration up to minus 180 °C, constantly bringing consumers a fresher lifestyle with fresher products.

Facing the future, the Company will be based on the direction of digitalization and intelligentization, adhere to the guidance of party building, adhere to value orientation, comprehensively improve efficiency, focus on one goal, improve six capabilities, deepen internal and external collaboration, strengthen compliance and risk control, promote the sustainable and high-quality development of the industry, and take excellent performance as the traction to expand and strengthen the white household electric appliance. It will further improve the full-scene layout of smart home, rely on the Zhihuijia system (composed of the Internet of Things Iot platform and App interactive software), continue to develop 5G complete sets of home appliances, and strive to become a smart home solution provider. Meanwhile, we will strengthen digital transformation, and continue to strengthen informatization and digital transformation around intelligent manufacturing (manufacturing digitalization and quality intelligentization), 5G quantum cooperation and network security, and C+3 customer order system, so as to further promote the high-quality development of enterprises.

During the reporting period, main income of the Company coming from refrigerator (freezer), air conditioner, washing machine, small home appliances, kitchen & toilet products and biomedical etc., total amounting to 24.022 billion yuan, a 99.07% of the operating income.

III. Core Competitiveness Analysis

(1) Brand capacity

The Company is one of the famous home appliances manufacturers in China, owns several product lines such as refrigerator, The "Meiling" brand is listed as one of the most valuable brands in China.

The Company adheres to the strategy of "brand revitalization", has in-depth insight of consumer behavior correlated strong brand contact point, establishes the four major support points of market, product, service and brand, and makes joint efforts with each other to form a brand revitalization plan. Through marketing, product experience, service upgrading and brand voice, the seeds of "freshness" are planted into the hearts of consumers, and the brand mindset of "Meiling equals freshness" is shaped in the hearts of consumers, so as to create the freshest products and the freshest brand image, and ultimately enhance brand awareness, reputation and loyalty.

In 2023, the Company took the 40th anniversary as an opportunity to add points to the brand and help the brand get out of the circle by holding a series of themed activities such as "The First Fresh Market Music Festival" and "The First Fresh Factory Marathon"; Meanwhile, it released a new brand proposition of "Beautiful China, Fresh Meiling", and is committed to accompanying the beautiful life of hundreds of millions of families around the world with fresher products, fresher technology and fresher services.

The Company continued to adhere to differentiated innovation measures such as technological innovation, product innovation, and service innovation, and manufactured refrigerators that keep food fresher, washing machines that

make clothes cleaner, air conditioners that make air cleaner, household appliances that make water cleaner, and biomedical that make samples safer, and bring fresher lifestyles to hundreds of millions of consumers with fresher products.

(2) Product capacity

The Company has a relatively advanced and remarkable R&D and quality assurance system, and has passed the ISO9001, ISO14001 and other management system certifications, and the products have been guaranteed by high quality and reliable product performance. Meanwhile, the Company has "National Enterprise Technology Center", "National Industrial Design Center", "National Intellectual Property Demonstration Enterprise", "National Industrial Product Green Design Demonstration Enterprise", "National Technological Innovation Demonstration Enterprise", "China Industry-University-Research Cooperation Innovation Demonstration Enterprise", "Anhui Province Green Energy-saving Refrigerator Engineering Technology Research Center", "Anhui Province Energy Conservation and Fresh-keeping Green Refrigerator Engineering Research Center", "Anhui Manufacturing Innovation Center" and other authoritative certifications as a strong guarantee. In terms of technical research, the Company is committed to the application of fundamental technology research and industrialization transfer, and has established a technical strategic plan with "intelligent, frequency conversion, simulation, and preservation" as the core technology and "refrigeration, new materials, and foaming" as the key technologies. In terms of product research and development, a three-layer R&D system of technical research layer, platform module layer and product management layer has been built, and the product manager responsibility system with product management layer as the main body is responsible for the definition and development of products, which is responsible for reducing costs and improving efficiency internally, driving sales promotion externally, promoting the high integration of "research, production and marketing", and comprehensively connecting the value chain and business chain to achieve "the same desire and the same frequency resonance from top to bottom level".

In terms of refrigerator products, the Company has continued to cultivate in the field of professional refrigeration for 40 years, through the precise control of market trends and the study of consumer preferences, focusing on the product upgrade idea of "fresh, thin, narrow and embedded", and insisting on promoting the continuous improvement of product competitiveness, we have continued to strengthen the product business cards of "Meiling Fresh", "Meiling Thin", "Meiling Narrow" and "Meiling Embedded" in 2023. The Company released the second-generation embedded refrigerators "Worry free embedded Pro" and "All seamless Pro" equipped with dual evaporator system and AI cloud moisturizing technology, the "Frozen Fresh" series refrigerators with water molecule activated preservation technology and constant temperature fresh-freezing technology, and the new generation of "M Fresh" series refrigerators, as well as 600L cross-door and 400L two-door French "big and narrow door" series cross-style refrigerators. In terms of freezer products, we have developed a series of freezers with frost-free cabinet opening, thin-walled frost reduction and antibacterial freezers, -40°C cryogenic intelligent electronically controlled freezers, smart round screen display DTEB series freezers, frequency conversion large freezer commercial cabinets, -40°C quick-freezing lock fresh vertical air-freezers, outlet vertical air-cooled freezers, SC-270WE single-door refrigeration vertical display cabinets, and commercial kitchen cabinets, and continued to build the market mindset of "fresh, frozen and steel" for freezer products.

In terms of washing machine products, Meiling released a series of hand-washing-like products on the "ultra-thin"

drum platform, which not only continued the core functional advantages of ultra-thin and large cylinder diameter, but also returned to the essence of washing machines and strived to create a "clean" mindset of washing machines, laying the pioneer status of Meiling clean as clean as hand washing, and also demonstrated the hard core strength of washing machine products in the core technology field with triple cleaning technology, cleaner washing and ultra-high standard technology. In terms of pulsator type, the Hercules series products have been launched with "ultra-powerful motors, ultra-high wave pulsator, and high cleaning ratios" as the core, achieving industry-leading cleaning capabilities of product.

In terms of air conditioning products, we adhere to the user-centered, based on the actual use scenarios of users, and have carried out product layout and iterative upgrades from "wind sense, wind outlet, and wind control", so as to continuously improve users' physical comfort, visual sense, and control convenience. Adhering to the product planning in line with the brand positioning, making differentiated products under the trend, focusing on the functions of full dust-free, long-distance air supply and near-soft air, zonal air supply and intelligent control, we have continued to create two product business cards of "choose all dust-free in the bedroom, and choose the guest dining cabinet in the living room" to solve the pain points of user needs and shape the user's mind. Centering on the development of core technology competitiveness, focusing on air conditioning inverter control technology, simulation technology and innovative technology, we have developed indoor unit direct drive 4.0 technology, winding temperature measurement automatic test and software parameter automatic optimization technology, cabinet side installation less electrolytic miniaturization V2.0 and other technologies. Insisting on strict control of product quality, and continuously strengthening the quality management of core components, the quality management of the whole machine production, the quality management of key processes and the management of key performance indicators, we have continuously improved the product quality.

In terms of kitchen and bathroom and small household appliances, we adhere to the strategic support of product lead, focus on the core product line, take market demand as the guide, strengthen R&D capabilities, and optimize product structure. In terms of small household appliances, the small box series of tea bar machine products were launched, which became the explosion products in the industry, with sales exceeding 100,000 units. In terms of kitchen and bathroom appliances, we have continued to innovate and optimize product technology and performance, launched integrated stainless steel heating products in 2023, completely solved the pain points of water leakage in the industry, and put forward an after-sales commitment of 8-year warranty, which further enhanced the market reputation of the product and led the industry's product upgrading and service reform. Meanwhile, the release of the industry's leading gas self-adaptive full premixed wall-hung furnace products, the thermal efficiency is higher than the national standard, the nitrogen oxide emission reaches level 5, thus to achieve high efficiency, energy saving and green emissions, the gas adaptive function better adapts to the user's local climate and gas source changes, and the full premixed load adjustment ratio reaches 1:10, which greatly improves the user's comfortable experience.

In terms of biomedicine, we adhere to the brand concept of "taking products as the main carrier and delivering core values to users", focus on the field of life sciences, continue to promote product innovation and iteration and quality upgrading based on user scenario-based needs, and provide users with professional full-scenario solutions, so as to create a safe and stable brand image and continuously enhance brand influence. In the field of low-temperature storage in life sciences, the new Ruilian series refrigerators were launched, and the temperature uniformity,

temperature fluctuation and energy efficiency index of the products are much higher than the national standard, which is at the advanced level in the industry; The world's first -180°C compressor refrigeration ultra-low temperature biological storage equipment was grandly launched, which filled the market gap of compressor refrigeration equipment in the use scenario of $-164^{\circ}\text{C}\sim-180^{\circ}\text{C}$, and was a major breakthrough and innovation in the application of multi-mixture working fluid refrigeration technology. The newly launched Ruigu series of desktop high-speed refrigerated centrifuges, after multi-dimensional repeated tempering, are in the forefront of China in terms of centrifugal force, speed, precision, vibration, etc., and the performance fully meets the requirements of biological composition centrifugal preparation equipment, escorting the safety of multi-scene laboratories.

(3) Operation capacity

The Company continues to carrying out bench-marking activities to improve the operation and management standards and competitiveness of the Company. At the same time, the internal management capability has been continuously improved by continuing to carry out the improvement work in "human efficiency, money efficiency and material efficiency". The company established a hierarchical sharing system with clear goals, quantitative indicators, performance-oriented performance appraisal and incentives to activate internal productivity. Taking value chain management as the main line, continued to carry out value creation work, and enhanced the company's competitiveness. At the same time, continuously improved the internal control system and improved the ability to prevent risks.

(4) Marketing ability

The Company has established a relatively complete sales network and service system, which can provide users with high-quality services covering all categories of white goods. The domestic market is actively accelerated to realize the marketing transformation from product line-oriented sales management to channel- and user-oriented business services, from single-category marketing to full-category marketing, quickly building an operation management system with reasonable commercial inventory management as the core and a value management system core with terminal retail price; through determined bench marking match, achieved products leading and efficiency improvement and builds the capability for marketing system and development potential for long period of time.

For the overseas markets, we continued to build marketing capabilities centering on "ice washing synergy, internal and external synergy and channel expansion". Based on the refrigerator and cabinet industry, we have cooperated with the team and channel resources to accelerate the washing machine business; With the growth of the washing machine industry, we have expanded the overall scale of exports, thereby improving operational efficiency and realizing the positive spiral type synergistic growth of ice washing. Cooperated with the advantages of the domestic market "large volume, multi-door" platform resources, we have promoted the structural upgrading of export business, and realized the two-way empowerment of domestic and overseas business with the synergy of internal and external R&D, manufacturing and resources. At the channel level, the Company adhered to the "market-driven" alternative to the traditional trade model, and built a "2B+2C" comprehensive marketing and promotion capability; Focused on key overseas markets to accelerate brand business and guided by positive scale growth, we have strengthened brand building by resources integration, and deepened the channel expansion.

IV. Main Business Analysis

In 2023, the competitive pressure of the home appliance industry was fierce, the Company adhered to the value

orientation, comprehensive efficiency improvement, industrial synergy enhancement, and internal and external synergy, meanwhile focusing on the main battlefield to explore, the development showed a positive trend of steady progress and improvement, and the quality of operation had been greatly improved. During the reporting period, the Company's operating income reached XX yuan, a YOY increase of XX%, and the net profit reached XX yuan, a YOY increase of XX%, and the positive operating ability continued to improve. During the reporting period, the Company's operating income reached 24.248 billion yuan, a YOY increase of 19.95% and achieved a net profit of 773 million yuan, a YOY increase of 179.04%, taking a solid step towards positive and stable operation.

(1) Refrigerator (cabinet) industry

In terms of the domestic market, we adhered to the business idea of value-oriented and comprehensive efficiency improvement, carried out benchmarking and efficiency improvement around the four dimensions of capital efficiency, channel efficiency, product efficiency and management efficiency, and made full use of the relatively complete sales network and service system to provide customers with high-quality services. The R&D and production end is user-centric, solving user pain points, creating user value, and promoting the transformation and upgrading of the Company's products to be more smart and high-leveled. For the market side, the Company adhered to the product strategy of "high-quality plus fine explosive products", and carried out product layout around "fresh, thin, narrow and embedded", and the series of products such as online worry-free embedded PRO and seamless PRO, offline 400L large and narrow door and frozen fresh products have been successfully launched, gained the good market response, which have promoted the improvement of product structure and the positive industry operation.

In terms of overseas markets, we have given full play to the synergistic advantages of the industrial supply chain and domestic and foreign sales, continued to promote product upgrades around "large volume and multi-door" according to overseas market demand, promoted product "energy saving" based on global energy efficiency standard upgrades, and built technical advantages around frequency conversion. Meanwhile, adhering to the integration of production, marketing and supply, through the implementation of "production plan according to container schedule", we have increased the proportion of direct delivery, reduced the total inventory, promoted the improvement of capital efficiency, improved the inventory turnover rate, and comprehensively enhanced the quality and efficiency of operation. During the reporting period, the Company's refrigerator (cabinet) business achieved revenue of about 8.809 billion yuan, a YOY increase of 20.47%.

(2) Air-conditioning industry

In terms of the domestic market, focusing on "one goal", we adhered to the marketing strategy of "zoning management and channel expansion". Focusing on online popular single products, we have mainly promoted the "Panda Lazy" cabinet machines and QW hang-up machines, and pursued the positive scale; Expanded unique value products in offline shipping, we continued to create two business cards of "dust-free" and "guest dining cabinet", and enhanced the differentiated competitiveness of products. Throughout the year, the e-commerce business, incremental business and OEM business grew rapidly, the scale of the basic channel business increased steadily, and the capital efficiency and production efficiency continued to improve, reaching the advanced level in the industry.

In terms of overseas markets, the Company continued to promote the healthy development of its business by

centering on brand buildup, product focus, channel breakthroughs and digital transformation. Adhered to the principle of brand priority development, we have deeply cultivated the base market; Focusing on core key markets and key customers, it improved customer scale; By accelerating the expansion of new markets and new customers, the Company has achieved good results. We continued to promote the integrated and efficient operation of sales, production, supply, research, logistics and planning, optimized the layout of the supply chain, narrowed the supply radius, and continued to improve the efficiency of production and inventory turnover. By building benchmark lines and high-quality projects, we have continuously improved product quality, enhanced product premium ability, and empowered the business. During the reporting period, the Company's air conditioning business achieved a revenue of about 11.566 billion yuan, a YOY increase of 18.24%.

(3) Washing machine industry

The Company's washing machine industry adhered to the differentiated and dislocated competition under the mainstream trend, and optimized and adjusted the product structure. In terms of the domestic market, by focusing on the Anhui market, we have focused on promoting the development of outlets, deepened the transformation of channels, and achieved scale improvement. Meanwhile we have given full play to the differentiated competitive advantage of "Ultra thin", closely focused on user needs, centering on middle products, and launched products such as hand washing series drum washing machines and Hercules series pulsator washing machines to further enhance the competitiveness of Meiling washing machines in medium and high-end products.

In terms of overseas markets, we have expanded customer resources through ice washing, accelerated the completion of product layout in mainstream markets, and achieved breakthroughs in major overseas markets. Focusing on ultra-thin drum and large-capacity pulsator and by integrated resource investment, we have quickly enriched the matrix of export products, and achieved rapid growth in scale and substantial improvement in profitability; we have promoted the on-time delivery of new products and comprehensively improved customer service satisfaction. During the reporting period, the Company's washing machine business achieved the revenue of about 1.329 billion yuan, a YOY increase of 76.37%.

(4) Kitchen & bathroom, small appliances

After several years of accumulation and precipitation, the industry has sorted out and determined the development direction of the "troika" with tea-based, cleaning and heating, focusing on core product areas, gradually establishing industry influence, and promoting the high-quality development of the industry. Each unit continued to promote the update and iteration of product technology, accelerated the upgrading of product structure, further enriched the product matrix, enhanced product competitiveness, and improved the marketing network system, and continued to innovate to seek breakthroughs from R&D, production, brand, marketing and service. In 2023, we have comprehensively strengthened the "product traction", accumulated potential energy, further enhanced the influence of core product lines, steadily ranked in the top three in the comprehensive ranking of the drinking water category, and continued to improve brand influence. During the reporting period, the Company's kitchen and bathroom and small household appliances business achieved the revenue of about 1.849 billion yuan, a YOY increase of 15.16%.

(5) Biomedical

The Company's biomedical industry focused on the field of life sciences, centered on the needs of user scenarios, continuously enhanced the research of core technologies such as ultra-low temperature refrigeration, automation,

and informatization, optimized the R&D process, stimulated innovation vitality, and was committed to providing users with professional full-scenario solutions. Adhering to the user-centric and by in-depth market segmentation channel layout, it improved the level of professional services, and constantly shaped brand value; Promoting the standardization of production processes, improving the level of value chain management, continuously improving product quality and production efficiency, and we have been providing users with first-class products and service experience. The Company's biomedical industry is mainly carried out based on the platform of its subsidiary Zhongke Meiling, and its products are mainly concentrated in the -180 °C to 8 °C full temperature zone biological cell cryo, ultra-low temperature storage equipment, -196 °C liquid nitrogen biocontainers, biological safety cabinets, clean workbenches, high-speed refrigerated centrifuges and other terminal products, as well as pharmaceutical cold chain equipment and related comprehensive system solutions in the biomedical field. At present, the Company's products and solutions have been widely used in medical systems, blood systems, disease control systems, health systems, university research institutions, biomedical enterprises, genetic engineering and materials research and other fields. During the reporting period, the revenue of biomedical business was about 279 million yuan, a YOY decrease of 20.75%.

(ii) Revenue and cost

1. Constitute of operation revenue

In RMB

	2023		2022		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	24,247,678,970.56	100%	20,215,220,192.20	100%	19.95%
On Industry					
Manufacture of household appliances	24,022,148,584.59	99.07%	20,037,625,297.52	99.12%	19.89%
Other business	225,530,385.97	0.93%	177,594,894.68	0.88%	26.99%
On products					
Refrigerator, freezer	9,088,215,517.67	37.48%	7,664,575,851.66	37.91%	18.57%
Air-conditioning	11,566,440,523.53	47.70%	9,781,896,262.72	48.39%	18.24%
Washing machine	1,329,017,674.88	5.48%	753,549,855.38	3.73%	76.37%
Small appliance and kitchen & toilet	1,849,440,139.12	7.63%	1,605,989,880.27	7.94%	15.16%
Other products	189,034,729.39	0.78%	231,613,447.49	1.15%	-18.38%
Other business	225,530,385.97	0.93%	177,594,894.68	0.88%	26.99%
Area					
Domestic	16,662,953,598.39	68.72%	15,038,808,862.28	74.39%	10.80%

Foreign	7,584,725,372.17	31.28%	5,176,411,329.92	25.61%	46.52%
Sub-sale model					
Direct sales	225,530,385.97	0.93%	177,594,894.68	0.88%	26.99%
Distribution	24,022,148,584.59	99.07%	20,037,625,297.52	99.12%	19.89%

2. Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

Applicable Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
On Industry						
Manufacture of household appliances	24,022,148,584.59	20,725,758,770.77	13.72%	19.89%	19.63%	0.18%
On products						
Refrigerator, freezer	9,088,215,517.67	7,356,737,998.45	19.05%	18.57%	15.91%	1.86%
Air-conditioning	11,566,440,523.53	10,531,949,090.31	8.94%	18.24%	20.09%	-1.40%
Area						
Domestic	16,447,851,363.99	14,152,604,577.11	13.95%	10.60%	10.62%	-0.02%
Foreign	7,574,297,220.60	6,573,154,193.66	13.22%	46.62%	45.05%	0.94%
Sub-sale model						
Sub-sale	24,022,148,584.59	20,725,758,770.77	13.72%	19.89%	19.63%	0.18%

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

Applicable Not applicable

3. Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2023	2022	Increase/decrease y-o-y (+,-)
Manufacture of household appliances	Sales volume	10 thousand pieces/set	3,486.07	2,775.34	25.06%
	Production	10 thousand pieces/set	3,517.94	2,789.28	26.12%
	Inventory	10 thousand pieces/set	140.96	109.08	29.22%

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

Applicable Not applicable

4. Performance of the material sales contract and major procurement contracts that signed by the Company up to the reporting period

Applicable Not applicable

5. Constitute of operation cost

Industry classification

In RMB

Industries	Item	2023		2022		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Manufacture of household appliances	Raw material	19,036,931,675.10	91.85%	15,777,586,805.86	91.07%	20.66%

Note: Nil

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

Yes No

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

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

Applicable Not applicable

8. Major sales client and main suppliers

(1) Major sales client of the Company

Total top five clients in sales (RMB)	13,534,796,904.46
Proportion in total annual sales volume for top five clients	55.82%
Proportion of the related parties' sales in total annual sales volume for top five clients	32.95%

Information of top five clients of the Company

No	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	7,289,331,003.57	30.06%
2	Client II	4,589,467,099.06	18.93%
3	Client III	777,796,556.14	3.21%
4	Client IV	699,995,244.09	2.89%
5	Client V	178,207,001.60	0.73%
Total	--	13,534,796,904.46	55.82%

Other notes of main clients

Applicable Not applicable

(2) Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	3,860,792,434.26
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Proportion in total annual purchase amount for top five suppliers	20.30%
Proportion of related party's purchase in total annual purchase amount for top five suppliers	13.73%

Information of top five suppliers of the Company

No	Name	Sales (RMB)	Proportion in total annual purchase
1	Supplier I	1,248,700,174.10	6.57%
2	Supplier II	830,491,790.88	4.37%
3	Supplier III	683,224,664.94	3.59%
4	Supplier IV	563,608,157.96	2.96%
5	Supplier V	534,767,646.38	2.81%
Total	--	3,860,792,434.26	20.30%

Other notes of main suppliers

Applicable Not applicable

(iii) Expenses

In RMB

	2023	2022	Increase/dec rease y-o-y (+,-)	Note of major changes
Sales expense	1,571,486,417.63	1,428,874,991.47	9.98%	No major changes.
Administrati ve expense	361,134,794.49	358,586,472.37	0.71%	No major changes.
Financial expense	-118,743,396.49	-55,214,680.04	-115.06%	It's mainly due to the increase in interest income and the decrease in foreign exchange losses of the Company during the period.
R&D expense	596,920,491.26	560,383,547.49	6.52%	No major changes.

(iv) Investment in R&D

Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
R&D of frozen fresh series refrigerators	Improve the preservation effect of the freezer and eliminate the pain points of poor food preservation, subsided nutrition and taste caused by the temperature rise of the freezer.	Completed and the product is launched in the market.	With the mindset of Meiling fresh as the main line, create the best freezer products for the preservation in the industry and enhance the market share of Meiling.	1. User-oriented, centered on user needs, discover the pain points of users in frozen meat preservation, create the best refrigerator for freezing and preservation in the industry, develop a series of frozen fresh products, and spur the freezing

				<p>fresh preservation product storm in the industry;</p> <p>2. Through the unique selling point of "refusing to freeze repeatedly, the refrigerator begin fresh frozen from now on", make the size of the box meet the needs of zero flat embedding, maximize the competitiveness of Meiling's middle products and rapidly increase Meiling's market share.</p>
<p>Research and development of cabinet-opening frost-free series freezers</p>	<p>Upgrade the direct cooling freezer from frost and frost reduction stage to frost-free directly.</p>	<p>Completed and the product is launched in the market.</p>	<p>Through the cabinet-opening frost-free freezer, it meets people's needs and expectations for the freezer, and immediately shapes the watershed between the cabinet opening frost-free freezer and other freezers.</p>	<p>User-oriented, user-demand centered, with in-depth insight into the pain points of consumers' lives, develop a series of cabinet opening frost-free freezers to perfectly solve the problems that have plagued users for a long time. Driven by technological innovation, rooted in user needs, create fresh products, promote people's healthy eating life to usher in a new round of leap, and perfectly embed the mindset of "Meiling Fresh" in the field of freezers.</p>
<p>"Hand-washing-like" drum washing machine research and development</p>	<p>Return to the essence of washing and create a hand-washing effect machine.</p>	<p>Completed and the product is launched in the market.</p>	<p>Through innovative flanges, lifters and other technologies, the "one kneading, two beating and three rinsing" of the drum washing machine is realized, and the "washing" mindset of the drum washing machine is created.</p>	<p>Hand-washing-like technology not only realizes the function of imitation of hand washing, but also can quickly wash some stains with clean water. The consumer side gains a cleaner washing, and the Company side creates a "More cleaning" mindset of Meiling drum washing machine, which is conducive to the scale and profit improvement of the drum washing machine.</p>
<p>Research and development of "Hercules" pulsator</p>	<p>To solve consumers' demands for high washing intensity and high cleaning ratio by pulsator products.</p>	<p>Completed and the product is launched in the market.</p>	<p>Through the large motor, the powerful pulsator to realize the washing water flow is larger and the washing ratio is higher.</p>	<p>Hercules technology achieves a cleaning ratio of 0.9, the highest in the industry of the same type of products, and meanwhile</p>

washing machine				solves the consumer's demand for high requirements for the washing intensity of pulsator products. Positioning the medium end of the pulsator products, the consumer side gains a more powerful and cleaning washing, and the Company side creates the "Clean washing" mindset of the Meiling pulsator washing machine, which is conducive to the improvement of the scale and profit improvement of the pulsator products.
Second-generation main transformer integrated technology	Trending technology, pursuing a high degree of standardization and low cost.	Completed and the product is launched in the market.	The main control board and the driver board are integrated with one MCU, and the same main transformer integrated board is used in subsequent development and upgrading, and only the display and control board needs to be changed.	After the completion of the project, the procurement bargaining power is improved, the product development cycle is shortened, and the cost competitiveness of the end products is ensured.
R&D and application of miniaturization technology based on Si2C semiconductor high-frequency and less electrolysis	Keeping up with the development trend of the industry, through the application research of the third-generation semiconductor in the frequency conversion technology platform, develop a frequency conversion technology platform for outdoor units with lower loss, higher efficiency, smaller size and higher reliability.	Completed technical research and program development verification, and it has been applied to achieve mass production application	The size of electronically controlled printed boards is reduced by 25%, and the ICT needle planting rate is increased by 35%, while achieving the goal of improving quality and efficiency of production and reducing product costs.	The promotion and application of the program can greatly enhance the comprehensive competitiveness of products of various specifications.
Development of dual-wing series on-hook products	Digging deep into the pain points of users, studying user use scenarios, and breaking through the single-pendulum blade design of traditional air conditioners, the dual-wing wind Q7V series innovatively adopts independent partition air supply technology, which divides the air guide swing	Completed and the product is launched in the market.	The excellent product experience has won praise from the market, achieved hot sales of products, and won the "2023-2024 China Air Conditioning Comfort and Health Outstanding Product" award at the Air Conditioning Industry Summit Forum.	Form a product series with Changhong technology label, optimize the product line structure, and improve the quality, level and brand reputation of products.

	blades into two to achieve asynchronous partition air supply and ensure comfortable air supply for the whole house.			
Product development of full dust-free fresh air hang-up product	By integrating the advantages of "full dust-free" air conditioning technology with Changhong product IP, we tap the potential of five aspects: super large fresh air, dust-free fresh air, silent fresh air, constant temperature fresh air, and sterilization fresh air, and provide a systematic solution to the user's pain points.	Completed and the product is launched in the market.	Completed the industry's first 5A fresh air product development, and jointly created 5A fresh air air conditioning evaluation technical specifications with industry authoritative certification bodies, and obtained 5A product certification.	Strengthen the IP of Changhong products, achieve the goal of improving the appearance and quality of products and realize the concrete experience of air supply status, and establish a model of high-end products in the industry.
Technical research and development of integral water machine products	Improve product performance and reliability to meet the diverse needs of users in the northern heating area	Completed and the product is launched in the market.	Batch sales in the market	Enhance product competitiveness and improve user satisfaction.
Technical research and development of heat pump hot air blower products	Improve product performance and reliability to meet the diverse needs of users in the northern heating area	Completed and the product is launched in the market.	Batch sales in the market	Enhance product competitiveness and improve user satisfaction.
Technology research and development of special air conditioning products	Meet the needs of users in specific occasions that require temperature and humidity control (such as shelter planting, base stations, etc.)	Completed and the product is launched in the market.	Produced in mass production	To meet the needs of personalized customers, drive the sales of the Company's main products.
Technical research and development of split water machine products	Meet the market demand of the northern heating area (which is more suitable for lower temperatures than the monolithic type).	Completed and the product is launched in the market.	Batch sales in the market	Expand the temperature application range of the product and increase the variety of the product lineup.
Technical research and application of inverter cascade refrigeration	On the basis of the existing -40~-80°C full range of products, further develop compressor spray cooling technology, compressor frequency	Completed	Put into mass production and sales achieved.	After the completion of the project, it solves the problem of inconvenience for overseas customers due to the confidential formula of

<p>system in ultra-low temperature freezer storage box</p>	<p>conversion adjustment and two-stage compressor frequency adaptation technology to achieve better operating conditions and higher product reliability, develop dual-system refrigeration technology to achieve higher energy efficiency and replace liquid nitrogen backup, and develop multi-voltage linkage technology to achieve plug-and-play in all regions of the world.</p>			<p>conventional ultra-low temperature product refrigerant, meets the demand of overseas markets for a full range of products of -40°C~80°C, and further develops the overseas market of ultra-low temperature products.</p>
<p>Research and industrialization project of ultra-low temperature intelligent biobank</p>	<p>The project mainly serves the centralized storage and management of large quantities of biological samples, which can maximize the efficiency of sample preparation quality, reduce cross-contamination, improve the speed of sample preparation and processing, and reduce the risk of error through traceability.</p>	<p>Completed</p>	<p>It solves the problems of freezing and thawing during sample storage, the uneven temperature fluctuation in the library during operation, the batch accurate scanning of samples, and the long-term stable operation of various automation equipment in low temperature environments, so as to realize the mass production and industrialization of ultra-low temperature intelligent biobank.</p>	<p>The success of this project can realize the mass production and industrialization of ultra-low temperature intelligent biobank, help improve the popularity of products, and bring new growth in expanding new business areas, new industries and new markets.</p>
<p>Research and application of automated access technology in ultra-low temperature environment - intelligent biobanking</p>	<p>The sample bank management system suitable for automated scenarios is used to solve the problems of freezing, thawing, and safety during sample storage, and realize the intelligent and unmanned management of accurate sample batch scanning and traceability.</p>	<p>Validation phase.</p>	<p>It solves the problems of low utilization rate of sample storage space and the safety of sample storage, low sample storage efficiency, messy sample classification and storage, and imperfect sample information management system, and realizes different types of storage needs such as single, multi-branch, single-box, multi-box, etc., with functions such as automatic fragmentation and scheduled access, which meets the storage needs of biological samples in various application scenarios.</p>	<p>Solving the common problems of safe and accurate management and use of millions of samples in the existing sample bank, which can realize the industrialization of automated biobank and create a new situation for the company in the field of automation.</p>

MC-13 series voice tea bar machine	Improve user interaction.	Completed and the product is launched in the market.	Provide differentiated selling points and increase the average price of products.	Increase the market share of products and continue to improve product gross margins.
Smart tea machine	Realize steam brewing tea, tea soup separation, automatic tea brewing, and access to the tea cloud mall to realize the prototype of tea ecology.	Completed and the product is launched in the market.	Initially create tea ecology and establish a high-end image of tea drinking.	Establish the leading image in the tea industry, and continue to expand the ecological products of tea drinks.
A double-segmented combustion gas heating furnace with DC frequency conversion fan	Develop a wall-hung furnace product with DC frequency conversion fan, which can linearly adjust the air volume in the whole frequency band, and automatically adjust the speed to increase the air pressure when the flue is blocked	Completed and the product is launched in the market.	Lower noise and improved performance, improve product quality.	Create energy-saving and silent products, lead the technological innovation of the wall-hung furnace industry, and enhance the brand's popularity in the wall-hung furnace industry.
A kind of rang hood machine product with oil smoke separation function	Develop a rang hood product with oil smoke separation function. Upon the innovative nest oil and smoke separation net, the oil stains cannot reach the inner cavity, effectively protecting the motor and prolonging the life of the whole machine.	Completed and the product is launched in the market.	Iterate product technology, upgrade and optimize and then improve, and consolidate the market position of products.	Create differentiated products, enhance the competitiveness of product lines, and enhance the reputation of brand products.

Company's R & D personnel situation

	2023	2022	Change proportion
Number of Research and Development persons (persons)	1,667	1,533	8.74%
Proportion of Research and Development persons	15.07%	15.07%	0
Academic structure of R&D personnel			
Undergraduate	1,217	1,029	18.27%
Masters	113	106	6.60%
Age composition			
Under 30	464	389	19.28%
30~40	630	584	7.88%

Investment of R&D

	2023	2022	Change proportion
Investment for R&D (RMB)	702,362,069.24	655,917,101.66	7.08%
R&D investment/Operating	2.90%	3.24%	0.34 percentage

revenue			points up
Capitalization of R&D investment (RMB)	147,821,273.96	135,753,117.26	8.89%
Capitalization of R&D investment/R&D investment	21.05%	20.70%	0.35 percentage points up

Reasons and effects of significant changes in composition of the R&D personnel

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D investment in operating revenue from the previous year

Applicable Not applicable

Reasons and rationality of the major changes of the capitalization rate of R&D investment

Applicable Not applicable

(v) Cash flow

In RMB

Item	2023	2022	Increase/decrease y-o-y (+,-)
Subtotal of cash in-flow from operation activity	25,967,333,384.82	21,950,834,479.70	18.30%
Subtotal of cash out-flow from operation activity	23,884,990,079.78	20,485,678,731.64	16.59%
Net cash flow from operation activity	2,082,343,305.04	1,465,155,748.06	42.12%
Subtotal of cash in-flow from investment activity	1,522,346,208.44	1,205,533,608.35	26.28%
Subtotal of cash out-flow from investment activity	1,922,055,740.40	1,711,918,251.95	12.27%
Net cash flow from investment activity	-399,709,531.96	-506,384,643.60	21.07%
Subtotal of cash in-flow from financing activity	2,294,196,498.33	1,647,463,355.44	39.26%
Subtotal of cash out-flow from financing activity	1,712,327,508.38	2,402,373,865.79	-28.72%
Net cash flow from financing activity	581,868,989.95	-754,910,510.35	177.08%
Net increased amount of cash and cash equivalent	2,277,906,566.11	273,027,138.19	734.32%

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

Applicable Not applicable

Major changes in net cash flow from operation activity mainly because the cash paid for good procurement and received services during the period increased from a year earlier.

The large change of net cash flow generated by fund-raising activities is mainly caused by the change of the Company's restricted funds and the increase of loans in this period.

Explanation on reasons for the significant differences between the net cash flow arising from operation activities in the Period and net profit of last year

√Applicable □ Not applicable

It is mainly due to the increase in operating receivables and operating payables at the end of the reporting period compared with the beginning of the year.

V. Analysis of the non-main business

√Applicable □ Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable (Y/N)
Investment income	8,438,592.04	1.04%	It is mainly due to the investment income of joint venture investment, creditor's rights investment and other non-current financial assets during the holding period.	No
Gains/losses from fair value changes	7,565,104.05	0.93%	It is mainly due to the appraisal income of the company's forward foreign exchange contracts and other non-current financial assets in this period.	No
Asset impairment	-55,134,397.60	-6.81%	It is mainly due to the depreciation of inventory and impairment loss of intangible assets accrued by the company in this period.	No
Non-operation income	14,660,583.17	1.81%	It is mainly due to the year-on-year increase in the Company's income from liquidated damages.	No
Non-operation expenditure	7,732,783.31	0.96%	It is mainly due to the scrapping loss of non-current assets and public welfare donations of the company in this period.	No
Credit impairment losses	-81,621,384.13	-10.08%	It is mainly due to the impairment loss of accounts receivable accrued by the company in this period.	No

VI. Analysis of assets and liability

(i) Major changes of assets composition

In RMB

	Year-end of 2023		Year-begin of 2023		Ratio changes (+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary	8,840,685,525.71	45.59%	6,839,421,779.13	42.20%	3.39%	It is mainly due to the

fund						increase in net cash flow generated by the company's operating activities in this period.
Account receivable	1,633,706,889.06	8.42%	1,306,871,945.85	8.06%	0.36%	It is mainly due to the increase in the Company's operating income in this period.
Contract assets	13,261,690.62	0.07%	3,530,922.13	0.02%	0.05%	No major changes.
Inventory	2,022,738,412.97	10.43%	1,710,306,933.71	10.55%	-0.12%	It is mainly due to the increase in production of the company in this period.
Investment real estate	50,920,487.71	0.26%	52,898,060.89	0.33%	-0.07%	No major changes.
Long-term equity investment	112,745,811.75	0.58%	100,384,428.50	0.62%	-0.04%	No major changes.
Fix assets	2,136,912,034.28	11.02%	2,229,553,866.96	13.76%	-2.74%	Mainly due to the depreciation of the company's assets in this period..
Construction in progress	69,920,839.20	0.36%	66,522,492.77	0.41%	-0.05%	No major changes.
Right-of-use assets	49,993,400.61	0.26%	36,646,135.10	0.23%	0.03%	No major changes.
Short-term loans	1,134,102,419.03	5.85%	674,143,916.67	4.16%	1.69%	It is mainly due to the increase in short-term loans borrowed by the company in this period.
Contract liability	405,698,756.02	2.09%	358,755,397.77	2.21%	-0.12%	No major changes.
Long-term loans	108,000,000.00	0.56%	148,000,000.00	0.91%	-0.35%	It is mainly due to the reclassification of the company's long-term loans to non-current liabilities due within one year.
Lease liability	43,488,292.70	0.22%	28,164,287.97	0.17%	0.05%	No major changes.
Receivable financing	1,641,858,740.34	8.47%	1,446,358,719.88	8.93%	-0.46%	Mainly due to the decrease in the proportion caused by the increase in the total assets of the company's

						accounts receivable in this period..
Creditor's rights investment	420,537,485.54	2.17%	121,543,750.00	0.75%	1.42%	It is mainly due to the increase in the Company's large deposit certificates in this period.

Foreign assets account for a relatively high proportion

Applicable Not applicable

(ii) Assets and liability measured by fair value

Applicable Not applicable

In RMB

Items	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Deviation of with drawing in the period	Amount of purchase in the period	Sales in the period	Other changes	Amount at end of the period
Financial assets								
1.Trading financial assets (derivative financial assets excluded)	57,660,588.67	-18,424,141.04						39,236,447.63
2. Receivable financing	1,446,358,719.88						195,500,020.46	1,641,858,740.34
3. Other non-current financial assets	628,549,448.31	16,256,733.17			29,333,334.00			674,139,515.48
Subtotal of financial assets	2,132,568,756.86	-2,167,407.87			29,333,334.00		195,500,020.46	2,355,234,703.45
Above total	2,132,568,756.86	-2,167,407.87			29,333,334.00		195,500,020.46	2,355,234,703.45
Financial liabilities	41,961,524.78	-9,732,511.92						32,229,012.86

Other changes:

Other changes in receivable financing are caused by the increase of notes receivable aimed at both collecting contract cash flow (collection) and selling (endorsement or discount).

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

Yes No

(iii) Assets right restricted ended as reporting period

Ended as the reporting period, the Company has no major assets been closed down, detain, freeze or pledge and guarantee. As for other assets have restriction on rights found more in relevant content of “24. Assets with restricted ownership or use rights” in “V. Note of consolidate financial statement” carried under Section X.

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VII. Investment analysis**(i) Overall situation**√Applicable Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
45,000,000.00	200,000,000.00	-77.50%

(ii) The major equity investment obtained in the reporting period√Applicable Not applicable

In RMB

Name of invested	Principal business	Method of investment	Amount of investment	Shareholding ratio	Capital sources	Partners	Term of investment	Type of products	Status as of the balance sheet date	Expected return	Current investment profit and loss	Whether involved in a lawsuit (Y/N)	Date of disclosure (if applicable)	Index of disclosure (if applicable)
Sichuan Hongyun Venture Capital Partnership (Limited Partnership)	General items: Venture capital (limited to investment in unlisted enterprises)	Newly established	45,000,000.00	30.41%	Self-fund	Sichuan Hongyun Venture Stock Investment Management Co., Ltd., Sichuan Changhong Electronics Holding Group Co., Ltd., Sichuan Changhong Electric Co., Ltd.	8 years	Not applicable	During the reporting period Complete the first phase Invest 1800 yuan Ten thousand yuan.	Not applicable	47,270.54	No	2023-01-18	Juchao Website http://www.cninfo.com.cn (2023-004)
Total	--	--	45,000,000.00	--	--	--	--	--	--	--	47,270.54	--	--	--

(iii) The material non-equity investment in the reporting period

Applicable Not applicable

(iv) Financial assets investment

1. Securities investment

Applicable Not applicable

The Company had no securities investment in the reporting period.

2. Derivative investment

√ Applicable □ Not applicable

(1) Derivatives investment for hedging purposes during the reporting period

√ Applicable □ Not applicable

In RMB 10,000

Type	Initial investment	Amount at the beginning period	Profit and loss of fair value change in the current period	Changes in the cumulative fair value included in the equity	Amount purchased in the reporting period	Amount sales in the reporting period	Investment amount at period-end	Ratio of investment amount at period-end in net assets of the Company at period-end
Forward foreign exchange contract	385,815.06	217,191.87	-869.16	0	736,225.85	632,474.92	332,515.07	57.09%
Total	385,815.06	217,191.87	-869.16	0	736,225.85	632,474.92	332,515.07	57.09%
Specific principle of the accounting policy and calculation for derivatives in the Period compared with last period in aspect of major changes	Not applicable							
Description of actual profit and loss during the reporting period	During the reporting period, the Company confirmed the income from derivatives investment of RMB -115.7228.million.							
Description of hedging effect	During the reporting period, the Company adhered to the principle of exchange rate risk neutrality, used forward foreign exchange contracts as hedging tools, and signed forward foreign exchange contracts according to the foreign exchange receipt amount predicted by sales and the target cost exchange rate. The delivery period matched with the predicted return amount, and the agreed delivery amount matched with the predicted return amount to avoid the risks caused by exchange rate fluctuations. The cash flow changes in the hedging tools during the reporting period can offset the cash flow changes in the hedged items caused by exchange rate fluctuations, which met the requirements of hedging effectiveness and achieved the hedging objectives.							
Capital resource	Own fund							
Risk analysis and controlling measures for derivatives holdings in the Period (including	Risk analysis:							

<p>but not limited to market risk, liquidity risk, credit risks, operation risk and law risks etc.)</p>	<p>1. Market risk: domestic and international economic situation changes may lead to exchange rate fluctuations, forward foreign exchange transactions are under certain market risk. Forward foreign exchange business is aiming to reducing impact on corporate profits by foreign exchange settlement and sale prices, exchange rate fluctuations. The Company will follow up the exchange fluctuation, on the basis of target rate determined from the business, relying on the research of the foreign currency exchange rates, combined with prediction of consignments, and burdening ability to price variations due to exchange rate fluctuations, then determine the plan of forward foreign exchange contracts, and make dynamic management to the business, to ensure reasonable profit level.</p> <p>2. Liquidity risk: all foreign exchange transactions are based on a reasonable estimate of the future import and export business, to meet the requirements of the trade authenticity. In addition, forward foreign exchange transactions are processed with bank credit, will not affect liquidity of company funds.</p> <p>3. Bank default risk: if cooperative banks collapse within the contract time, the Company will not be able to transact the original foreign exchange contracts with contract price, which leads the risk of income uncertainty. So the Company chose five state-owned banks, the Chinese-funded banks in shareholding enterprise as Everbright Bank, Industrial Bank and the foreign-funded banks as UOB, OCBC, BEA etc. to conduct the trading of foreign exchange capital. These banks share a solid strength and management whose failure and the risk of loss may bring to the Company is very low.</p> <p>4. Operational risk: improper operation of the person in charge of forward foreign exchange transactions may cause related risk also. The Company has formulated related management system which defines the operation process and responsibility to prevent and control risks.</p> <p>5. The legal risks: unclear terms based in contract signed with banks for related transactions may lead legal risks when forward foreign exchange transactions are processing. The Company will strengthen legal review, and choose good bank to carry out this kind of business as to risk control.</p>
<p>Invested derivative products have changes in market price or fair value in the Period, as for analysis of the fair value of derivatives, disclosed specific applied methods and correlation assumption and parameter setting</p>	<p>The Company determines fair value in accordance with the Chapter VII “Determination of Fair Value” carried in the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments. Fair-value is basically obtained according to prices offered by bank and other pricing services. While fair-value of derivatives is mainly obtained according to the balance between prices given by outstanding contracts and forward prices given by contracts signed during the reporting period with bank. The differences are identified as trading financial assets and liabilities.</p>
<p>Lawsuit involved (if applicable)</p>	<p>Not applicable</p>
<p>Disclosure date for approval from the Board for investment of derivatives (if applicable)</p>	<p>March 31,2023</p>
<p>Disclosure date for approval from board of shareholders for investment of derivatives (if applicable)</p>	<p>April 26,2023</p>
<p>Special opinion on derivative investment and</p>	<p>Upon inspection, the Company believes that: during the reporting period, the Company carried out its foreign exchange forward deals in strict compliance with the</p>

risk control by independent directors	<p>Shenzhen Stock Exchange Self-Regulatory Guidelines No.1- Standardized Operation of the Listed Companies on main Board , the Articles of Association, Management Measures on Company Authorization, Management System in relating to Foreign Exchange Forward Deals, and these deals were conducted within the authorization scope under general meeting and board meeting. The Company conducts no foreign exchange transactions on the purpose of getting profit only, all of the forward foreign exchange transactions are operates closely related to the routine operation requirement of the Company and based on normal operating and production, which is relying on specific business operations with purpose of avoiding the preventing the risks in exchange rate. The forward foreign exchange transactions of the Company are beneficial to prevent the exchange risks exposed by import and export business and thus met its requirement for operation development. There was no speculative operation, no break of relevant rules and regulations and relevant business was conducted under corresponding decision-making procedures. Interests of the Company and entire shareholders, especially minority shareholders, were not prejudiced.</p>
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(2) Derivative investments for speculation during the reporting period

Applicable Not applicable

The Company had no derivative investment in the reporting period.

(v) Application of raised proceeds

Applicable Not applicable

Nil

VIII. Sales of major assets and equity

(i) Sales of major assets

Applicable Not applicable

No major assets are sold in the period

(ii) Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Zhongke Meiling Cryogenic Technology Co., Ltd.	Subsidiary	Research and development, manufacturing and sales of ultra-low temperature freezer	96,730,934	734,480,745.25	601,519,972.36	302,785,719.33	19,141,881.46	16,126,507.82
Jiangxi Meiling Electric Appliance Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	50,000,000	351,277,453.94	155,046,616.61	720,626,403.48	12,407,856.59	12,408,056.59
Mianyang Meiling Refrigeration Co., Ltd.	Subsidiary	Manufacturing of refrigeration and freezer	100,000,000	191,889,234.80	120,713,472.01	285,257,334.95	-360,873.32	-354,646.22
Sichuan Changhong Air-conditioner Co., Ltd.	Subsidiary	R&D, manufacturing and domestic sales of air-conditioning	850,000,000	4,004,171,452.80	1,220,575,635.42	8,008,596,138.13	229,101,892.24	229,982,423.10
Zhongshan Changhong Electric Co., Ltd.	Subsidiary	R&D, manufacturing and foreign sales of air-conditioning	334,000,000	2,295,526,431.19	348,248,735.78	3,750,169,165.68	161,004,581.85	160,707,265.04
Hefei Meiling Group Holdings Limited	Subsidiary	Sales of white goods	80,000,000	1,161,054,046.07	-292,136,413.06	5,719,876,952.55	140,340,587.18	134,924,071.03
Hefei Changhong Meiling Life Appliances Co., Ltd.	Subsidiary	R&D and sales of household appliances, kitchen appliances and small home appliances	50,000,000	622,486,357.58	139,793,516.06	1,660,852,475.77	63,306,977.04	57,607,898.93

(ii) Subsidiary obtained and disposed in the period√ Applicable Not applicable

Company name	The method of obtaining and disposing subsidiaries during the report period	The influence to the whole production and performance
Hefei Meiling Electric Appliances Marketing Co., Ltd	Cancellation	Minor effect on the overall production and operation and performance of the company
Wuhan Meizhirong Electric Appliances Marketing Co., Ltd	Cancellation	Minor effect on the overall production and operation and performance of the company

(i) Description of the holding company and stock-jointly companies Applicable √ Not applicable**X. Structured entity controlled by the Company** Applicable √ Not applicable**XI. Prospects for the future development of the company****(1) Macro environment analysis**

China further encourages and guides consumption, enhances consumption capacity and optimizes consumption environment; encourages digital consumption and promotes live E-commerce; encourages green consumption and reduces the "carbon content" of consumption. However, the domestic macro-economy is still in the stage of sustained recovery, the real estate industry is in periodic adjustment, the residents' consumption ability is insufficient, the traditional home appliances industry is in full competition with high product homogeneity, and the industry development has entered the era of stock competition.

The International Monetary Fund predicts that the global economic growth rate will slow down from 3.0% in 2023 to 2.9% in 2024, which is lower than the historical average of 3.8%. Moreover, overseas inflationary pressure persists, trade protectionism re-surges, political risks and geopolitical tensions intensify, and there is still great uncertainty in the development of overseas business.

(2) Industry environment analysis**1. Refrigerator (freezer) industry**

Domestically, according to the data released by the National Bureau of Statistics, in 2023, the number of home appliances in major categories such as refrigerators, washing machines and air conditioners exceeded 3 billion, and the demand for upgrading is great. China's home appliance market has entered the era of stock replacement. The Ministry of Commerce of China stated that promoting the trade-in of home appliances in 2024 is the focus of promoting consumption this year. The additional policy effect is expected to bring improved upgrading trend of product structure due to the trade-in process in 2024, and a steady development trend of the scale of refrigerators (freezers). Compared with previous years, the price of copper and aluminum, which accounts for a relatively high proportion of raw materials for refrigerators (freezers), has dropped, and the additional ability of enterprises to reduce costs and improve efficiency has been enhanced. Refrigerators (freezers) enterprises are still in the cost dividend period, but in 2024, with the economic growth, it is expected that the price of bulk raw materials will rise, and the dividend will decrease accordingly.

In terms of export, under the dual aid of scale effect and continuous breakthrough in manufacturing efficiency, the

cost advantage boundary wall brought by small platforms and low investment of small and medium-sized brands has been broken, the concentration of the top brands has further increased, and the importance of efficiency to the healthy operation of enterprises has been enhanced. Driven by new standards and regulations, the industrial structure has been rapidly upgraded, and the products shows a significant trend of energy saving, frequency conversion and large volume; Green industry has a more prominent impact on the home appliance industry, and the demand for low-carbon production, recyclable and degradable environment-friendly materials is increasing year by year. Under the structural change, there will be new industrial opportunities and challenges to the development of enterprises.

2. Air-conditioning industry

Domestically, with the upcoming turning point in the real estate market and the increase in the number of air conditioners, the household air conditioning industry has transitioned from the incremental era to the stock competition era. According to the forecast by All View Cloud (AVC), in 2024, the retail sales in air-conditioning market will drop by 1.4% year on year, and the industry will enter the stage of periodic adjustment. In addition, through multi-brand operation, the top brands have comprehensively covered high-, medium- and low-end products, and the price competition becomes increasingly fierce, and the living space of second- and third-line brands is further narrowed.

In terms of export, with the continuous advancement of economic globalization, the global market competition will become more intense. Due to the growth of the middle class and the acceleration of urbanization in emerging markets, the demand for air conditioners will continue to grow. Meanwhile, with global warming and frequent extreme weather events, the requirements for energy efficiency and environmental protection of air-conditioning products will be further increased. In addition, with the reorganization of global supply chain and the promotion of product value chain, the global production and sales layout of multinational companies will be further optimized to meet the changing market demand. According to the industry online forecast, the export volume of household air conditioners in China will increase by 0.8% in the cold year of 2024.

3. Washing machine

The washing machine industry has been impacted by the previous downturn in the home appliance market, and the trend of consumer recovery in the home appliance market is not significant. There are four main reasons for this: large stock in the home appliance market, some consumer goods becoming optional, low consumption frequency, and non-urgent demand for upgrading. Overall, under the influence of many factors, it is expected that the washing machine industry will show a weak recovery trend in 2024. As for the products, influenced by the trend of smart home appliance integration, large-capacity and ultra-thin embedded products have become the development trend of the industry.

4. Kitchen & bathroom, small appliance

Kitchen and bathroom appliances have always been an important component of household appliances. With the improvement of living standards and the transformation of kitchen functionality, people have put forward higher requirements for kitchens and kitchen appliances. In terms of functionality, it is required that the kitchen be classified and partitioned, with clear flow lines and complete functions. The kitchen electrical products should collaborate to complete a series of tasks such as washing, cooking, and cleaning. At the same time, health and nutrition should be

taken into consideration. In terms of layout, it is necessary to not only release as much space as possible, but also achieve greater storage and storage. Under this promotion, the structure of kitchen appliances continues to adjust and upgrade, and the proportion of mainstream categories in the market is gradually increasing. The upgrading and innovation of product core functions has become an important direction for the industry to seek breakthroughs.

The small home appliance market is generally in a period of consolidation. With the high enthusiasm of people for dining out and tourism, as well as the suppression of demand from the early sales boom of small home appliances, the market heat of some categories of small home appliances has decreased. Small household appliances cover a wide range of categories, covering all aspects of people's home life, so their growth paths and development trends are also different. However, from the perspective of channels, the overall revenue of the small household appliances Tiktok channel has increased significantly, and each major node has significantly promoted the growth. Backed by the high flow short video platform and content platform, the new channel resource investment is expected to drive the rapid improvement of brand awareness and enable long-term growth..

5. Bio-medical

With the growth of China's per capita GDP and per capita disposable income and the trend of accelerated aging of population, the national expenditure on medical care will keep increasing. In the meantime, with the development and construction of China's medical and health system, more and more attention has been paid to biosafety, which has stimulated the growing demand for potential biological sample storage; With the expansion of biopharmaceuticals, the scale of global refrigerated drugs has expanded, and the demand for low-temperature storage equipment has continued to grow; The medical device industry has a huge market with many sub-sectors. After upgrading the equipment of primary medical institutions, the market demand for various medical devices will increase steadily.

Policy support injects development momentum into the medical device industry. In recent years, China has attached great importance to the medical device industry and provided great support at the policy level. In July 2023, National Health Commission issued the recommended health industry standard *Equipment Configuration Standard for County General Hospitals*", which came into effect on January 1, 2024, and stipulated the basic principles for the configuration of equipment worthy of RMB 10,000 and above in county general hospitals, and made minimum configuration standards for basic equipment items such as centrifuges, medical freezers, biosafety cabinets and medical blood freezers. From 2024, the allocation of primary medical equipment will be gradually increased, and the demand for medical equipment is expected to continue to be released.

(iii) Business plan for 2024

1. Business ideas

The Company adheres to the guidance of party building, adheres to the value orientation, comprehensively improves efficiency, enhances six capabilities around "one goal", deepens internal and external coordination, strengthens compliance risk control, and promotes its sustained and high-quality development. In 2024, it will strive to move towards double-digit growth in annual income, while striving to maintain steady growth in net profit.

(1) Instruction by party building

It will fully integrate party building with production and operation, with synchronous plan, synchronous deployment,

synchronous promotion and synchronous assessment, promote development with party building, and strengthen party building with development. It will unswervingly enrich its minds, guide practice and promote work with socialism with Chinese characteristic thought in the Xi Jinping's new era, and jointly promote the Company's high-quality development; It will adhere to goal orientation and problem orientation, resolutely grasp the responsibility of party building, focus on improving the quality of party building, further improve the party building system, and build a strong grassroots fighting fortress; It will earnestly fulfill the responsibility of strengthening party self-discipline in an all-round way and well ensure a clean and honest government.

(2) Construction of six powers

Construction of brand power. It will focus on product business cards, systematically carry out public and private domain, localized user operation and new media operation, and enhance the brand reputation, popularity and loyalty.

Construction of product power. It will adhere to user-orientation, solve users' difficulties, create value for users, accurately control market trends, and study people's consumption preferences. In terms of refrigerators, strengthen the product business cards of "Meiling Fresh", "Meiling Thin", "Meiling Narrow" and "Meiling Embedded"; In terms of air conditioners, tamp down the two product business cards of "All-dust-free" and "Living and Dining Cabinet"; In terms of washing machines, create the business cards of "Clean" and

Construction of marketing power. It will focus on ensuring retail, promoting quality products, improving efficiency and strengthening diversion, continue to establish and build a marketing system, strengthen terminal marketing capacity building, enhance terminal brand image, deepen the upgrading of marketing thinking, build a high-quality marketing team, improve the professional planning and promotion capabilities, and win the battle of terminal competition.

Construction of channel power. Domestically, it will focus on consolidating its own channels, outperforming the retail channels, expanding incremental channels, and breaking through emerging channels, so as to improve channel carrying capacity and channel operation quality. It will build overseas distribution channels, deepen the construction of customer system, focus on resources to ensure high-quality customers, focus on brand business, and comprehensively achieve double growth in both scale and share.

Construction of service power. Focusing on product delivery, after-sales service, quality management and customer satisfaction, it will use digital tools as a means to improve product delivery efficiency, enhance after-sales service quality, ensure product delivery quality and comprehensively improve service capacity through efficiency improvement and cost reduction.

Construction of organizational power. It will optimize the internal organizational structure by benchmarking and improve organizational efficiency; Optimize the incentive system, improve the mechanism of "selection, training, use and retaining", strengthen internal competition and enhance organizational ability and vitality.

(3) Internal and external coordination

It will continue to focus on internal and external coordination and industrial coordination, and promote R&D, manufacturing, procurement and sales to strengthen complementary resources and mutual assistance, and promote industrial development.

(4) Compliance risk control

It will carry out various tasks around the "Year of Strengthening Compliance Management" in 2024, and strengthen and improve the construction of compliance risk control system. It will continue to strengthen the publicity of compliance culture, constantly improve the "1+N" system of compliance risk control, strengthen the "trinity" risk prevention and control mechanism of compliance, risk control and internal control, and give full play to the role of "three lines of defense" of business department, compliance department and audit department. It will strengthen compliance management in an all-round way, establish a "hierarchical" compliance risk identification and evaluation warning mechanism, incorporate the compliance work into the business process, establish an operation mechanism of "integration of industry and regulation", continuously improve the awareness and ability of risk prevention and control, continuously improve the management level of compliance according to law, and ensure the safety and compliance of the Company's overall operation.

2. Market strategy

(1) Refrigerators (freezers)

In terms of domestic market, faced with the challenges of product structure upgrading and fierce competition in the stock market, it will make product layout around "fresh, thin, narrow and embedded", and promote quality products and hot quality products, create hot products, optimize the product structure, and provide consumers with products of unique value based on the customer-oriented principle. In terms of products, It will focus on SKU product efficiency, improve product quality and enhance product competitiveness. In terms of channels, it will promote the refined management of core customers, adhere to the channel strategy of "consolidating our own channels, expanding incremental channels, breaking through emerging channels and outperforming retail channels", and strengthen the quality and efficiency of retail channels by optimizing product layout, strengthening operational capabilities and strengthening channel efforts, so as to seize the market opportunities of emerging channels. In terms of marketing, it will strengthen the terminal marketing capacity building, enhance the terminal image competitiveness, focus on the marketing of new media content, and improve the user operation and drainage transformation.

In terms of overseas markets, it will upgrade the global demand structure, strengthen upgraded product planning and differentiated product design, and at the same time strengthen efficiency improvement. By focusing on key markets and core high-quality customers, it will open up regional markets with high synergy with the domestic market, tap development potential markets, and continuously improve customer efficiency. It will accelerate brand business, increase investment in brand teams and products, and continue to promote the construction of overseas independent brands.

(2) Air conditioners

In terms of domestic market, on the premise of maintaining benign operation, it will enlarge the scale and increase the average price through the business strategy of "brand promotion, product upgrading, channel expansion and comprehensive retail". With the product as the carrier, it will expound the brand mind and brand values of "precision quality and comfort in every degree", interpret the spirit of "responsibility, innovation and tenacity" and realize cultural resonance with customers; adhere to the user-orientation, grasps the healthy, comfortable and energy-saving market trend, and strengthen the R&D of core technologies and the transformation of results; It will focus on

"differential management and channel expansion", intensively cultivate profit channels, improve image channels, speed up scale channels, break through flow channels and explore incremental channels; strengthen product promotion, optimize terminal construction and enhance retail transformation.

In terms of overseas markets, it will continue to practice the concept of "profitable scale growth and profitable cash flow growth", adhere to brand priority, open up base markets and expand brand agency; preserve stock, seek increment, focus on superior channels and open up new markets; follow the market trend, launch high-quality products, launch new products, and launch variable frequency products; adhere to business-oriented and customer-centered principles, and constantly improve product quality, customer service ability and customer satisfaction.

(3) Washing machines

The washing machine business will continue to take the industrial vision of "washing all stains and protecting the whole family". It will enrich its products and upgrade its product structure around the product business cards of "clean", "thin" and "smart". On the basis of hand-washing series products, it will create a second-generation upgraded product to meet the cleaning needs of consumers and further improve the cleaning ability. It will develop a flat-embedded series of washing and drying package products, further adapting into home integration. In the domestic market, it will continue to deepen the base market, focus on the construction of basic and e-commerce channels, and achieve steady growth in scale. In overseas markets, it will "grasp one core and two basic aspects" and strengthen cooperation with key customers; focus on color screen drum washing machine, and build a leader in color screen products in the global market.

(4) Kitchen and bathroom products and small home appliances

It will strengthen the R&D capacity building in the kitchen and bathroom products and small home appliances industries, continuously consolidate the market position of core products and further enhance the brand influence. For product line of tea-based drink, it will strengthen the core competitiveness, focus on the improvement and function enhancement of self-developed and self-made products, and enhance the management quality. It will clean the product line of electrical appliances, focus on strengthening the functions of the project team and promote the rapid development of the project. In terms of fuel-fired product line, it will continue to take the marketing strategy as the guide, speed up the development and launch of gas core technologies, and quickly realize the marketization of products. The industry will focus on resource investment, and realize the "Troika" marching hand in hand by strengthening R&D capability and precise marketing strategy.

(5) Biomedical products

It will unswervingly implement the development strategy of "diversification based on biomedical field", focus on the field of life sciences, deepen the construction of domestic and international channel system with user orientation, deeply tap the needs of users, deepen technology and innovate product design, and improve service level in an all-round manner to expand user coverage and product market share. The Company always adheres to the business philosophy of "technology-founded, product-based, market-oriented and customer-centered", and continues to operate steadily around the business principles of deepening channels, innovating products, optimizing quality and improving efficiency.

The above business plans and business objectives do not represent the listed company's profit forecast for 2024.

Whether they can be realized depends on many factors such as changes in market conditions and the efforts of the management team. There is great uncertainty, which shall be especially noted by the investors.

(IV) Possible risks and countermeasures

Facing the objective factors such as more intense competition in the home appliance market, the living environment of enterprises will be even worse. In 2024, the Company will face risks such as intensified industry competition, exchange rate fluctuation, price fluctuation of bulk materials, trade friction and geopolitical influence.

1. Risk of intensified industry competition

The traditional home appliance industry is in full competition, with high product homogeneity. The industry development has entered the era of stock competition. In addition, the incremental demand of other competitive brands will further aggravate the product competition situation, leading to the risk of price war. Faced with severe challenges, the Company will actively increase R&D investment and win customers through continuous innovation of products and services.

2. Risk of exchange rate fluctuation

Affected by the international situation, the exchange rate fluctuates greatly. The Company will pay close attention to exchange rate changes and operate steadily to reduce the impact of exchange rate changes.

3. Risk of price fluctuation of bulk materials

The main raw materials of the Company's products are steel, copper, aluminum, plastics and chemical materials, etc. If the prices of bulk raw materials fluctuate greatly, the related costs will also change accordingly, which will have a certain impact on the company's operating performance. The Company will continue to pay attention to the price fluctuation of bulk materials and take timely measures to deal with risks and reduce the impact of price fluctuations.

4. Influence of trade friction and geopolitics

The Company pays close attention to the impact of uncertain factors such as international trade friction and geopolitics on its global business.

In view of the above risks, combined with the industry situation in 2024 and its own disadvantages in 2023, the Company will carry out its work in 2024 with the business idea of "adhering to the leadership of party building, adhering to the value orientation, comprehensively improving efficiency, enhancing six powers around one goal, deepening internal and external cooperation, strengthening compliance risk control, and promoting the Company's sustained and high-quality development", and make the layout of products, technologies and markets in advance to realize the high-end and intelligent transformation of the Company's products, enrich the product line, enhance the Company's operating ability and profitability, and build a comprehensive home appliance enterprise.

XII. In the report period, reception of research, communication and interview

□ Applicable √Not applicable

Time	Location	Way	Reception object	Type	Main contents of the discussion and the information provided	Basic situation index of investigation
February 1,2023	#2 reference room of the administrative center of the Company	Field research	Institute	Huaan Funds	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1215755626&announcementTime=2023-02-02%2017:40
February 2,2023	#3 reference room of the administrative center of the Company	Field research	Individual	Dong Guoshuai	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1215767818&announcementTime=2023-02-03%2017:24
February 22,2023	---	Online platform for online communication	Institute	Shanghai Shenyin Wanguo Securities ,Guotai Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1215951190&announcementTime=2023-02-23%2017:22
April 6,2023	---	Online platform for online communication	Institute	Huaan Funds	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216353750&announcementTime=2023-04-07%2016:08
April 14,2023	#2 reference room of the administrative center of the Company	Other	Other	Investors who participated in the 2022 annual performance briefing through Panorama.com's "Investor Relations Interactive Platform" (https://ir.p5w.net)	Holding a presentation on the 2022 annual business results and responding the questions that investors concerned	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216438317&announcementTime=2023-04-17%2018:35

April 20,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Southern Fund,China Securities, Penghua Fund, Tebon fund, Shenwan Hongyuan,Orient Securities,Maxwealth Fund,Winsure Capital, Bank of China Investment Management, PICC Fund, Guangfa Fund, Jingan Investment	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216497454&announcementTime=2023-04-20%2021:16
April 21,2023	#2 , #3 reference room of the administrative center of the Company	Online platform for online communication	Institute	Changjiang Securities, Taiping Capital, Bocom Schroders, Boshi Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216518995&announcementTime=2023-04-21%2018:03
April 24,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Capital Group,CICC Appliances, Pingan Assets,China Universal Asset Management, Huaan Fund, Jiashi Fund, Zhong Ou AMC, Guangfa Fund, Boshi Fund, Taiping Assets, Guotai Fund, AXA SPDB, Investment Managers,Cinda Fund,Jingshun Grest wall, Huatai Bairui	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216552643&announcementTime=2023-04-24%2018:27
April 26,	#1 , #3 reference	Online	Institute	China Securities, Huaxia	Operation condition of the	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=g

2023; April 27, 2023	room of the administrative center of the Company	platform for online communication		Fund,Changjiang Pension, Huabao Fund, Guangfa Fund, Tianhong Fund, Baoying Fund, Southwest Securities, Pingan Pension,Guosheng Securities,CITIC Securities	Company	ssz0000521&stockCode=000521&announcementId=1216646210&announcementTime=2023-04-27%2017:18
May 8,2023	#2 reference room of the administrative center of the Company	Field research	Institute	Minsheng Securities, Industry Securities,Tebon Securities,DIB Asset Management, HuaFu Fund, CITIC Securities,Sinolink Securities,Guotai Junan, CMS Securities,ZRF	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216780403&announcementTime=2023-05-09%2017:07
May 10,2023, May 11, 2023	##2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Fuguo Fund, Guotai Junan Securities,Maxwealth Fund ,Pengyang Fund, Western Lfadbank FMC, HuaFu Fund, China Universal Asset Mangement	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216800095&announcementTime=2023-05-11%2018:23
May 17,2023,May 18, 2023	#1 , #4 reference room of the administrative center of the Company	Online platform for online communication	Institute	Southwest Securities, , Great Wall Securities, Jinying Securities,CICC Asset Management, Changxin Fund, Noude Fund, Zhong OU, Bank of	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216852449&announcementTime=2023-05-18%2017:49

				China Investment Management		
May 24, 2023, May 25, 2023	#2 , #4 reference room of the administrative center of the Company	Field research	Institute	Zhongtai Securities, Xinda Appliances, Haifutong Fund, Tianfeng Securities, Gousheng Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216907443&announcementTime=2023-05-25%2017:23
May 31, 2023, June 1, 2023	#1 , #2 reference room of the administrative center of the Company	Field research	Institute	Huaxi Securities, Jiashe Fund, Sinolink Securities, Wanjia Fund, Amundi BOC Wealth Management, Loyal Valley Capital, Yangpei Investment, Junlong Life, Yongxing Securities, CITIC Securities, Huaan Securities, Shengyu Investment Southwest Securities, Franklin Templeton Sealand Fund Managment	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1216966650&announcementTime=2023-06-01%2018:03
June 6, 2023	No.1 Meeting Room, Zhongshan Changhong	Field research	Institute	China Securities, CINDA Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217011964&announcementTime=2023-06-07%2017:47
June 7, 2023	A15 Meeting Room Changhong Trade Center	Field research	Institute	Jiashi Fund, Guosheng Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217022748&announcementTime=2023-06-08%2017:57
June 12, 2023	#1 reference room of the administrative	Online platform for	Institute	Xinhua Fund, Huaxi Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217054282&a

	center of the Company	online communication				nnouncementTime=2023-06-13%2019:05
June 13,2023	#2 , #3 reference room of the administrative center of the Company	Online platform for online communication	Institute	Xinhua Fund, Huaxi Securities,UBS,Industry Securities, China Universal Asset Mangement, Huaan Fund,CICC Asset Management, Jiashi Fund, Cinda Fund,Southwest Securities, Guosheng Securities, Pengyang Securities, Boshi Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217066302&announcementTime=2023-06-14%2017:53
June 15,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	PICC Asset, Taikang Asset,China Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217073900&announcementTime=2023-06-15%2017:07
June 27,2023,June 28,2023	#1 reference room of the administrative center of the Company	Online platform for online communication	Institute	Boshi Fund,China Merchants Fund, Cinda Fund, Haitong Appliance	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217154961&announcementTime=2023-06-28%2017:49
August 21, 2023, August 22,2023	#3 reference room of the administrative center of the Company	Online platform for online communication	Institute	Shenwan Hongyuan Securities, Guosheng Securities, Southwest Securities, Fuguo Fund,	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217606538&announcementTime=2023-08-22%2018:03

		on		<p>Guangfa Fund, Huanan Fund, Jiashi Fund, BOCOM Schroders, Zhong Ou Fund, Rongtong Fund, Taikang Fund, Great wall Fund, E fund, China Merchants Fund, ICBC Fund, Huatai Pinebridge Investment, Xinhua Fund, Cinda Fund, Dacheng Fund, Southern Fund, Lion Fund, Pengyang Fund, Chongshan Investment, Chunhou Fund, Donghai Fund, Founder Asset Management, China Everbright Asset Management, Guolian Fund, Hotland Innovation Asset Management, Mirae Asset, Huaxi Securities, Huian Fund, Jinying Fund, Minghe Investment, Pingan Pension, Pingan Asset Management, Xuanlu Investment, Winsure</p>	
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				Capital, Changjiang Pension, loyal Valley Capital, Zhonghui Life, Zhongtai Asset Management, CITIC Asset Management, Bank of China Investment Management, Maxwealth Fund, China Universal Asset Mangement, Guotai Fund, Hongde Fund, Taikang Pension, BXRF, Changxin Fund		
August 29,2023	#4 reference room of the administrative center of the Company	Online platform for online communication	Institute	China Universal Asset Mangement	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217694174&announcementTime=2023-08-29%2017:35
September 14,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Xingtai Investment, Yangjiao Fund, CMS	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217859735&announcementTime=2023-09-14%2019:17
September 15,2023	#1 reference room of the administrative center of the Company	Online platform for online communication	Institute	Haitong Fund, Tebon Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217871475&announcementTime=2023-09-15%2017:57

September 27,2023	#4 reference room of the administrative center of the Company	Online platform for online communication	Institute	Guangfa Fund, Gousheng Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1217970679&announcementTime=2023-09-27%2018:41
October 25,2023	#3 reference room of the administrative center of the Company	Online platform for online communication	Institute	Jiashi Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218151133&announcementTime=2023-10-25%2018:51
October 26,2023	#1 reference room of the administrative center of the Company	Online platform for online communication	Institute	Huatai Borui Fund, Shenwan Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218168881&announcementTime=2023-10-26%2018:57
October 30,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Xinhua Fund, J P Morgan Asset Management, China Merchants Fund, Fuguo Fund, Jiashi Fund, Oriental Alpha Fund, Huaan Fund, UG Fund, Zhongtai Securities, Shenwan Securities, Tianfeng Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218203763&announcementTime=2023-10-30%2019:23
November 15,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Bocom Schrodenrs Fund, Jiashi Fund, Zhong Ou Fund Guosheng Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218292412&announcementTime=2023-11-09%2018:31

		on				
November 15,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Southern Fund, Huatai Bairui Fund , Guosheng Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218351774&announcementTime=2023-11-15%2017:59
December 12,2023	#2 reference room of the administrative center of the Company	Field research	Institute	Huaan Fund, ABC-CA Fund Management ,China Fund	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218593063&announcementTime=2023-12-12%2018:17
December 13,2023	#2 reference room of the administrative center of the Company	Online platform for online communication	Institute	Guangfa Fund, Zhongtai Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218606177&announcementTime=2023-12-13%2017:31
December 22,2023	#1 reference room of the administrative center of the Company	Online platform for online communication	Institute	Guotai Fund, BOSC Asset, Juming Investment, CICC Asset Management, Penghua Fund, Dongwu Fund, Zhongtai Securities, Huaxi Securities	Operation condition of the Company	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000521&stockCode=000521&announcementId=1218703132&announcementTime=2023-12-22%2016:55

XIII Implementation of the Action Plan for "Double Improvement of Quality and Return"

Has the company disclosed an action plan for "dual improvement of quality and return".

Yes No

IV. Corporate Governance**I. Corporate governance of the Company****(i) Overview of the corporate governance**

In strict compliance with the Company Law, Securities Law, Governance Principles of Listed Company issued by the CSRC, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange and Shenzhen Stock Exchange Self-Regulatory Guidelines No.1- Standardized Operation of the Listed Companies on main Board of SSE, the Company continued to construct and perfect its governance structure, thereby forming its decision-making, supervision and operation management organization with general meeting, the board of directors, the board of supervisors and operation management as the major structure. The general meeting, board of directors, board of supervisors and operation management of the Company has definite terms of reference, which can ensure an effective balance, scientific decision-making process and coordinative operation, laying firm foundation for making decisions relating to the Company's continuous, steady and healthy development.

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

During the reporting period, the company revised and promulgated the Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure of the Board of Directors and Rules of Procedure for the Board of Supervisors, which further improved the standard operation and governance level of the Company. The overall situation of corporate governance meets the requirements of relevant national laws and regulations, and regulatory documents on corporate governance of listed companies issued by China Securities Regulatory Commission and Shenzhen Stock Exchange.

1. Shareholders and general meeting

The Company standardized the procedures concerning convening, holding and voting of general meeting in strict compliance with the Articles of Association and Rules of Procedure of General Meeting. All shareholders, especially the minority shareholders, were equally treated to ensure all shareholders shall rank equal status and can fully exercise their right. During the reporting period, the Company convened 4 shareholders general meetings. In addition to convening general meeting in forms of site conference, the Company offered convenience for shareholders to present general meeting via network voting which was safe, economic and convenient. At the same time, all the matters submitted to the Company's general meeting of shareholders should count the votes of the small and medium investors separately, and the results of the vote count should be disclosed timely so as to effectively protect the rights and interests of small and medium investors and ensure that all shareholders, especially the small and medium shareholders, fully exercise their rights.

2. The Company and controlling shareholders

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

3. The directors and board of directors

The company strictly convenes and convenes the board of directors in accordance with the provisions of the articles of association and the rules of procedure of the board of directors. The voting and information disclosure procedures of the board of directors comply with relevant regulations. All directors of the company are able to carry out their work in accordance with the rules of procedure of the board of directors and the independent director system, attend the board of directors and shareholders' meetings seriously, exercise their powers in accordance with the law, and fulfill their duties diligently and responsibly. The independent directors of the company strictly abide by the "Management Measures for Independent Directors of Listed Companies" and the "Independent Director System" of the China Securities Regulatory Commission, maintain sufficient independence in their work, and, with a serious, diligent, and loyal work attitude, based on an independent and prudent position, actively participate in company decision-making through various forms such as attending meetings, on-site inspections, reviewing documents, and inquiring with relevant personnel. They carefully review various proposals, express pre approval opinions and independent opinions on related party transactions, cash dividends, major issues, etc., fully play the role of independent directors in supervision and balance, and effectively safeguard the interests of the company and all shareholders, especially small and medium-sized shareholders. The strategy committee, compensation and assessment committee, audit committee, nomination committee, and ESG management committee under the company's board of directors are five specialized committees. According to the corresponding implementation rules of each committee, they are responsible for discussing, making decisions, supervising, and evaluating major work matters of the company, playing an important role in scientific decision-making, improving decision-making efficiency and quality for the board of directors..

4. Supervisors and board of supervisors

The Company convened and held meeting of supervisors in strict compliance with the Company Law and Articles of Association, and the voting and information disclosure procedures of supervisors' meeting complied with relevant requirements. The tenth board of supervisors of the company has five supervisors, including two employee supervisors, the number and constitution of the board of supervisors meet the requirements of laws and regulations. All supervisors of the company can earnestly perform their duties in accordance with the requirements of the Rules of Procedure for the Board of Supervisors, supervise the decision-making procedures and resolutions of the board of directors and the legal operation of the company, review the regular reports prepared by the board of directors and put forward written review opinions, and effectively supervise and express independent opinions on the company's major events, related transactions, financial status, the legality and compliance of directors and senior executives' performance of duties by attending the general meeting of shareholders and the meeting of the board of directors from the perspective of safeguarding the legitimate rights and interests of the company and shareholders.

5. The performance appraisal and incentive and constraint mechanism

According to the *Articles of Association*, the Board of Directors of the company will decide to appoint or dismiss the president, secretary of the Board of Directors and other senior management personnel of the company, and decide on their remuneration, rewards and punishments; According to the nomination of the president, decide to appoint or dismiss senior management personnel such as the company's vice president and financial officer, and decide on their remuneration, rewards and punishments. The performance evaluation of directors, supervisors, presidents and other senior management personnel shall be conducted by the Human Resources Department of the company on a daily basis, and by the Remuneration and Appraisal Committee of the company at the end of the year. The company has established and continuously improved fair and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and senior management personnel. The appointment of company managers is open and transparent, in line with the relevant provisions of laws and regulations.

6. The stakeholders

The Company fully respects and maintains the legitimate rights and interests of stakeholders; strengthen communication and negotiation with each other, realizes the coordination and balance of interests for all parties including society, shareholders, company and staff, pushes forward the sustainable, steady and harmonious development of the Company together. In terms of safeguarding the interests of shareholders, the company treats all shareholders, especially the small and medium-sized shareholders equally, in strict accordance with relevant regulations, and ensures that all shareholders enjoy equal status and fully exercise their rights by regulating the convening, holding and voting procedures of the general meeting of shareholders.

In terms of maintaining employees' rights and interests, starting from the company's strategy and business development, it has continuously promoted and improved talent mechanisms such as talent reserve, learning and development, career planning and guidance, whole-process performance management, and salary incentive system, regularly evaluated and continuously monitored employees' engagement, satisfaction level and corporate culture evaluation index, continuously improved employees' concerns, given full play to employees' vitality, stimulated employees' potential, and realized employees' personal development goals while achieving organizational goals; In terms of safeguarding the interests of relevant parties, guided by the corporate values of "creating and sharing together", it has been committed to establishing a win-win cooperation model of common development and common growth with relevant parties.

7. About information disclosure and transparency

During the reporting period, the company strictly complied with relevant provisions of the Listing Rules of Shenzhen Stock Exchange and the company's Information Disclosure Management System, strengthened the management of information disclosure affairs, actively fulfilled its information disclosure obligations, and designated Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Information Website (Juchao Website (www.cninfo.com.cn)) as the designated media for the company's information disclosure, implemented strict confidential procedures for material undisclosed inside information, and controlled the scope of informed personnel. The company earnestly fulfilled its obligations to disclose relevant information in a true, accurate, timely and complete manner, and ensured that all investors equally enjoy the right to know and other legitimate rights and interests.

8. Investor relations management

During the reporting period, the Company continued to well ensure investor relations management, deepen communication and exchanges with investors, enhance investors' understanding and recognition of the company, and safeguard investors' legitimate rights and interests in accordance with the requirements of the Company's Investor Relations Management System and Reception and Promotion Work System. During the reporting period, the company communicated with investors through the "Hudongyi" platform of investor relations of Shenzhen Stock Exchange, fully listened to investors' opinions and suggestions, and earnestly protected the interests of small and medium-sized investors; well ensured answering and replying investors' visits and calls, as well as receiving and replying faxes and e-mails, and treated media reports with caution; In order to help investors further understand the company's operating performance and financial condition, the company organized the 2021 online performance briefing and achieved good results, which helped investors to understand the listed companies more comprehensively and enhanced the transparency of the company; It held the Anhui Investor Service Week of Shenzhen Stock Exchange - Entering the Listed Companies, which further broadened the communication channels of investors, earnestly safeguarded the legitimate rights and interests of investors, and constantly promoted and improved the management level of investor relations in the company.

ii) Whether there are significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

Yes No

There are no significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

The Company totally separated in business, personnel, assets, institutions and financial aspects from Sichuan Changhong (controlling shareholder) and actual controller State-owned Assets Supervision & Administration Commission of Mianyang Municipality, with independent business accounting, responsibility and risk and independent business operation capability.

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

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

3. Assets: the Company owns places of production and management independent from its controlling shareholder,

owns complete assets structure, independent production system, auxiliary production systems and supporting facilities, land use rights, ownership of houses and other assets, and independent purchase and sales system. No assets occupied by controlling shareholders and other affiliates.

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

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

III. Horizontal competition

Applicable Not applicable

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

(i) Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
AGM of 2022	AGM	39.8034%	April 25,2023	April 26,2023	Juchao Website www.cninfo.com.cn(Announcement No.:2023-030)
First Extraordinary General Meeting of 2023	Extraordinary General Meeting	36.9723%	May 10,2023	May 11,2023	Juchao Website www.cninfo.com.cn(Announcement No.:2023-033)
Second Extraordinary General Meeting of 2023	Extraordinary General Meeting	34.7820%	November 3,2023	November 4,2023	Juchao Website www.cninfo.com.cn(Announcement No.:2023-065)
Third Extraordinary General Meeting of 2023	Extraordinary General Meeting	35.2717%	December 21,2023	December 22,2023	Juchao Website www.cninfo.com.cn(Announcement No.:2023-080)

(ii) Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Directors, supervisors and senior officers

(i) Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (share)	Number of shares increased in this period (share)	Number of shares decreased in this period (share)	Other changes (share)	Shares held at period-end (share)	Reasons for increase or decrease of shares
Wu Dinggang	Chairman	In office	Male	51	July 3,2014	October 12,2023	570,500	0	0	0	570,500	Not applicable
Zhong Ming	Director, President	In office	Male	51	December 30,2013	October 12,2023	236,175	0	0	0	236,175	Not applicable
Zhao Qilin	Director	In office	Male	48	December 23,2021	October 12,2023	0	0	0	0	0	Not applicable
Yong Fengshan	Director	In office	Male	55	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
Hong yuanjia	Independent director	In office	Male	48	October 12,2020	October 12,2023	0	0	0	0	0	Not applicable
Mou Wen	Independent director	In office	Female	57	October 12,2020	October 12,2023	0	0	0	0	0	Not applicable
Zhao Gang	Independent director	In office	Male	45	October 12,2020	October 12,2023	0	0	0	0	0	Not applicable
Kou Huameng	Director, Deputy president	In office	Male	54	July 3,2014	October 12,2023	0	0	0	0	0	Not applicable
Hu Zhaogui	Director, Deputy president	In office	Male	49	June 21,2018	October 12,2023	178,050	0	0	0	178,050	Not applicable
Shao Min	Chairman of	In office	Male	41	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable

	Supervisory											
He Xintan	Supervisor	In office	Male	43	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
Huang Hong	Supervisor	In office	Female	53	September 12,2017	October 12,2023	0	0	0	0	0	Not applicable
Ji Ge	Staff supervisor	In office	Female	42	December 25,2017	October 12,2023	0	0	0	0	0	Not applicable
Sun Hongying	Staff supervisor	In office	Female	52	March 30,2021	October 12,2023	0	0	0	0	0	Not applicable
Huang Danian	Deputy president	In office	Male	54	September 12,2017	October 12,2023	356,450	0	0	0	356,450	Not applicable
Tang Youdao	Deputy president	In office	Male	53	March 28,2021	October 12,2023	0	800,000	0	0	800,000	Centralized bidding trading way to increase holdings
Pang Haitao	CFO (person in charge of finance)	In office	Male	48	October 25,2017	October 12,2023	0	0	0	0	0	Not applicable
Li Xia	Secretary of the Board	In office	Female	43	May 22,2009	October 12,2023	414,600	0	0	0	414,600	Not applicable
Liu Hongwei	Executive Deputy president	Office leavin g ^{註2}	Male	60	June 20,2011	May 25,2023	1,689,893	0	0	0	1,689,893	Not applicable
Total	--	--	--	--	--	--	3,445,668	800,000	0	0	4,245,668	--

Note 1: The term of office of the Tenth Board of Directors and the Board of Supervisors of the Company expires on October 12, 2023. In view of the fact that the nomination of candidates for the new Board of Directors and the Board of Supervisors of the Company is still in progress, in order to ensure the continuity and stability

of the work of the Board of Directors and the Board of Supervisors of the Company, the current Board of Directors and the Board of Supervisors of the Company will continue to perform their corresponding obligations and responsibilities before the completion of the re-election without adversely affecting the continuity and stability of the related work of the Board of Directors of the Company. The Company is actively promoting the re-election of the Board of Directors and the Board of Supervisors, and will fulfill its information disclosure obligations in time.

Note 2: Mr. Liu Hongwei retired on January 12, 2024 due to his retirement age, and is no longer holding any position in the Company and its subsidiaries.

1. During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Officers

√ Yes No

On May 25, 2023, Mr. Liu Hongwei, Executive Vice President of the Company, resigned as the executive vice president of the Company for personal reasons. On January 12, 2024, Mr. Liu Hongwei completed the retirement formalities because his retirement age was reached, and did not hold any position in the Company and its

2. Changes of directors, supervisors and senior executives

√ Applicable Not applicable

Name	Title	Types	Date	Reason
Liu Hongwei	Executive vice president	Dismission	May 25,2023	Due to personal reasons, he appoint to resign from his position as executive vice president of the company

(ii) Post-holding

1. Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive at the present

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

(2) Zhong Ming, male, the Han nationality from Meishan, Sichuan Province, was born in November 1972, member of CPC, a senior engineer, doctoral degree, EMBA degree from University of Science and Technology of China, PhD degree in Engineering Thermophysics. He successively served as deputy director of research institution of Sichuan Changhong Air-conditioner Co., Ltd., deputy GM of Sichuan Changhong Air-conditioner Co., Ltd. and technical director of household appliance group of Sichuan Changhong Electric Co., Ltd. He serves as director President and Party Secretary of the Company currently , Chairman of Zhongshan MeilingWulian Technology Co., Ltd., Director of Sichuang Changhong Air-conditioning Co., Ltd., and Director of Zhongke Meiling Low Temperature Technology

Co., Ltd.

(3) Zhao Qilin, male, Han nationality, born in September 1975, graduated from Southwestern University of Finance and Economics with a bachelor's degree in rural finance, and served as accountant of the financial department, investment project manager, asset management manager of asset management department, manager of investment management department, and securities affairs representative of Sichuan Changhong Electric Co., Ltd.; financial manager of Sichuan Changhong Innovation Investment Co., Ltd.; chief financial officer and joint company secretary of Changhong Jiahua Holdings Co., Ltd.. He currently serves as secretary of the board, general counsel, office director of the board of directors, and director of the asset management department of Sichuan Changhong Electric Co., Ltd., director of Anjian Holdings Co., Ltd., director of Sichuan Changhong Innovation Investment Co., Ltd. and the director of the Company.

(4) Mr. Yongfengshan, Han nationality, born in June 1968 in Dingyuan, Anhui, is a member of the Communist Party of China, a senior accountant, with a university degree and a Master's degree in Business Administration. He has served as the Director of the Finance Department of Hefei Cable Factory, the Director and Deputy Chief Accountant of the Finance Department of Hefei Meiling Co., Ltd., the Deputy General Manager and Chief Accountant of Hefei Meiling Group Holding Co., Ltd., the Party Secretary, General Manager, and Chairman of Hefei Industrial Investment Holding Co., Ltd., and the Party Secretary and Chairman of Hefei Industrial Investment Holding (Group) Co., Ltd. Current positions include Secretary of the Party Committee and Chairman of Hefei Construction Investment Holdings (Group) Co., Ltd., Chairman of Hefei Weixinnuo Technology Co., Ltd., Chairman of Hefei Construction Investment Capital Management Co., Ltd., Director of Anhui Jianghuai Automobile Co., Ltd., and Director of the Company.

(5) Hong yuanjia, male, Han nationality, born in February 1975, Shantou, Guangdong, holds a master degree, graduated from Shanghai University of Finance and Economics majoring in international business management, and is Fudan University MPAcc (Master of Accounting), CPA, International Accountant (AIA), intermediate accountant, and intermediate economist. He once served as the foreign currency payable supervisor and investment supervisor of China Eastern Airlines Co., Ltd., the deputy manager of the financial department of the Shanghai Representative Office of SanchengHongji (Hong Kong) Co., Ltd., the accounting manager of General Electric Lighting Co., Ltd., the accounting manager of General Electric Industrial Supply Co., Ltd., and Chief Financial Officer of Lingji Electronics (General Electrical Industry System Power Supply). He is currently the Chief Financial Officer of Asia Pacific Region of Yiluo Technology (Shanghai) Co., Ltd. and an independent director of the Company.

(6) Mou Wen, female, Han nationality, born in September 1965, Hengshan, Hunan, holds a master's degree, an accountant, and holds a master's degree in business management from Sichuan University. She previously served as a lecturer in the School of Business Administration of Sichuan University, an Associate Professor of Accounting in the School of Business Administration of Sichuan University, an independent director of Tibet Mineral Development Co., Ltd., Sichuan Jinlu Group Co., Ltd., Huayi Compressor Co., Ltd., Jinhui Liquor Co., Ltd., Sichuan Teway Food Co., Ltd., and Hebei Baoli

Engineering Equipment Group Co., Ltd., a member of Investment Decision Advisory Committee of Sichuan Chuanjiao Road and Bridge Co., Ltd., and financial consultant of Sichuan Daka Electric Co., Ltd., etc. She is currently Associate Professor and Master Supervisor of Business School of Sichuan University, and an independent director of Chengdu Guibao Science and Technology Co., Ltd., MianyangFulin Precision Machinery Co., Ltd., Sichuan Joyou Digital Technology Co., Ltd., Tibet Mineral Development Co., Ltd., and an independent director of the Company.

(7) Zhao Gang, male, Han nationality, born in April 1977, Peixian, Jiangsu Province, is a member of the Communist Party of China, holds a doctoral degree, graduated from the University of Science and Technology of China majoring in power engineering and thermophysics. He once served as a post doctorate and an associate professor in the Department of Mechanics and Mechanical Engineering of the University of Science and Technology of China, a professor of orbital systems in the Department of Electronic Science and Technology, a special researcher for foreigners in the Japan Society for the Promotion of Science, School of Engineering, Kyushu University, Japan, and a senior research scholar in the Department of Mechanical Engineering at the University of Washington. He is currently the executive director, professor and doctoral supervisor of the Department of Electronic Science and Technology of the University of Science and Technology of China, the deputy director of the Anhui Life Resources Conservation and Artificial Organ Engineering Technology Research Center, a part-time professor of the Department of Mechanical Engineering of the University of Washington, and an independent director of the Company.

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

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

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

department, manager of Assets Operation Division of Assets Management Dept, deputy director and director of the Assets Management Dept.of Sichuan Changhong Electric Co., Ltd. He currently serves as the head of Capital Operation Dept.of Sichuan Changhong Electric Co., Ltd., director of ChanghongHuayi Compressor Co., Ltd., director of Sichuan Changhong New Energy Technology Co., Ltd., and the chairman of the Board of Supervisors of the Company.

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

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

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

(14) Sun Hongying, female, Han nationality, native of Tongcheng, Anhui, born in March 1972, member of the Communist Party of China, master degree, intermediate accountant, graduated from Hefei University of Technology with a major in accounting. She successively served as deputy director of the cost center, director of the financial department of the refrigerator business division, and deputy director of the financial management department of Changhong Meiling Co., Ltd.. She currently serves as employee supervisor and deputy director of the refrigerator and freezer division of the finance and economics department of the Company.

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

Company.

(16) Tang Youdao, male, Han nationality, was born in Xuancheng, Anhui in July 1970, a undergraduate degree and graduated from Wuhan University of Technology, majoring in industrial management engineering. He hold jobs successively as overseas marketing manager, head of marketing dept., head of overseas marketing dept. and general manager of overseas business division under the name of Hefei Meiling Co., Ltd. Currently vice president and general manager of overseas refrigerator/washing machine division of the Company.

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

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

(19) Liu Hongwei, Male, Chinese American, bored in May 1963, Doctor of Applied Mechanics from Lehigh University, graduate from department of mechanical engineering, Tsinghua University. He served successively in Kulicke and Soffa Industries, Pennsylvania; Tessera Technology Corporation, California; serves technical and management post in Intel Corporation in Silicon Velleg. He joints the Hefei Meiling Co., Ltd. in 2007, served as the Executive Vice President of the Company. He resigned as the Executive Vice President of the Company on May 25, 2023. On January 12, 2024, Mr. Liu Hongwei completed the retirement formalities because his retirement age was reached, and did not hold any position in the Company and its subsidiaries.

2. Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Shareholder's unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from shareholder's unit (Y/N)
Wu Dinggang	Sichuan Changhong Electric Co., Ltd.	Deputy GM	2023.12.29	2026.12.29	Yes
Yong Fengshan	Hefei Industry Investment Holding (Group) Co., Ltd.	Party Secretary, Chairman	2015.02	2024.01.19	Yes
ZhaiQilin	Sichuan Changhong Electric Co., Ltd.	Secretary of the Board of Directors	2023.12.29	2026.12.29	Yes
		Chief Compliance Officer	2023.12.29	2026.12.29	No
		General counsel	2022.02.14	-	No
		Director of the office of the Board of Directors	2021.03.29	-	No
		Director of the management office of ESG	2023.01.09	-	No
		The Minister of the General Management Department	2024.01.26	-	No
Post-holding in shareholder's unit		N/A			

3. Post-holding in other unit

√ Applicable □ Not applicable

Name	Other unit	Title	Start date of office term	End date of office term	Drawing remuneration and allowance from other unit (Y/N)
Wu Dinggang	Sichuan Zhiyijia Network Technology Co., Ltd.	Chairman	2021.01.25	-	No
	Lejiayi Chain Management Co., Ltd.	Chairman	2019.04.25	-	No
	Sichuan Kuaiyidian Electrical Service Chain Co., Ltd.	Chairman	2019.06.10	-	No
	Mianyang Kuaiyidian Electric Appliance Service Chain Co., Ltd.	Chairman	2022.11.04	-	No
Zhong Ming	Sichuan Kuaiyidian Electric Appliance Service Chain Co., Ltd.	Director	2022.03.15	-	No
Yong Fengshan	Hefei Venture Capital Guidance Fund Co., Ltd.	Chairman	2024.01	-	Yes
	Hefei Weixinuo Technology Co., Ltd.	Chairman	2022.01	-	No
	Anhui Jianghuai Automobile Group Co., Ltd	Director	2018.07.20	2025.05.30	
	Hefei Jiantou Capital Management Co., Ltd	Chairman	2024.03		
Zhao Qilin	Sichuan Changhong Innovation Investment Co., Ltd.	Director	2021.01.21	-	No
	WIDEMIRACLELIMITED	Director	2014.07.14	-	No

	Ganghong Industrial Co., Ltd.	Director	2013.06.18	-	No
	SUFFICIENTVALUEGROUPLIMITED	Director	2013.06.18	-	No
	ChanghongJiahua (Hong Kong) Information Products Co., Ltd.	Director	2021.01.08	-	No
	Anjian Holdings Co., Ltd.	Director	2012.01.19	-	No
	Guangzhou Huanwang Technology Co., Ltd.	Director	2022.05.23		No
	Changhong Jiahua Holdings Co., Ltd.	Executive director	2023.03.17	-	No
	Mianyang Changhong Technology Co., Ltd.	Chairman	2023.08.15	-	No
Hu Zhaogui	Lejiayi Chain Management Co., Ltd.	Director	2018.01.23	-	No
	Sichuan Zhiyijia Network Technology Co., Ltd.	Director	2019.07.25	-	No
	Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Chairman	2018.03.21	-	No
	Sichuan TianyouGuigu Technology Co., Ltd.	Director	2018.01.16	-	No
	Chengdu Guigu Environmental Tech. Co., Ltd.	Director	2018.06.30	-	No
Hong Yuanjia	Yiluo Technology(Shanghai) Co., Ltd.	CFO of Asia pacific	2014.06	-	Yes
Mou Wen	Business School of Sichuan University	Associate professor, master tutor	1995.02	-	Yes
	Sichuan Junyi Digital Technology Co., Ltd.	Independent director	2021.07.01	2024.06.30	Yes
	Tibet Mining Development Co., Ltd.	Independent director	2021.03.09	2024.03.08	Yes
Zhao Gang	University of Science and Technology of China	Director, Professor, Doctoral Supervisor	2011.04	-	Yes
Shao Min	Sichuan Changhong Electronics Holding Group Co., Ltd.	Deputy GM	2023.12.21	2026.12.21	Yes
	ChanghongHuayi Compressor Co., Ltd.	Director	2021.02.25	2024.05.12	No
	Sichuan Changhong New Energy Technology Co., Ltd.	Director	2018.05.10	2024.12.19	No
	Sichuan Changhong Gerun Environmental protection Technology Co., Ltd.	Director	2018.01.01	2025.02.09	No
He Xintan	Zhongjiu Flash Medical Technology Co., Ltd	Director and General Manager	2023. 03	-	Yes
Huang Hong	Sichuan Changhong Electronics Holding Group Co., Ltd.	Deputy Director of Audit Department	2011.09.16	-	Yes
Pang Haitao	Hefei Xingmei Asset Management Co., Ltd.	Director	2018.02.05	-	No
Post-holding in other unit		N/A			

4. Punishment of securities regulatory authority in recent three years to the company’s current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

(iii) Remuneration of directors, supervisors and senior executives

1. Decision-making, determine basis and actually payment of remuneration for directors, supervisors and senior executives

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

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

including:

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

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

The remuneration appraisal and payment for directors and senior executive of the Company for Current Year will disclose in the Annual Report after review without objection from Remuneration & Appraisal Committee of the Board and submit to the BOD for Current Year.

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

According to the company's basic salary system, combined with the industry salary level and salary orientation, following the salary management concept of "post value reflected and performance-oriented", giving full play to the incentive function of salary, closely combining employee compensation with the company's overall performance, according to the company's performance management rules, the annual performance evaluation on the work of senior management personnel is carried out, and the performance salary is cashed according to the performance evaluation results.

(3) Actual payment of remunerations of directors, supervisors and senior management

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

Directors, supervisors and senior executives of the Company has 19 in total up to 31 December 2023, actually 13 person receiving remuneration from the Company, 2 staff supervisors are received their remuneration by actual positions (non-supervisor post); furthermore, 3 independent directors are received the allowance monthly from the Company; the Company will pay remuneration to senior executives in line with the performance appraisal by monthly, quarterly and annual.

During the reporting period, the Company has established the executive compensation and performance management program for the senior management of 2022 in accordance with the main scope, the responsibilities, the importance of the management positions of the senior management, and the compensation level of other relevant company and position, the program includes but not limited to the company's key performance indicator (KPI) and performance evaluation criteria, procedures and major evaluation system; the major programs of the reward and punishment; review the performance of duties of the company's senior management and conduct the annual performance appraisal.

2. Remuneration for directors, supervisors and senior executives in reporting period

In RMB 10,000

Name	Title	Sex	Age	Post status	Total	Whether
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					remuneration obtained from the Company (before taxes)	remuneration obtained from related party of the Company
Wu Dinggang	Chairman	Male	51	In Office	0	Yes
Zhong Ming	Director, President	Male	51	In Office	140.10	No
Zhao Qilin	Director	Male	48	In Office	0	Yes
Yong Fengshan	Director	Male	55	In Office	0	Yes
Hong yuanjia	Independent director	Male	48	In Office	11.9	No
Mou Wen	Independent director	Female	57	In Office	11.9	No
Zhao Gang	Independent director	Male	45	In Office	11.9	No
Kou Huameng	Director, Deputy president	Male	54	In Office	83.25	No
Hu Zhaogui	Director, Deputy president	Male	50	In Office	155.12	No
Shao Min	Chairman of Supervisory	Male	41	In Office	0	Yes
He Xintan	Supervisor	Male	43	In Office	0	Yes
Huang Hong	Supervisor	Female	53	In Office	0	Yes
Ji Ge	Staff supervisor	Female	42	In Office	47.98	No
Sun Hongying	Staff supervisor	Female	52	In Office	49.05	No
Huang Danian	Deputy president	Male	54	In Office	92.49	No
Tang Youdao	Deputy president	Male	53	In Office	90.88	No
Pang Haitao	CFO (person in charge of finance)	Male	48	In Office	93.78	No
Li Xia	Secretary of the Board	Female	43	In Office	85.22	No
Liu Hongwei	Executive Deputy president	Male	60	Dimission	20.19	No
Total	--	--	--	--	893.76	--

OtherNote

Applicable Not applicable

VI. Responsibility performance of directors during the reporting period

(i) The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 30 th session of 10 th BOD	January 16,2023	Janupary 18,2023	The Board of Directors reviewed and approved three proposals, namely, Proposal on the Company's Participation in the Establishment of Sichuan Hongyun Information Technology Venture Capital Fund and Related Transactions, Proposal on the Bad Debt Provision Accrued Individually for Receivables of Changhong RUBA Electric Appliance Co., Ltd. and Proposal on the Bad Debt Provision Accrued Individually for

			Single Receivable of Gome System, for details, please refer to the "Resolution Notice of the 30 th session of 10 th BOD" (No. 2023-002) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 31 st session of 10 th BOD	March 30,2023	March 31,2023	The Board of Directors reviewed and approved 21 proposals, including the Work Report of the Board of Directors in 2022, the Work Report of the President in 2022, the Annual Report and Summary of Annual Report in 2022, for details, please refer to the "Resolution Notice of the 31 st session of 10 th BOD" (No. 2023-011) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 32 nd session of 10 th BOD	April 19,2023	April 20,2023	The Board of Directors reviewed and approved 14 proposals, including the <i>Report on the First Quarter of 2023</i> , the <i>Proposal on Provision for Credit Impairment</i> and the <i>Proposal on Provision for Asset Impairment</i> , for details, please refer to the "Resolution Notice of the 32 nd session of 10 th BOD" (No. 2023-023) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 33 rd session of 10 th BOD	August 16,2023	August 18,2023	The Board of Directors reviewed and approved 11 proposals, including the Full Text and Summary of the Semi-annual Report in 2023, the Proposal on Provision for Credit Impairment and Proposal on Provision for Asset Impairment, for details, please refer to the "Resolution Notice of the 33 rd session of 10 th BOD" (No. 2023-040) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 34 th session of 10 th BOD	September 7,2023	September 8,2023	The Board of Directors reviewed and approved 4 proposals, including the Proposal on Extension and Related Transactions of Sichuan Hongyun New Generation of Information Technology Venture Capital Fund Partnership (Limited Partnership) and the Proposal on Increasing the Daily Related Transactions in 2023, for details, please refer to the "Resolution Notice of the 34 th session of 10 th BOD" (No. 2023-044) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 35 th session of 10 th BOD	October 16,2023	October 18,2023	The Board of Directors reviewed and approved 17 proposals, including the Proposal on Renewing the Financial Services Agreement and Related Transactions between the Company and Sichuan Changhong Group Finance Co., Ltd. and the Proposal on Continuous Risk Assessment of Sichuan Changhong Group Finance Co., Ltd., for details, please refer to the "Resolution Notice of the 35 th session of 10 th BOD" (No. 2023-052) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 36 th session of 10 th BOD	October 23,2023	October 24,2023	The Board of Directors reviewed and approved 5 proposals, including the <i>Report on the Third Quarter of 2023</i> , the <i>Proposal on Provision for Credit Impairment</i> and the <i>Proposal on Provision for Asset Impairment</i> , for details, please refer to the "Resolution Notice of the 36 th session of 10 th BOD" (No. 2023-060) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 37 th session of 10 th BOD	December 4,2023	December 5,2023	The Board of Directors reviewed and approved 19 proposals, including the Proposal on Predicting Daily Related Transactions in 2024 and the Proposal on Predicting Continuous Related Transactions between the Company and Its Subsidiaries and Sichuan Changhong Group Finance Co., Ltd. in 2024, for details, please refer to the "Resolution Notice of the 37 th session of 10 th BOD" (No. 2023-066) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
The 38 th session of	December 18,2023	December 19,2023	The Board of Directors reviewed and approved 2 proposals, namely, the Proposal on Increasing the Daily Related Party Transactions in 2023 and the Proposal on

10 th BOD			Formulating the Company's Work System for the Secretary of the Board of Directors, for details, please refer to the "Resolution Notice of the 38 th session of 10 th BOD" (No. 2023-077) on the cninfo website (Juchao Website (www.cninfo.com.cn)).
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(ii) The attending of directors to Board meetings and shareholders general meeting

The attending of directors							
Director	Times of Board meeting supposed to attend in the report period	Times of present in person	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attending the shareholder general meeting
Wu Dinggang	10	2	8	0	0	No	3
Zhong Ming	10	1	9	0	0	No	3
Yong Fengshan	10	0	10	0	0	No	0
Kou Huameng	10	1	9	0	0	No	4
Zhao Qilin	10	2	8	0	0	No	3
Hu Zhaogui	10	1	9	0	0	No	3
Hong yuanjia	10	2	8	0	0	No	3
Mou Wen	10	2	8	0	0	No	3
Zhao Gang	10	1	9	0	0	No	3

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

During the reporting period, none of the directors failed to attend two consecutive Board Meeting in person.

(iii) Objection for relevant events from directors

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

Yes No

Directors has no objections for relevant events in reporting period

(iv) Other explanation about responsibility performance of directors

Whether the opinions from directors have been adopted or not

Yes No

During the reporting period, the directors of the company strictly followed the Company Law, the Securities Law, the Listing Rules of Shenzhen Stock Exchange, and the Self-Discipline Supervision Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Listed Companies" and other laws and regulations, actively attended the company's board meetings and the company's general meeting of shareholders, performed duties conscientiously and diligently, made prudent and scientific decisions on various matters reviewed by the company's board meetings, and all their professional suggestions on the company's major decisions have been adopted .

VII. The special committees under the board during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Strategy Committee	Wu Dinggang, Zhong Ming, Yong Fengshan, Kou Huameng, Zhao Qilin, Hu Zhaogui, Zhao Gang	2	January 13,2023	The reviewed 1 proposals, namely, Proposal on the Company's Participation in the Establishment of Sichuan Hongyun Information Technology Venture Capital Fund and Related Transactions	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicable	No
			March 19,2022	t reviewed and approved a total of one proposal, namely the <i>Proposal on the Company's Development Plan in 2023</i>	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicable	No
Audit Committee	Hong Yuanjia, Mou Wen, Zhao Gang	7	January 12,2023	Two proposals were deliberated, namely, the Company's 2022 Financial Accounting Statement and Internal Control Audit Schedule and the Company's 2022 Unaudited Financial Accounting Statement.	All proposals were deliberated and passed.	Not applicable	No
			March 6,2023	A total of 1 proposal was deliberated, namely the First Draft of the Audit of the Company's Financial Accounting Statements in 2022.	The proposal were deliberated and passed	Not applicable	No
			March 30,2023	Five proposals were deliberated, namely the Audited Financial Accounting Report of the Company in 2022, Audit Report on Internal Control in 2021, Summary Report on the Company Audit Work by ShineWing	All the proposals were deliberated and passed, and four proposals were agreed to be submitted to the Board of Directors for deliberation, namely, the Audited Financial Accounting Report of the Company in 2022, Audit Report on Internal Control in 2022, the Proposal on Renewing the Appointment of the	Not applicable	No

				Certified Public Accountants in 2022, Proposal on Renewing the Appointment of the Financial Report, Internal Control Auditing Organization and Payment of Remuneration in 2023, and Proposal on the Company's Forward Foreign Exchange Fund Trading Business.	Financial Report, Internal Control Auditing Organization and Payment of Remuneration in 2023 and Proposal on the Company's Forward Foreign Exchange Fund Trading Business.		
			April 17,2023	A total of 2 proposal was deliberated, namely the Financial Statement of the Company for the First Quarter of 2023.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicab le	No
			August 6,2023	A total of 1 proposal was deliberated, namely the Semi-annual Financial Report of the Company in 2023	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicab le	No
			October 20,2023	A total of 1 proposal was deliberated, namely the Financial Statement of the Company for the Third Quarter of 2023	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicab le	No
			December 28,2023	It reviewed and approved a total of one proposal, namely, the Proposal on the Company's Selection and Recruitment of Audit Service Accounting Firm for Annual Report from 2024 to 2026.	The proposal were deliberated and passed	Not applicab le	No
Remuner ation and Apprais al Committ ee	Wu Dinggang, Zhao Gang, Mou Wen, Hong Yuanjia	2	March 19,2023,December 25,2023	It deliberated the remuneration assessment and payment of directors and senior management of the company in 2022.	It deliberated and passed the remuneration assessment of directors and senior management personnel and agreed to submit it to the Board of Directors of the company for deliberation.	Not applicab le	No

Special meetings of independent directors	Hong Yuanjia, Mou Wen, Zhao Gang	2	December 1,2023	A total of 2 proposal was deliberated, "Proposal on Expecting Daily Related Transactions in 2024", "Proposal on Expecting Continued Related Transactions between the Company and its Subsidiaries and Sichuan Changhong Group Finance Co., Ltd.	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicable	No
			December 15,2023	A total of 1 proposal was deliberate ,Proposal on Increasing the Daily Related Party Transactions in 2023	The proposal was deliberated and passed and agreed to be submitted to the board of directors of t	Not applicable	No

VIII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

IX. Staff of the Company

(i) Numbers, professional structure and education background

On-job employee in parent company at period-end (people)	4,898
On-job employee in main subsidiary at period-end(people)	11,251
Total on-job employees at period-end(people)	16,149
Current total payroll(people)	16,149
Number of retired employees with expenses paid by the parent company and main subsidiary (people)	81
Professional structure	
Types of professional category	Numbers of professional category (people)
Production staff	8,989
Salesman	4,495
Technician	1,795
Financial staff	295
Administration staff	575
Total	16,149
Education background	
Type of education background	Numbers (people)
High school and below	10,979
Junior college	2,190
Undergraduate	2,792

Master and above	188
Total	16,149

(ii) Remuneration policy

The Company formulated human resources and compensation policy conducive to sustainable development of enterprise according to the provisions of relevant laws and policies promulgated by the state and to the Company's actual situation.

The company continued to promote the performance growth index system, defined the direction of employee performance growth and progress, effectively encouraged employees to take the initiative to find gaps and fill shortcomings, and continuously improved their professional ability and work efficiency. At the same time, based on the growth level of employees, it has established a remuneration mechanism that is suitable for it, and optimized the post value evaluation and remuneration adjustment mechanism to enhance the internal fairness and external competitiveness of the company's remuneration and strengthen the salary concept of "post value reflected and performance-oriented". In order to promote the achievement of each unit's performance, this year, the company will further optimize and adjust the incentive system, strengthen the quantitative embodiment of operating results and incremental value, and design differentiated incentive schemes according to the characteristics of different business units with consideration of system balance, so as to realize the effectiveness of positive guidance and effectively stimulate the business vitality of each business unit.

During the reporting period, the company further optimized the position promotion evaluation and employment mechanism, improved the position system and the promotion channels in sequence, and further stimulated the team's vitality through the integrating system evaluation and employment, performance growth system and other mechanisms, and matched the dynamic adjustment of remuneration; continued to promote the application of performance management in the whole process, optimized the application of performance communication and feedback information methods, strengthened the application of performance results in cadre promotion and demotion, talent selection, salary adjustment and year-end evaluation, and encouraged employees to develop together with the company.

(iii) Training plans

The company aimed at creating a learning organization, continuously optimized training and talent development, and built talent standards and competency models of each sequence based on the company's annual talent development and training program; built Meiling online learning system and knowledge asset management system to extract and precipitate internal experience and ability; organized the implementation of internal and external special precision training programs; carried out projects such as learning map and talent structure optimization, and gradually formed a growth mechanism that combined training with employee growth and career development.

1. Further develop the mechanism of selecting, educating, using and retaining reserve talents. The company has established a clear talent standard evaluation model to complete the talent standards for management positions, supervisor-level positions and various professional positions in all sequences;

established a succession map of talents in key positions in each sequence, and clarified the current situation of the existing talent team and the succession system of different types of talents in the future. The company focused on optimizing the echelon structure of the "Yongquan Plan" talent reserve, and optimized and adjusted the echelon structure of middle and senior reserve cadres, A-class reserve successors, A-class reserve learning, B-class reserve supervisors, excellent college students and other talents through the selection of young reserve cadres who were born after 1990 and the regular review and evaluation of reserve talents in the library. At the same time, based on the needs of future business development, it reserved talents appropriately in advance to realize dynamic management of talents.

2. Accurate training, to improve the training effect. Based on the needs of business development, it has built a multi-level and multi-category talent training system. On the one hand, it improved the training enthusiasm and professional ability of the trainees through activities such as project integrating system and industry exchange; on the other hand, it introduced external training courses and internal course development to effectively promote the precision training program in view of the common shortcomings of the team and shortcomings of personal ability; According to the professional ability of key positions in the professional level, it built a learning map and defined the map of growing professional routes; At the same time, it established the training organization guarantee system, and built the company's classified and graded talent training system. Through career planning analysis, course orientation promotion, node control, project review, training examination and other ways, it guided the vertical (promotion) and horizontal (multi-skilled workers, rotation) all-round development effectively, and achieved the training effect and talent promotion gradually.

3. Enrich the company's internal knowledge asset management system, redefine the company's intellectual assets standards and organizational guarantee system. On the one hand, it continued to supplement and update the teaching materials of Meiling's knowledge assets library on technology, management, manufacturing, quality, safety and environmental protection; On the basis of "internal trainer certification system" and "benchmarking post knowledge extraction project", optimized the professional series of live courses, internalized the company's standard talent knowledge base and carried on the inheritance and influence; On the other hand, it carried out the learning map project, and designed the learning map through the process, structure, finance and other sequences, so as to closely connect the qualifications of specific positions with the learning map, and to combine the talent development with the learning development organically, and to promote the scientific, systematic and efficient training of professionals in each sequence position of the company.

(iv) Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and capitalizing of common reserves plan

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

Applicable Not applicable

During the reporting period, the company has strictly executed the profit distribution policy in

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

During the reporting period, the company implemented the annual profit distribution plan for 2022, that is, based on the total share capital of 1,029,923,715 shares on date of record at the time of implementing the 2022 annual equity distribution plan (including 881,733,881 shares of A shares and 148,189,834 shares of B shares), the company distributed a cash dividend of RMB 0.9 (including tax) for every 10 shares to all shareholders, with a total cash dividend of RMB 92,693,134.35.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
If the company does not distribute cash dividends, specific reasons should be disclosed, as well as the next steps to be taken to enhance investor returns:	Not applicable
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Y

(ii) The Company is profitable during the reporting period and the parent company has positive profit available for distribution to shareholders without cash dividend distribution plan proposed

Applicable Not applicable

(iii) Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	3
Shares added for every 10-share base (Share)	0
Equity base of distribution plan (Share)	1,029,923,715
Total cash dividend (RMB) (Tax included)	308,977,114.50
Cash dividend for other ways (i.e. repurchased) (RMB)	0
Total cash dividend (including other way) (RMB)	308,977,114.50
Profits available for distribution (RMB)	1,294,109,238.10

Ratio of cash dividend (including other way) in total profit distribution	100%
Cash dividend	
Taking the total share capital of 1,029,923,715 shares on the equity registration date of the company's on December 31, 2023 as the base, distribute cash dividends of 3 yuan (tax included) for every 10 shares to all shareholders, not giving bonus shares, and not converting capital reserve in to equity.	
Detail explanation on profit distribution or capitalization from capital public reserve	
<p>According to the audit by ShineWing Certified Public Accountants (Special General Partnership), in 2023, the net profit realized in individual financial statements of the parent company was RMB 358,345,033.36. As of December 31, 2023, the cumulative undistributed profit in individual financial statements of the parent company was RMB 1,294,109,238.10. In addition, in the consolidated financial statements of the company for the year 2023, the net profit attributable to the owners of the parent company was 741,038,108.54 yuan. As of December 31, 2023, the cumulative undistributed profit in the consolidated financial statements was 1,521,759,836.64 yuan.</p> <p>According to relevant regulations, the distribution of company profits should be based on the profits available for distribution by the parent company, and follow the principle of distributing the lower of the cumulative undistributed profits in the consolidated financial statements and the parent company's financial statements. Therefore, the distributable profit for 2023 is the accumulated undistributed profit of RMB 1,294,109,238.10 in individual financial statements of the parent company. According to relevant regulations and the Company's Articles of Association, taking into account the interests of shareholders and the long-term development needs of the company, it is proposed that the company distribute a cash dividend of 3 yuan (including tax) for every 10 shares to all shareholders based on the total share capital of 1,029,923,715 shares as of December 31, 2023, without bonus shares or conversion of reserve funds into share capital. It is expected to distribute a cash dividend of 30,897,714.50 yuan. After this distribution, it is expected that the remaining cumulative undistributed profit of the parent company will be 985,132,123.60 yuan, and the remaining undistributed profit will be carried forward for distribution in future years..</p>	

XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives.

XII. Construction and implementation of internal control system during the reporting period

(i) Construction and implementation of internal control

In accordance with the Basic Norms for Enterprise Internal Control and its supporting guidelines, and the Information Disclosure Compilation Rules for Companies Publicly Issuing Securities No. 21 - General Provisions on Annual Internal Control Evaluation Reports jointly issued by the China Securities Regulatory Commission and the Ministry of Finance and other relevant regulations, and combined with the Company's internal control system and internal control evaluation methods, the company organized its internal control work, effectively implemented internal control, and continuously improved and optimized the company's internal control system so as to adapt to the needs and changes of the internal and external environment.

The company's 2023 Annual Internal Control Self-Assessment Report fully, truly and accurately reflected the actual situation of the company's internal control. The units, businesses and matters included in the assessment scope, as well as high-risk areas, covered the main aspects of the company's

operation and management, and the company maintained effective internal controls in high-risk areas and in all material aspects. During the reporting period, the company had no major defects and significant defects in internal control.

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

Yes No

XIII. Management and controls on the subsidiary during reporting period

Name of company	Integration plan	Integration progress	Problems encountered in integration	Actions taken	Resolve progress	Follow-up resolution plan
Not applicable	-	-	-	-	-	-

XIV. Internal control self-assessment report or internal control audit report

(i) Appraisal Report of Internal Control

Date of evaluation report of internal control disclosed (Full-text)	March 30,2024	
Index of evaluation report of internal control disclosed (Full-text)	(www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	99.89%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>1. Material defect: severally or jointly with other defects, will lead to material wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner. Occurrence of the followings will be deemed as material defect:</p> <ol style="list-style-type: none"> 1. inefficiency of environment control; 2. fraud of directors, supervisors and senior management; 3. The external auditor finds material wrong reporting in current financial statement, while the Company has not found such reporting during its operation; 4. The material defect identified and reported to the management fails to be rectified in a reasonable time period; 5. The audit committee and audit department of the Company exercise invalid supervision upon internal control; 6. Other defects which may affect financial statement users to make correct judgment. <p>2. Major defect: severally or jointly with other defects, will lead to wrong reporting in financial reports being not able to prevented or found or rectified in a timely manner which still needs attention from the management though it doesn't reach or exceed material defect as</p>	<p>Occurrence of the followings shall be deemed as material defect, otherwise as major defect or general defect subject to the level of influence.</p> <ol style="list-style-type: none"> 1. breach of national laws, regulations or regulatory documents; 2. procedure for making significant decisions is not scientific; 3. absence of system may lead to invalid system; 4. Material or major defects are not likely to rectify; 5. Large negative effects on the company and disclosed in the form of announcement; 6. Other issues that materially affect the Company.

	<p>described above. Occurrence of the followings will be deemed as major defect:</p> <p>(1) Financial losses caused by guaranteeing and investing in securities and financial derivatives transactions and disposing property right and stock right without authorization;</p> <p>(2) The company's financial staff or other relevant business personnel have unclear powers and responsibilities or job chaos, or are suspected of being involved in economic or job-related crimes and have been transferred to the judiciary;</p> <p>(3) Punishment or severely negative impacts on the company's image due to the bias implementation of the policy or accounting errors, etc.;</p> <p>(4) Financial losses caused by destroying, concealing, or altering the important original evidences at will, such as invoices and checks, etc.</p> <p>(5) Cash income is not entered into the account book, or public funds are deposited in private account or "private coffer" is established by breaking the rules.</p> <p>3. General defect: other internal control related defects that do not constitute material defects or major defect.</p>	
<p>Quantitative standard</p>	<p>1. Proportion of potential wrong reporting in total operating income: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>2. Proportion of potential wrong reporting in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of potential wrong reporting in total assets: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>4. Proportion of potential wrong reporting in total owners' equity: Material defect: wrong reporting $\geq 0.5\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.5\%$; General defect: wrong reporting $< 0.1\%$.</p>	<p>1. Proportion of direct property loss in total operating income: Material defect: wrong reporting $\geq 0.1\%$; Major defect: $0.05\% \leq$ wrong reporting $< 0.1\%$; General defect: wrong reporting $< 0.05\%$.</p> <p>2. Proportion of direct property loss in total profit: Material defect: wrong reporting $\geq 10\%$; Major defect: $5\% \leq$ wrong reporting $< 10\%$; General defect: wrong reporting $< 5\%$.</p> <p>3. Proportion of direct property loss in total assets: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.2\%$; General defect: wrong reporting $< 0.1\%$.</p> <p>4. Proportion of direct property loss in total owners' equity: Material defect: wrong reporting $\geq 0.2\%$; Major defect: $0.1\% \leq$ wrong reporting $< 0.2\%$; General defect: wrong reporting $< 0.1\%$.</p>
<p>Amount of significant defects in financial reports</p>	<p>0</p>	
<p>Amount of significant defects in non-</p>	<p>0</p>	

financial reports	
Amount of important defects in financial reports	0
Amount of important defects in non-financial reports	0

(ii) Auditing report of internal control

Applicable Not applicable

Deliberation section of auditing report of IC	
We consider that: in all major aspects, Changhong Meiling Co., Ltd. has efficiency in financial report of internal control dated 31 December 2023 according to Basic Standards of Internal Control for Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosed
Disclosure details of audit report of internal control	March 30,2024
Disclosure date of audit report of internal control (full-text)	Juchao Website (www.cninfo.com.cn)
Index of audit report of internal control (full-text)	Standard unqualified
Opinion type of auditing report of IC	No

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

Yes No

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

Yes No

XV. The rectification of self-examination problems in the special actions on governance of listed companies

Yes No

For details, please refer to Article 15 of Chapter IV "Rectification of Problems Found in Self-inspection of Special Actions for Governance of Listed Companies" in the Company's *Annual Report in 2022*. Up to now, the problems found in the Company's self-inspection have not been fully rectified as follows:

(i) Subsidiary holding shares of listed companies and the rectification

1. Meiling Group, a wholly-owned subsidiary of the company, held 1,141,053 restricted shares of the Company. The restricted shares held by Meiling Group were the consideration shares received for the share reform on behalf of other non-tradable shareholders in the company's reform plan for non-tradable shares. In March 2016, according to the approval of the State-owned Assets Supervision and Administration Commission of the State Council, the 49,477,513 state-owned shares (including the already held 47,823,401 shares and the unrecovered relevant rights of the consideration of 1,654,112 shares received for the share reform on behalf of other non-tradable shareholders in the company's reform plan for non-tradable shares) of the Company held by Hefei Xingtai Holdings Group Co., Ltd., the company's original shareholder, should be transferred to Industry Investment Group free of charge. Therefore, the restricted shares of the Company held by Meiling Group should be transferred to Industry Investment Group free of charge.

2. According to the approval of the State-owned Assets Supervision and Administration Commission of the State Council and the regulations of relevant departments, Meiling Group should transfer the shares paid on behalf of others and related rights held by it to Industry Investment Group at one time free of charge after recovering all the 1,654,112 shares of consideration for the share reform. At present, Meiling Group has only recovered 1,141,053 shares, and the holders of the remaining consideration shares for the share reform have been unable to get in touch for many times and for many years, there is great uncertainty about the time when all the shares will be recovered. However, the company still actively promotes the recovery of the shares advanced by Meiling Group, and handles the relevant procedures for free transfer as soon as possible after all the consideration shares for the share reform are recovered. Prior to this, the company's restricted shares held by Meiling Group would not enjoy any rights as shareholders during the holding period, including voting rights, dividend rights, etc.

V. Environmental & Social Responsibility

I. Major environmental

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

Yes No

The Company and subordinate subsidiaries Changhong Air-conditioning are not belongs to the key emission units announced by the authority of environmental protection.

1. Policies and industry standards related to environmental protection

In their daily production and operation, the Company and its subsidiaries strictly abide by the requirements in the Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, Law on Prevention and Control of Water Pollution of the People's Republic of China, Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China, Law on Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, Regulations on the Administration of Construction Project Environmental Protection, Environmental Protection Regulations of Anhui Province, Regulations on Prevention and Control of Environmental Pollution by Solid Waste in Sichuan Province, and other relevant laws and regulations.

During the reporting period, Changhong Air Conditioning, a subsidiary of the Company, carried out self-monitoring according to regulations, in which for VOCs, refer to Table 3 of Emission Standard for Atmospheric Volatile Organic Compounds from Stationary Pollution Sources in Sichuan Province DB51/2377-2017; For nitrogen oxides, refer to the secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996); For sulfur-containing compounds, refer to the standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996). For dust, refer to the secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996).

2. Environmental protection administrative license

The Company and its subsidiaries conscientiously implement the Environmental Protection Law, the Environmental Impact Assessment Law and the Regulations on the Administration of Construction Project Environmental Protection, and consciously abide by environmental protection laws and regulations, industry requirements and government regulations at all levels. For new construction, renovation and expansion projects, the Company and its subsidiaries adhere to the system of project environmental assessment and "three simultaneities", fully implement environmental protection measures, well ensure environmental protection management in all aspects of project planning, design, construction and operation, and make full use of advanced technology and scientific and technological means to lower and reduce environmental pollution. It carries out environmental impact assessment simultaneously in the feasibility study and demonstration stage of the construction project, and entrusts the third-party professional organization to analyze the feasibility of the industrial policy, land use planning, environmental impact and environmental protection measures of the project. The construction starts upon the approval of the competent environmental protection department. During the construction of the project, it carefully implements the environmental protection requirements, and builds the environmental protection facilities simultaneously. After the completion, the environmental protection acceptance of the project is organized in time to ensure that the project

meets the acceptance criteria and meets the requirements of environmental assessment before it is officially put into use. During the operation period, it carries out pollution prevention and control actively in strict accordance with the environmental impact assessment documents of the project and the approval requirements of the competent environmental protection department to ensure the normal operation of environmental protection facilities.

The Company and subordinate subsidiaries Changhong Air-conditioning, The sewage discharge permit was applied on March 31, 2020 and is valid until May 12, 2025.

3.Industrial emission standard and specific conditions of pollutant emissions involved in production and operation activities

Company or subsidiary name	Main pollutant and specific pollutant type	Main pollutant and specific pollutant name	Way of discharge	number of discharge outlets	Distribution of discharge outlets	concentration of discharge	Pollutants discharge standards enacted	Total discharge volume	Total discharge volume certified	Discharge beyond the standards
Sichuan Changhong Air-conditioning Co., Ltd.	Sichuan Changhong Air-conditioning Co., Ltd.	VOCs	Organization emission	3	Two outlets in Workshop J05 and one outlet in Workshop J07, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City	$\leq 25.3\text{mg}/\text{m}^3$	Standard in Table 3 of Emission Standard for Atmospheric Volatile Organic Compounds from Stationary Pollution Sources in Sichuan Province (DB51/2377-2017), that is the volatile organic compounds shall be $< 60\text{ mg}/\text{m}^3$.	4494kg	Sichuan Changhong Air-conditioning Co., Ltd. has completed the pollutant discharge registration of the national pollutant discharge permit management information platform and obtained the registration receipt according to the requirements of relevant laws and regulations, such as <i>Measures for the</i>	Not exceeded
	Oxynitride	Oxynitride	Organization emission	2	Two outlets in Workshop J05 and one outlet in Workshop J07, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City Two outlets in Workshop J05, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang	$\leq 3\text{mg}/\text{m}^3$	Secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996), that is, the concentration of nitrogen oxides shall be $< 240\text{ mg}/\text{m}^3$	722kg		Not exceeded

				City (the same outlet as J05VOC).				<i>Administration of Pollutant Discharge</i>	
Sulfocompound	Sulphur dioxide	Or g a n i z e d e m i s s i o n	2		<4mg/m ³	Secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-1996),that is SO ₂ <550mg/m ³	768kg	<i>Permits (trial), Catalogue of Classified Management of Pollutant Discharge Permit of Stationary Pollution</i>	Not exceeded
Dust	Particulate matter	Or g a n i z e d e m i s s i o n	4	Two outlets in Workshop J05 and one outlet in Workshop J07, No.128 Sanjiang Avenue, Economic Development Zone, Mianyang City	≤2.6mg/m ³	Secondary standard in Table 2 of Comprehensive Emission Standard for Air Pollutants (GB16297-that is Particulate matter< 120mg/m ³	768kg	<i>Sources (2019 Edition), etc. There was no requirement for the total amount of pollutant discharge of the Company in the pollutant discharge registration.</i>	Not exceeded

4. Treatment of pollutants

Zhongshan Changhong, a subsidiary company, treats pollutants in accordance with relevant laws and regulations on environmental protection, and disposes of them according to disposal requirements after they reach the relevant standards.

(1) Waste gas

Changhong Air Conditioning has established a refined waste gas treatment system, and 4 sets of waste gas treatment facilities for wave-welding waste gas, and adopted the treatment process of "dry interception filter + UV photolysis purifier", to achieve organized discharge up to the standard through the 20m-high exhaust funnel at the top of the workshop.

It has established 3 sets of waste gas treatment facilities for the welding waste gas of the two devices, and adopted the treatment process of "pulse filter cartridge dust removal equipment + UV composite photocatalysis", to achieve organized discharge up to the standard through the 18m-high exhaust funnel at the top of the workshop;

It has established 2 sets of waste gas treatment facilities for the three-proof coating waste gas, and adopted the treatment process of "dry interception filter+ activated carbon adsorption", to achieve organized discharge up the standard through the 20m-high exhaust funnel at the top of the workshop;

It has established 4 sets of waste gas treatment facilities for degreasing waste gas, and adopted the treatment process of "spray tower + drying defogging box + UV composite photocatalysis + activated carbon adsorption", to achieve the organized discharge up to the standard through the 18m-high exhaust funnel at the top of the workshop.

(2) Hazardous waste

Changhong Air Conditioning has built special storage facilities for hazardous wastes, with floor made of nonflammable epoxy mortar, anti-leakage ditch and collection tank, which can effectively prevent the leakage risk of hazardous wastes and meet the current storage requirements of hazardous wastes. At the same time, it regularly entrusts all kinds of hazardous wastes to units with qualifications for hazardous waste disposal for standardized and centralized harmless disposal.

5. Independent plan to monitor environment

The Company and its subsidiaries have established regular monitoring plan for environmental pollutants, set up special funds for pollutants monitoring, and engaged third-party authoritative to regularly monitor the operation of major pollution-production links and environmental protection treatment facilities in connection with the major pollutants produced by the Company and its subsidiaries, to make sure that the Company and its subsidiaries could achieve emission standards in a full round.

6. Emergency plan for environmental emergencies

The Company and its subsidiaries have set up related emergency plans for environmental emergencies. The Company and its subsidiaries have determined classified warning based on the different extent and severity of environmental impacts that may be caused by the material environmental factors, defined the responsibilities for emergency response, regulated emergency handling procedures, established special team to handle emergencies and organized regular rehearsal and appraisal of relevant emergency plans, so as to ensure the effectiveness of these plans, improve their capability of emergency handling and take precautions against contingent emergencies.

7. Investment in environmental governance and protection and the relevant payment of environmental protection tax

The company's investment in environmental protection mainly includes the investment in the construction of environmental protection facilities, that is, the investment in purchasing and installing fixed assets such as environmental protection facilities and equipment, as well as the operation and maintenance expenses of environmental protection facilities, environmental protection tax, and third-party outsourcing testing.

8. Measures taken to reduce carbon emissions and their effectiveness during the reporting period

Applicable Not applicable

Combining the characteristics and special requirements of carbon emissions, the company strengthens the energy management of each production unit, improves the internal energy management and energy efficiency index assessment and energy consumption evaluation system, continues to carry out energy measurement and evaluation, follows the principles of system management, and establishes a complete and effective management system. During the reporting period, the company vigorously promoted and applied the industry's advanced energy-saving equipment and technologies, and carried out energy-saving technical transformation; carried out energy-saving transformation for high-consumption and low-efficiency air compressors, upgrading and transformation for air compressor joint control systems, energy-saving transformation for steam pipelines, research and application for infrared heating technology, application research for air energy units, application research for air compressor waste heat recovery and utilization, and replacement of high-efficiency and energy-saving heating tiles and other energy-saving renovation measures, improved automation and intelligence, and combined energy management with

informatization construction, improved the production and manufacturing system through internet technology, realized lean production management, improved production efficiency, and reduced energy waste and CO₂ emissions. In addition, the Company also pays attention to the use of recyclable packaging and transshipment materials to reduce carbon emissions in the procurement process, and is actively promoting the recycling of materials such as pallets to reduce carbon emissions in the whole production process.

9. Administrative penalties for environmental issues during the reporting period

Name	Cause	Violation of the situation	Result	Impact on the production and operation of listed companies	The company's rectification measures
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

10. Other environment information that should be disclosed

According to the Environmental Information Disclosure Measures of Enterprises and Institutions, in line with the principle of mandatory disclosure and voluntary disclosure combined, the Company and its subsidiaries have realized the disclosure of information relating to environmental impact assessment, project acceptance, pollutants production and discharge, solid waste management, important environmental factors, environmental objectives and performance of construction projects.

11. Other environment related information

In order to further realize the scientific and systematic environmental protection work of the Company and its subsidiaries, the Company and its subsidiaries have established an environmental management system in accordance with ISO14001 standards, set up an environmental protection organization, acquired environmental protection resources, regularly identified, updated and appraised environmental factors, compliance obligations, environmental risks and opportunities, and regularly determined environmental objectives and management programs. Through the implementation of management programs and continuous normal improvement, the environmental performance of the Company and its subsidiaries has been continuously improved. Through regular internal audit and management review, as well as the verification and examination of the third parties, the environmental management system of the Company and its subsidiaries has been effectively controlled and fully meets the system management standards and relevant regulations.

II. Social responsibility

The Company continues to promote win-win development with its stakeholders, earnestly fulfills its social responsibilities, pays close attention to the voices of all stakeholders, and actively gives back and improves, and is determined to become an enterprise that is respected by the society and loved by its employees. While achieving sound development, it pays attention to protecting the interests of its shareholders, employees, suppliers, customers and consumers, and actively engages in public welfare undertakings, thus promoting the harmonious development of the Company and the whole society.

1. Protection of the rights and interests of shareholders and creditors

The company strictly follows the provisions and requirements formulated by the Articles of Association and the

Rules of Procedure for the General Meeting of Shareholders, regulates the convening, holding and voting procedures of the general meeting of shareholders, equally treats all shareholders, especially small and medium shareholders equally, and ensures that all shareholders enjoy equal status and fully exercise their own rights. Under the premise of strictly implementing the Administrative Measures for Information Disclosure of Listed Companies, the company actively communicates and exchanges information with investors on the company's operations and management, financial status, etc. through annual performance briefings, Anhui service week for investors by SZSE, investor telephone hotline, e-mails, and the investor relations interactive platform of the Shenzhen Stock Exchange, and discloses information to all investors in a truthful, accurate, complete, concise and clear, and easy-to-understand manner; further, the company attaches great importance to the shareholder return mechanism, According to the Return Plan for Shareholders of Changhong Meiling Co., Ltd. for the Next Three Years (2021 -2023), combined with the Company's own operating conditions and other factors, during the reporting period, the Company implemented the profit distribution plan for 2022, paid dividends in cash and gave shareholders a reasonable return on investment. At the same time, during the reporting period, the Company held four General Meetings of Shareholders, and implemented a combination of on-site voting and online voting to allow investors to fully participate and ensure shareholders' right to know, participate and vote on major issues of the Company. When the General Meeting of Shareholders reviews major issues that affect the interests of small and medium-sized investors, the votes of small and medium-sized investors shall be counted separately and publicly disclosed in the resolutions of the General Meeting of Shareholders in time to fully protect the rights and interests of small and medium-sized investors.

In addition, in order to establish a variety of shareholder return mechanisms and thank investors for their long-term concern and support for the Company, during the reporting period, the Company held the "Meiling 40th Anniversary Shareholder Thanksgiving Festival" to give back to all shareholders with sincerity.

2. Protection of the rights and interests of employees

In accordance with relevant laws, regulations and policies, and in light of its own actual situation, the company has established a relatively complete employment management system, including labor contract system, salary and performance appraisal system, welfare management system, training management system, employee vacation management system, etc..The company attaches importance to the vital interests of employees, protects the legitimate rights and interests of employees to the maximum extent, establishes harmonious labor relations, and strives to form a good mechanism for the company and employees to create and share together. At the same time, the company creates a people-oriented cultural atmosphere by providing various holidays, allowances, condolences and organizing diversified employee activities, benchmarking personnel selection, carnivals, etc., and continuously improves employee satisfaction.

3. Protection of the rights and interests of suppliers, customers and consumers

The company has established a relatively complete procurement management system, optimized and revised system documents in a timely manner, unified information system tools, strictly controlled every link of the procurement business, cultivated core and strategic suppliers, and established a high-end supply chain cultivation plan for component suppliers of high-end products, so as to form a synergy, cooperation and win-win situation between the company and its suppliers.

The Company has a perfect product development process, advanced R&D system, and constantly develops products with leading technology. The Company attaches great importance to product quality, has strong quality control ability, reliable product performance and a refined quality management system, and has passed the management system certifications such as ISO9001, ISO14001 and ISO45001. The Company's testing center has CNAS accreditation qualification, complete test items and strong testing ability, which meets the requirements of strict and high-level testing of products. At the same time, it has built one of the few RoHS and intelligent IoT laboratories in the industry. The Company attaches importance to user satisfaction and user reputation, and in the domestic market, it increases its attention and support in terminal construction, user experience and product training to increase the sales of products; In the export market, it fully recognizes the requirements of local laws and regulations, strictly certifies products, and fully verifies the reliability and environmental adaptability of products to ensure the reliability of products in the target market. Its export products have covered more than 130 countries or regions. According to different types of customers, it implements classification and system management through the information system, and timely feeds back the demands put forward by customers, continuously improves quality services and enhances brand image; It also tracks the market performance by monitoring customer satisfaction, user complaint rate and user net recommendation value.

For the protection of consumers' rights and interests, the company has a relatively advanced closed-loop management system for user service. In order to meet users' service needs, it gradually improves the function construction of official channel service platforms such as 400 service hotline, brand official website, WeChat official account and Zhihuijia APP, attaches importance to and strengthens the user interaction and experience of social platforms such as Tik Tok, Xiaohongshu, Weibo, Bilibili and Zhihu, and understands and handles users' needs and questions in time. In view of user demand processing, it promotes the process visualization management and user evaluation system management of work order processing timeline. In addition, the company pays attention to improving consumers' product guarantee service ability, and has created Meiling's exclusive characteristic guarantee service measures, and upgraded and launched the services such as unconditional return within 180 days for Meiling M fresh refrigerator because of dissatisfaction in preservation, and unconditional return within 180 days for Meiling clean refrigerator because of dissatisfaction in disinfection and sterilization, so as to effectively meet users' needs and enhance consumer satisfaction.

4. Social welfare

For many years, the company has actively participated in social welfare undertakings and various social welfare activities. The company actively carries out actions such as assisting employees with serious illnesses and advocating for voluntary donations from employees..

During the reporting period, the Party Committee of the Company actively participated in the third party building project of micro-public welfare venture capital in the Jinxiu Community Social Organization Incubation Park in Hefei Economic Development Zone; Zhongke Meiling, a subsidiary of the Company, established the "Friends of Tsinghua - Meiling Biomedical Scholarship" to promote the independent innovation and high-quality development of the medical devices and scientific research instrument and equipment industry in China; At the same time, in combination with the needs of its own business development and social responsibility, Zhongke Meiling donated an automatic vaccination workstation worth RMB 1.15 million to the Linhu Community Health Service Center of

Hefei Economic and Technological Development Zone through the Hefei Red Cross Society to improve the efficiency and safety of vaccination.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

None

VI. Important Events

I. Implementation of commitment

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

√ Applicable □ Not applicable

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

			expand its operation scope into the business which the Company has already operated, <i>the Company agrees to grant priority acquisition right to Meiling Electric regarding such business if the same conditions are met, provided that the Company is still the controlling shareholder or actual controller of Meiling Electric</i>			
		Commitment regarding to reducing and standardizing related transaction with Meiling Electric	1. Measures will be adopted to prevent continued related transaction with Meiling Electric: as to the related transaction that can not be prevented, it will sign related transaction agreement with Meiling Electric under the market principles of “equally paid and mutual benefit”, and fairly determined the transaction price according to the market prevailing standards.	June 24,2010	Valid for long term	Strictly implemented
			2. Perform the necessary obligations to make related directors and related shareholder abstain from voting according to relevant regulation, and observe legal procedure for approving related transaction and information disclosure obligations.			
			3. Promise not to hurt legal interests of Meiling Electric and other shareholders through related transaction.			
		Commit to authorized Changhong Air-conditioner and Zhongshan Changhong use “Changhong” trademark and relevant patents for free.		November 6,2010	Valid for long term	Strictly implemented
	The Company		1. Commit to disclose periodic reports on a truthful, accurate, complete, fair and prompt manner, to disclose all the information that have important influences over investors, to accept supervision under the CSRC and Shenzhen Stock Exchange.	January 7,2011		
			2. Commit to make public clarification in respect of such information that is released from any public media and may result in misleading influences on stock price once the Company is aware of such information.			
			3. The directors, supervisors, senior management and core technicians of the Company will accept opinions and criticism from the social public, and they will not trade the Company’s securities, directly or indirectly, with any inside information and other illegal methods. The Company promises that the documents submitted to Shenzhen Stock Exchange exist no false statement or			

		material omission, and no relevant information will be disclosed during the application for listing without prior content from Shenzhen Stock Exchange.			
Commitment made in transfer of air conditioning assets property	Sichuan Changhong	1. Since the property transfer didn't involve the buildings and land currently used by Changhong Air-conditioner, Sichuan Changhong commits, upon the completion of equity transfer, to continue to lease such assets to Changhong Air-conditioner at market price.	December 10,2009	Valid for long term	Strictly implemented
		2. After completion of this property transfer, Sichuan Changhong commits to manage to prevent new related transaction with Meiling Electric. For those which can not be prevented, Sichuan Changhong commits to determine the transaction price based on market accepted methods, so as to ensure fairness of related transaction and protection of the interest of Meiling Electric			
		3. Sichuan Changhong commits that it will not engage in air conditioning and refrigerator business or activity which competes or will compete with business of Meiling Electric, or that which has interest conflict with Meiling Electric			
Commitments of not to reducing the shares	Sichuan Changhong Electric Co., Ltd.and persons acting in concert CHANGHONG (HK) TRADING LIMITED	1. Based on market conditions and as allowed by laws and rules, multiple measures were adopted adequately to increase shareholding of Meiling Electric, so as to demonstrate its firm confidence on the PRC economy and Meiling Electric with its actual actions, maintain sound development of capital market and promote recovery of healthy market	July 9,2015	Valid for long term	Strictly implemented
		2. Continued to support operation and development of listed company as always and promoted the achievement of Meiling Electric. It is committed to bringing steady and real return to investors.			
Commitment made during the non-public offer in 2016	The Company	1. Promise to truly, accurately, completely, fairly and timely publish periodic reports, disclose all information that has significant impacts on the investors, and accept the supervision and management of China Securities Regulatory Commission and the Shenzhen Stock Exchange.	December 12,2016	Valid for long term	Strictly implemented
		Make commitments that the Company will publicly clarify in time after knowing any information on any public communications media that may cause misleading influence on the stock price			
		3. The Company's directors, supervisors and senior executives will listen carefully to the opinions and criticisms of the public and never use any acquired inside information and other improper means to directly or indirectly engage in the trading activities of the Company's stock.			
Perform the commitment promptly or not		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

<p>If the commitment is overdue and has not been fulfilled, the specific reasons for incomplete performance and the work plan for next step shall be explained in detail</p>	<p>Not applicable</p>
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Note: The fulfilled commitments in the form will not be disclosed in the next periodic report.

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

Applicable Not applicable

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

Applicable Not applicable

None

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

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

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

Found more details in 38. Change of major accounting policy and estimation under III. Major accounting policy and estimation carried in the Section XI. Financial Report

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

Applicable Not applicable

In the reporting period, the consolidated financial statements of the Company cover 22 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 period two enterprise is included in the consolidate scope, During the reporting period, two subsidiaries included in the consolidated statement were cancelled: Hefei Meiling Marketing Co., Ltd. and Wuhan Meizhirong Appliance Marketing Co., Ltd. More details can be seen in the report “VII. Changes in the scope of the merger” and “VIII. Equity in other entities” of “Section X Financial Report”

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

(i)CPAs currently engaged

Name of domestic accounting firm	Shine Wing Certified Public Accountants(LLP)
Remuneration for domestic accounting firm (RMB 10,000)	140
Continuous life of auditing service for domestic accounting firm	15 years
Name of domestic CPA	Wang Xiaodong, Tu Xiaofeng

Continuous life of auditing service for domestic CPA	Wang Xiaodong(4 year), Tu Xiaofeng (2 year)
Name of foreign accounting firm (if applicable)	N/A
Remuneration for foreign accounting firm (RMB 10,000) (if applicable)	N/A
Continuous life of auditing service for foreign accounting firm (if applicable)	N/A
Name of foreign CPA (if applicable)	N/A
Continuous life of auditing service for foreign CPA (if applicable)	-

(ii) Re-appointed accounting firms in this period

Yes No

In reporting period, Shine Wing Certified Public Accountants (LLP) was appointed as audit institute of internal control for the Company, auditing charge for internal control amounting as 270,000 yuan.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

XI. Material lawsuits and arbitration of the Company

Applicable Not applicable

Basic situation of litigation(arbitration)	Amount involved (Ten thousand yuan)	Whether to form estimated liabilities	Litigation(arbitration)progress	Litigation(arbitration)trial results and impact	Implementation of litigation(arbitration)judgments	Disclosure date	Disclosure index
Zhiyijia, an affiliated enterprise of the company, signed a sales contract with the defendant, Tianjin Pengsheng Logistics Co., Ltd. (hereinafter referred to as "Tianjin Pengsheng"). After the contract was signed, Zhiyijia, the plaintiff, supplied the goods to Tianjin Pengsheng, the defendant as agreed, but Tianjin Pengsheng, the defendant, failed to fulfill the payment obligation to Zhiyijia as agreed. As of November 30, 2022, according to statistics, Tianjin Pengsheng, the defendant, still owed Zhiyijia a payment of RMB 96,174,308.42. Based on this, Zhiyijia, the plaintiff brought a lawsuit against Tianjin Pengsheng, the defendant to the People's Court of Mianyang High-tech Industrial Development Zone, and requested the court to order Tianjin Pengsheng to immediately pay the plaintiff RMB 96,174,308.42 and the corresponding liquidated damages for overdue	9,617.43	No	The judgment of the first instance has come into effect.	The court ordered the defendant Tianjin Pengsheng to immediately pay the plaintiff RMB 96,174,308.42 and the corresponding liquidated damages for overdue payment, and bear the	Under execution	December 24,2022, October 20,2023	(www.cninfo.com.cn)(2022-101 and 2023-057)

payment, and bear the related litigation costs and property preservation guarantee fees.				related litigation costs and property preservation guarantee fees.			
Meiling Group, a subsidiary of the Company, signed a sales contract with Gome Electrical Appliances Co., Ltd. (hereinafter referred to as "Gome"). After the contract was signed, Meiling Group, the plaintiff, fulfilled the supply obligation according to the contract, while Gome and its affiliated companies, the defendant, failed to fulfill the payment obligation to Meiling Group according to the contract. According to statistics, the defendant Gome and its affiliated companies owe Meiling Group RMB 9,841,267.21 for purchase payment and RMB 1,018,820.55 for liquidated damages for overdue payment, totaling RMB 10,860,087.76. Based on this, the plaintiff Meiling Group filed a lawsuit against the defendant Gome and its affiliated companies in the People's Court of Hefei High-tech Industry Development Zone. It requested the court to order the defendant Gome to immediately pay the plaintiff Meiling Group the purchase payment and the liquidated damages for overdue payment, totaling RMB 10,860,087.76.	1,086.01	No	The case has been accepted and is in the formal trial stage or pre-litigation mediation stage.	No trial result yet	No trial result yet	October20,2023	(www.c ninfo.co m.cn)(2 023- 058)
Accumulated amount of other litigation that does not meet the disclosure standard of major litigation	11,029.97	Part of it is a note	-	-	-	-	-

Note: In 2023, an estimated liability of 394300 yuan was confirmed. For specific details, please refer to "40. Estimated Liabilities" in "V. Notes to Main Items of the Consolidated Financial Statements" in Section 10 of the financial report.

Notes: The Company's shareholding in Zhiyijia is 50%, and the products are sold through Zhiyijia's smart trading platform. The customers, channels and sales transactions corresponding to the products sold are controlled and docked by the company itself, and the external transaction object is Zhiyijia, and related transactions are formed between the Company and Zhiyijia. In terms of payment settlement, the Company and Zhiyijia follow the principle of "external customer account period is Zhiyijia's account period to the Company, and external customer payment is Zhiyijia's payment to the Company, which is not allowed to be remained or transited at Zhiyijia". The amounts involved in this case are all accounts receivable and liquidated damages for overdue payment caused by the Company's sales through the smart trading platform of Zhiyijia, but the subject of the agreement is Zhiyijia, and this lawsuit will be filed by Zhiyijia. The Company and its affiliated enterprise Zhiyijia will claim their legitimate rights and interests according to law and actively take relevant measures to safeguard the legitimate rights and interests of the Company, Zhiyijia and the investors.

XII. Penalty and rectification

Applicable Not applicable

During the reporting period, the Company had no Penalty and rectification.

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

Applicable Not applicable

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

XIV. Major related party transaction**(i) Related party transaction with routine operation concerned**

Applicable Not applicable

Serial	Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price (in 10 thousand Yuan)	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions (%)	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limited or Not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
1	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Commodity purchase	Pressure regulator, integrated circuit, transistors, steel plate, plastic parts, etc	Marketing price	34,336.31	34,336.31	1.80%	65,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.: 2022-087, 2022-088, 2022-089, 2022-100, 2023-044, 2023-045, 2023-047, 2023-077, 2023-078, 2023-079.
2	Sichuan Changhong Electric Holdings Group Co., Ltd.	Controlling shareholder	Commodity purchase	Steel plate and plastic particles, etc	Marketing price	3,715.78	3,715.78	0.20%	15,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.: 2022-087, 2022-088, 2022-089, 2022-100, 2023-044, 2023-045, 2023-047, 2023-077, 2023-078, 2023-079.
3	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Components, plastic parts and lining accessories etc.	Marketing price	78,955.55	78,955.55	4.15%	100,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.: 2022-087, 2022-088, 2022-089, 2022-100, 2023-044, 2023-045, 2023-047, 2023-077, 2023-078, 2023-079.

4	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Base plate assembly, black plate, bracket etc.	Marketing price	47,006.81	47,006.81	2.47%	65,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
5	Sichuan Changhong Package Printing Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Packing boxes, foam, fixed support block etc.	Marketing price	11,012.12	11,012.12	0.58%	20,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
6	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Printed board machine insertion machine paste assembly	Marketing price	2,510.14	2,510.14	0.13%	4,500.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
7	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foods	Marketing price	3.23	3.23	0.00%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
8	081 Electronics Group Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	power transformer	Marketing price	5.30	5.30	0.00%	8,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
9	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Foam and carton	Marketing price	753.21	753.21	0.04%	8,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
10	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Outside cover parts	Marketing price	0.05	0.05	0.00%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079
11	Sichuan Hongwei Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Electric toothbrush, body fat weighing, smart watches, etc	Marketing price	4.72	4.72	0.00%	8,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

12	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Inverter integrated board	Marketing price	714.92	714.92	0.04%	8,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
13	Sichuan Changhong New Energy Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Batteries	Marketing price	20.18	20.18	0.00%	15000	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
14	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Air conditioner, LCD TV	Marketing price	806.22	806.22	0.04%	8,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
15	Sichuan Changhong Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Bushing	Marketing price	0.18	0.18	0.00%	8,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

16	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Television	Marketing price	5,500.00	5,500.00	0.29%	12,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
17	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	printed board	Marketing price	797.63	797.63	0.04%	8,000.00	No	Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
18	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Remote controls, switching transformers, printed boards, electronic components, etc.	Marketing price	2,761.52	2,761.52	0.15%	4,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
19	Sichuan Jiahong Industrial Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Catering services	Marketing price	2.80	2.80	0.00%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

20	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Internet access modules, electronic components, etc	Marketing price	1,234.06	1,234.06	0.06%	5,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
21	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Compressor, air compression	Marketing price	56,361.04	56,361.04	2.96%	54,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
22	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchase	Inverter integrated board	Marketing price	16,847.00	16,847.00	0.89%	20,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
23	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling	Commodity purchase	Filter element, etc	Marketing price	0.18	0.18	0.00%	8,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		shareholder and ultimate controller												
24	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Commodity purchased	Inverter integrated board , Electronic control components	Marketing price	2,758.52	2,758.52	0.15%	15000	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
25	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Accept labor service	Shuttle transportation fee, training fee	Marketing price	283.47	283.46	0.16%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
26	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Accept labor service	Software usage fee, information consultation fee, inspection and certification fee	Marketing price	388.67	388.67	0.22%	10,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
27	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Transportation costs, storage and handling charges, freight and miscellaneous charges etc.	Marketing price	68,322.47	68,322.47	37.86%	82,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

28	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	commission processing fee, Change the mold service	Marketing price	4,094.39	4,094.39	2.27%	10000	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
29	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Three packages, equipment repair, miscellaneous fees, installation fee etc.	Marketing price	31,833.06	31,833.06	17.64%	45,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
30	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Software usage fee, service supporting fee and information service fee	Marketing price	1,320.82	1,320.82	0.73%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
31	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Service support fee, network service fee etc.	Marketing price	111.26	111.26	0.06%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

32	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Meals, property management fees etc.	Marketing price	558.03	558.03	0.31%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
33	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Meetings fee, accommodation, Travel service	Marketing price	73.60	73.60	0.04%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
34	Orion.PDP. Co.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Inspection and certification services	Marketing price	5.01	5.01	0.00%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
35	Sichuan Changhong Property Services Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	property management fees	Marketing price	14.56	14.56	0.01%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
36	Sichuan	Other enterprise	Accept labor	Training services	Marketing price	0.69	0.69	0.00%	10000	No	Cash settlement	-	December 7,	Juchao Website

	Hongwei Technology Co., Ltd.	control under the same controlling shareholder and ultimate controller	service										2023,December 23, 2022,September 8, 2023,December 19,2023	(www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
37	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Design service fee and platform usage fee	Marketing price	13.93	13.93	0.01%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
38	Sichuan Changhong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Network maintenance services	Marketing price	3.05	3.05	0.00%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
39	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Consultation service	Marketing price	9.43	9.43	0.01%	15000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
40	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the	Accept labor service	commission processing fee	Marketing price	780.10	780.10	0.43%	10000	No	Bank acceptance	-	December 7, 2023,December 23, 2022,September 8,	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-

		same controlling shareholder and ultimate controller										2023,December 19,2023	088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
41	Sichuan Changhong Gerun Environmental protection Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Environmental protection service	Marketing price	32.53	32.53	0.02%	15000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
42	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Labor serves	Marketing price	27.50	27.50	0.02%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
43	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Accept labor service	Technical service, warehouse management service	Marketing price	137.13	137.13	0.08%	15000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
44	Sichuan Ailian Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Inspection and certification services	Marketing price	1.08	1.08	0.00%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
45	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Accept labor service	Technology development service fee, instrument repair fee, inspection and certification fee, etc.	Marketing price	990.12	990.12	0.55%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
46	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Sales of goods	Air conditioner, Kitchen and bathroom, small appliances	Marketing price	225.21	225.21	0.01%	1,500.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
47	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Sales of goods	Kitchen and bathroom, small appliances	Marketing price	0.60	0.60	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

48	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Sales of goods	Air conditioner, and Refrigerator	2.68	2.68	0.00%	5,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
49	Sichuan Changhong Mold Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Plastic pressure parts	Marketing price	21.18	21.18	0.00%	5000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
50	Yigin Hongxing Electric Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners,	Marketing price	8.67	8.67	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
51	Sichuan Zhiyijia Network TechNlogy Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	washing machine, Refrigerator, freezer, Air conditioner, small appliances	Marketing price	728,895.73	728,895.73	30.34%	800,000.00	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

52	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioner, Refrigerator	Marketing price	79.93	79.93	0.00%	5000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
53	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners, inverter integrated boards, components etc.	Marketing price	654.81	654.81	0.03%	5000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
54	Sichuan Changhong Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioners,	Marketing price	6.11	6.11	0.00%	5000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
55	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	0.46	0.46	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
56	Guangdong Changhong	Other enterprise	Sales of goods	small appliances, Air conditioner	Marketing price	20.78	20.78	0.00%	5000	No	Cash settlement	-	December 7,	Juchao Website

	Electronics Co., Ltd.	control under the same controlling shareholder and ultimate controller											2023,December 23, 2022,September 8, 2023,December 19,2023	(www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
57	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerators, freezers, and air-conditioners	Marketing price	258.76	258.76	0.01%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
58	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	21.93	21.93	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
59	Sichuan Changhong Source Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioner	Marketing price	5.46	5.46	0.00%	5000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
60	Guangyuan Changhong Electronic Technology	Other enterprise control under the	Sales of goods	Air conditioner	Marketing price	24.10	24.10	0.00%	5000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8,	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-

	Co., Ltd.	same controlling shareholder and ultimate controller											2023,December 19,2023	088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
61	Sichuan Ailian Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	WIFI communication line	Marketing price	0.78	0.78	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
62	Sichuan Jiahong Industry Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Kitchen and bathroom, small appliances	Marketing price	0.84	0.84	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
63	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Kitchen and bathroom	Marketing price	1.08	1.08	0.00%	5000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
64	CHANGHONG(HK)TRADINGLIMITED	Other enterprise control under the same controlling	Sales of goods	Air conditioner and part	Marketing price	69,999.52	69,999.52	2.91%	150,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-

		shareholder and ultimate controller										19,2023	044,2023-045,2023-047,2023-077,2023-078,2023-079.	
65	CHANGHONG ELECTRIC (AUSTRALIA) PTY.LTD.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, freezers, washing machine and part	Marketing price	17,630.27	17,630.27	0.73%	150000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
66	Orion.PDP.Co.,ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	4,478.34	4,478.34	0.19%	6,500.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
67	Changhong Europe Electrics.r.o	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	10,299.23	10,299.23	0.43%	10,300.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
68	Changhong International Holdings (Hong Kong) Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator, freezers, Air conditioner, kitchen utensils	Marketing price	11,246.60	11,246.60	0.47%	80,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
69	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	IC	Marketing price	407.43	407.43	0.02%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
70	Suchuan Hongmofan g Network Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	6.06	6.06	0.00%	5000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
71	Sichuan Changhong Jiechuang Lithium Battery Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Refrigerator	Marketing price	114.78	114.78	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
72	Sichuan Ansifei Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Print board components	Marketing price	0.01	0.01	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

73	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	IC	Marketing price	0.27	0.27	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
74	Sichuan Qisai Microelectronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioner	Marketing price	4.99	4.99	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
75	Zhongjiu Shining Medical Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioner	Marketing price	14.57	14.57	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
76	Sichuan Qineng Zhongzheng Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Air conditioner	Marketing price	9.85	9.85	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

77	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Providing services	Installation service	Marketing price	0.67	0.67	0.01%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
78	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	139.00	139.00	2.35%	500	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
79	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	12.75	12.75	0.22%	500	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
80	Sichuan Aichuang Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	474.35	474.35	8.01%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
81	Sichuan Huafeng	Other enterprise control	Providing services	Labor service	Marketing price	46.42	46.42	0.78%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23,	Juchao Website (www.cninfo.com.cn)

	Technology Co., Ltd.	under the same controlling shareholder and ultimate controller										2022,September 8, 2023,December 19,2023	Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
82	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Service fee	Marketing price	18.54	18.54	0.31%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
83	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Providing services	Labor service	Marketing price	1,139.57	1,139.57	19.25%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
84	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	12.40	12.40	0.21%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
85	Sichuan Changhong Network Technology	Other enterprise control under the same controlling	Providing services	Installation service, maintenance service	Marketing price	26.80	26.80	0.45%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-

	Co., Ltd.	shareholder and ultimate controller										19,2023	044,2023-045,2023-047,2023-077,2023-078,2023-079.	
86	Mianyang Huafeng Hulian Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Repair Service	Marketing price	34.98	34.98	0.59%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
87	Changhong Huayi Compressor Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	134.40	134.40	2.27%	500	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
88	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	37.90	37.90	0.64%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
89	Hefei Changhong Industry Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Providing services	Labor service	Marketing price	0.00	0.00	0.00%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
90	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	231.55	231.55	3.91%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
91	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	0.45	0.45	0.01%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
92	Sichuan Changhong International Hotel Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Maintenance fees	Marketing price	6.57	6.57	0.11%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
93	Sichuan Chonghong Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	12.87	12.87	0.22%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

94	Sichuan Changhong Electronic Products Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	provide labor	Labor service	Marketing price	0.72	0.72	0.01%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
95	Sichuan Qiruike Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	9.57	9.57	0.16%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
96	Sichuan Changhong Precision Electronics Technology Co., Ltd	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Labor service	Marketing price	0.43	0.43	0.01%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
97	Sichuan Qineng Zhongzheng Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation service	Marketing price	10.89	10.89	0.18%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
98	Yuanxin Finance Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Consultation service	Marketing price	90.78	90.78	1.53%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
99	Sichuan Changhong Property Service Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Technical service fee	Marketing price	25.90	25.90	0.44%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
100	Sichuan Changhong Real Estate Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation service	Marketing price	4.60	4.60	0.08%	10000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
101	Sichuan Changhong Jiechuang Lithium Battery Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providing services	Installation service, Labor service	Marketing price	227.77	227.77	3.85%	3,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

102	Sichuan Hongwei TechNlogy Co.,Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providin g services	Technical service fee	Marketing price	6.97	6.97	0.12%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
103	Guangdong Changhong Electronics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providin g services	Labor service	Marketing price	62.74	62.74	1.06%	10000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
104	Sichuan Qisai Microelectro nics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Providin g services	Installation service	Marketing price	4.46	4.46	0.08%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
105	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Sales of goods	Water, electricity, and compressed air	Marketing price	14.81	14.81	0.00%	5000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
106	Hefei Changhong	Other enterprise	Rent to the	Rental apartment, warehouses	Marketing price	15.98	15.98	0.12%	4,000.00	No	Cash settlement	-	December 7,	Juchao Website

	Industrial Co., Ltd.	control under the same controlling shareholder and ultimate controller	related party										2023,December 23, 2022,September 8, 2023,December 19,2023	(www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
107	Sichuan Aichuang Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse for rent	Marketing price	4.86	4.86	0.04%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
108	Sichuan Ailian Science & Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse for rent	Marketing price	0.35	0.35	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
109	Sichuan Aoku Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse for rent	Marketing price	4.34	4.34	0.03%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
110	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the	Rent to the related party	Rental apartment	Marketing price	0.44	0.44	0.00%	4000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8,	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-

		same controlling shareholder and ultimate controller										2023,December 19,2023	088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
111	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment	Marketing price	16.24	16.24	0.12%	4000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
112	Sichuan Qiruik Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Lease of factory	Marketing price	4.73	4.73	0.04%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
113	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Rent to the related party	Lease of factory, equipment	Marketing price	80.70	80.70	0.60%	4000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
114	Sichuan Changhong Electronics Holding Group Co.,	Controlling shareholder and ultimate controller	Lease from related parties	Lease of factory	Marketing price	0.00	0.00	0.00%	3,000.00	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-

	Ltd.														077,2023-078,2023-079.
115	Sichuan Changhong Jijia Fine Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment, warehouses, plants, equipment	Marketing price	462.10	462.10	3.44%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
116	Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment	Marketing price	6.83	6.83	0.05%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
117	Sichuan Changhong Minsheng Logistics Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment, office, factory	Marketing price	25.96	25.96	0.19%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
118	Sichuan Changhong Mold Plastic Tech. Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Serviced apartment, warehouse, workshop, equipment and living quarters	Marketing price	933.88	933.88	6.94%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	

119	Sichuan Changhong Device Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Lease of factory	Marketing price	214.71	214.71	1.60%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
120	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Rental apartment	Marketing price	18.83	18.83	0.14%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
121	Changhong Huayi Compression Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Warehouse for rent	Marketing price	1.06	1.06	0.01%	500	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
122	Chengdu Changhong Electronic Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Leasing office	Marketing price	85.70	85.70	0.64%	4000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
123	Guangdong Changhong	Other enterprise	Leasing from	Lease of staff dormitory, plant	Marketing price	14.54	14.54	0.11%	4000	No	Cash settlement	-	December 7,	Juchao Website

	Electronics Co., Ltd.	control under the same controlling shareholder and ultimate controller	related party										2023,December 23, 2022,September 8, 2023,December 19,2023	(www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
124	Hefei Changhong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	lease of plant	Marketing price	217.35	217.35	1.62%	4000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
125	Sichuan Jiahong Industrial Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Leasing from related party	Lease of staff dormitory	Marketing price	43.18	43.18	0.32%	15000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
126	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Leasing from related party	Lease of laboratory and workshop	Marketing price	372.13	372.13	2.77%	4000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December 19,2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
127	Sichuan Changhong Electronics Holding Group Co.,	Controlling shareholder and ultimate controller	Leasing from related party	Lease of staff dormitory	Marketing price	14.33	14.33	0.11%	15000	No	Cash settlement	-	December 7, 2023,December 23, 2022,September 8, 2023,December	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-

	Ltd.											19,2023	088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.	
128	Changhong Huayi Compression Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Rent to the related party	Lease of staff dormitory	Marketing price	11.58	11.58	0.09%	54000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
129	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase and construction of fixed assets	Information management system project	Marketing price	210.04	210.04	0.74%	3000	No	Spot exchange, Bank acceptance	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
130	Sichuan Changhong Electric Co., Ltd.	Controlling shareholder	Leasing from related party	Lease of laboratory and workshop	Marketing price	42.86	42.86	0.15%	2,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
131	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Purchase and construction of fixed assets	Knowledge management, integration and functional improvement projects	Marketing price	306.14	306.14	1.08%	2000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
132	Sichuan Hongxin Software Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of Intangible assets	Information management	Marketing price	319.30	319.30	1.13%	2000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
133	Sichuan Zhiyijia Network Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	TV	Marketing price	4.05	4.05	0.01%	2000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
134	Sichuan Changhong Electronics Holding Group Co., Ltd.	Controlling shareholder and ultimate controller	Purchase of fixed assets	New plant construction project	Marketing price	169.81	169.81	0.60%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
135	Sichuan Changhong Jiahua Information Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate	Purchase of fixed assets	Information management	Marketing price	27.58	27.58	0.10%	2000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.

		controller												
136	Sichuan Qiruik Technology Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Purchase of fixed assets	Information management	Marketing price	28.80	28.80	0.10%	15000	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
137	Yuanxin Financial Lease Co., Ltd.	Other enterprise control under the same controlling shareholder and ultimate controller	Financing business	Financing business	Marketing price	47,232.36	47,232.36		82,000.00	No	Cash settlement	-	December 7, 2023, December 23, 2022, September 8, 2023, December 19, 2023	Juchao Website (www.cninfo.com.cn) Announcement No.:2022-087,2022-088,2022-089,2022-100,2023-044,2023-045,2023-047,2023-077,2023-078,2023-079.
Total					--	--	1,273,229.01	--	--	--	--	--	--	--
Detail of sales return with major amount involved					Not applicable									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period (if applicable)					1 It is estimated that the related transaction amount resulted by purchasing goods (including door shell and plastic products etc.) and accepting fuel and power from Sichuan Changhong and its subsidiary by the Company for year of 2023 was 2785 million yuan at most (tax-excluded), actually 1,851.6481 million yuan occurred in reporting period.									
					2. It is estimated that the related transaction amount resulted by purchasing compressors, Sell goods, accept or provide services with Changhong Huayi and its subsidiary by the Company for year of 2023 was 545 million yuan at most (tax-excluded), actually 565.0808 million yuan occurred in reporting period.									
					In 2023, the total amount of related party transactions between the Company and Sichuan Changhong and its subsidiaries (including Changhong Huayi and its subsidiaries) is estimated to be no more than 16,058,000,000 yuan, and the actual amount incurred is 12,398,976,900 yuan, and the actual total amount of routine related party transactions between the Company and Sichuan Changhong and its subsidiaries (including Changhong Huayi and its subsidiaries) does not exceed the estimated total amount, which is in line with the regulations of Article 25 of "Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 7-Transactions and Related Party Transactions".									
					3. It is estimated that the related transaction amount resulted by purchasing or selling equipment, software, maintenance and spare parts and molds etc. from									

	<p>Sichuan Changhong and its subsidiary by the Company for year of 2023 was 20 million yuan at most (tax-excluded), actually 6.9993 million yuan occurred in reporting period.</p> <p>4. It is estimated that the related transaction amount resulted by selling goods and providing fuel and power to Sichuan Changhong and its subsidiary by the Company for year of 2023 was 10,468 million yuan at most (tax-excluded), actually 8,391.3356 million yuan occurred in reporting period.</p>
	<p>5. It is estimated that the related transaction amount resulted by leasing business to Sichuan Changhong and its subsidiary by the Company for year of 2023 was 40 million yuan at most (tax-excluded), actually 24.6539 million yuan occurred in reporting period.</p> <p>6. It is estimated that the related transaction amount from domestic finished goods logistic business outsourcing to Sichuan Changhong Minsheng Logistics Co., Ltd. by the Company for year of 2023 was 820 million yuan at most (tax-excluded), actually 683.2247 million yuan occurred in reporting period.</p> <p>7. It is estimated that the related transaction amount from after sales service of domestic goods outsourcing to Sichuan Service Exp. Appliance Service Chain Co., Ltd. by the Company for year of 2023 was 450 million yuan at most actually 318.3306 million yuan occurred in reporting period.</p> <p>8. It is estimated that the related transaction amount resulted by accepting other service and labor service etc. or providing other service and labor service etc. to Sichuan Changhong and its subsidiary by the Company for year of 2023 was 110 million yuan at most (tax-excluded), actually 85.3803 million yuan occurred in reporting period.</p> <p>9. It is estimated that the related transaction amount resulted by selling goods and leasing business from Sichuan Changhong Electronics Holding Group Co., Ltd and its subsidiary by the Company for year of 2023 was 95 million yuan at most (tax-excluded), actually 61.8979 million yuan occurred in reporting period.</p> <p>10. It is estimated that the related transaction amount resulted by purchasing goods and receiving labor services, fuel power, leasing and purchasing equipment etc. from Sichuan Changhong Electronics Holding Group Co., Ltd. and its subsidiary by the Company for year of 2023 was 430 million yuan at most (tax-excluded), actually 271.4154 million yuan occurred in reporting period.</p> <p>11. It is estimated that the related transaction amount resulted by received the financing lease, commercial factoring and bill financing from Yuanxin Financial Lease Co., Ltd was 820 million yuan at most, actually 472.3236 million yuan occurred in reporting period.</p>
Reasons for major differences between trading price and market reference price (if applicable)	Not applicable

(ii) Related transactions by assets acquisition and sold

Applicable Not applicable

There are no related transactions by assets acquisition and sold in the period

(iii) Related party transaction of joint foreign investment

Applicable Not applicable

Co-investor	Association	Name of the invested enterprise	Main business of the invested enterprise	Registered capital of the invested enterprise	Total assets of the invested enterprise (RMB '0,000)	Net assets of the invested enterprise (RMB '0,000)	Net profit of the invested enterprise (RMB '0,000)
Sichuan Changhong Electronic (Group) Co., Ltd., Sichuan Changhong Electric Co.,Ltd., Sichuan Shenwan Hongyuan Changhong Equity Investment Management Co., Ltd., Guangdong Changhong Electronics Co., Ltd., Sichuan Qiruike Technology Co., Ltd., Sichuan Changhong Power Supply Co., Ltd., Sichuan Changhong New Energy Technology Co., Ltd., Changhong Sanjie New Energy Co., Ltd., Sichuan Changhong Green Environmental Science and Technology Co., Ltd., Yibin Red-star Electronics Co., Ltd., Sichuan Changhong Digital Technology Co., Ltd., and Changhong Huayi Compressor Co.,Ltd.	Controlling shareholder and ultimate controller, other enterprises controlled by the same controlling shareholder and ultimate controller, and listed companies with natural persons as directors	Changhong Group Sichuan Shenwan Hongyuan Strategic New Industry Parent Fund Partnership (Limited Partnership)	Engagement in equity investment, investment management, asset management and other activities with private equity funds (registration and filing must be completed in Asset Management Association of China before the engagement in business activities).	1,500 million yuan	51,634.69	51,514.91	-137.78
Sichuan Hongyun Venture Equity Investment Management Co., Ltd., Sichuan Changhong Electronics Holding Group Co., Ltd., Sichuan Changhong Electric Co., Ltd.	For controlling shareholder and	Sichuan Hongyun Venture Capital Partnership (Limited	General items: venture capital (limited to	148 million	5,935.54	5,935.54	15.54

	ultimate controller	partnership)	unlisted enterprises). (Except for items that are subject to approval according to law, business activities shall be independently carried out according to law by virtue of business license.				
Accumulated amount of other litigation that does not meet the disclosure standard of major litigation (If any)		No					

Note: Sichuan Hongyun Venture Capital Partnership is jointly established by the related parties Changhong Group, Sichuan Changhong and unrelated party Sichuan Hongyun Venture Equity Investment Management Co., Ltd. and the Company. For details, please refer to the relevant announcement disclosed by the Company in the designated information disclosure media *Securities Times*, *China Securities Journal* and CNINF (www.cninfo.com.cn) on January 17, 2023.

(iv) Connect of related liability and debt

Applicable Not applicable

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

Yes No

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

(v) Contact with the related finance companies

Applicable Not applicable

Deposit business

Related party	Relationship	Maximum daily deposit limit (In 10 thousand yuan)	Deposit interest rate range	Opening balance (In 10 thousand yuan)	Amount for the Period		Ending Balance (10 thousand yuan)
					Total deposit amount for the Period (10 thousand yuan)	The total amount withdrawn in the Period (10 thousand yuan)	
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and	450,000.00	0.42%-3.50%	346,499.99	4,552,002.03	4,465,753.05	432,748.97

	ultimate controller						
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Credit extension or other financial business

Related party	Relationship	Type of business	Total amount (10 thousand yuan)	Actual amount (10 thousand yuan)
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controller	Other financial services - note issuance	300,000.00	89,175.08
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controller	Other financial services - note discounting	300,000.00	74,017.06
Sichuan Changhong Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controller	Other financial services - note discounting	600,000.00	340.72

Note 1: As of December 31, 2023, registered capital of Changhong Finance Company is 2,693,938,365.84 yuan. The Company and Changhong Huayi holds 14.96% equity of Chonghong Finance Company respectively, and controlling shareholder of the Company -Sichuan Changhong Electric Co., Ltd and its controlling shareholder Sichuan Changhong Electronics Holding Group Co., Ltd holds 35.04% equity of Changhong Finance Company respectively.

Note 2: After deliberated and approved by the 35th session of 9th BOD and 2th extraordinary shareholders general meeting of 2020 held on 16 October 2023 and 3 November , it is agreed to continue the financial services cooperation between the Company and Changhong Finance Company and renew the “Financial Service Agreement” for a period of three years. Changhong Finance Company will provides a series of financial services such as deposit and loans within scope of operation according to the requirements of Company and its subsidiaries(Excluding Zhongke Meiling and its subsidiaries).

(vi) Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

(vii) Other related party transactions

Applicable Not applicable

1. On September 7, 2023, after review and approval at the 34th meeting of the Tenth Board of Directors and the 25th meeting of the Tenth Board of Supervisors, it was agreed to extend the duration of Sichuan Hongyun New Generation of Information Technology Venture Capital Fund Partnership (Limited Partnership) for one year (the specific expiration date is subject to the industrial and commercial registration) (referred to as "Hongyun Fund Phase I" for short), that is, the cumulative duration of such fund after this extension is 9 years, and it was agreed that the Company and other partners signed the Amendment to the *Partnership Agreement of Sichuan Hongyun New Generation of Information Technology Venture Capital Fund Partnership (Limited Partnership)*.

2. On September 7, 2023, it was reviewed and approved by the 34th meeting of the Tenth Board of Directors and the 25th meeting of the Tenth Board of Supervisors, and it was agreed that the amount of daily related transactions

between the Company and its subsidiaries and Changhong Group and its subsidiaries on purchase of commodities and raw materials in 2023 should not exceed RMB 25 million (excluding tax); It was estimated that the amount of daily related transactions between the Company and its subsidiaries and Sichuan Changhong Electronic Component Co., Ltd. (hereinafter referred to as "Electronic Component Company") in 2023 would not exceed RMB 10 million (excluding tax). After this increase estimation, the total amount of daily related transactions between the Company and its subsidiaries and Changhong Group (excluding Sichuan Changhong) would not exceed RMB 450 million (excluding tax), and the total amount of daily related transactions with Sichuan Changhong and its subsidiaries (excluding Changhong Huayi, but including Electronic Component Company, etc.) would not exceed RMB 15.51 billion (excluding tax).

3. On October 16, 2023 and November 3, 2023, after review and approval by the 35th meeting of the Tenth Board of Directors, the 26th meeting of the Tenth Board of Supervisors and the Second Extraordinary General Meeting of Shareholders in 2023, it was agreed that the *Financial Service Agreement* between the Company and Changhong Finance Company would be renewed for another three years, and it was agreed that maximum deposit balance (including accrued interest and handling fee) and the maximum outstanding loan principal and interest of the Company and its subsidiaries (excluding Zhongke Meiling and its subsidiaries) in Changhong Finance Company would not exceed RMB 4.5 billion per day within the three-year validity period from the effective date of the new agreement.

4. On April 4, 2023 and December 21, 2023, after review and approval at the 37th meeting of the Tenth Board of Directors, the 28th meeting of the Tenth Board of Supervisors and the Third Extraordinary General Meeting of Shareholders in 2023, it was agreed the total amount of daily related transactions between the Company and its subsidiaries and related parties in 2024 would not exceed RMB 18,822 million (excluding tax); It was agreed that the Company and Sichuan Changhong Group Finance Co., Ltd. would continue to carry out related transactions of financial services such as deposits and loans in 2024.

5. On December 18, 2023, it was reviewed and approved by the 38th meeting of the Tenth Board of Directors and the 29th meeting of the Tenth Board of Supervisors, and it was agreed that the amount of daily related transactions between the Company and its holding subsidiaries and Changhong Group and its subsidiaries on purchase of commodities and raw materials in 2023 should not exceed RMB 75 million (excluding tax). After this increase estimation, the total amount of daily related transactions between the Company and its subsidiaries and Changhong Group (excluding Sichuan Changhong) in 2023 would not exceed RMB 525 million.

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

Interim report	Disclosure date	Website for disclosure
Resolution Notice of the 34 th session of 10 th BOD (2023-044) Resolution Notice of the 25 th session of 10 th BOS (2023-045) Announcement on Extension and Related Transactions of Sichuan Hongyun New Generation of Information Technology Venture Capital Fund Partnership (Limited Partnership) (2023-046)	September 8,2023	Juchao Website www.cninfo.com.cn
Resolution Notice of the 34 th session of 10 th BOD (2023-044) Resolution Notice of the 25 th session of 10 th BOS (2023-045) Announcement on Increasing the Daily Related Party Transactions in	September 8,2023	Juchao Website www.cninfo.com.cn

2023 (2023-047)		
Resolution Notice of the 35 th session of 10 th BOD (2023-053) Resolution Notice of the 26 th session of 10 th BOS (2023-053) Announcement on Renewing the Financial Services Agreement and Related Transactions with Sichuan Changhong Group Finance Co., Ltd. (2023-054) Resolution Notice of Second extraordinary general meeting of 2023 (2023-065)	October 18,2023, November 4,2023	Juchao Website www.cninfo.com.cn
Resolution Notice of the 37 th session of 10 th BOD (2023-066) Resolution Notice of the 28 th session of 10 th BOS (2023-067) Announcement on the daily related transactions of 2024 (2023-068) Notice on Expected Continuing Related Transactions with Sichuan Changhong Group Finance Company in 2024 (2023-069) Resolution Notice of Fourth extraordinary general meeting of 2022 Notice on Expected Continuing Related Transactions with Sichuan Changhong Group Finance Company in 2023 (2022-90) Resolution Notice of Third extraordinary general meeting of 2023 (2023-080)	December 5,2023, December 22, 2023	Juchao Website www.cninfo.com.cn
Resolution Notice of the 38 th session of 10 th BOD (2023-077) Resolution Notice of the 29 th session of 10 th BOS (2023-078) Increase the forecast announcement of daily related party transactions for year of 2023 (2023-079)	December 19,2023	Juchao Website www.cninfo.com.cn

XV. Significant contract and implementations

(i) Entrust, contract and leasing

1. Entrust

Applicable Not applicable

No entrust in Period.

2. Contract

Applicable Not applicable

No contract in Period.

3. Leasing

Applicable Not applicable

No leasing in the period

(ii) Major guarantee

Applicable Not applicable

In RMB 10,000

Particulars about the external guarantee of the Company and subsidiaries (Barring the guarantee for subsidiaries)											
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter guarantee (if applicable)	Guarantee term	Complete implementation or not	Guarantee for related party	
-	-	-	-	-	-	-	-	-	-	-	
Total approving external guarantee in report period (A1)				0	Total actual occurred external guarantee in report period (A2)			0			
Total approved external guarantee at the end of report period (A3)				0	Total actual balance of external guarantee at the end of report period (A4)			0			
Guarantee between the Company and the subsidiaries											
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter guarantee (if applicable)	Guarantee term	Complete implementation or not	Guarantee for related party	
Zhongshan Changhong Electric Co., Ltd.	Announcement No.: 2021-091,2021-092,2021-096,2021-109 released on December 7,2021 and December 24, 2021	140,000.00	March 10,2022	2,000.00	Joint liability guaranty	N/A	Yes	1 year	Yes	No	
			March 28,2022	7,000.00	Joint liability guaranty		Yes	1 year	Yes	No	
			April 22,2022	18,000.00	Joint liability guaranty		Yes	1 year	Yes	No	
			May 6,2022	6,000.00	Joint liability guaranty		Yes	1 year	Yes	No	
			June 10,2022	10,000.00	Joint liability guaranty		Yes	1 year	Yes	No	
			June 25,2022	13,000.00	Joint liability guaranty		Yes	1 year	Yes	No	

			July 2,2022	20,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			August 19,2022	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			October 11,2022	15,000.00	Joint liability guaranty	Yes	1 year	No	No
	Announcement No.: 2022-087,2022-088, 2022-091 and 2022-100 released on December 7,2022 and December 23,2022	150,000.00	April 7,2023	6,000.00	Joint liability guaranty	Yes	1 year	No	No
April 24,2023			10,000.00	Joint liability guaranty	Yes	1 year	No	No	
June 8,2023			10,000.00	Joint liability guaranty	Yes	1 year	No	No	
June 27,2023			7,000.00	Joint liability guaranty	Yes	1 year	No	No	
July 4,2023			10,000.00	Joint liability guaranty	Yes	1 year	No	No	
July 10,2023			20,000.00	Joint liability guaranty	Yes	1 year	No	No	
July 28,2023			5,000.00	Joint liability guaranty	Yes	1 year	No	No	
August 29,2023			15,000.00	Joint liability guaranty	Yes	1 year	No	No	
November 2,2023			5,000.00	Joint liability guaranty	Yes	1 year	No	No	
	Announcember No.: 2023-066,2023-067,2023-070,2023-080 released on December 5,2023 and December	130,000.00	-	-	-	-	-	-	-

	22, 2023								
Changhong MeilingRidian Technology Co., Ltd.	Announcement No.: 2021-091,2021-092,2021-096,2021-109 released on December 7, 2021, December 24,2021,December 24,2021	16,000.00	June 6,2022	3,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			July 7,2022	4,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			October 25,2022	2,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			December 8,2022	3,500.00	Joint liability guaranty	Yes	11.2 months	No	No
Changhong MeilingRidian Technology Co., Ltd.	Announcement No.: 2022-087,2022-088,2022-091,2022-100 released on December 7,2022 December 23, 2022	16,000.00	July 10,2023	4,000.00	Joint liability guaranty	Yes	1 year	No	No
	Announcement No.: 2023-066,2023-067,2023-07, 2023-080 released on December 5,2023, December 22, 2023	14,500.00	-	-	-	-	-	-	-
ZhongkeMeiling Cryogenic Technology Co., Ltd.	Announcement No.: 2021-091,2021-092,2021-096,2021-109 released on December 7, 2021, December 24, 2021	26,000.00	September 20,2022	2,000.00	Joint liability guaranty	Yes	4.5 months	Yes	No
			November 14,2022	5,000.00	Joint liability guaranty	Yes	7.2 months	Yes	No
	Announcember No.: 2022-087,2022-	20,000.00	-	-	-	-	-	-	-

	088,2022-091,2022-100 released on December 7, 2022, December 23, 2022								
	Announcember No.: 2023-066,2023-067,2023-070,2023-80 released on December 5, 2023, December 22, 2023	10,000.00	-	-	-	-	-	-	-
Sichuan Changhong Air-conditioner Co., Ltd.	Announcember No.: 2020-097,2020-098,2020-101,2020-107 released on December 12, 2020, December 30,2020	100,000.00	September 24,2021	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			December 7,2021	15,000.00	Joint liability guaranty	Yes	1 year	Yes	No
	Announcember No.: 2021-091,2021-092,2021-096,2021-109 released on December 7, 2021, December 24, 2021	100,000.00	March 18,2022	8,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			April 18,2022	30,000.00	Joint liability guaranty	Yes	1 year	Yes	No
	Announcember No.: 2022-087,2022-088,2022-091,2022-100 released on December 7, 2022, December 23, 2022	250,000.00	January 17,2023	10,000.00	Joint liability guaranty	Yes	9 months	No	No
			January 17,2023	5,000.00	Joint liability guaranty	Yes	1 year	No	No
			February 27,2023	16,000.00	Joint liability guaranty	Yes	1 year	No	No
			March 16,2023	30,000.00	Joint liability	Yes	1 year	No	No

					guaranty				
			March 24,2023	60,000.00	Joint liability guaranty	Yes	1 year	No	No
			April 14,2023	12,000.00	Joint liability guaranty	Yes	1 year	No	No
			June 28,2023	3,500.00	Joint liability guaranty	Yes	6 months	Yes	No
			July 5,2023	1,500.00	Joint liability guaranty	Yes	5.4 months	No	No
	Announcember No.: 2023-066,2023-067,2023-070,2023-080 released on December 5,2023, December 22, 2023	262,000.00	-	-	-	-	-	-	-
Changhong RUBA Trade Company	Announcember No.: 2022-036,2022-037,2022-049 released on May 18, 2022, June 30,2022	5,955.93 note ¹	-	-	-	-	-	-	-
Jiangxi Meiling Electric Appliance Co., Ltd.	Announcember No.: 2022-087,2022-088,2022-091,2022-100 released on December 7, 2022, December 23, 2022	15,000.00	-	-	-	-	-	-	-
	Announcember No.: 2023-066,2023-067,2023-070,2023-080	15,000.00	-	-	-	-	-	-	-

	released on December 5, 2023, December 22, 2023								
Hefei Meiling Nonferrous Metal Products Co., Ltd.	Announcember No.: 2022-087,2022-088,2022-091,2022-100 released on December 7, 2022, December 23, 2022	3,000.00	-	-	-	-	-	-	-
	Announcember No.: 2023-066,2023-067,2023-070,2023-080 released on December 5, 2023, December 22, 2023	3,000.00	-	-	-	-	-	-	-
Hefei Meiling Group Holdings Limited	Announcember No.: 2021-091,2021-092,2021-096,2021-109 released on December 7, 2021, December 24, 2021	40,000.00	April 18,2022	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
	Announcember No.: 2022-087,2022-088,2022-091,2022-100 released on December 7, 2022, December 23, 2022	60,000.00	May 11,2023	4,500.00	Joint liability guaranty	Yes	1 year	No	No
			July 12,2023	8,000.00	Joint liability guaranty	Yes	1 year	No	No
	Announcember No.: 2023-066,2023-	25,000.00	-	-	-	-	-	-	-

	067,2023-070,2023-080 released on December 5, 2023, December 22, 2023								
Hefei Changhong Meiling Life Appliances Co., Ltd.	Announcement No.: 2021-008,2021-009,2021-011 and 2021-034 released on March 3, 2021 and April 29, 2021	35,000.00	December 9,2021	4,000.00	Joint liability guaranty	Yes	11 monghs	Yes	No
	Announcement No.: 2021-091,2021-092,2021-096 and 2021-109 released on December 7, 2021 and December 24, 2021	35,000.00	January 26,2022	3,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			March 17,2022	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			August 25,2022	500.00	Joint liability guaranty	Yes	1 year	Yes	No
			September 8,2022	1,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			September 22,2022	5,000.00	Joint liability guaranty	Yes	1 year	Yes	No
			November 21,2022	5,000.00	Joint liability guaranty	Yes	1 year	No	No
			December 8,2022	4,500.00	Joint liability guaranty	Yes	10.5 months	Yes	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and	35,000.00	February 22,2023	8,000.00	Joint liability guaranty	Yes	11 months	No	No
			April 24,2023	2,000.00	Joint liability guaranty	Yes	1 year	No	No
			May 4,2023	5,000.00	Joint liability	Yes	1 year	No	No

	December 23, 2022				guaranty					
			November 3,2023	2,000.00	Joint liability guaranty		Yes	1 year	No	No
			December 1,2023	10,000.00	Joint liability guaranty		Yes	1 year	No	No
			December 15,2023	4,000.00	Joint liability guaranty		Yes	5.7 months	No	No
	Announcember No.: 2023-040, 2023-041, 2023-043, 2023-065 released on August 18, 2023, November 4, 2023	8,000.00	-	-	-		-	-	-	-
	Announcember No.: 2023-066,2023-067,2023-070,2023-080 released on December 5, 2023, December 22, 2023	50,000.00	-	-	-		-	-	-	-
Total amount of approving guarantee for subsidiaries in report period (B1)			517,500.00		Total amount of actual occurred guarantee for subsidiaries in report period (B2)			480,000.00		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			1,219,500.00		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			293,500.00		
Guarantee of the subsidiaries for the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter guarantee (if applicable)	Guarantee term	Complete implementation or not	Guarantee for related party

Anhui Touxing Technology Co., Ltd.	Announcement No.: 2021-091,2021-092 and 2021-096,2021-109 released on December 7, 2021 and December 24, 2021	5,000.00	June 27,2022	500.00	Joint liability guaranty			1 year	Yes	No
	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022	8,000.00	June 20,2023	1,000.00	Joint liability guaranty			1 year	No	No
			August 15,2023	400.00	Joint liability guaranty			1 year	No	No
			October 20,2023	1,000.00	Joint liability guaranty			1 year	No	No
Announcement No.: 2023-066,2023-067,2023-070,2023-080 released on December 5, 2023, December 22, 2023	5,000.00	-	-	-	-	-	-	-	-	
Anhui Ling'an Medical Equipment Co., Ltd	Announcement No.: 2022-087,2022-088,2022-091 and 2022-100 released on December 7, 2022 and December 23, 2022	12,000.00	August 25,2023	1,000.00	Joint liability guaranty			1 year	No	No
			October 20,2023	1,000.00	Joint liability guaranty			1 year	No	No
	Announcement No.: 2023-066,2023-067,2023-070,2023-080 released on December 5, 2023, December 22,	10,000.00	-	-	-	-	-	-	-	-

2023									
Total amount of approving guarantee for subsidiaries in report period (C1)	15,000.00	Total amount of actual occurred guarantee for subsidiaries in report period (C2)	4,900.00						
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)	35,000.00	Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)	4,400.00						
Total amount of guarantee of the Company (total of three abovementioned guarantee)									
Total amount of approving guarantee in report period (A1+B1+C1)	532,500.00	Total amount of actual occurred guarantee in report period (A2+B2+C2)	484,900.00						
Total amount of approved guarantee at the end of report period (A3+B3+C3)	1,254,500.00	Total balance of actual guarantee at the end of report period (A4+B4+C4)	297,900.00						
Ratio of actual guarantee (A4+B4+C4) in net assets of the Company		51.14%							
Including:									
Amount of guarantee for shareholders, actual controller and its related parties (D)		0							
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)		151,500.00							
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)		0							
Total amount of the aforesaid three guarantees (D+E+F)		151,500.00							
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)		N/A							
Explanations on external guarantee against regulated procedures (if applicable)		N/A							

Note 1: In order to unify the currency for totaling, the exchange rate here was converted from the US dollar to the 6.6177 yuan on April 30, 2022. For details, please refer to the announcement No. 2022-037 disclosed by the company.

The above-mentioned guarantee objects are the wholly-owned and holding subsidiaries of the Company, and these wholly-owned and holding subsidiaries are in normal production and operation, there are no overdue loans, and the guarantee risks are controllable. During the reporting period, the highest level of security the Company provided amounted to 12,195 million yuan by the approval, the actual amount of guarantee is 4,800 million yuan. At the end of the reporting period, the practical guarantee balance amounted to 2,935 million yuan, accounting for the Company's latest net assets ratio of 50.39%.

The amount of effective guarantee provided by the approved subsidiaries of the Company to the subsidiaries is RMB 350 million, the actual amount of guarantee is RMB 49 million, and the actual guarantee balance provided by the subsidiaries to the subsidiaries is RMB 44 million, accounting for 0.76% of the Company's latest net assets.

Explanation on guarantee with composite way: Not applicable

(iii) Entrust others to cash asset management**1. Trust financing**√ Applicable Not applicable

Trust financing in the period

In RMB 10,000

Type	Capital resources	Amount for entrust	Undue balance	Overdue amount	Impairment amount for overdue financial management
Bank financing products	Own idle funds	35,000.00	0	0	0
Total		35,000.00	0	0	0

Note: The above-mentioned entrusted financing amount is the total financing amount of subsidiaries of the Company during the reporting period.

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

√ Applicable Not applicable

In RMB 10,000

Trustee institution (or name of trustee)	Trustee type	Product type	Amount	Source of funds	Start date	Expiry date	Capital investment purpose	Criteria for fixing reward	Reference annual rate of return	Anticipated income (if applicable)	Actual gains/losses in period	Actual collected gains/losses in period	Amount of reserve for devaluation of withdrawal (if applicable)	Whether approved by legal procedure (Y/N)	Whether has entrusted finance plan in the future	Summary of the items and related query index (if applicable)
Zhongshan branch of China Guangfa Bank Co., Ltd.	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	February 14, 2023	May 15, 2023	The principal of this structured deposit is included in the unified operation and management of funds of Guangfa Bank, and the income of investors' structured deposits depends on the performance of USD/JPY during the observation period.	Agreement	1.5%	Not applicable	18.49	18.49	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-009)
Zhongshan branch of Bank of Communications Co., Ltd	Bank	Principal-guaranteed with floating income	5,000.00	Idle own funds	March 10, 2023	July 10, 2023	Bank of Communications operates the funds raised by structured deposit products in a unified manner and manages them in accordance with the principle of separating basic deposits from derivative transactions. The raised principal will be included in the internal fund of Bank of Communications for unified operation and management, and will be included in the payment scope of deposit	Agreement	3.00%	Not applicable	50.14	50.14	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-009)

							reserve fund and deposit insurance. The embedded derivative part of products will be linked to the exchange rate, interest rate, commodity and index, etc.									
Mianyang branch of SPD Bank	Bank	Principal - guaranteed with floating income	5,000.00	Idle own funds	June 26, 2023	September 26, 2023	The structured deposits are included in the payment scope of deposit reserve and deposit insurance premium in accordance with deposit management and regulatory requirements,	Agreement	2.80%	Not applicable	35.00	35.00	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-038)
Mianyang Branch of Chengdu Bank	Bank	Principal - guaranteed with floating income	10,000.00	Idle own funds	September 25,2023	October 25,2023	This product will be invested in derivatives related to the exchange rate in the international foreign exchange market.	Agreement	2.90%	Not applicable	24.17	24.17	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-049)
Mianyang Branch of Chengdu Bank	Bank	Principal - guaranteed with floating income	10,000.00	Idle own funds	October 25,2023	November 27,2023	This product will be invested in derivatives related to the exchange rate in the international foreign exchange market.	Agreement	2.80%	Not applicable	25.67	25.67	N	Y	Not applicable	Juchao Website(www.cninfo.com.cn) (Announcement No.: 2023-049)
Total			35,000.00	--	--	--	--	--	--	--	153.47	153.47	--	--	--	--

Note: Zhongke Meiling, a subsidiary of the Company, is a listed company of the Beijing Stock Exchange. For details of its entrusted financial management, please refer to Zhongke Meiling's 2023 annual Report.

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

Applicable Not applicable

2. Entrust loans

Applicable Not applicable

No entrust loans in the period.

(iv) Other material contracts

Applicable Not applicable

No other material contracts in the period.

XVI. Explanation on other significant events

Applicable Not applicable

1. According to the resolutions adopted at the 31st meeting of the 10th Board of Directors, the 22nd meeting of the 10th Board of Supervisors and the 2022 Annual General Meeting of Shareholders, it was agreed that the Company and its subsidiaries would make a single provision for bad debts for the receivables of the customer, Changhong RUBA Electric Co., Ltd. (a joint venture of Zhongshan Changhong Electric Co., Ltd., a subsidiary of the Company) in the fourth quarter of 2022, and it was agreed that in the fourth quarter of 2022, the Company, its subsidiaries Hefei Meiling Group Holding Co., Ltd., Sichuan Changhong Air Conditioning Co., Ltd. and its affiliated company Sichuan Zhiyijia Network Technology Co., Ltd. would make a single provision for bad debts for the receivables of Gome (Gome is a general term for the subsidiaries, branches, offices and agencies at all levels of Gome Retail), and the total amount of the above-mentioned single provision for bad debts is RMB 101,962,546.44. Found more on appointed media "Securities Times", "China Securities Journal and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-002, 2023-005 and 2023-030) on 18 January 2023 and 26 April 2023.

2. According to the resolutions of the 31st meeting of the 10th Board of Directors, the 22nd meeting of the 10th Board of Supervisors and the 2022 Annual General Meeting of Shareholders, the Plan on the Company's Profit Distribution in 2022 was adopted, and at the same time, the independent directors of the Company issued independent approval opinions on the plan. Considering the interests of shareholders and the long-term development needs of the Company, based on the Company's total share capital of 1,029,923,715 shares on December 31, 2022, the Company distributed a cash dividend of RMB 0.9 (including tax) to all shareholders for every 10 shares, with no bonus or conversion of reserve funds into share capital. After this distribution, the remaining accumulated undistributed profit of the parent company was RMB 971,443,732.63, and the remaining undistributed profit was carried forward to the next year for distribution. On June 10, 2023, the Company disclosed the Announcement on the Implementation of the Profit Distribution Plan for 2022, and implemented the aforementioned profit distribution plan. Found more on appointed media "Securities Times", "China Securities Journal" and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-011, 2023-012, 2023-014, 2023-030 and 2023-037) on 31 March 2023, 26 April 2023 and 10 June 2023.

3. After deliberated and approved by the 31st session of 10th BOD and Annual General Meeting of 2022, it agreed that the Company and its subsidiaries shall carry out forward foreign exchange fund trading business during the period from 1 July 2023 to 30 June 2024. Balance of trading not exceeding US\$ 1.046 billion (mainly including

USD, AUD, EUR and other foreign exchange converted to USD), and the maximum period of delivery of a single business shall not exceed one year. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-011, 2023-016 and 2023-030) on 31 March 2023 and 26 April 2023.

4. By the resolution passed at the 31st meeting of the Tenth Board of Directors and the 2022 Annual General Meeting of Shareholders, it was agreed that the Company and its holding subsidiaries should apply for a special credit line for RMB bill pool of maximum RMB 400 million from Hefei Branch of Industrial Bank Co., Ltd., that of maximum RMB 300 million from Hefei Branch of Ping An Bank Co., Ltd., and that of RMB 400 million from Hefei Branch of Jiujiang Bank Co., Ltd., with a credit period of one year. The credit lines are mainly used for special business of bill pools and are pledged by bills. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-011, 2023-018 and 2023-030) on 31 March 2023 and 26 April 2023.

5. During the period from April 17, 2023 to April 19, 2023, the deviation of the closing price of the Company's stock trading for three consecutive trading days exceeded 20%. According to the relevant regulations of Shenzhen Stock Exchange, the Company issued the *Announcement of Abnormal Fluctuations in Stock Trading*.

Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-029) on 20 April 2023.

6 According to the resolution of the 32nd meeting of the Tenth Board of Directors and the First Extraordinary General Meeting of Shareholders in 2023, the *Proposal on Changes in Accounting Policies in 2023* was reviewed and approved, and it was agreed that the Company would make changes in accounting policies in accordance with the relevant provisions of *Interpretation No.16 of Accounting Standards for Business Enterprises* of the Accounting Department of the Ministry of Finance. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-023, 2023-027 and 2023-033) on 20 April 2023 and 11 May 2023.

7. According to the resolutions of the 32nd meeting of the 10th Board of Directors and the first extraordinary General Meeting of Shareholders in 2023, it was agreed to revise some articles of the *Articles of Association* according to the needs of the Company's operation and management and the actual situation of the Company. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-023, 2023-027 and 2023-033) on 20 April 2023 and 11 May 2023.

8. On April 27, 2023, the Company received a notice from Mr. Tang Youdao, Vice President of the Company. Based on his firm confidence in the Company's future development prospects and recognition of the Company's long-term investment value, Mr. Tang Youdao increased his holdings of common shares (A shares) by 800,000 shares through centralized bidding in the trading system of Shenzhen Stock Exchange. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-032) on 29 April 2023.

9. In order to establish a variety of shareholder return mechanisms, thank shareholders for their long-term concern

and support, and at the same time to allow shareholders to experience the Company's new products and services, and improve investors' understanding and recognition of the Company's intrinsic value, the Company held the "Meiling 40th Anniversary Shareholder Thanksgiving Festival" from May 20, 2023 to May 28, 2023.

Found more on appointed media "Securities Times", "China Securities Journal" and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-034) on 18 May 2023.

10. On May 25, 2023, the Company issued the Announcement on the Resignation of Senior Managers of the Company, and Mr. Liu Hongwei, the former Executive Vice President of the Company, applied to resign as the executive vice president of the Company for personal reasons. Found more on appointed media "Securities Times", "China Securities Journal" and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-036) on 25 May 2023. As of the disclosure date of this report, Mr. Liu Hongwei no longer holds any position in the Company and its subsidiaries.

11. On May 24, 2023, the Company received the *Notice on Share Reduction Plan* from Mr. Huang Danian, Vice President of the Company. Due to the needs of personal family funds, Mr. Huang Danian planned to reduce his shares by no more than 89,113 shares (accounting for 0.0087% of the Company's total share capital) through centralized bidding within 6 months after 15 trading days upon the announcement date of the reduction plan, with the amount of reduction not exceeding 25% of his shares of the Company. As of December 16, 2023, upon the expiry of the period of the share reduction plan, Mr. Huang Danian, the Vice President, did not reduce his shares in the Company during the period of the reduction plan, and the number of shares he held before and after the reduction plan had not changed,

Found more on appointed media "Securities Times", "China Securities Journal" and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-035 and 2023-076) on 25 May 2023.

12. After the resolution passed at the 33rd meeting of the Tenth Board of Directors of the Company, it was agreed to adjust the shareholding structure of Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as "Hongmei Company"), that is, to transfer 100% equity of Hongmei Company held jointly by Sichuan Changhong Air Conditioning Co., Ltd. (a wholly-owned subsidiary of the Company, which holds 99% equity of Hongmei Company) and Mianyang Meiling Refrigeration Co., Ltd. (a wholly-owned subsidiary of the Company, which holds 1% equity of Hongmei Company) to the Company for direct holding, at an equity transfer price according to the audited net asset value of Hongmei Company as of December 31, 2022, which was RMB 22,725,052.60. Found more on appointed media "Securities Times", "China Securities Journal" and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-040 and 2023-076) on 18 August 2023.

13. After the resolutions of the 33rd meeting of the Tenth Board of Directors, the 24th meeting of the Tenth Board of Supervisors and the Second Extraordinary General Meeting of Shareholders in 2023, it was agreed that the Company would provide an additional credit guarantee line of no more than RMB 80 million to its subsidiary Hefei Changhong Meiling Electrical Appliance Co., Ltd. with a guarantee period of one year. Found more on appointed media "Securities Times", "China Securities Journal" and Juchao Website (www.cninfo.com.cn) that the

Company disclosed in the form of announcement (Announcement No. 2023-040, 2023-041, 2023-043 and 2023-065) on 18 August 2023 and November 4, 2023.

14. By the resolutions approved at the 34th meeting of the Tenth Board of Directors and the 25th meeting of the Tenth Board of Supervisors, it was agreed to extend the duration of Sichuan Hongyun New Generation of Information Technology Venture Capital Fund Partnership (Limited Partnership) for one year (the specific expiration date is subject to the industrial and commercial registration), that is, the cumulative duration of such fund after this extension is 9 years, and it was agreed that the Company and other partners signed the *Amendment to the Partnership Agreement of Sichuan Hongyun New Generation of Information Technology Venture Capital Fund Partnership (Limited Partnership)*. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-044, 2023-045 and 2023-046) on 8 September 2023.

15. Ms. Pan Haiyun, the Company's securities affairs representative, applied to resign as the Company's securities affairs representative due to work adjustment. After resigning as the securities affairs representative, Ms. Pan Haiyun will work in the Company's holding subsidiary. According to the *Company Law*, the *Articles of Association* and other relevant regulations, the resignation report will take effect as of the date it is delivered to the Board of Directors, and the Board of Directors of the Company agrees to Ms. Pan Haiyun's resignation request. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-048) on 12 September 2023.

16 By the resolutions passed at the 35th meeting of the Tenth Board of Directors and the Second Extraordinary General Meeting of Shareholders in 2023, it was agreed that the Company and its subsidiaries would apply for a special credit line for RMB bill pool of maximum RMB 500 million from Hefei Branch of Huaxia Bank Co., Ltd., that of maximum RMB 600 million from Hefei Branch of Hangzhou Bank Co., Ltd., and that of maximum RMB 1 billion from Anhui Branch of Bank of Communications Co., Ltd., with a credit period of one year. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-055 and 2023-065) on 18 October 2023 and November 4, 2023.

17. By the resolutions approved at the 36th meeting of the Tenth Board of Directors and the 36th meeting of the Tenth Board of Supervisors, it was agreed that the amount of bad debt provision accrued individually for direct and indirect receivables of Gome was RMB 44,358,520.13 in the third quarter of 2023. After this withdrawal, the above-mentioned receivables of Gome system have been fully accrued for bad debt provision. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-060, 2023-061 and 2023-062) on 24 October 2023.

18. By the resolutions approved at the 37th meeting of the Tenth Board of Directors, the 28th meeting of the Tenth Board of Supervisors and the Third Extraordinary General Meeting of Shareholders in 2023, it was agreed that the Company and its subsidiaries could use their own idle funds of no more than RMB 1.5 billion (which can be used in a rolling way) to invest in bank wealth management products with high safety, good liquidity, low risk and stability within one year. The authorization period is valid within one year from the date of deliberation and approval

by the General Meeting of Shareholders of the Company. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-066, 2023-67, 2023-071 and 2023-080) on 5 December 2023 and December 22, 2023..

19. By the resolution of the 37th meeting of the Tenth Board of Directors of the Company, it was agreed that the Company and its subsidiaries and Hefei Branch of China Zheshang Bank Co., Ltd. should carry out asset pool business with a total amount not exceeding RMB 500 million. The term is one year from the date when the matter is reviewed and approved by the Company's General Meeting of Shareholders. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-066 and 2023-072) on 5 December 2023.

20. By the resolutions approved at the 37th meeting of the Tenth Board of Directors and the Third Extraordinary General Meeting of Shareholders in 2023, the related clauses of the *Articles of Association*, the *Rules of Procedure of the Board of Directors* and the *Independent Director System* were agreed to be revised in accordance with the *Administrative Measures for Independent Directors of Listed Companies* of CSRC, the *Guideline No.1 for Self-regulation of Listed Companies in Shenzhen Stock Exchange - Standardized Operation of Listed Companies on Main Board* of Shenzhen Stock Exchange and other relevant laws and regulations. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-066, 2023-073 and 2023-080) on 5 December 2023 and December 22, 2023.

XVII. Major event of the subsidiary

Applicable Not applicable

1. According to the resolutions of the 31st meeting of the 10th Board of Directors and the 22nd meeting of the 10th Board of Supervisors, it was agreed that Zhongshan Changhong, a subsidiary of the Company would write off the uncollectible bad debts totaling RMB 1,307,424.41. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-011, 2023-012 and 2023-017) on 31 March 2023.

2. According to the resolution approved at the 33rd meeting of the Tenth Board of Directors of the Company, it was agreed to cancel Hefei Meiling Marketing Co., Ltd., a wholly-owned subsidiary of the Company according to the business development needs of the Company. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-040) on 8 September 2023.

3. By the resolution approved at the 33rd meeting of the Tenth Board of Directors, it was agreed that Zhongshan Changhong would invest RMB 36.526 million with its own funds to carry out technical transformation on its production line, improve its manufacturing capacity, reduce costs and improve efficiency, and enhance product competitiveness. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-040) on 8 September 2023.

4. By the resolution approved at the 33rd meeting of the Tenth Board of Directors of the Company, it was agreed that Zhongshan Heat Pump would implement the relocation and capacity expansion project with its own funds of RMB 34.62 million to ensure its future business development. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-040) on 8 September 2023.
5. By the resolution approved at the 34th meeting of the Tenth Board of Directors of the Company, it was agreed that Changhong Air Conditioning would implement the capacity improvement and transformation project with its own funds of RMB 32,206,700, thus ensuring the stable operation and development of Changhong Air Conditioning in the future; It was agreed that Changhong Air Conditioning would carry out technical transformation with its own capital of RMB 17,135,700, thus ensuring the stable operation and development of Changhong Air Conditioning in the future. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-044) on 8 September 2023.
6. At the 37th meeting of the Tenth Board of Directors of the Company, it was agreed that Zhongke Meiling would donate an automatic vaccination workstation with a value of RMB 1.15 million to the Linhu Community Health Service Center of Hefei Economic and Technological Development Zone through Hefei Red Cross Society to improve the efficiency and safety of vaccination. Found more on appointed media “Securities Times”, “China Securities Journal” and Juchao Website (www.cninfo.com.cn) that the Company disclosed in the form of announcement (Announcement No. 2023-066) on 5 December 2023.

VII .Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

(i) Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Public reserve transfer into share capital	Others	Subtotal	Amount	Proportion
I. Restricted shares	7,192,492	0.70%	0	0	0	+496,350	+496,350	7,688,842	0.75%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned legal person's shares	1,141,053	0.11%	0	0	0	0	0	1,141,053	0.11%
3. Other domestic shares	4,784,019	0.47%	0	0	0	+496,350	+496,350	5,280,369	0.52%
Including:									
Domestic legal person's shares	3,363,539	0.33%	0	0	0	0	0	3,363,539	0.33%
Domestic natural person's shares	1,420,480	0.14%	0	0	0	+496,350	+496,350	1,916,830	0.19%
4. Foreign shares	1,267,420	0.12%	0	0	0	0	0	1,267,420	0.12%
Including:									
Foreign legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Foreign natural person's shares	1,267,420	0.12%	0	0	0	0	0	1,267,420	0.12%
II. Unrestricted shares	1,022,731,223	99.30%	0	0	0	-496,350	-496,350	1,022,234,873	99.25%
1. RMB ordinary shares	875,808,809	85.04%	0	0	0	-496,350	-496,350	875,312,459	84.99%
2. Domestically listed foreign shares	146,922,414	14.26%	0	0	0	0	0	146,922,414	14.26%
3. Overseas listed	0	0.00%	0	0	0	0	0	0	0.00%

foreign shares									
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,029,923,715	100.00%	0	0	0	0	0	1,029,923,715	100.00%

1. Reasons for share changed

Applicable Not applicable

(1) On April 27, 2023, Mr. Tang Youdao, Vice President of the Company, based on his firm confidence in the Company's future development prospects and recognition of the Company's long-term investment value, increased his holdings of common shares by 800,000 shares through centralized bidding in the trading system of Shenzhen Stock Exchange. According to the *Rules for the Administration of the Shares of the Company Held by Directors, Supervisors and Senior Managers of Listed Companies and Their Changes* and other relevant regulations, 75% of the total shares of the company held by Mr. Tang Youdao, namely 600,000 shares, were locked.

(2) According to the relevant provisions of the Company Law, the Securities Law and the Rules for the Administration of the Shares of the Company Held by Directors, Supervisors and Senior Managers of Listed Companies and Their Changes, 75% of 414,600 common shares held by Ms. Li Xia at the beginning of 2023, namely 310,950 shares, were restricted from sale, and the other 25%, namely 103,650 shares, were lifted from such restriction.

2. Approval of share changed

Applicable Not applicable

3. Ownership transfer of share changed

Applicable Not applicable

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

Applicable Not applicable

5. Other information necessary to disclose or need to disclosed under requirement from security regulators

Applicable Not applicable

(ii) Changes of lock-up stocks

Applicable Not applicable

In: Shares

Shareholders	Opening shares restricted	Shares released in Period	Restricted shares increased in Period	Ending shares restricted	Restricted reasons	Date for released

Tang Youdao	0	600,000	0	600,000	Top management lock-in stock	On April 27, 2023, Mr. Tang Youdao, Vice President of the Company, based on his firm confidence in the Company's future development prospects and recognition of the Company's long-term investment value, increased his holdings of common shares by 800,000 shares through centralized bidding in the trading system of Shenzhen Stock Exchange. According to the relevant provisions of the <i>Company Law</i> , the <i>Securities Law</i> and the <i>Rules for the Administration of the Shares of the Company Held by Directors, Supervisors and Senior Managers of Listed Companies and Their Changes</i> , 75% of the total shares of the Company held by Mr. Tang Youdao, namely 600,000 shares, were locked.
Li Xia	414,600	0	103,650	310,950	Top management lock-in stock	According to the relevant provisions of the <i>Company Law</i> , the <i>Securities Law</i> and the <i>Rules for the Administration of the Shares of the Company Held by Directors, Supervisors and Senior Managers of Listed Companies and Their Changes</i> , At the beginning of 2023, 103,650 shares held by Ms. Li Xia, accounting for 25% of the total shares, were lifted from the restricted sale.
Total	414,600	600,000	103,650	910,950	--	--

II. Securities issuance and listing

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

Applicable Not applicable

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

Applicable Not applicable

(iii) Current shares held by internal staffs

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

In Share

Total shareholders at end of the Period	49,871	Total common shareholders at end of last month before annual report disclosed	41,938	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable)	0
Particulars about shares held above 5% by shareholders or top 10 shares holding							
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end	Changes in report period	Amount of restricted shares	Amount of un-restricted shares held	Information of shares pledged, tagged or frozen

			of report period		held		State of share	Amount
Sichuan Changhong Electric Co., Ltd.	State-owned legal person	24.12%	248,457,724	0	0	248,457,724	-	-
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.64%	47,823,401	0	0	47,823,401	-	-
CHANGHONG (HK) TRADING LIMITED	Foreign legal person	2.63%	27,077,797	0	0	27,077,797	-	-
National Social Security Fund 101 Portfolio	Domestic non-state-owned legal person	2.21%	22,782,736	+22,782,736	0	22,782,736	-	-
CAO SHENGCHUN	Foreign nature person	1.43%	14,766,086	0	0	14,766,086	-	-
China Construction Bank Co., Ltd.- Jiashixin Consumer Stock Securities Investment Fund	Domestic non-state-owned legal person	1.17%	12,082,100	+12,082,100	0	12,082,100	-	-
Du Yunzhi	Domestic nature person	1.16%	12,050,000	+12,050,000	0	12,050,000	-	-
ICBC—South Excellent Growth Stock Securities Investment Fund	Domestic non-state-owned legal person	1.03%	10,643,000	+10,643,000	0	10,643,000	-	-
Industrial Bank—Southern Xingrun value one-year holding period of hybrid securities investment fund	Domestic non-state-owned legal person	0.89%	9,161,600	+9,161,600	0	9,161,600	-	-
China Construction Bank Co., Ltd—China Construction Bank Co., Ltd. - Bank of Communications Schroeder Consumption New Drive Stock Securities Investment Fund	Domestic non-state-owned legal person	0.75%	7,763,568	+7,763,568	0	7,763,568	-	-
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)					Not applicable			
Explanation on associated relationship among the aforesaid shareholders	Among the above shareholders, CHANGHONG (HK) TRADING LIMITED (hereinafter referred to as Hong Kong Changhong) is the wholly-owned subsidiary of Sichuan Changhong Electric Co., Ltd., the foregoing shareholders constitute persons of uniform action. There existed no associated relationship or belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies among Sichuan Changhong Electric Co., Ltd, Hong Kong Changhong and other top 8 shareholders, The company neither knows whether there is any association among other shareholders, nor knows whether other shareholders belong to the persons acting in concert that is stipulated in the “Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies”.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.					Not Applicable			
Special note on the repurchase account among the top 10 shareholders (if applicable)					Not Applicable			
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name					Amount of	Type of shares		

	unrestricted shares held at end of Period	Type	Amount
Sichuan Changhong Electric Co., Ltd.	248,457,724	RMB ordinary shares	248,457,724
Hefei Industry Investment Holding (Group) Co., Ltd.	47,823,401	RMB ordinary shares	47,823,401
CHANGHONG (HK) TRADING LIMITED	27,077,797	RMB ordinary shares	27,077,797
National Social Security Fund 101 Portfolio	22,782,736	RMB ordinary shares	22,782,736
CAO SHENGCHUN	14,766,086	Domestically listed foreign share	14,766,086
China Construction Bank Co., Ltd.- Jiashixin Consumer Stock Securities Investment Fund	12,082,100	RMB ordinary shares	12,082,100
Du Yunzhi	12,050,000	RMB ordinary shares	12,050,000
ICBC—South Excellent Growth Stock Securities Investment Fund	10,643,000	RMB ordinary shares	10,643,000
Industrial Bank—Southern Xingrun value one-year holding period of hybrid securities investment fund	9,161,600	RMB ordinary shares	9,161,600
China Construction Bank Co., Ltd—China Construction Bank Co., Ltd. - Bank of Communications Schroeder Consumption New Drive Stock Securities Investment Fund	7,763,568	RMB ordinary shares	7,763,568
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Found more in “Particulars about shares held above 5% by shareholders or top 10 shares holding”		
Explanation on top ten common shareholders involving margin business (if applicable)	Not applicable		

Note 1: At end of the reporting period, the person acting in concert with controlling shareholder Sichuan Changhong- - CHANGHONG (HK) TRADING LIMITED, holds B-stock of the Company as 33,374,710 shares, among which, 6,296,913 shares are held through Philip Securities (H.K.) Co., Ltd. by CHANGHONG (HK) TRADING LIMITED

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

Lending of shares by the top ten shareholders participating in refinancing business

Applicable Not applicable

The top ten shareholders have changed from the previous period

Applicable Not applicable

In Share

Changes of the top ten shareholders compared with the end of the previous period					
Name of shareholder (full name)	Addition/Withdrawal in this reporting period	Number of shares lent by refinancing at the end of the period and not yet returned		Number of shares held by shareholders in general accounts and credit accounts and lent by refinancing at the end of the period and not yet returned	
		Total quantity	Proportion of total share	Total quantity	Proportion of total share

			capital		capital
The National Social Security Fund 101 portfolio	Addition	0	0.00%	0	0.00%
China Construction Bank Co., Ltd.- Jiashixin Consumer Stock Securities Investment Fund	Addition	0	0.00%	0	0.00%
Du Yunzhi	Addition	0	0.00%	0	0.00%
ICBC—South Excellent Growth Stock Securities Investment Fund	Addition	0	0.00%	0	0.00%
Industrial Bank—Southern Xingrun value one-year holding period of hybrid securities investment fund	Addition	0	0.00%	0	0.00%
China Construction Bank Co., Ltd—China Construction Bank Co., Ltd. - Bank of Communications Schroeder Consumption New Drive Stock Securities Investment Fund	Addition	0	0.00%	0	0.00%
Ma Guobin	Out	0	0.00%	0	0.00%
Xu Aiyun	Out	0	0.00%	0	0.00%
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Out	0	0.00%	0	0.00%
Wang Xinzhong	Out	0	0.00%	0	0.00%
Wang Kai	Out	0	0.00%	0	0.00%

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

(ii) Controlling shareholder of the Company

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

Controlling shareholders' name	Legal rep./person in charge of unit	Dated founded	Organization code	Main business

Sichuan Changhong Electric Co., Ltd.	Liu Jiang	April 8,1993	91510700205412308D	Manufactures, sales and maintenance of household appliance, automotive electrical appliance, Electronic products and spare parts, communications equipment, lighting equipment , household products, computer and other Electronic equipment, specialized equipment of Electronic and Electronic, Electronic machinery and <i>equipment</i> , series products of batteries, Electronic medicine products, Electronic equipment, mechanical equipment , Refrigeration equipment and accessories digital monitoring products, metal products, apparatus and instruments, culture and office machines, culture and education and sports products, kitchen cabinet and gas appliance; house and equipment rental; packing products and technical services; road transportation; storage and discharging convey; R&D, sales and services of integrated circuit and software; consultancy and services of enterprise management; hi-tech project investment and other state-permitted business; development and operation of property; engineering construction for house and buildings; callback and disposal of obsolete appliance and Electronic products; services of Information Technology; consultancy and services of finance; sales, relevant import and export business of Chemical raw materials and products(Not contain dangerous chemicals), building materials, non-ferrous metal, Steel, plastics , packing material, mechanical and electrical equipment, Precious metals, Automotive components, Electronic components, Value added telecommunication service, agent service of telecommunication; designing, manufacturing, releasing and agency for the advertisement; Radio and television program production; Internet information services (excluding investment, finance and securities); audio and video production and services; R&D and design of the drone and unmanned aerial vehicle system as well as the promotion of drone technology; transfer and technical consulting service, production and sales of drone (any projects that needs permission by the law should subject to the approval by relevant authority)
Equity controlling and jointly of other foreign/domestic listed company by controlling shareholder in reporting period	<p>1. As of December 31,2023, Sichuan Changhong directly holds 212,994,972 shares of Changhong Huayi Compressor Co., Ltd. (Stock code: 000404)- a company listed on the main board of the Shenzhen Stock Exchange, accounting for 30.60% of the equity of Changhong Huayi Compressor Co., Ltd.</p> <p>2. As of December 31,2023, Sichuan Changhong indirectly holds 1,990,518,000 ordinary shares and preferred shares in total of Changhong Jiahua Holdings Co., Ltd. (Stock code: 03991) - a company listed on the main board of Hong Kong Stock Exchange, accounting for 77.44% of the whole ordinary shares and preferred shares under the name of Changhong Jiahua Holdings Co., Ltd.</p> <p>3.As of December 31, 2023, Sichuan Changhong directly holds 86,258,333 shares of Sichuan Changhong Minsheng Logistics Co., Ltd (stock code:836237)- the company with shares transferring in National Equities Exchange and Quotations, accounting for 70.27% of the equity of Sichuan Changhong Minsheng Logistics Co., Ltd.</p>			

3. Controlling shareholder changes in reporting period

Applicable Not applicable

Controlling shareholder stays the same in Period.

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

1. Nature of actual controller: local state-owned assets management
2. Type of actual controller: legal person

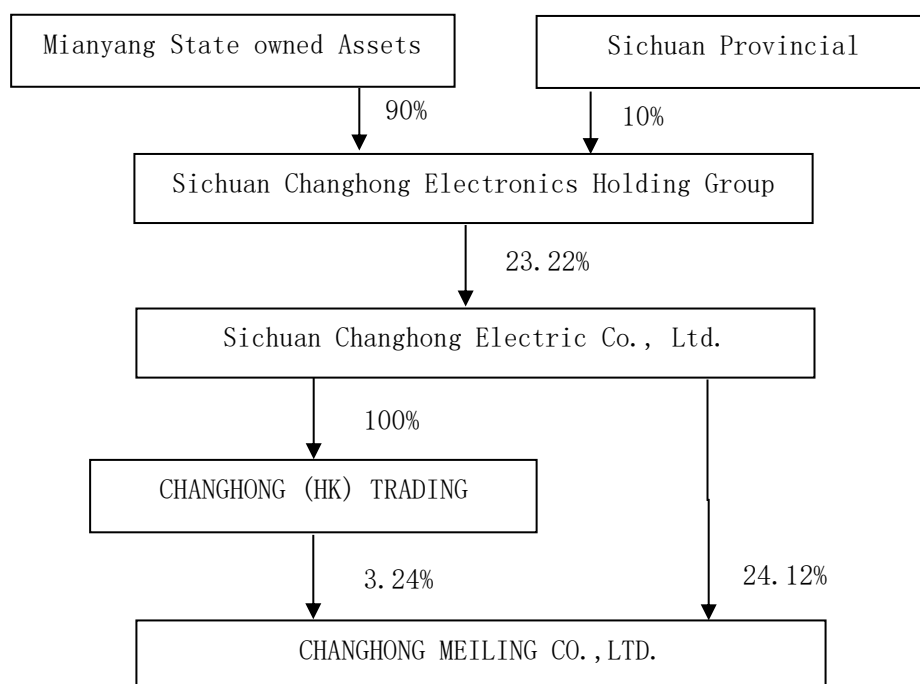
Actual controller	Legal rep./person in charge of unit	Dated founded	Organization code	Main business
State-owned Assets Supervision & Administration Commission of Mianyang Municipality	--	--	--	State-owned Assets Supervision & Administration Commission of Mianyang Municipality is entrusted by the same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

3. Changes of actual controller in Period

Applicable Not applicable

Actual controller stays the same in Period

4. Property rights and the block diagram of the control relationship between the Company and the actual control (ended as 31st December 2023)



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

Applicable Not applicable

(iv) The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

(v) Other legal person's shareholders with over ten percent shares held 10%.

Applicable Not applicable

(vi) Actual controller controlling the Company by means of entrust or other assets management

Applicable Not applicable

IV. The specific implementation of shares repurchased/buy-back during the reporting period**(i) Implementation progress of shares buy-back**

Applicable Not applicable

(ii) Implementation progress of reducing holdings of shares buy-back by centralized bidding

Applicable Not applicable

VIII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred stock in the Period

IX. Corporate Bond

Applicable Not applicable

X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date for signing the report	March 28 2024
Name of audit institute	Shine Wing Certified Public Accountants (LLP)
Serial of Auditing Report	XYZH/2024CDAA7B0066
Name of CPA	Wang Xiaodong , Tu Xiaofeng

Auditor's Report

XYZH/2024CDAA7B0066

To Shareholders of Changhong Meiling Co., Ltd.:

I. Auditor's opinion

We, as the auditors, audited the financial statements of Changhong Meiling Co., Ltd. (the "Company"), which included the consolidated balance sheet as of 31 December 2023, the consolidated statement of income, the consolidated statement of cash flow and the consolidated statement of changes in equity of the Company for Current Year ended 31 December 2023, together with the relevant notes thereto.

We are the view that the attached financial statements are prepared in accordance with the Business Accounting Standards in all material aspects, which reflect fairly the consolidated financial position of the Company as of 31 December 2023 and the operating results and cash flow of the Company for Current Year of 2023.

II. Basis for audit opinions

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

III. Key audit issues

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

1. Recognition of revenue	
Please refer to note (iv) 30 and note (v) 48.	
Key audit matters	Audit address

<p>Sales revenue of the Company was mainly sourced from sales of refrigerator, air conditioner, small household appliances and kitchen and washing machines to both domestic and overseas customers. As indicated in note (v) 48 of the financial statement - Operating income and cost, the operating income was RMB24,247,678,970.56 in 2023. Since the truthfulness and completeness of revenue recognition has material impact on operating results, we attached great importance to recognition of sales revenue.</p>	<p>Main auditing procedures for revenue recognition are including:</p> <ol style="list-style-type: none"> 1) Understand and evaluate the design and effectiveness of the operation of internal control related to revenue recognition; 2) Check whether the revenue recognition conforms to the provisions of the criteria; 3) Implement analytical review procedures, including analysis of annual, monthly and seasonal revenue fluctuations of major products, changes in major customers, and changes in sales prices and gross margins; 4) 1) Implement detailed test procedures, check the supporting documents related to business revenue recognition, and determine whether the conditions for revenue recognition are met and whether the time point of revenue recognition is correct; 5) Carry out supervision and other procedures to the important inventory at end of the period, well-known the progress of the contracts and follow up the abnormal situations found in inspection; 6) Conduct inquiry through issue of letters, and carry out additional audit procedures for the items for which reply was abnormal; 7) review collection of trade receivables, confirm the conformity between the entities owing receivables and name of customers to verify whether there was collection of receivables from third parties, to review the truthfulness of the collection and revenue; 8) review collection of receivables in subsequent period; 9) make cut-off test and analysis re-review
<p>2.Capitalization of development expense</p>	
<p>Please refer to note (iii)21 and note (vi)</p>	
<p>Key audit matters</p>	<p>Audit address</p>
<p>The development expense occurred for research and development of non-patent technology in 2023 was RMB147,821,273.96, which was capitalized and accounted for as development expense in the consolidated financial statement. Development expense could only be capitalized upon satisfaction of all the capitalization conditions set out in note (iii) 21 to the financial statement. Since to confirm whether all the capitalization conditions are met requires the management to make significant judgment and estimate, we deem this matter important in the context of our audit.</p>	<ol style="list-style-type: none"> 1) Understand the key control of capitalization of development expenditures, implement internal control audit procedures, understand the scope and accounting methods of development expenditures, understand and make research and development on related control systems and processes, and test the effectiveness of relevant internal control design and operation; 2) Implementation: compare the developed projects in intangible assets with machinery models for external sales, and re-verify the truthfulness of capitalization of completely developed projects 3) Dual purpose testing: inspect the project reports and inspection and acceptance reports formed during the research and development and commercialization of developed products, and judge the sufficiency of basis for accounting of development expense

IV. Other information

The management of Changhong Meiling Co., Ltd. (the “Management”) is responsible for other information which includes the information covered in the Company’s 2022 annual report excluding the financial statement and our audit report.

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

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

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

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

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

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

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

VI. Responsibilities of the auditor for the financial statements

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

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

- (1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Shine Wing Certified Public Accountants
(LLP)

Chinese CPA: Wang Xiaodong
(Engagement partner)

Chinese CPA: Tu Xiaofeng

Beijing China

28 March 2024

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by CHANGHONG MEILING CO., LTD. December 31, 2023

In RMB

Items	December 31,2023	January 1,2023
Current assets:		
Monetary funds	8,840,685,525.71	6,839,421,779.13
Settlement provisions		
Capital lent		
Trading financial assets	39,236,447.63	57,660,588.67
Derivative financial assets		
Note receivable	267,174.50	
Account receivable	1,633,706,889.06	1,306,871,945.85
Receivable financing	1,641,858,740.34	1,446,358,719.88
Accounts paid in advance	45,738,805.90	45,859,491.55
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	82,953,808.97	88,354,803.24
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	2,022,738,412.97	1,710,306,933.71
Contractual assets	13,261,690.62	3,530,922.13
Assets held for sale		
Non-current asset due within one year	122,294,027.78	170,167,638.89
Other current assets	225,419,883.07	120,589,431.85
Total current assets	14,668,161,406.55	11,789,122,254.90
Non-current assets:		
Loans and payments on behalf		
Debt investment	420,537,485.54	121,543,750.00
Other debt investment		
Long-term account receivable		
Long-term equity investment	112,745,811.75	100,384,428.50
Investment in other equity instrument		
Other non-current financial assets	674,139,515.48	628,549,448.31
Investment real estate	50,920,487.71	52,898,060.89
Fixed assets	2,136,912,034.28	2,229,553,866.96

Construction in progress	69,920,839.20	66,522,492.77
Productive biological asset		
Oil and gas asset		
Right-of-use assets	49,993,400.61	36,646,135.10
Intangible assets	886,455,434.73	900,568,008.21
Expense on Research and Development	97,177,535.34	102,148,390.57
Goodwill		
Long-term expenses to be apportioned	35,698,465.62	14,900,600.59
Deferred income tax asset	162,340,495.03	161,565,695.30
Other non-current asset	26,601,614.35	893,238.57
Total non-current asset	4,723,443,119.64	4,416,174,115.77
Total assets	19,391,604,526.19	16,205,296,370.67
Current liabilities:		
Short-term loans	1,134,102,419.03	674,143,916.67
Loan from central bank		
Capital borrowed		
Trading financial liability	32,229,012.86	41,961,524.78
Derivative financial liability		
Note payable	5,904,387,089.98	4,964,374,512.60
Account payable	3,882,303,908.89	2,917,997,138.00
Accounts received in advance	55,949.90	
Contractual liability	405,698,756.02	358,755,397.77
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	443,612,216.56	348,154,915.13
Taxes payable	91,917,751.71	80,287,878.62
Other account payable	884,714,721.30	828,207,568.21
Including: Interest payable		
Dividend payable	5,384,407.44	4,978,994.16
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	48,822,798.47	30,287,099.08
Other current liabilities	19,172,541.50	22,605,269.51
Total current liabilities	12,847,017,166.22	10,266,775,220.37
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	108,000,000.00	148,000,000.00
Bonds payable		
Including: Preferred stock		

Perpetual capital securities		
Lease liability	43,488,292.70	28,164,287.97
Long-term account payable	800,347.84	1,145,286.48
Long-term wages payable	11,417,181.82	10,790,859.64
Accrual liability	32,054,790.39	32,685,631.78
Deferred income	132,977,494.33	161,013,911.91
Deferred income tax liabilities	21,814,466.43	17,509,503.08
Other non-current liabilities		
Total non-current liabilities	350,552,573.51	399,309,480.86
Total liabilities	13,197,569,739.73	10,666,084,701.23
Owner's equity:		
Share capital	1,029,923,715.00	1,029,923,715.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,805,503,457.77	2,806,493,904.30
Less: Inventory shares		
Other comprehensive income	-20,704,362.05	-20,881,462.63
Reasonable reserve	11,246,811.91	2,467,205.78
Surplus public reserve	477,053,194.82	441,218,691.48
Provision of general risk		
Retained profit	1,521,759,836.64	909,249,365.79
Total owner's equity attributable to parent company	5,824,782,654.09	5,168,471,419.72
Minority interests	369,252,132.37	370,740,249.72
Total owner's equity	6,194,034,786.46	5,539,211,669.44
Total liabilities and owner's equity	19,391,604,526.19	16,205,296,370.67

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

2. Balance Sheet of Parent Company

In RMB

Items	December 31, 2023	January 1, 2023
Current assets:		
Monetary funds	4,809,758,761.19	3,104,218,400.02
Trading financial assets	18,729,757.94	21,847,922.36
Derivative financial assets		
Note receivable	38,674.50	
Account receivable	1,451,795,533.72	1,145,561,769.05
Receivable financing	1,497,014,392.88	1,433,254,352.52
Accounts paid in advance	57,223,852.86	66,583,414.71

Other account receivable	61,841,221.91	29,903,408.82
Including: Interest receivable		
Dividend receivable		
Inventories	563,055,688.46	463,576,760.77
Contractual assets	37,408.05	46,970.75
Assets held for sale		
Non-current assets maturing within one year	122,294,027.78	170,167,638.89
Other current assets	117,873,746.80	165,510.80
Total current assets	8,699,663,066.09	6,435,326,148.69
Non-current assets:		
Debt investment	185,038,444.44	121,543,750.00
Other debt investment		
Long-term receivables		
Long-term equity investments	1,857,475,810.90	1,856,359,424.33
Investment in other equity instrument		
Other non-current financial assets	639,796,405.98	608,527,275.52
Investment real estate	3,335,032.47	3,543,885.11
Fixed assets	1,129,605,191.26	1,127,344,454.50
Construction in progress	23,067,134.99	51,057,550.03
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	14,847,119.40	16,739,912.26
Intangible assets	450,919,869.65	467,075,020.10
Research and development costs	59,134,989.07	60,386,906.45
Goodwill		
Long-term deferred expenses	18,688,725.10	11,686,542.49
Deferred income tax assets	112,630,572.62	127,720,739.83
Other non-current assets	638,649.57	638,649.57
Total non-current assets	4,495,177,945.45	4,452,624,110.19
Total assets	13,194,841,011.54	10,887,950,258.88
Current liabilities:		
Short-term borrowings	1,128,097,377.36	618,091,666.67
Trading financial liability	13,310,995.04	13,537,472.81
Derivative financial liability		
Notes payable	2,697,168,522.01	2,230,728,460.34
Account payable	2,296,410,046.78	1,531,945,762.15
Accounts received in advance		
Contractual liability	107,529,353.67	121,216,205.12
Wage payable	159,773,962.41	64,869,503.19
Taxes payable	25,137,168.64	20,168,907.95
Other accounts payable	951,772,428.91	708,015,820.72
Including: Interest payable		
Dividend payable	4,784,407.44	4,378,994.16

Liability held for sale		
Non-current liabilities due within one year	42,339,541.12	22,238,340.38
Other current liabilities	4,875,594.29	5,978,477.02
Total current liabilities	7,426,414,990.23	5,336,790,616.35
Non-current liabilities:		
Long-term loans	108,000,000.00	148,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability	14,511,484.16	15,861,027.13
Long-term account payable		
Long term employee compensation payable	6,554,481.48	7,184,302.85
Accrued liabilities	8,758,265.23	7,785,977.55
Deferred income	75,130,950.40	84,762,685.97
Deferred income tax liabilities	13,589,235.48	11,153,985.85
Other non-current liabilities		
Total non-current liabilities	226,544,416.75	274,747,979.35
Total liabilities	7,652,959,406.98	5,611,538,595.70
Owners' equity:		
Share capital	1,029,923,715.00	1,029,923,715.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	2,740,508,510.57	2,740,508,510.57
Less: Inventory shares		
Other comprehensive income		
Special reserve	505,111.75	687,069.38
Surplus reserve	476,835,029.14	441,000,525.80
Retained profit	1,294,109,238.10	1,064,291,842.43
Total owner's equity	5,541,881,604.56	5,276,411,663.18
Total liabilities and owner's equity	13,194,841,011.54	10,887,950,258.88

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

3. Consolidated Profit Statement

In RMB

	2023	2022
I. Total operating income	24,247,678,970.56	20,215,220,192.20
Including: Operating income	24,247,678,970.56	20,215,220,192.20

Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	23,472,449,382.09	19,895,690,025.90
Including: Operating cost	20,866,555,797.73	17,444,530,235.32
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	195,095,277.47	158,529,459.29
Sales expense	1,571,486,417.63	1,428,874,991.47
Administrative expense	361,134,794.49	358,586,472.37
R&D expense	596,920,491.26	560,383,547.49
Financial expense	-118,743,396.49	-55,214,680.04
Including: Interest expenses	30,088,976.40	30,470,512.88
Interest income	191,805,963.97	159,034,499.30
Add: Other income	146,608,702.27	102,556,591.53
Investment income (Loss is listed with "-")	8,438,592.04	33,018,838.80
Including: Investment income on affiliated company and joint venture	19,133,884.40	20,440,095.97
The termination of income recognition for financial assets measured by amortized cost	-22,489,932.70	-24,385,552.13
Exchange income (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Income from change of fair value (Loss is listed with "-")	7,565,104.05	24,137,501.27
Loss of credit impairment (Loss is listed with "-")	-81,621,384.13	-164,446,765.99
Losses of devaluation of asset (Loss is listed with "-")	-55,134,397.60	-56,496,124.06
Income from assets disposal (Loss is listed with "-")	1,336,229.47	27,602,023.18
III. Operating profit (Loss is listed with "-")	802,422,434.57	285,902,231.03

Add: Non-operating income	14,660,583.17	9,249,343.27
Less: Non-operating expense	7,732,783.31	8,487,764.98
IV. Total profit (Loss is listed with “-”)	809,350,234.43	286,663,809.32
Less: Income tax expense	36,147,590.26	9,565,346.81
V. Net profit (Net loss is listed with “-”)	773,202,644.17	277,098,462.51
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	773,202,644.17	277,098,462.51
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	741,038,108.54	244,538,734.49
2.Minority shareholders’ gains and losses	32,164,535.63	32,559,728.02
VI. Net after-tax of other comprehensive income	433,908.69	184,552.23
Net after-tax of other comprehensive income attributable to owners of parent company	177,100.58	21,807.94
(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	177,100.58	21,807.94
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	177,100.58	21,807.94
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders	256,808.11	162,744.29
VII. Total comprehensive income	773,636,552.86	277,283,014.74
Total comprehensive income attributable to owners of parent Company	741,215,209.12	244,560,542.43
Total comprehensive income attributable to minority shareholders	32,421,343.74	32,722,472.31
VIII. Earnings per share:		
(i) Basic earnings per share	0.7195	0.2366
(ii) Diluted earnings per share	0.7195	0.2366

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	2023	2022
I. Operating income	9,608,398,530.57	7,398,328,633.00
Less: Operating cost	8,694,749,484.01	6,720,247,726.04
Taxes and surcharge	86,233,117.13	63,202,337.06
Sales expenses	274,974,268.69	189,954,443.11
Administration expenses	139,854,173.76	132,320,693.51
R&D expenses	281,165,357.51	245,429,316.63
Financial expenses	-34,410,768.97	-17,219,867.57
Including: Interest expenses	28,980,467.63	28,128,736.65
Interest income	91,292,890.78	77,631,152.76
Add: Other income	26,474,061.57	31,044,974.74
Investment income (Loss is listed with “-”)	190,286,552.58	79,584,251.32
Including: Investment income on affiliated Company and joint venture	18,713,956.61	11,196,374.66
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)	-6,157,758.00	-4,767,753.29

Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	13,710,776.81	20,986,049.21
Loss of credit impairment (Loss is listed with “-”)	-9,095,054.57	-40,156,897.45
Losses of devaluation of asset (Loss is listed with “-”)	-11,009,739.57	-192,559.56
Income on disposal of assets (Loss is listed with “-”)	1,382,274.00	27,531,109.99
II. Operating profit (Loss is listed with “-”)	377,581,769.26	183,190,912.47
Add: Non-operating income	1,740,921.86	2,611,298.85
Less: Non-operating expense	3,452,240.92	2,250,917.85
III. Total Profit (Loss is listed with “-”)	375,870,450.20	183,551,293.47
Less: Income tax	17,525,416.84	2,648,942.71
IV. Net profit (Net loss is listed with “-”)	358,345,033.36	180,902,350.76
(i) continuous operating net profit (net loss listed with “-”)	358,345,033.36	180,902,350.76
(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	358,345,033.36	180,902,350.76
VII. Earnings per share:		
(i) Basic earnings per share	0.3479	0.1750
(ii) Diluted earnings per share	0.3479	0.1750

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	2023	2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	25,221,834,323.66	21,089,427,398.84
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	635,547,201.36	642,483,547.59
Other cash received concerning	109,951,859.80	218,923,533.27

operating activities		
Subtotal of cash inflow arising from operating activities	25,967,333,384.82	21,950,834,479.70
Cash paid for purchasing commodities and receiving labor service	20,643,740,044.38	17,573,333,598.31
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	1,916,516,956.80	1,740,232,680.16
Taxes paid	563,839,013.94	516,256,689.43
Other cash paid concerning operating activities	760,894,064.66	655,855,763.74
Subtotal of cash outflow arising from operating activities	23,884,990,079.78	20,485,678,731.64
Net cash flows arising from operating activities	2,082,343,305.04	1,465,155,748.06
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,290,000,000.00	923,322,268.35
Cash received from investment income	38,159,487.68	41,956,520.69
Net cash received from disposal of fixed, intangible and other long-term assets	4,122,107.93	78,341,283.79
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	190,064,612.83	161,913,535.52
Subtotal of cash inflow from investing activities	1,522,346,208.44	1,205,533,608.35
Cash paid for purchasing fixed, intangible and other long-term assets	274,018,117.08	276,171,087.23
Cash paid for investment	1,531,781,453.97	1,300,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	116,256,169.35	135,747,164.72

Subtotal of cash outflow from investing activities	1,922,055,740.40	1,711,918,251.95
Net cash flows arising from investing activities	-399,709,531.96	-506,384,643.60
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		368,459,272.52
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		368,459,272.52
Cash received from loans	1,923,365,052.15	1,255,467,515.59
Other cash received concerning financing activities	370,831,446.18	23,536,567.33
Subtotal of cash inflow from financing activities	2,294,196,498.33	1,647,463,355.44
Cash paid for settling debts	1,489,564,263.12	1,522,040,918.37
Cash paid for dividend and profit distributing or interest paying	133,439,380.60	109,680,687.85
Including: Dividend and profit of minority shareholder paid by subsidiaries	16,677,010.63	25,417,858.64
Other cash paid concerning financing activities	89,323,864.66	770,652,259.57
Subtotal of cash outflow from financing activities	1,712,327,508.38	2,402,373,865.79
Net cash flows arising from financing activities	581,868,989.95	-754,910,510.35
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	13,403,803.08	69,166,544.08
V. Net increase of cash and cash equivalents	2,277,906,566.11	273,027,138.19
Add: Balance of cash and cash equivalents at the period -begin	6,113,222,069.76	5,840,194,931.57
VI. Balance of cash and cash equivalents at the period -end	8,391,128,635.87	6,113,222,069.76

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	2023	2022
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	8,764,645,288.77	7,440,766,977.75
Write-back of tax received	219,064,162.92	224,205,911.53
Other cash received concerning operating activities	39,429,001.18	75,592,511.92
Subtotal of cash inflow arising from operating activities	9,023,138,452.87	7,740,565,401.20
Cash paid for purchasing commodities and receiving labor service	7,020,255,494.88	6,385,517,418.45
Cash paid to/for staff and workers	555,776,356.25	508,284,706.96
Taxes paid	130,615,286.70	67,235,152.14
Other cash paid concerning operating activities	247,010,356.89	227,845,615.46
Subtotal of cash outflow arising from operating activities	7,953,657,494.72	7,188,882,893.01
Net cash flows arising from operating activities	1,069,480,958.15	551,682,508.19
II. Cash flows arising from investing activities:		
Cash received from recovering investment	170,094,761.15	457,300,378.10
Cash received from investment income	252,919,498.24	82,054,474.12
Net cash received from disposal of fixed, intangible and other long-term assets	4,023,955.68	78,191,029.45
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	92,192,116.86	82,511,271.70
Subtotal of cash inflow from investing activities	519,230,331.93	700,057,153.37
Cash paid for purchasing fixed, intangible and other long-term assets	145,165,539.29	164,617,367.95
Cash paid for investment	239,391,719.60	730,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	54,598,530.06	49,326,025.46
Subtotal of cash outflow from investing activities	439,155,788.95	943,943,393.41
Net cash flows arising from investing activities	80,074,542.98	-243,886,240.04

III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	1,917,365,052.15	1,189,467,515.59
Other cash received concerning financing activities	191,861,996.18	3,251,034.56
Subtotal of cash inflow from financing activities	2,109,227,048.33	1,192,718,550.15
Cash paid for settling debts	1,433,564,263.12	1,502,040,918.37
Cash paid for dividend and profit distributing or interest paying	115,586,128.29	81,201,833.46
Other cash paid concerning financing activities	52,320,157.85	264,626,271.90
Subtotal of cash outflow from financing activities	1,601,470,549.26	1,847,869,023.73
Net cash flows arising from financing activities	507,756,499.07	-655,150,473.58
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,866,961.18	19,360,991.70
V. Net increase of cash and cash equivalents	1,659,178,961.38	-327,993,213.73
Add: Balance of cash and cash equivalents at the period -begin	3,086,968,775.61	3,414,961,989.34
VI. Balance of cash and cash equivalents at the period -end	4,746,147,736.99	3,086,968,775.61

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	2023														
	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. The ending balance of the previous year	1,029,923,715.00				2,806,493,904.30		-20,881,462.63	2,467,205.78	441,201,471.98		909,082,037.66		5,168,286,872.09	370,748,395.26	5,539,035,267.35
Add: Changes of accounting policy									17,219.50		167,328.13		184,547.63	-8,145.54	176,402.09
Error correction of the last															

period														
Other														
II. The beginning balance of the current year	1,029,923,715.00				2,806,493,904.30	-20,881,462.63	2,467,205.78	441,218,691.48		909,249,365.79		5,168,471,419.72	370,740,249.72	5,539,035,267.35
III. Increase/ Decrease in the period (Decrease is listed with "-")					-990,446.53	177,100.58	8,779,606.13	35,834,503.34		612,510,470.85		656,311,234.37	-1,488,117.35	654,823,117.02
(i) Total comprehensive income						177,100.58				741,038,108.54		741,215,209.12	32,421,343.74	773,636,552.86
(ii) Owners' devoted and decreased capital					-990,446.53							-990,446.53	-18,627,553.47	-19,618,000.00
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					-990,446.53								-990,446.53	-18,627,553.47	-19,618,000.00
(iii) Profit distribution									35,834,503.34		-128,527,637.69		-92,693,134.35	-16,677,010.63	-109,370,144.98
1. Withdrawal of surplus									35,834,503.34		-35,834,503.34				

reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										-92,693,134.35		-92,693,134.35		-16,677,010.63	-109,370,144.98
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted															

to capital (share capital)															
3. Remedyin g loss with surplus reserve															
4. Carry- over retained earnings from the defined benefit plans															
5. Carry- over retained earnings from other comprehe nsive income															
6. Other															
(v) Reasonabl e reserve								8,779, 606.1 3					8,779,606.13	1,395,103.01	10,174,709.14

1. Withdrawal in the report period								31,277,872.27					31,277,872.27	2,105,658.15	33,383,530.42
2. Usage in the report period								22,498,266.14					22,498,266.14	710,555.14	23,208,821.28
(vi) Others															
IV. Balance at the end of the period	1,029,923,715.00				2,805,503,345.77		-20,704,362.05	11,246,811.91	477,053,194.82		1,521,759,836.64		5,824,782,654.09	369,252,132.37	6,194,034,786.46

Last Period

In RMB

Item	2022														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
	Preferred stock	Perpetual capital securities	Other													
I. The ending	1,04				2,68	26,4	-		423,111,236.9		734,129,724.0		4,837,334,400.	157,456,980.84	4,994,791,381.05	

balance of the previous year	4,597,881.00				2,829,400.26	30,571.38	20,903,270.57	0		0		21			
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other	1,044,597,881.00				2,682,829,400.26	26,430,571.38	-20,903,270.57	423,111,236.90		734,129,724.00		4,837,334,400.21	157,456,980.84	4,994,791,381.05	
II. The beginning balance of the current year	-14,674,166.00				123,664,504.04	-26,430,571.38	21,807.94	2,467,205.78	18,090,235.08		174,952,313.66		330,952,471.88	213,291,414.42	544,243,886.30
III. Increase/Decrease in the period (Decrease is listed with "-")							21,807.94			244,538,734.49		244,560,542.43	32,722,472.31	277,283,014.74	
(i) Total comprehensive income	-14,674,166.00				123,664,504.04	-26,430,571.38						135,420,909.42	205,763,149.35	341,184,058.77	
(ii) Owners'	-				-	-						-737,262.35	228,415,223.18	227,677,960.83	

devoted and decreased capital	14,674,166.00				12,493,667.3	26,430,571.38									
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					136,158,171.77							136,158,171.77	-22,652,073.83	113,506,097.94	
4. Other								18,090,235.08	-69,586,420.83			-51,496,185.75	-25,417,858.64	-76,914,044.39	
(iii) Profit distribution								18,090,235.08	-18,090,235.08						
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions									-51,496,185.75			-51,496,185.75	-25,417,858.64	-76,914,044.39	
3. Distribution for owners (or shareholders)															
4. Other															

(iv) Carrying forward internal owners' equity															
1. Capital reserves conversed to capital (share capital)															
2. Surplus reserves conversed 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								2,467,205.78					2,467,205.78	223,651.40	2,690,857.18
(v) Reasonable reserve								2,467,205.78					2,467,205.78	223,651.40	2,690,857.18

								8						
1. Withdrawal in the report period														
2. Usage in the report period														
(vi) Others	1,029,923,715.00				2,806,493,904.30	-20,881,462.63	2,467,205.78	441,201,471.98		909,082,037.66		5,168,286,872.09	370,748,395.26	5,539,035,267.35
IV. Balance at the end of the period														

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	2023											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	1,029,923,715.00				2,740,508,510.57			687,069.38	440,983,306.	1,064,136,866.98		5,276,239,468.23

									30			
Add: Changes of accounting policy									17,219,500	154,975.45		172,194.95
Error correction of the last period												
Other												
II. The beginning balance of the current year	1,029,923,715.00				2,740,508,510.57			687,069.38	441,000,525.80	1,064,291,842.43		5,276,411,663.18
III. Increase/Decrease in the period (Decrease is listed with “-”)								-181,957.63	35,834,503.34	229,817,395.67		265,469,941.38
(i) Total comprehensive income										358,345,033.36		358,345,033.36
(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									35,834,503.34	-128,527,637.69		-92,693,134.35
1. Withdrawal of surplus reserves									35,834,503.34	-35,834,503.34		
2. Distribution for owners (or shareholders)										-92,693,134.35		-92,693,134.35
3. Other												
(iv) Carrying forward internal owners' equity												

1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve								-181,957.63				-181,957.63

1. Withdrawal in the report period								8,557,762.79				8,557,762.79
2. Usage in the report period								8,739,720.42				8,739,720.42
(vi) Others												
IV. Balance at the end of the period	1,029,923,715.00				2,740,508,510.57			505,111.75	476,835,029.14	1,294,109,238.10		5,541,881,604.56

Last period

In RMB

Item	2022											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19
Add: Changes of accounting policy												
Error correction of the last period												

Other												
II. The beginning balance of the current year	1,044,597,881.00				2,753,002,178.30	26,430,571.38			422,893,071.22	952,820,937.05		5,146,883,496.19
III. Increase/Decrease in the period (Decrease is listed with “-”)	-14,674,166.00				-12,493,667.73	-26,430,571.38		687,069.38	18,090,235.08	111,315,929.93		129,355,972.04
(i) Total comprehensive income										180,902,350.76		180,902,350.76
(ii) Owners’ devoted and decreased capital	-14,674,166.00				-12,493,667.73	-26,430,571.38						-737,262.35
1. Common shares invested by shareholders	-14,674,166.00				-12,493,667.73	-26,430,571.38						-737,262.35
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into												

owners equity with share-based payment												
4. Other												
(iii) Profit distribution								18,090,235.08	-69,586,420.83			-51,496,185.75
1. Withdrawal of surplus reserves								18,090,235.08	-18,090,235.08			
2. Distribution for owners (or shareholders)									-51,496,185.75			-51,496,185.75
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												

3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve							687,069.38					687,069.38
1. Withdrawal in the report period							687,069.38					687,069.38
2. Usage in the report period												
(vi) Others												
IV. Balance at the end of the period	1,029,923,715.00				2,740,508,510.57		687,069.38	440,983,306.30	1,064,136,866.98			5,276,239,468.23

Legal Representative: Wu Dinggang

Person in charge of accounting works: Pang Haitao

Person in charge of accounting institute: Yang Jun

I. Company profile

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

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

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

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

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

On 24 December 2010, being deliberated and approved in 32nd Session of 6th BOD and 2nd Extraordinary

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

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

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

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

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

Ended as December 31, 2023, total share capital of the Company amounting to 1,029,923,715 shares with ordinary shares in full. Among which, 881,733,881 shares of A-share accounting 85.62% in total shares while B-share with 148,189,834 shares accounting 14.38% in total shares. Specific capital structure is as follows:

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

January 1, 2023 to December 31, 2023

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

Type of stock	Quantity	Proportion
(I)Restricted shares	7,688,842.00	0.75
1. State-owned shares		
2. State-owned legal person's shares	1,141,053.00	0.11
3. Other domestic shares	5,280,369.00	0.52
Including: Domestic legal person's shares	3,363,539.00	0.33
Domestic natural person's shares	1,916,830.00	0.19
4. Foreign shares	1,267,420.00	0.12
Including: Overseas legal person's shares		
Overseas natural person's shares	1,267,420.00	0.12
(II)Unrestricted shares	1,022,234,873.00	99.25
1. RMB Ordinary shares	875,312,459.00	84.99
2. Domestically listed foreign shares	146,922,414.00	14.26
3. Overseas listed foreign shares		
4. Others		
Total shares	1,029,923,715.00	100.00

The Company belongs to the electrical machinery and equipment manufacturing industry, and engaged in the production and sale of refrigerator, freezer and air-conditioner. Unified social credit code of the Company: 9134000014918555XK; Address: No.2163, Lianhua Road, Economy and Technology Development Zone, Hefei City; Legal Representative: Wu Dinggang; register capital (paid-in capital): 1,029,923,715 yuan; type of company: limited liability company(joint venture and listed of Taiwan, Hong Kong and Macao)

This financial statement was approved by the Board of Directors of the Company on March 28, 2024. According to the Articles of Association of the Company, the financial statement will be submitted to the General Meeting of Shareholders for review.

II.Basis for preparation of financial statement

1.Basis for preparation

According to the actual transactions and matters, the Company's financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises* and its application guidelines, explanations and other relevant provisions (hereinafter referred to as "Accounting Standards for Business Enterprises") promulgated by the Ministry of Finance, as well as the disclosure-related provisions of *No.15 Rules on Information Disclosure and Compilation of Companies Offering Securities to the Public - General Provisions on Financial Reports* (revised in 2023) issued by China Securities Regulatory Commission (hereinafter referred to as "CSRC").

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.

III.Significant Accounting Policy and accounting Estimation

Specific accounting policies and accounting estimates: The specific accounting policies and accounting estimates

formulated by the Company according to the actual production and operation characteristics include bad debt provision of receivable, inventory depreciation provision, capitalization conditions of R&D expenses, revenue recognition and measurement, etc.

1.Statement on observation of accounting standards for enterprise

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises, and truly, accurately and completely reflect the financial status of the Company on December 31, 2023, as well as the operating results and cash flow in 2023.

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.Determination method and selection basis of importance standard

The Company follows the principle of materiality in preparing and disclosing financial statements. The matters disclosed in the notes to the financial statements involving judgement by materiality standard, and the determination method and selection basis of materiality standard are as follows:

Matters disclosed involving the judgment by materiality standards	Determination method and selection basis of importance standard
Recovery or reversal of important accounts receivable bad debt reserves	The individual recovery or reversal amount accounts for more than 10% of the total recovery or reversal amount of accounts receivable, and the amount is greater than RMB 10 million
Actual write off of important accounts receivable	The single item write off amount accounts for more than 10% of the total bad debt write off amount of various receivables, and the amount is greater than 5 million yuan
Important accounts receivable with single provision for bad debt reserves	The single provision amount accounts for 10% of the total bad debt provision for various accounts receivable and is greater than RMB 50 million
Important debt investment	Single debt investment accounts for 5% of the total debt investment and the amount is greater than RMB 20 million
Significant changes in the book value of contract assets	The change in the book value of contract assets accounts for more than 30% of the initial balance of contract assets
Important ongoing projects	The budget for a single project is greater than RMB 50 million
Important capitalized research and development projects	The budget for a single project is greater than RMB 20 million
Significant changes in the book value of contractual liabilities	The change in the book value of contractual liabilities accounts for more than 30% of the initial balance of contractual liabilities

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

January 1, 2023 to December 31, 2023

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

Matters disclosed involving the judgment by materiality standards	Determination method and selection basis of importance standard
Important accounts payable	Accounts payable with a single account age exceeding 1 year account for more than 5% of the total accounts payable and with an amount greater than RMB 100 million
Important other payables	Other payables with a single account age exceeding 1 year account for more than 5% of the total other payables and an amount greater than RMB 50 million
Important non wholly-owned subsidiaries	Subsidiary net assets account for over 1% of the company's net assets
Important joint ventures or associates	The book value of long-term equity investments in a single invested entity accounts for more than 1% of the company's net assets and the amount is greater than RMB 50 million, or the investment gains and losses under the equity method account for more than 1% of the company's consolidated net profit
Important investment activities	Individual investment activities account for more than 10% of the total cash inflows or outflows related to received or paid investment activities, and the amount is greater than RMB 100 million
Significant activities that do not involve current cash inflows and outflows	Not involving current cash inflows and outflows, with an impact on the current financial statements greater than 10% of net assets

6.Accountant arrangement method of business combination under common control and not under common control
As acquirer, the Company measures the assets and liabilities acquired through business combination under common control at their carrying values as reflected in the consolidated financial statement of the ultimate controller as of the combination date. Capital reserve shall be adjusted in respect of any difference between carrying value of the net assets acquired and carrying value of the combination consideration paid. In case that capital reserve is insufficient to offset, the Company would adjust retained earnings.

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

acquirer's interest in the fair value of the acquiree's identifiable net assets after such further review, the difference is recognized in non-operating income for the current period when combination occurs.

7.Criteria for Control and Preparation Method of Consolidated Financial Statements

Control means that the Company has the power over the investee, enjoys variable returns by participating in the related activities of the investee, and has the ability to influence the amount of returns by using the power over the investee.

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

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

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

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

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

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

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

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

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

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

If the disposal of the equity investment of subsidiary is realized through multiple transaction until loss of control and is a package deal, the accounting treatment of the multiple 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.

8. 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.

9. 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.

10. 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.

11. Financial assets and liabilities

A financial asset or liability is recognized when the group becomes a party to a financial instrument contract. The

financial assets and financial liabilities are measured at fair value on initial recognition. For the financial assets and liabilities measured by fair value and with variation reckoned into current gains/losses, the related transaction expenses are directly included in current gains or losses; for other types of financial assets and liabilities, the related transaction costs are included in the initial recognition amount.

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

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

(2) Category and measurement on financial assets

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

1) The financial assets measured at amortized cost

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

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

Financial assets are classified as financial assets measured at fair value and whose changes are included in other comprehensive income when they also meet the following conditions: The Group's business model for managing the financial assets is targeted at both the collection of contractual cash flows and the sale of financial assets; the

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

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

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

(3) Devaluation of financial instrument

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

Credit loss refers to the difference between all contractual cash flows that the Company discounts at the original actual interest rate and are receivable in accordance with contract and all cash flows expected to be received, 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. For other receivables, our company measures impairment losses based on whether credit risk has significantly increased since initial recognition. For those that have not

significantly increased, the amount equivalent to the expected credit loss for the entire duration of the next 12 months is used to measure impairment losses.

① Evaluate expected credit losses based on individual items: notes receivable and financial institution credit receivables (including accepted letters of credit) in accounts receivable, related party payments (related parties and significant impact related parties under the same control); Dividends receivable, interest receivable, reserve funds, investment loans, margin (including warranty), and government subsidies (including dismantling subsidies) in other receivables; Contract assets; Accounts receivable containing significant financing components (i.e. long-term receivables);

② Evaluating expected credit losses based on customer credit characteristics and aging combinations: In addition to evaluating expected credit losses based on individual items, our company evaluates expected credit losses of notes receivable, accounts receivable, and other receivables financial instruments based on customer credit characteristics and aging combinations. Customer credit characteristics and aging combination: t.

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

② Other financial liability

It must go through the delivery of the derivative financial liabilities settled by the equity instrument to link to the equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and the subsequent measurement is carried out in accordance with the cost. Other financial liabilities are

subsequently measured at amortized cost by using the effective interest method. The gain or loss arising from derecognition or amortization is included in current profit or loss.

③ Financial guarantee contract

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

(6) Termination of recognition of financial liability

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

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

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

(8) Derivatives and embedded derivatives

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

if the tools existing separately conform to the definition of the derivatives, the embedded derivatives are split from the hybrid instruments and are treated as separate derivative financial instruments. If it is not possible to measure the embedded derivative separately at the time of acquisition or subsequent balance sheet date, the whole hybrid instrument is designated as a financial asset or financial liability measured at fair value and whose changes are included in current profits and losses.

(9) Equity instrument

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

12. Inventory

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

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

13. Contract assets

(1) Confirmation methods and standards of contract assets

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

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

For the determination method for expected credit loss of contract assets, please refer to the above-mentioned Accounting treatment methods for financial instrument impairment. The Company calculates the expected credit

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

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

14. Contract cost

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

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

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

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

(2) Amortization of assets related to contract costs

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

(3) Impairment of assets related to contract costs

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

If the depreciation factors of the previous period changed later, causing the aforementioned difference to be

higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date under the assumption that no impairment provision is made.

15. Long-term equity investment

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

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

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

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

When calculated by cost method, long-term equity investment is priced according to its investment cost, and cost of the investment is adjusted when making additional investment or writing off investment; When calculated by equity method, current investment gains and losses represent the proportion of the net gains and losses realized by the invested unit in current year attributable to or undertaken by the investor. When the Company is believed to enjoy proportion of net gains and losses of invested unit, gains and losses attributable to the Company according to its shareholding ratio is to computer out according to the accounting policy and accounting period of the Company, on the basis of the fair value of various 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

16. Investment real estate

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

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

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

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

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

17.Fixed assets

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

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

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

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

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

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

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

18. Construction in progress

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

19. Borrowing expense

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

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

20. Right-of-use assets

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

When the Company becomes the lessee of a lease contract, for short-term leases of less than one year without a purchase option and leases with a value of less than 40000 yuan (excluding sublease or expected sublease assets), the Company elects to follow simplified treatment and record the related assets at cost or current gain/loss on a straight-line basis over the lease period.

21. Intangible assets

(1) Valuation method, service life and impairment test

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

The Company analyzes and judges the service life of intangible assets when acquiring them. Intangible assets with definite service life, such as land use rights, are amortized by the straight-line method during the service life from the time when the intangible assets are available for use until they are no longer recognized as intangible assets. Other intangible assets shall be amortized according to the service life stipulated in the contract or law. Intangible assets with uncertain service life shall not be amortized. Intangible assets developed by the Company shall be generally amortized on an average of 3-5 years according to the benefit period of the results of the project recognized in advance.

The service life and amortization method of intangible assets with limited service life shall be reviewed at the end of the year. If the estimated service life and amortization method of intangible assets are different from those previously estimated, the amortization period and amortization method shall be changed. The service life of intangible assets with uncertain service life shall be rechecked. If there is evidence that their service life is limited, estimate their service life and treat them as intangible assets with limited service life. If there is any change after the recheck, it will be regarded as the change of accounting estimate.

(2) Collection scope of R&D expenditure and related accounting treatment methods

The Company's R&D expenditure is directly related to the Company's R&D activities, including R&D staff salaries, direct input expenses, depreciation expenses and other expenses.

The R&D expenditure of the Company is divided into research stage expenditure and development stage expenditure according to its nature and whether there is great uncertainty in the final formation of intangible assets from R&D activities. Research stage expenditure is included in the current profits and losses when it occurs; Development stage expenditure is recognized as intangible assets if it meets the following conditions at the same time: (1) It is technically feasible to complete the intangible assets so that they can be used or sold; (2) It has the intention to complete the intangible assets and use or sell them; (3) The products produced by using the intangible assets exist in the market or the intangible assets themselves exist in the market; (4) It has sufficient technical, financial and other resources to support the development of the intangible assets, and has the ability to use or sell

the intangible assets; (5) Expenditure attributable to the development stage of the intangible assets can be reliably measured.

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

22. Impairment of long-term assets

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

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

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

23. Contract liability

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

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

24. Goodwill

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

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

25. Long-term deferred expenses

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

26. Staff remuneration

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

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

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

payment. Defined benefit plan refers to retirement benefit scheme other than defined contribution plan.

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

27. Lease liability

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

28. Accrual liability

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

29. Special reserve

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

30. Revenue

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

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

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the

goods or services promised by each individual performance obligation on the date of the contract. The revenue is measured according to the transaction price of each individual performance obligation.

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

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

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

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

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

- 1) The Company has the current right to collect payment for the goods or services;
- 2) The Company has transferred the goods in kind to the customer;
- 3) The Company has physically transferred the goods to the customer;

4) The Company has transferred the principal risks and rewards of ownership of the goods to the customer;

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

31. Government subsidy

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

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

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

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

32. Deferred Income Tax Assets and Deferred Income Tax Liabilities

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

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

income tax assets.

33. Lease

When the Company becomes the lessee of the lease contract, has the right to obtain almost all the economic benefits arising from the use of the identified assets during the period of use, and has the right to lead the use of the identified assets during the period of use, the present value of unpaid lease payments of the lease assets after deducting lease incentives (except for short-term leases and leases of low-value assets for which simplified treatment is selected) is recognized as a lease liability, and a right-of-use asset is recognized based on the sum of the present value of the lease liability, prepaid rent, and initial direct costs, and depreciation and interest expenses are recognized separately. When the Company becomes the lessee of a lease contract, for short-term leases of less than one year without a purchase option and leases with a value of less than 40,000 yuan (excluding sublease or expected sublease assets), the Company elects to follow simplified treatment and record the related assets at cost or current gain/loss on a straight-line basis over the lease period.

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

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

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

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

34. Income tax accounting

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

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

35. Segment information

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

36. Explanation on significant accounting estimation

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

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

(1) Inventory impairment provision

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

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

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

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

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

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

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

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

37. Other comprehensive income

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

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

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

(2) Other comprehensive income items that will be reclassified into gains and losses in future accounting periods

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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.

38. Change of significant accounting policies and accounting estimates

(1) Change of significant accounting policy

Contents and reasons of changes in accounting policies	Remark
On November 30, 2022, the Ministry of Finance issued the <i>Interpretation No.16 of Accounting Standards for Business Enterprises</i> , which stipulated that "Deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of initial recognition exemption".	Relevant accounting policy changes have been approved at the 32nd meeting of the 10th Board of Directors of the Company

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

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

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

IV. Taxation

1. Major taxes and tax rates

Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
VAT	Income from sales of goods and from processing	13%,9%,6%,5%,3%
Urban maintenance and	Turnover tax	5% or7%

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Tax (expenses)	Tax (expenses) base	Tax (expenses) rate
construction tax		
Education surcharge	Turnover tax	3%
Local education surcharge	Turnover tax	2%
Corporate income tax	Taxable income	15%,20%,22%,29%,30%
House Property Tax	Original Book value of house property×(1-30%)or annual rent income	1.2% or 12%
Land use tax	Actual land area used	1 yuan/M ² to 15yuan/M ²

Description of taxpayers with different corporate income tax rates:

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

2. Preferential tax

(1) On August 17, 2020, the company obtained the high-tech enterprise certificate numbered GR202034000222 approved by the Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term. On November 30, 2023, the Company obtained the certificate of high-tech enterprise with the number GR2020340006385 through the identification of high-tech enterprises, and

continued to enjoy the income tax rate of 15% of national high-tech enterprises, valid for three years.

(2) On August 17, 2020, the subsidiary Zhongke Meiling Cryogenic Technology Co., Ltd. obtained the high-tech enterprise certificate numbered GR202034000072 approved by the Anhui Provincial Department of Science and Technology, Anhui Provincial Department of Finance, and Anhui Provincial Taxation Bureau of the State Administration of Taxation, and enjoys 15% rate for the income tax for State Hi-Tech Enterprise for three years term. On October 16, 2023, it obtained the certificate of high-tech enterprise with the number GR202334003036 approved by the Department of Science and Technology of Anhui Province, Anhui Provincial Department of Finance and the Anhui Provincial Taxation Service, State Taxation Administration, and continued to enjoy the enterprise income tax rate of 15% of the national high-tech enterprises, valid for three years.

(3) On December 9, 2020, the subsidiary Zhongshan Changhong Electric Co., Ltd., was included in the "Notice on Publicizing the List of the Second Batch of High-tech Enterprises to be Recognized in Guangdong Province in 2020" published by the Office of the National High-tech Enterprise Certification Management Leading Group, and continues to enjoy 15% rate for the income tax for State Hi-Tech Enterprise for three years term. Enjoy a 15% income tax rate for national high-tech enterprises, valid for three years. On December 28, 2023, we obtained the high-tech enterprise certificate with certificate number GR202344012950 approved by the Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, and Guangdong Provincial Taxation Bureau of the State Administration of Taxation. We will continue to enjoy a 15% corporate income tax rate for national high-tech enterprises, with a validity period of three years.

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

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

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

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

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

(9) The subsidiary Sichuan Changhong Air-conditioner Co., Ltd., has passed the qualification of high-tech

enterprise certification on 29 November 2022, and enjoys 15% income tax rate for national payroll technology enterprise for three years term.

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

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

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

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

With respect to the financial statements figures disclosed below, unless otherwise specified, “year-beginning” refers to Jan. 1, 2023; “year-end” refers to Dec. 31, 2023; “Current Year” refers to Jan. 1 to Dec. 31, 2023; “the last year” refers to Jan. 1 to Dec. 31, 2022; the currency is RMB.

1. Monetary fund

Item	Ending balance	Opening balance
Cash	12,727.56	21,243.42
Bank deposit	4,160,096,314.60	3,141,070,623.60
Other monetary fund	425,569,359.11	720,140,385.24
Interest receivable on deposit	4,255,007,124.44	2,978,189,526.87
Total	8,840,685,525.71	6,839,421,779.13
Total amount deposited in overseas	25,902,580.15	9,295,065.32

2. Tradable financial assets

Item	Balance at year-end	Balance at year-begin
Financial assets measured at fair value and whose changes are included in current gains/losses	39,236,447.63	57,660,588.67
Including: Derivative financial assets	39,236,447.63	57,660,588.67

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

3. Note receivable

(1) Category of note receivable

Item	Balance at year-end	Balance at year-begin
Bank acceptance	228,500.00	
Trade acceptance	38,674.50	
Total	267,174.50	

(2) By accrual of bad debt provision

Category	Balance at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
With bad debt provision accrual on single item	267,174.50	100.00			267,174.50
Including: Bank acceptance	228,500.00	85.52			228,500.00
Trade acceptance	38,674.50	14.48			38,674.50
Total	267,174.50	100.00			267,174.50

1) Note receivable withdrawal bad debt provision on single item

Name	Balance at year-begin		Balance at year-end			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Provision ratio (%)	Provision reason
Bank acceptance			228,500.00			Minimal risk, holding maturity acceptance
Trade acceptance			38,674.50			Minimal risk, holding maturity acceptance
Total			267,174.50		—	—

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

N/A

(3) Notes receivable that have been pledged at the end of the year: N/A

(4) Notes receivable that have been endorsed or discounted at the end of the year and have not yet matured on the balance sheet date

Item	Amount to be derecognized at the end of the year	Amount not derecognized at the end of the year
Trade acceptance		38,674.50
Total		38,674.50

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(5) Notes receivable actually written off this year: N/A

4. Account receivable

(1) Category of account receivable by aging

Account age	Balance at year-end	Balance at year-begin
Within 1 year (Including 1 year)	1,629,505,172.78	1,253,020,874.80
Including:		
Within 3 months (3 months included)	1,441,654,287.27	839,113,924.70
More than 3 months and less than 6 months (6 months included)	140,150,202.58	319,861,920.01
Over 6 months and within one year (One year included)	47,700,682.93	94,045,030.09
Over one year - within 2 years (2 years included)	131,340,766.08	241,992,516.95
Over 2 years - within 3 years (3 years included)	154,167,214.15	32,346,833.25
Over 3 years	53,619,387.00	38,203,610.15
Total	1,968,632,540.01	1,565,563,835.15

(2) Category of account receivable by bad debt accrual

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable that withdrawal bad debt provision by single item	682,942,277.48	34.69	195,578,324.84	28.64	487,363,952.64
Including: current payment with related party	545,656,729.90	27.72	154,606,151.98	28.33	391,050,577.92
Account receivable with letter of credit	83,951,301.01	4.26			83,951,301.01
Account receivable with single minor amount but withdrawal single item bad debt provision	53,334,246.57	2.71	40,972,172.86	76.82	12,362,073.71
Account receivable withdrawal bad debt provision by portfolio	1,285,690,262.53	65.31	139,347,326.11	10.84	1,146,342,936.42
Including: account receivable of engineering customers	212,621,463.45	10.80	44,910,916.50	21.12	167,710,546.95
Receivables other than engineering customers	1,073,068,799.08	54.51	94,436,409.61	8.80	978,632,389.47
Total	1,968,632,540.01	100.00	334,925,650.95	17.01	1,633,706,889.06

Continued

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

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

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 96 clients involved.

2) Account receivable withdrawal bad debt provision by portfolio

A.Account receivable of engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	33,502,386.39		
More than 3 months and less than 6 months (6 months included)	29,638,184.67		
Over 6 months and within one year (One year included)	29,724,507.75		
Over one year - within 2 years (2 years included)	71,526,399.70	14,305,279.94	20.00
Over 2 years - within 3 years (3 years included)	35,248,696.77	17,624,348.39	50.00
Over 3 years	12,981,288.17	12,981,288.17	100.00
Total	212,621,463.45	44,910,916.50	—

Continued

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

B.Receivables other than engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	923,822,329.93	9,238,223.30	1.00
More than 3 months and less than 6 months (6 months included)	41,778,451.31	4,177,845.13	10.00
Over 6 months and within one year (One year included)	9,463,055.00	1,892,611.00	20.00
Over one year - within 2 years (2 years included)	2,723,777.86	1,361,888.93	50.00
Over 2 years - within 3 years (3 years included)	87,576,718.61	70,061,374.88	80.00
Over 3 years	7,704,466.37	7,704,466.37	100.00
Total	1,073,068,799.08	94,436,409.61	—

Continued

Account age	Balance at year-begin		
	Book balance	Bad debt provision	Provision ratio (%)
Within 3 months (3 months included)	388,904,609.29	3,889,046.09	1.00
More than 3 months and less than 6 months (6 months included)	27,600,654.77	2,760,065.48	10.00
Over 6 months and within one year (One year included)	11,098,413.19	2,219,682.64	20.00
Over one year - within 2 years (2 years included)	136,495,488.03	68,247,744.02	50.00
Over 2 years - within 3 years (3 years included)	9,874,225.80	7,899,380.64	80.00
Over 3 years	8,867,368.19	8,867,368.19	100.00
Total	582,840,759.27	93,883,287.06	—

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(3) Bad debt provision of accounts receivable this year

Category	Balance at year-begin	Changes this year				Balance at year-end
		Accrual	Withdrawal or reversal	Resale or write-off	Other decreases	
Bad debt provision	258,691,889.30	86,947,228.49	5,404,101.29	3,092,614.56	2,216,750.99	334,925,650.95
Total	258,691,889.30	86,947,228.49	5,404,101.29	3,092,614.56	2,216,750.99	334,925,650.95

(4) Account receivable actually written-off in Current Year

Item	Written-off amount
Account receivable actually written-off	3,092,614.56

(5) Top five receivables collected by arrears party amounting to 572,545,992.76 yuan in total, accounted for 28.88% of the receivables of current year-end, the bad debt provision accrual correspondingly amounting to 181,259,573.75 yuan at year-end balance.

5. Receivables financing

(1) Classification and listing of receivable financing

Item	Balance at year-end	Balance at year-begin
Bank acceptance	1,641,858,740.34	1,446,358,719.88
Total	1,641,858,740.34	1,446,358,719.88

(2) Receivable financing is classified and listed by bad debt accrual method

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Withdrawal bad debt provision by single item	1,641,858,740.34	100.00			1,641,858,740.34
Including: Bank acceptance	1,641,858,740.34	100.00			1,641,858,740.34
Total	1,641,858,740.34	100.00			1,641,858,740.34

Continued

Category	Balance at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Withdrawal bad debt provision by single item	1,446,358,719.88	100.00			1,446,358,719.88

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Category	Balance at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Including: Bank acceptance	1,446,358,719.88	100.00			1,446,358,719.88
Total	1,446,358,719.88	100.00			1,446,358,719.88

(3) There is no bad debt provision accrued, recovered or reversed this year;

(4) Financing of receivables that have been pledged at the end of the year

Item	Year-end pledged amount
Bank acceptance	997,291,535.93

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 V. 24. Assets with restricted ownership or use rights.

(5) Notes endorsement or discount and undue on balance sheet date listed in receivables financing at the end of the year

Item	Amount derecognition at year-end	Amount without derecognition at year-end
Bank acceptance	873,061,985.45	
Total	873,061,985.45	

6. Accounts paid in advance

(1) Age of account paid in advance

Item	Balance at year-end		Balance at year-begin	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	43,288,908.76	94.64	39,700,777.69	86.57
1-2 years	811,122.73	1.77	5,042,628.29	11.00
2-3 years	707,919.39	1.55	1,116,085.57	2.43
Over 3 years	930,855.02	2.04		
Total	45,738,805.90	100.00	45,859,491.55	100.00

(2) Top 5 of account paid in advance in balance at year-end amounting to 30,421,376.72 yuan, accounted for 66.51% of the account.

7. Other account receivable

Item	Balance at year-end	Balance at year-begin
Other account receivable	82,953,808.97	88,354,803.24

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Item	Balance at year-end	Balance at year-begin
Total	82,953,808.97	88,354,803.24

(1) Category of other account receivable

Nature	Book balance at year-end	Book balance at year-begin
Export rebate	41,300,752.20	13,304,094.59
Cash deposit	20,927,726.52	53,876,630.71
Loans of employee's pretty cash	20,970,369.96	19,142,320.86
Related party not in consolidation statement	619,414.34	716,725.90
Advance money temporary	707,676.06	3,122,122.93
Other	1,488,175.37	1,174,866.78
Total	86,014,114.45	91,336,761.77

(2) By account age

Account age	Balance at year-end	Balance at year-begin
Within 1 year (Including 1 year)	74,641,189.07	44,978,802.65
Including:		
Within 3 months (3 months included)	60,732,006.02	32,703,626.46
More than 3 months and less than 6 months (6 months included)	1,842,273.09	3,033,052.73
Over 6 months and within one year (One year included)	12,066,909.96	9,242,123.46
Over one year - within 2 years (2 years included)	3,017,092.43	16,985,265.38
Over 2 years - within 3 years (3 years included)	2,473,240.42	22,359,916.12
Over 3 years	5,882,592.53	7,012,777.62
Total	86,014,114.45	91,336,761.77

(3) Category of Other account receivable bad debt reserves

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
That withdrawal bad debt provision by single item	85,698,646.43	99.63	2,945,873.36	3.44	82,752,773.07
In which: other receivables with no major	43,778,479.89	50.90	2,945,873.36	6.73	40,832,606.53

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Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
individual amount but bad debt provision accrued individually					
Export tax refund	41,300,752.20	48.01			41,300,752.20
Related party funds	619,414.34	0.72			619,414.34
Bad debt provision accrued by portfolio	315,468.02	0.37	114,432.12	36.27	201,035.90
In which: other receivables accrued by aging portfolio	315,468.02	0.37	114,432.12	36.27	201,035.90
Total	86,014,114.45	100.00	3,060,305.48	3.56	82,953,808.97

Continued

Category	Balance at year-begin				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
That withdrawal bad debt provision by single item	90,992,381.84	99.62	2,915,104.37	3.20	88,077,277.47
accrued individually	13,304,094.59	14.57			13,304,094.59
Related party funds	716,725.90	0.78			716,725.90
Bad debt provision accrued by portfolio	344,379.93	0.38	66,854.16	19.41	277,525.77
In which: other receivables accrued by aging portfolio	344,379.93	0.38	66,854.16	19.41	277,525.77
Total	91,336,761.77	100.00	2,981,958.53	3.26	88,354,803.24

1) Accrual of bad debt provision for other receivables

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2023		1,690,724.90	1,291,233.63	2,981,958.53
Book balance of other account receivable in Current Year as at 1 Jan. 2023	—	—	—	—
--Transfer to the second stage				

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Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
-- Transfer to the third stage		-1,188,850.00	1,188,850.00	
-- Reversal to the second stage				
-- Reversal to the first stage				
Provision in Current Year	181.49	22,779.94	1,456,556.15	1,479,517.58
Reversal in Current Year		88,570.63		88,570.63
Conversion in Current Year				
Write off in Current Year				
Other change		377,600.00	935,000.00	1,312,600.00
Balance as at 31 Dec. 2023	181.49	58,484.21	3,001,639.78	3,060,305.48

(4) Bad debt provision for other receivables accrued, recovered or reversed this year

Category	Year-beginning	Amount of change this year				Year-end
		Accrual	Recovery or reversal	Write-off or cancellation	Other	
Bad debt provision	2,981,958.53	1,479,517.58	88,570.63		1,312,600.00	3,060,305.48
Total	2,981,958.53	1,479,517.58	88,570.63		1,312,600.00	3,060,305.48

(5) Other account receivable actually written-off in Current Year:N/A

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

Name	Nature	Balance at year-end	Account age	Proportion in total other receivables ending balance (%)	Bad debt provision Balance at year-end
Unit I	Tax rebate	41,179,511.61	Within 1 year	47.88	
Unit II	Cash deposit	10,000,000.00	Within 1 year	11.63	
Unit III	Cash deposit	2,639,979.48	Within 1 year, 2-3 years, Over 3 years	3.07	
Unit IV	Cash deposit	2,490,621.17	Within 1 year	2.90	
Unit V	Cash deposit	2,324,874.66	Within 1 year	2.70	

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Name	Nature	Balance at year-end	Account age	Proportion in total other receivables ending balance (%)	Bad debt provision Balance at year-end
Total		58,634,986.92		68.18	

(7) There are no other receivables reported due to centralized management of funds.

8. Inventories

(1) Classification of inventories

Item	Amount at year-end		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	150,806,222.67	4,061,217.23	146,745,005.44
Stock commodities	1,216,300,557.72	60,027,642.16	1,156,272,915.56
Low value consumable articles	3,141,564.20	143,306.82	2,998,257.38
Goods in transit	641,198,998.83	7,934,263.70	633,264,735.13
Goods-in-process	7,337,268.01		7,337,268.01
Contract performance cost	28,988,664.67		28,988,664.67
Deferred expense for mould	47,131,566.78		47,131,566.78
Total	2,094,904,842.88	72,166,429.91	2,022,738,412.97

Continued

Item	Amount at year-begin		
	Book balance	Inventory price decline provision/contract performance cost impairment provision	Book value
Raw materials	174,848,711.84	6,676,011.97	168,172,699.87
Stock commodities	938,676,768.88	48,374,183.50	890,302,585.38
Low value consumable articles	2,653,770.39	871,871.72	1,781,898.67
Goods in transit	578,924,325.36	6,074,817.77	572,849,507.59
Goods-in-process	7,901,880.53		7,901,880.53
Contract performance cost	41,622,651.08		41,622,651.08
Deferred expense for mould	27,675,710.59		27,675,710.59
Total	1,772,303,818.67	61,996,884.96	1,710,306,933.71

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

Item	Amount at year-begin	Increase this year		Decrease this year		Amount at year-end
		Accrual	Other	Reversal or reselling	Other	
Raw materials	6,676,011.97	2,262,820.96		4,877,615.70		4,061,217.23
Stock commodities	48,374,183.50	32,786,974.12	3,372.37	21,136,887.83		60,027,642.16
Goods in transit	6,074,817.77	6,482,986.09		4,623,540.16		7,934,263.70
Low value consumable articles	871,871.72	275.02		728,839.92		143,306.82
Total	61,996,884.96	41,533,056.19	3,372.37	31,366,883.61		72,166,429.91

(3) Accrual for inventory falling price reserves

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

9. Contract assets

(1) Contract assets

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Warranty	13,879,087.90	617,397.28	13,261,690.62	4,301,610.03	770,687.90	3,530,922.13
Total	13,879,087.90	617,397.28	13,261,690.62	4,301,610.03	770,687.90	3,530,922.13

(2) Amount and reasons for significant changes in book value during the year

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Items	Change amount	Change cause
Warranty	9,730,768.49	New performance sales contract
Total	9,730,768.49	—

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

Category	Balance at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Withdrawal bad debt provision by single	13,879,087.90	100.00	617,397.28	4.45	13,261,690.62
Total	13,879,087.90	100.00	617,397.28	4.45	13,261,690.62

Continued

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Withdrawal bad debt provision by single	4,301,610.03	100.00	770,687.90	17.92	3,530,922.13
Total	4,301,610.03	100.00	770,687.90	17.92	3,530,922.13

1) Bad debt provisions are made individually for contract assets

Name	Amount at year-begin		Ending balance			
	Book balance	Bad debt provision	Book balance	Bad debt provision	Ratio (%)	Reason
Provision for bad debts of contract assets	4,301,610.03	770,687.90	13,879,087.90	617,397.28	4.45	
Total	4,301,610.03	770,687.90	13,879,087.90	617,397.28	—	—

(4) The provision, recovery or transfer of bad debt provisions for contract assets this year project

Item	Provision for this year	Transferred this year	Write -off this year	Reason
Provision for bad debts of contract assets	153,272.28	306,562.90		

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Item	Provision for this year	Transferred this year	Write-off this year	Reason
Total	153,272.28	306,562.90		—

10. Non-current assets coming due within one year

Item	Balance at year-end	Balance at year -begin
Creditor's right investment due within one year	122,294,027.78	170,167,638.89
Total	122,294,027.78	170,167,638.89

(1) Creditor's right investment due within one year

1) Creditor's right investment due within one year

Name	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
large deposit certificates	122,294,027.78		122,294,027.78	170,167,638.89		170,167,638.89
Total	122,294,027.78		122,294,027.78	170,167,638.89		170,167,638.89

2) Creditor's right investment due within 1 year at the end of the year

Item	Face value	Interest rate	Date of expiring	Actual rate		Overdue principal	
				Balance at year-end	Balance at year-begin	Balance at year-end	Balance at year-begin
large deposit certificates	20,000,000.00	3.70%	2024-4-13	22,039,111.11	21,288,833.33		
large deposit certificates	100,000,000.00	3.99%	2024-2-8	100,254,916.67	100,254,916.67		
Total	120,000,000.00	—	—	—	—		

11. Other current asset

Item	Balance at year-end	Balance at year-begin
VAT to be deducted	193,911,165.30	39,540,856.28
Advance payment of income tax	29,599,620.50	22,673,762.88
Contract acquisition cost	701,222.80	5,654,727.03

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Item	Balance at year-end	Balance at year-begin
Time deposits held to maturity		50,559,479.17
Local sales tax in Pakistan	511,584.19	1,269,125.78
Other	696,290.28	891,480.71
Total	225,419,883.07	120,589,431.85

12. Creditors' right investment

(1) creditor's right investment

Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
large deposit certificates	420,537,485.54		420,537,485.54	121,543,750.00		121,543,750.00
Total	420,537,485.54		420,537,485.54	121,543,750.00		121,543,750.00

(2) important creditor's right investment

Item	balance at year-end				
	Face value	Interest rate	Actual rate	Date of expiring	Overdue principal
large deposit certificates	100,000,000.00	3.20%	3.20%	2026-1-31	
large deposit certificates	80,000,000.00	3.35%	3.35%	2026-3-28	
large deposit certificates	30,000,000.00	3.20%	3.20%	2026-3-16	
large deposit certificates	30,000,000.00	3.30%	3.30%	2026-5-31	
large deposit certificates	50,000,000.00	3.30%	3.30%	2026-6-14	
large deposit certificates	50,000,000.00	3.10%	3.10%	2026-6-26	
large deposit certificates	20,000,000.00	3.15%	3.15%	2026-7-31	
large deposit certificates	25,000,000.00	3.25%	3.25%	2025-8-30	
large deposit certificates	25,000,000.00	3.30%	3.30%	2025-8-30	

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Item	balance at year-end				
	Face value	Interest rate	Actual rate	Date of expiring	Overdue principal
Total	410,000,000.00	—	—	—	

Continued

Item	Balance at year-begin				
	Face value	Interest rate	Actual rate	Date of expiring	Overdue principal
large deposit certificates	100,000,000.00	3.99%	3.99%	2024-2-8	
large deposit certificates	20,000,000.00	3.70%	3.70%	2024-4-13	
Total	120,000,000.00	—	—	—	

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13. Long-term equity investment

Invested enterprise	Balance at year-begin	Impairment provision on begin-year balance	Changes in Current Year								Balance at year-end	Balance at year-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.Hefei Xingmei Assets Management Co., Ltd.	19,899,176.44				33,680.34				5,793,600.00			14,139,256.78
2.Sichuan Zhiyijia Network Technology Co., Ltd. ^{note1}	51,850,179.61				18,633,005.73				1,629,022.64			68,854,162.70
3.Hong Yuan Ground Energy Heat Tech. Co., Ltd. ^{note2}	17,019,041.81			24,500,000.00	-						9,328,101.49	1,847,143.30
4.Sichuan Tianyou Guigu Technology Co., Ltd. ^{note3}	3,110,581.87				-161,722.64							2,948,859.23
5.Chengdu Guigu Environmental Tech.	8,505,448.				250,813.73							

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Invested enterprise	Balance at year-begin	Impairment provision on begin-year balance	Changes in Current Year								Balance at year-end	Balance at year-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		
Co., Ltd. ^{note4}	77										8,756,262.50	
6.ChanghongRuba ElectricCompany(Private)Ltd. ^{注5}												
7. .Hefei Xinmei Solar Energy Technology Co., Ltd.note ^{注6}					2,177,980.00			2,177,980.00				
8.Sichuan Hongyun Venture Investment Partnership (LP) ^{注7}			18,000,000.00		47,270.54						18,047,270.54	
Total	100,384,428.50		18,000,000.00	24,500,000.00	19,133,884.40			9,600,602.64		9,328,101.49	112,745,811.75	

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

Note 2: subsidiary Sichuan Changhong Air Conditioner Co., Ltd (“Changhong Air Conditioner”) and Hengyou yuan Technology Development Group Co., Ltd. (“Hengyou yuan”) cooperated to establish Hong Yuan Ground Energy Heat Technology Co., Ltd. on 28 October 2015. The registered capital of the company is 50 million yuan, among which, Changhong Air Conditioner contributed 24.5 million yuan, accounting for 49% of the registered capital, and Hengyou yuan contributed 25.5 million yuan, accounting for 51% of the registered capital. In December 2022, the shareholders' meeting of Hongyuan Ground Company passed the decision to cancel and liquidate the company, and the liquidation and cancellation was completed within this year.

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

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

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

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

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

Note 7. On May 5, 2023, the Company signed a partnership agreement with the controlling shareholder Sichuan Changhong Electric Co.,Ltd., Sichuan Changhong Electronic (Group) Co., Ltd. and Sichuan Hongyun Venture Equity Investment Management Co., Ltd. to jointly establish Sichuan Hongyun Venture Capital Partnership (Limited Partnership) with a registered capital of RMB 148 million, of which RMB 45 million was subscribed by the Company, with a shareholding ratio of 30.41%. This year, the Company actually contributed RMB 18 million.

14. Other non-current financial assets

Item	Ending balance	Opening balance
Sichuan Changhong Group Finance Co., Ltd.	554,145,436.29	542,489,224.37
Sichuan Hongyun New-Generation Information technology Venture Capital Fund Partnership (limited partnership)	36,507,860.19	41,015,878.36
Changhong Group Sichuan Shenwan Hongyuan Strategic New Industrial Parent Fund Partnership (limited partnership)	68,686,219.00	40,044,345.58
Huishang Bank Co., Ltd.	14,800,000.00	5,000,000.00
Total	674,139,515.48	628,549,448.31

15. Investment real estate

(1) Investment real estate measured at costs

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Item	House and buildings	Total
I.Original book value		
1.Balance at year-begin	62,361,143.47	62,361,143.47
2.Increase in this year		
3.Decrease in this year		
4.Balance at year-end	62,361,143.47	62,361,143.47
II.Accumulated depreciation and accumulated amortization		
1.Balance at year-begin	9,463,082.58	9,463,082.58
2.Increase in this year	1,977,573.18	1,977,573.18
(1) Withdrawal or amortization	1,977,573.18	1,977,573.18
3.Decrease in this year		
4.Balance at year-end	11,440,655.76	11,440,655.76
III.Impairment provision		
IV.Book value		
1.Ending book value	50,920,487.71	50,920,487.71
2. Opening book value	52,898,060.89	52,898,060.89

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

(3) Investment real estate without property certification held

Item	Book value	Reasons for failing to complete property rights certificate
J04workshop	26,619,770.82	Related property rights in procedure
J03workshop	18,395,279.76	Related property rights in procedure
J20 air compressor station workshop	1,314,489.13	Related property rights in procedure
J18 opening and closing office	636,117.23	Related property rights in procedure
Total	46,965,656.94	

16.Fixed assets

Item	Book value at year-end	Book value at year-begin
Fixed assets	2,104,618,850.52	2,197,260,683.20
Liquidation of fixed assets	32,293,183.76	32,293,183.76
Total	2,136,912,034.28	2,229,553,866.96

16.1 Fixed assets

(1) Fixed assets

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
I.Original book value					
1.Balance at year-begin	1,712,329,446.72	1,865,348,912.32	34,208,114.60	243,498,921.36	3,855,385,395.00
2.Increase in this year	43,261,437.77	127,160,620.75	1,981,576.26	35,933,117.84	208,336,752.62
(1)Purchase		10,037,274.17	1,981,576.26	7,011,877.87	19,030,728.30
(2)Construction in progress transfer-in	42,770,821.16	111,314,699.90		28,885,411.88	182,970,932.94
(3) Other increase	490,616.61	5,808,646.68		35,828.09	6,335,091.38
3.Decrease in this year	17,917,779.20	150,468,417.32	679,157.25	8,178,141.27	177,243,495.04
(1) Dispose or retirement	46,817.00	61,989,767.62	514,675.38	7,693,871.79	70,245,131.79
(2)Construction in progress transfer-in		84,128,835.52			84,128,835.52
(3) Other increase	17,870,962.20	4,349,814.18	164,481.87	484,269.48	22,869,527.73
4.Balance at year-end	1,737,673,105.29	1,842,041,115.75	35,510,533.61	271,253,897.93	3,886,478,652.58
II.Accumulated depreciation					
1.Balance at year-begin	455,256,950.47	1,064,311,933.48	22,446,081.44	114,040,153.79	1,656,055,119.18
2.Increase in this year	55,603,756.85	142,849,646.44	3,021,425.90	27,246,030.87	228,720,860.06
(1)Accrual	55,603,756.85	142,849,646.44	3,021,425.90	27,225,313.68	228,700,142.87
(2) Other increase				20,717.19	20,717.19
3.Decrease in this year	3,172,136.80	92,885,751.89	610,384.11	7,359,926.59	104,028,199.39
(1) Dispose or retirement	22,180.29	54,711,171.42	484,471.72	7,007,459.33	62,225,282.76
(2)Construction in progress transfer-in		37,833,279.51			37,833,279.51
(3) Other increase	3,149,956.51	341,300.96	125,912.39	352,467.26	3,969,637.12
4.Balance at year-end	507,688,570.52	1,114,275,828.03	24,857,123.23	133,926,258.07	1,780,747,779.85

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Item	House and buildings	Machinery equipment	Transport equipment	Other equipment	Total
III.Impairment provision					
1.Balance at year-begin		1,060,299.52		1,009,293.10	2,069,592.62
2.Increase in this year					
3.Decrease in this year		946,836.82		10,733.59	957,570.41
(1)Dispose or retirement		924,106.56		10,733.59	934,840.15
(2) Other decrease		22,730.26			22,730.26
4.Balance at year-end		113,462.70		998,559.51	1,112,022.21
IV.Book value					
1.Ending book value	1,229,984,534.77	727,651,825.02	10,653,410.38	136,329,080.35	2,104,618,850.52
2. Opening book value	1,257,072,496.25	799,976,679.32	11,762,033.16	128,449,474.47	2,197,260,683.20

The new fixed assets in this year mainly due to the 182,970,932.94 yuan transfer from construction in process; decrease of the fixed assets in Current Year mainly including assets dispose for retirement.

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

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

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
House and buildings	77,095,418.04	30,649,122.95		46,446,295.09
Machinery equipment	23,864,393.68	15,528,428.42		8,335,965.26
Other equipment	10,720.00	10,184.00		536.00
Total	100,970,531.72	46,187,735.37		54,782,796.35

(4) Fixed assets without property certificate

Item	Book value	Reason of not complete the property certificate
J07 electrical workshop	43,746,628.68	Related property rights in procedure
J02workshop	28,141,535.48	Related property rights in procedure
J05 evaporator and condenser workshop	27,102,662.73	Related property rights in procedure
J01workshop	26,083,556.62	Related property rights in procedure
J06 central air-conditioner workshop	18,404,265.79	Related property rights in procedure
J50finished product warehouse	16,219,453.72	Related property rights in procedure

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Item	Book value	Reason of not complete the property certificate
J51 finished product warehouse	15,737,406.33	Related property rights in procedure
J53 finished product warehouse	11,941,524.09	Related property rights in procedure
J52 finished product warehouse	11,412,002.93	Related property rights in procedure
J54 finished product warehouse	11,160,992.28	Related property rights in procedure
J55 finished product warehouse	10,290,013.27	Related property rights in procedure
J56 finished product warehouse	10,290,013.27	Related property rights in procedure
J09 raw material warehouse	6,238,503.81	Related property rights in procedure
J10 raw material warehouse	4,821,256.39	Related property rights in procedure
J11 raw material warehouse	4,749,533.53	Related property rights in procedure
J08 packing materials warehouse	4,328,338.68	Related property rights in procedure
J17 chemical storage	1,481,542.49	Related property rights in procedure
J15 house of refrigerant forklift	1,451,852.84	Related property rights in procedure
J16 chemical storage	1,195,695.94	Related property rights in procedure
J19 main guard room	354,683.89	Related property rights in procedure
J19A guard room	188,172.78	Related property rights in procedure
J19D guard room	138,334.30	Related property rights in procedure
J19E guard room	138,334.30	Related property rights in procedure
Total	255,616,304.14	

16.2 Disposal of fixed assets

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

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

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relocation compensation.

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

17. Construction in progress

Item	Balance at year-end	Balance at year-begin
Construction in progress	69,920,839.20	66,522,492.77
Total	69,920,839.20	66,522,492.77

(1) Details of construction in progress

Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Air conditioning manufacturing system capacity upgrading projec	24,062,124.83		24,062,124.83			
Zhongshan Changhong technical transformation project	7,036,680.59		7,036,680.59	615,619.91		615,619.91
Industrial Internet Changhong Meiling Promotion Project	5,563,207.57		5,563,207.57	13,041,733.93		13,041,733.93
New flat color plate door shell line project	2,155,584.07		2,155,584.07			
Transformation and maintenance project of large line for B-line shift recovery	2,048,088.46		2,048,088.46			
To-be-installed equipment project	2,003,069.71		2,003,069.71			
Commercial kitchen refrigerator cabinet project	1,894,989.00		1,894,989.00	2,627,743.25		2,627,743.25
Projects to improve the capacity and production efficiency of the washing machine manufacturing company in the first quarter	1,624,647.04		1,624,647.04			
Fixed assets project of 7 kg supporting production equipment	1,534,513.28		1,534,513.28			

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Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Large refrigerator efficiency improvement and transformation project	1,388,626.00		1,388,626.00			
Rectification project of elevators and fire hazards in charging area of finished product warehouse	1,124,589.14		1,124,589.14			
Manufacturing system automation project in 2023	1,113,002.29		1,113,002.29			
Extrusion and crushing capacity improvement demand project of Hefei refrigerator manufacturing company	1,033,130.00		1,033,130.00			
New plastic vacuum forming machine project	1,027,433.62		1,027,433.62			
Adaptability transformation project of fin stamping production line and its supporting equipment	2,634,632.94		2,634,632.94			
Liquid nitrogen tank production line construction project	680,956.02		680,956.02	560,521.11		560,521.11
Laboratory investment projects	627,076.10		627,076.10	2,384,325.39		2,384,325.39
Supporting production equipment of washing machine	617,699.12		617,699.12	1,919,823.02		1,919,823.02
Meiling extrusion line relocation and capacity expansion project	339,115.04		339,115.04	6,938,682.02		6,938,682.02
Efficiency improvement of refrigerator cabinet				182,748.20		182,748.20
Comprehensive renovation project of mixed flow of rainwater and sewage in freezer park and living area				6,995,545.89		6,995,545.89

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Item	Balance at year-end			Balance at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Accident emergency pool construction project				1,539,361.49		1,539,361.49
Comprehensive renovation project of mixed flow of rainwater and sewage in freezer park and living area				2,597,950.95		2,597,950.95
Front-end expansion project of Hefei base with an annual output of 10 million refrigerator cabinets				3,242,813.99		3,242,813.99
Refrigerator park 35 kV substation construction project				1,273,661.54		1,273,661.54
Door lining to homemade phase I project				2,328,292.80		2,328,292.80
Multi-door shell molding line				5,053,126.87		5,053,126.87
Large refrigerator low boiling point foaming equipment renovation project				1,652,011.04		1,652,011.04
Freeze lining structure changed to bottom package side				2,886,521.55		2,886,521.55
21 years of Manufacturing System Automation Project (Phase I)				186,700.00		186,700.00
Meiling PLM project				237,168.14		237,168.14
Other petty projects	11,411,674.38		11,411,674.38	10,258,141.68		10,258,141.68
Total	69,920,839.20		69,920,839.20	66,522,492.77		66,522,492.77

18. Right-of-use assets

Item	House and buildings	Total
I. Original book value		

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Item	House and buildings	Total
1.Balance at year-begin	58,322,978.95	58,322,978.95
2.Increase in this year	29,503,973.75	29,503,973.75
(1) Rent in	29,503,973.75	29,503,973.75
3. Decrease in this year	25,821,804.55	25,821,804.55
(1) lease expired	25,821,804.55	25,821,804.55
4.Balance at year-end	62,005,148.15	62,005,148.15
II.Accumulated depreciation		
1.Balance at year-begin	21,676,843.85	21,676,843.85
2. Increase in this year	8,872,309.05	8,872,309.05
(1)Accrual	8,872,309.05	8,872,309.05
3. Decrease in this year	18,537,405.36	18,537,405.36
(1) lease expired	18,537,405.36	18,537,405.36
4.Balance at year-end	12,011,747.54	12,011,747.54
III.Impairment provision		
1.Balance at year-begin		
2. Increase in this year		
3. Decrease in this year		
4.Balance at year-end		
IV.Book value		
1.Ending book value	49,993,400.61	49,993,400.61
2. Opening book value	36,646,135.10	36,646,135.10

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

19. Intangible assets

(1) Intangible assets

Item	Land use right	Trademark special right	Non-patent technology	Patent technology	Other	Total
I.Original book value						
1.Balance at year-begin	864,798,616.68	283,292,439.34	637,791,820.51	148,876,015.35	10,911,637.00	1,945,670,528.88
2.Increase in this year			105,295,988.38	56,025,706.04	281,800.00	161,603,494.42
(1) Internal			96,484,623.15	56,025,706.04	281,800.00	

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Item	Land use right	Trademark special right	Non-patent technology	Patent technology	Other	Total
research						152,792,129.19
(2) Other			8,811,365.23			8,811,365.23
3.Decrease in this year			60,000.00	8,811,365.23		8,871,365.23
(1) Disposal						
(2)Other decreases			60,000.00	8,811,365.23		8,871,365.23
4.Balance at year-end	864,798,616.68	283,292,439.34	743,027,808.89	196,090,356.16	11,193,437.00	2,098,402,658.07
II.Accumulated amortization						
1.Balance at year-begin	214,959,291.84	283,292,439.34	449,672,240.15	48,405,910.79	3,169,107.30	999,498,989.42
2.Increase in this year	18,422,044.59		100,621,606.54	28,534,580.71	1,066,351.37	148,644,583.21
(1)Accrual	18,422,044.59		100,621,606.54	28,534,580.71	1,066,351.37	148,644,583.21
3.Decrease in this year						
4.Balance at year-end	233,381,336.43	283,292,439.34	550,293,846.69	76,940,491.50	4,235,458.67	1,148,143,572.63
III.Impairment provision						
1.Balance at year-begin			33,820,367.20	7,274,668.72	4,508,495.33	45,603,531.25
2.Increase in this year			7,183,626.21	11,016,493.25		18,200,119.46
(1)Accrual			7,183,626.21	11,016,493.25		18,200,119.46
3.Decrease in this year						
4.Balance at year-end			41,003,993.41	18,291,161.97	4,508,495.33	63,803,650.71
IV.Book value						
1.Ending book value	631,417,280.25		151,729,968.79	100,858,702.69	2,449,483.00	886,455,434.73
2. Opening book				93,195,435.84	3,234,034.37	

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Item	Land use right	Trademark special right	Non-patent technology	Patent technology	Other	Total
value	649,839,324.84		154,299,213.16			900,568,008.21

The intangible assets resulted from internal research takes 7.28% of the balance of intangible assets at year-end

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

(3) Impairment test of intangible assets

The recoverable amount is determined according to the present value of the expected future cash flow

Item	Book value	Recoverable amount	Impairment amount	Number of years of forecast period	Key parameters of forecast period	Key parameters of stable period	Determination on basis of key parameters in stable period
Ice washing intangible assets 1	1,028,634.79	435,094.51	593,540.28	3	Sales volume, income, cost		
Ice washing intangible assets 2	617,999.09		617,999.09	3	Sales volume, income, cost		
Ice washing intangible assets 3	579,421.08	195,652.66	383,768.42	3	Sales volume, income, cost		
Ice washing intangible assets 4	4,145,708.73	529,410.04	3,616,298.69	3	Sales volume, income, cost		
Air-conditioning intangible assets 1	13,410,734.39	422,221.41	12,988,512.98	5	Sales volume, income, cost		
Total	19,782,498.08	1,582,378.62	18,200,119.46	—	—	—	—

20. Goodwill

(1) Original value of goodwill

Invested enterprise	Balance at year-begin	Increase this year		Decrease this year		Balance at year-end
		Formation from enterprise merger	Other	Formation from enterprise merger	Other	
Hefei Meiling Group Holdings Limited	3,553,367.77					3,553,367.77
Total	3,553,367.77					3,553,367.77

(2) Impairment loss of goodwill

Invested enterprise	Balance at year-begin	Increase this year		Decrease this year		Balance at year-end
		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 year-end.

21. Long-term prepaid expenses

Item	Opening balance	Increase this period	Amortization for the period	Other decreases	Ending balance
Long-term prepaid expenses	14,900,600.59	29,997,082.89	9,199,217.86		35,698,465.62
Total	14,900,600.59	29,997,082.89	9,199,217.86		35,698,465.62

22. Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets without the offset

Item	Ending balance		Opening balance	
	Deductible <i>temporary</i> difference	Deferred income tax assets	Deductible <i>temporary</i> difference	Deferred income tax assets
Deferred income tax assets recognized from ir-reparable losses	575,117,840.02	86,267,676.00	684,314,381.95	102,647,157.29
Deferred income tax assets recognized from assets impairment	312,522,821.29	47,114,940.66	220,654,506.50	33,098,175.98
Deferred income tax assets recognized from deferred income	89,179,865.35	13,376,979.81	100,794,535.00	15,119,180.24
Deferred income tax assets recognized	52,138,935.61	7,287,948.90	38,239,898.15	4,935,157.87

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Item	Ending balance		Opening balance	
	Deductible <i>temporary</i> difference	Deferred income tax assets	Deductible <i>temporary</i> difference	Deferred income tax assets
by lease liability				
Deferred income tax assets recognized from accrual liability	31,904,790.39	4,785,718.56	12,624,332.22	1,893,649.84
Deferred income tax assets recognized from Dismissal welfare	13,940,576.25	2,091,086.44	9,072,708.08	1,360,906.21
Accrued income tax assets	6,464,906.83	1,367,611.03	8,718,636.16	1,666,526.91
Deferred income tax assets recognized by changes in fair value	323,557.50	48,533.63		
Deferred income tax assets recognized for development expenditure			5,632,939.75	844,940.96
Total	1,081,593,293.24	162,340,495.03	1,080,051,937.81	161,565,695.30

(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 changes in fair value	72,922,565.81	10,938,384.87	57,642,166.20	8,646,324.93
Deferred income tax liabilities recognized by use asset	49,993,400.61	7,031,136.31	36,646,135.08	4,758,755.78
Recognized by fixed assets depreciation	25,632,968.47	3,844,945.25	27,362,815.80	4,104,422.37
Total	148,548,934.89	21,814,466.43	121,651,117.08	17,509,503.08

(3) Details of unrecognized deferred income tax assets

Item	Ending balance	Opening balance
Deductible <i>temporary</i> difference	159,108,623.94	168,621,827.52
Deductible loss	216,256,401.45	1,068,180,146.62
Total	375,365,025.39	1,236,801,974.14

23. Other non-current assets

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Item	Amount at year-end			Amount at year-begin		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid equipment, engineering, etc.	15,299,373.85		15,299,373.85	893,238.57		893,238.57
Contract asset	11,955,960.50	653,720.00	11,302,240.50			
Total	27,255,334.35	653,720.00	26,601,614.35	893,238.57		893,238.57

24. Assets with restricted ownership or use right

Item	Year-end			
	Book Balance	Book value	Restriction type	Restriction information
Monetary funds	438,655,288.66	438,655,288.66	Frozen	Security deposit; Frozen for litigation
Receivable financing	997,291,535.93	997,291,535.93	Pledge	Pledge for issuing bank acceptance bills
Fixed assets	478,732,601.33	321,209,491.52	Mortgage	Loan mortgage
Intangible assets	415,797,056.93	264,252,595.08	Mortgage	Loan mortgage
Real estate investment	5,795,017.72	3,097,441.68	Mortgage	Loan mortgage
Total	2,336,271,500.57	2,024,506,352.87	—	—

Continued

Item	Year-Begin			
	Book Balance	Book value	Restriction type	Restriction information
Monetary funds	718,777,132.92	718,777,132.92	Frozen	Security deposit; Frozen for litigation
Receivable financing	405,400,483.49	405,400,483.49	Pledge	Pledge for issuing bank acceptance bills
Fixed assets	477,550,851.88	335,613,742.86	Mortgage	Loan mortgage
Intangible assets	415,797,056.93	272,690,841.98	Mortgage	Loan mortgage
Real estate investment	5,795,017.72	3,278,221.44	Mortgage	Loan mortgage
Total	2,023,320,542.94	1,735,760,422.69	—	—

25. Short-term loans

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(1) Classification of short-term loans

Category	Ending balance	Opening balance
Guaranteed loan	5,000,000.00	55,000,000.00
Loan in credit	1,128,967,080.14	619,000,000.00
Interest payable	135,338.89	143,916.67
Total	1,134,102,419.03	674,143,916.67

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

26. Trading financial liability

Item	Balance at year-end	Balance at year-begin
Trading financial liability	32,229,012.86	41,961,524.78
Including: Derivative financial liability	32,229,012.86	41,961,524.78

27. Note payable

Type	Balance at year-end	Balance at year-begin
Bank acceptance	5,604,059,289.98	4,814,889,712.60
Trade acceptance	300,327,800.00	149,484,800.00
Total	5,904,387,089.98	4,964,374,512.60

There were no Notes payable that were due but unpaid at the end of the year.

28. Account payable

(1) Account payable

Item	Amount at year-end	Amount at year-begin
Total	3,882,303,908.89	2,917,997,138.00
Including: Amount aged over 1 year	87,743,285.28	60,523,652.84

(2) Major account payable with over one year book age at year-end.: N/A

29 Received in advance.

Category	Amount at year-end	Amount at year-begin
Total	55,949.90	
Including: Amount aged over 1 year		

30. Contract liabilities

(1) Contract liabilities

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Item	Amount at year-end	Amount at year-begin
Total	405,698,756.02	358,755,397.77
Including: Amount aged over 1 year	42,798,796.43	29,823,819.05

(2) Major contract liabilities with over one year book age at year-end.: N/A

(3) Significant changes in book value this year.: N/A

31. Wages payable

(1) Category

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Short-term compensation	323,031,068.96	1,940,853,268.37	1,826,488,008.55	437,396,328.78
After-service welfare-defined contribution plans	20,496,424.32	130,607,322.88	149,350,753.71	1,752,993.49
Dismiss welfare	4,627,421.85	5,351,632.96	5,516,160.52	4,462,894.29
Total	348,154,915.13	2,076,812,224.21	1,981,354,922.78	443,612,216.56

(2) Short-term compensation

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Wages, bonuses, allowances and subsidies	311,848,079.07	1,763,520,099.95	1,646,156,298.23	429,211,880.79
Welfare for workers and staff	402,556.82	44,956,094.77	44,800,915.71	557,735.88
Social insurance	5,220,685.85	55,304,847.10	58,824,501.74	1,701,031.21
Including: Medical insurance	4,811,752.39	51,120,600.05	54,344,297.18	1,588,055.26
Work injury insurance	325,176.62	3,877,243.14	4,173,200.65	29,219.11
Maternity insurance	83,756.84	307,003.91	307,003.91	83,756.84
Housing accumulation fund	5,115,350.86	71,450,059.56	71,153,065.18	5,412,345.24
Labor union expenditure and personnel education expense	444,396.36	5,622,166.99	5,553,227.69	513,335.66
Total	323,031,068.96	1,940,853,268.37	1,826,488,008.55	437,396,328.78

(3) Defined contribution plans

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
Basic endowment	18,215,805.28	117,094,798.57	134,712,242.46	598,361.39

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Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end
insurance				
Unemployment insurance	2,280,619.04	13,512,524.31	14,638,511.25	1,154,632.10
Total	20,496,424.32	130,607,322.88	149,350,753.71	1,752,993.49

32. Tax payable

Item	Balance at year-end	Balance at year-begin
Value-added tax	16,433,804.39	30,277,729.74
Enterprise income tax	22,442,997.30	1,822,555.65
Individual income tax	9,049,531.30	4,799,031.61
Urban maintenance and construction tax	8,800,180.85	9,544,272.36
Real estate tax	3,702,169.69	3,658,985.41
Land use tax	1,430,553.17	1,431,191.08
Educational surtax	6,388,436.72	6,850,511.36
Stamp tax	4,270,122.54	3,654,400.08
Construction fund of Water Conservancy Projects	663,334.83	668,948.01
Treatment fund for abandon electrics & electronics	16,436,695.00	17,508,786.00
Other	2,299,925.92	71,467.32
Total	91,917,751.71	80,287,878.62

33. Other account payable

Item	Balance at year-end	Balance at year-begin
Dividend payable	5,384,407.44	4,978,994.16
Other account payable	879,330,313.86	823,228,574.05
Total	884,714,721.30	828,207,568.21

33.1 Dividend payable

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Item	Balance at year-end	Balance at year-begin
The People's Insurance Company (Group) of China Limited	432,607.23	432,607.23
Hefei Branch of Bank of China	446,576.60	391,245.50
Hefei Collective Industrial Association	446,575.90	391,244.89
Provincial trust and investment company Wuhu office	357,261.30	312,996.42
China Life Insurance Group Co., Ltd.	288,404.82	288,404.82
BOC- Fullgoal Tianyi Securities Investment Fund	153,697.50	153,697.50
Other units	3,259,284.09	3,008,797.80
Total	5,384,407.44	4,978,994.16

33.2 Other account payable

(1) Other account payable by nature

Nature	Balance at year-end	Balance at year-begin
Accrued expenses (expenses occurred without reimbursed)	381,110,482.12	344,028,624.89
Receivables received temporary and deducted temporary	13,201,384.59	13,166,091.61
Deposit, margin	170,042,120.52	174,331,550.53
Not the come-and-go with related parties in statement scope	285,951,275.98	278,716,366.01
Other	29,025,050.65	12,985,941.01
Total	879,330,313.86	823,228,574.05

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

34. Non-current liability due within one year

Item	Balance at year-end	Balance at year-begin
Long-term loan principal and interest due within one year	40,172,155.56	20,211,488.89
Lease liabilities due within one year	8,650,642.91	10,075,610.19
Total	48,822,798.47	30,287,099.08

35. Other current liabilities

Item	Balance at year-end	Balance at year-begin
Pending sales tax	18,915,531.41	21,970,126.59
Factoring fees payable	218,335.59	635,142.92
Bill recovery	38,674.50	
Total	19,172,541.50	22,605,269.51

36. Long term borrowings

(1) Category of long term borrowings

Category	Amount at year-end	Amount at year-begin
Loan in mortgage	108,000,000.00	148,000,000.00
Total	108,000,000.00	148,000,000.00

(2) Long-term borrowings at year-end

Loan from	Borrowing day	Returning day	Foreign currency	Interest rate	Amount at year-end (RMB)	Amount at year-begin(RMB)
EIBC (Export-Import Bank) Anhui Province Branch ^{note1}	2020/3/26	2026/11/25	RMB	4.105%	98,000,000.00	98,000,000.00
EIBC (Export-Import Bank) Anhui Province Branch ^{note2}	2019/12/23	2026/11/25	RMB	4.005%	10,000,000.00	50,000,000.00
Total					108,000,000.00	148,000,000.00

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

Note 2: The Company signed the "Loan Contract (Promoting the Opening-up of Loans in China - Fixed Assets)" with the Export-Import Bank of China Anhui Branch, the Company's investment real estate, fixed assets and intangible assets are used as mortgage for the loan. The term of the loan is from December 23, 2019 to November 25, 2026, the interest rate of the loan is determined according to the market quotation rate of the loan with a term of more than 5 years reduced by 0.195%, which fluctuates annually, and the amount of the loan is 100,000,000.00 yuan. According to the repayment plan agreed with the bank, the Company has repaid 50,000,000.00 yuan. It plans to repay 20,000,000.00 yuan on June 25, 2024 and repay 20,000,000.00 yuan on December 25, 2024, a total of 40,000,000.00 yuan has been reclassified to non-current liabilities due within one year. The balance at the end of the year is RMB 10,000,000.00.

37. Lease liability

Item	Balance at year-end	Balance at year-begin
Lease liability	43,488,292.70	28,164,287.97

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Item	Balance at year-end	Balance at year-begin
Total	43,488,292.70	28,164,287.97

38. Long-term payable

Item	Balance at year-end	Balance at year-begin
Special payable	800,347.84	1,145,286.48
Total	800,347.84	1,145,286.48

38.1 Special payable

Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end	Reason
Special funds for technological transformation from Zhongshan Changhong	1,145,286.48		344,938.64	800,347.84	Technology plan project in Zhongshan City

39. Long-term wage payable

Item	Balance at year-end	Balance at year-begin
Dismissal welfare	11,417,181.82	10,790,859.64
Total	11,417,181.82	10,790,859.64

According to the internal early retirement policy, the long-term payable dismissal welfare bears by the Company up to year-end amounting to 11,417,181.82 yuan

40. Accrual liability

Item	Balance at year-end	Balance at year-begin	Reason
Product quality guarantee ^{note1}	29,939,918.07	30,965,097.36	Product warranty
Litigation matters ^{note2}	2,114,872.32	1,720,534.42	
Total	32,054,790.39	32,685,631.78	

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

Note2: In November 2021, Zhejiang Teruise Pharmaceutical Inc. filed a lawsuit against Zhongke Meiling for the "Cold Storage Design, Equipment Purchase and Installation Construction Contract". Currently, quality of the subject under the contract is being authenticated by a third party engineering quality appraisal agency, the initial start-up operation test is now completed. Zhongke Meiling intends to maintain the cold storage project, and the estimated maintenance cost is 1,720,534.42 yuan. The management has provided a total estimated liability of 394337.90 yuan for other business lawsuits.

41. Deferred income

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Item	Balance at year-begin	Increase this year	Decrease this year	Balance at year-end	Reason
Government subsidies--- subsidies of development project	127,493,219.76	2,744,400.00	28,197,396.49	102,040,223.27	
Government subsidies--- subsidies of Relocation	33,520,692.15		2,583,421.09	30,937,271.06	
Total	161,013,911.91	2,744,400.00	30,780,817.58	132,977,494.33	

42. Share capital

Items	Balance at year-begin	Change during the year (+, -)					Ending balance
		New shares issued	Bonus share	Shares transferred from capital reserve	Other	Subtotal	
Total shares	1,029,923,715.00						1,029,923,715.00

43. Capital reserve

Item	Opening balance	Increase this period	Decrease this period	Ending balance
Share premium	2,758,450,812.90		990,446.53	2,757,460,366.37
Other capital reserve	48,043,091.40			48,043,091.40
Total	2,806,493,904.30		990,446.53	2,805,503,457.77

This year's decrease is the difference between the consideration paid by Sichuan Changhong Air Conditioning Co., Ltd., a subsidiary, to Hongyuan Dineng Heat Pump Technology Co., Ltd. and the net asset value it should be entitled to when it is transferred.

44. Other comprehensive income

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Item	Balance at year-begin	Current Year					Balance at year-end
		Account before income tax in Current Year	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less : Income tax expenses	Belong to parent company after tax	Belong to minority shareholders after tax	
Other comprehensive income re-divided into gains/losses							
Conversion difference arising from foreign currency financial statement	- 20,881,462.6 3	433,908.69			177,100.58	256,808.11	- 20,704,362.0 5
Total	- 20,881,462.6 3	433,908.69			177,100.58	256,808.11	- 20,704,362.0 5

45. Special reserves

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Safety production costs	2,467,205.78	31,277,872.27	22,498,266.14	11,246,811.91
Total	2,467,205.78	31,277,872.27	22,498,266.14	11,246,811.91

Note: This year's increase refers to the work safety expenses accrued according to the notice issued by the Ministry of Finance on November 21, 2022 on printing and distributing the Administrative Measures for the Extraction and Use of Work Safety Expenses of Enterprises (CZ [2022] No.136).

46. Surplus reserves

Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Statutory surplus reserve	325,610,989.32	35,834,503.34		361,445,492.66

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Item	Amount at year-begin	Increase this year	Decrease this year	Amount at year-end
Discretionary surplus reserve	115,607,702.16			115,607,702.16
Total	441,218,691.48	35,834,503.34		477,053,194.82

47. Retained profit

Item	Current Year	Last Year
Prior year-end balance	909,082,037.66	734,129,724.00
Add: adjustment from undistributed profit at year-begin	167,328.13	
Including: retroactive adjustment by Accounting Standards for Business Enterprise		
change of accounting policy	167,328.13	
Correction of former material error		
Change of combination scope under common control		
Balance at year-begin	909,249,365.79	734,129,724.00
Add: net profit attributable to shareholders of parent company for this year	741,038,108.54	244,538,734.49
Less: withdraw of statutory surplus reserve	35,834,503.34	18,090,235.08
withdraw of discretionary surplus reserve		
Withdraw of general risk provision		
Dividend payable for ordinary shares	92,693,134.35	51,496,185.75
Dividend of ordinary shares transferred to share capital		
Balance at year-end	1,521,759,836.64	909,082,037.66

48. Operation income and operation cost

(1) Operation income and operation cost

Item	Current Year		Last Year	
	Income	Cost	Income	Cost
Main business	24,022,148,584.59	20,725,758,770.77	20,037,625,297.52	17,325,069,941.59
Other business	225,530,385.97	140,797,026.96	177,594,894.68	119,460,293.73
Total	24,247,678,970.56	20,866,555,797.73	20,215,220,192.20	17,444,530,235.32

(2) The decomposition information of operation income and operation cost

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Type	Current Year		Last Year	
	Income	Cost	Income	Cost
Product				
Including:				
Refrigerator, Freezer	9,088,215,517.67	7,356,737,998.45	7,664,575,851.66	6,346,869,532.77
Air-conditioning	11,566,440,523.53	10,531,949,090.31	9,781,896,262.72	8,770,265,668.68
Washing machine	1,329,017,674.88	1,088,175,149.78	753,549,855.38	607,693,261.63
Small household appliances and kitchen and bathroom	1,849,440,139.12	1,616,157,130.27	1,605,989,880.27	1,408,047,190.15
Other	189,034,729.39	132,739,401.96	231,613,447.49	192,194,288.36
Total	225,530,385.97	140,797,026.96	177,594,894.68	119,460,293.73
Area				
Domestic	16,662,953,598.39	14,285,021,891.36	15,038,808,862.28	12,912,826,550.40
Overseas	7,584,725,372.17	6,581,533,906.37	5,176,411,329.92	4,531,703,684.92
Total	24,247,678,970.56	20,866,555,797.73	20,215,220,192.20	17,444,530,235.32

(3) Information related to performance obligations

Item	Time to perform performance obligations	Material payment terms	Nature of the goods that the Company promises to transfer	Main responsible person or not	Amount expected to be refunded to customers undertaken by the Company	Types of quality assurance provided by the Company and related obligations
Income from sales of goods	When the customer obtains the control right of relevant commodities	Advance payment or payment collected according to credit period	Goods	Yes	No	Product quality assurance
Income from providing services	When customers obtain related services	Advance payment or payment collected according to credit period	Service	Yes	No	

(4) Information related to the transaction price allocated to the remaining performance obligations

At the end of this year, the income corresponding to the performance obligations that have been signed but not yet fulfilled or not yet fully fulfilled is RMB 146,656,929.43, of which RMB 71,158,765.31 is expected to be

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recognized in 2024, RMB 44,426,066.33 in 2025 and RMB 31,072,097.79 in 2026.

49. Business tax and extra charges

Item	Current Year	Last Year
Treatment fund for abandon electrics & electronics	83,954,161.00	71,372,020.99
City construction tax	30,495,241.79	19,846,779.61
Extra charge for education and local education surcharge	23,205,904.33	14,548,311.46
Real estate tax	21,776,071.72	20,864,349.97
Stamp duty	20,180,028.35	16,752,387.61
Land use tax	7,842,009.24	7,416,201.59
Water fund	7,621,811.71	7,714,862.00
Other	20,049.33	14,546.06
Total	195,095,277.47	158,529,459.29

50. Sales expense

Item	Current Year	Last Year
Salary, extra charges and labor service expenses	651,978,914.10	615,364,927.31
Market support expenses	299,976,638.54	286,466,250.64
National three guarantees expense	180,682,812.32	203,466,003.55
Shipping and Installation expense	170,138,310.70	120,722,067.28
Storage lease expenses	99,071,460.40	75,019,986.16
Insurance	34,456,542.89	14,913,058.66
Travelling expenses	28,183,664.81	19,660,517.01
Business activity expenses	16,817,763.84	14,837,137.30
Service	16,695,232.90	10,978,315.77
Vehicle expenses	13,438,130.42	14,012,267.21
Depreciation expenses	8,123,955.41	8,478,387.85
Advertising expenses	6,372,451.62	2,981,861.74
Meeting organization expenses	2,064,895.82	1,570,396.34
House-lease expenses	2,511,983.50	2,977,765.70
Other expenses	40,973,660.36	37,426,048.95
Total	1,571,486,417.63	1,428,874,991.47

51. Administration expense

Item	Current Year	Last Year
Salary and social insurance etc.	233,339,461.44	226,027,033.59

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Item	Current Year	Last Year
Depreciation	22,633,551.78	22,139,475.42
Amortized intangible assets	17,934,318.50	18,097,815.58
Software use	11,618,336.70	9,031,826.08
Water and electricity fee	6,418,796.52	6,326,879.79
Business activities fee	6,202,767.07	4,538,295.97
Property insurance	6,081,059.31	7,095,645.48
Safety in production	4,936,056.08	
Domestic travelling fee	3,868,355.25	2,808,407.52
Board fees	1,799,460.97	2,816,281.49
Office fee	1,479,151.05	1,589,370.87
Inspection and authentication fee	994,648.51	738,557.52
Other expenses	43,828,831.31	57,376,883.06
Total	361,134,794.49	358,586,472.37

52. R&D expenses

Item	Current Year	Last Year
Salary and social insurance etc.	288,740,055.61	237,572,628.90
Amortized intangible assets	128,124,567.42	126,373,792.68
Trial fee of R&D	51,097,363.34	72,478,568.76
Cost of mould	27,618,399.05	26,976,366.44
Technical development cost	25,289,565.25	27,806,672.78
Depreciation	19,699,982.53	19,226,603.19
Inspection and authentication fee	17,003,613.90	14,858,218.53
Domestic travel expenses	3,481,605.92	1,657,904.73
Other expenses	35,865,338.24	33,432,791.48
Total	596,920,491.26	560,383,547.49

53. Financial expenses

Item	Current Year	Last Year
Interest expenditure	30,088,976.40	30,470,512.88
Less: Interest income	191,805,963.97	159,034,499.30
Add: exchange loss	54,709,775.56	88,349,559.02
Handling fee expenditure	13,550,845.06	12,041,091.12
Discount expenditure	-27,106,971.67	-29,168,764.27
Interest expense on lease liability	1,819,942.13	2,127,420.51

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Item	Current Year	Last Year
Total	-118,743,396.49	-55,214,680.04

54. Other income

Item	Current Period	Last Period
Advanced manufacturing value-added tax deduction	56,552,366.70	
The deferred income is transferred	30,780,817.58	28,913,326.92
Enterprise support funds	8,719,711.00	12,463,661.00
Financial awards	26,985,794.09	33,430,854.69
Immediate VAT refund after collection	9,415,201.81	15,709,711.47
Other	2,121,570.46	1,723,142.63
Export credit insurance subsidy	2,892,195.29	3,415,565.07
Stable job subsidy	2,427,836.46	4,920,730.76
Foreign economic and trade development promotion funds	4,884,590.00	791,337.43
Other tax returns	1,104,918.88	896,261.56
Talent incentives and technological transformation subsidies	723,700.00	292,000.00
Total	146,608,702.27	102,556,591.53

55. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	19,133,884.40	20,440,095.97
Disposition of the investment income generated by the long-term equity investment	22,760.28	
Investment income obtained from the disposal of trading financial assets	-27,576,564.08	6,873,207.97
Income from financial products	6,357,755.52	5,066,526.99
Investment income of other non-current financial assets during holding period	-22,489,932.70	-24,385,552.13
The termination of income recognition for financial assets measured by amortized cost	20,057,997.72	14,763,930.55
Interest income from debt investment during the holding period	12,932,690.90	10,260,629.45
Total	8,438,592.04	33,018,838.80

56. Changes in fair value gains

Item	Current Period	Last Period
Trading financial assets	-18,424,141.04	39,663,502.48

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Item	Current Period	Last Period
Including :Income of fair value changes from derivative financial instruments	-18,424,141.04	39,663,502.48
Trading financial liability	9,732,511.92	-29,657,252.37
Including: Income of fair value changes from derivative financial instruments	9,732,511.92	-29,657,252.37
Other non-current financial assets	16,256,733.17	14,131,251.16
Total	7,565,104.05	24,137,501.27

57. Credit impairment loss

Item	Current Year	Last Year
Account receivable bad debt loss	-81,543,127.20	-162,588,905.74
Other account receivable bad debt loss	-78,256.93	-1,857,860.25
Total	-81,621,384.13	-164,446,765.99

58. Assets impairment loss

Item	Current Year	Last Year
Loss on inventory valuation	-36,433,848.76	-37,286,366.52
Impairment loss on intangible assets	-18,200,119.46	-17,091,365.68
Impairment loss on fixed assets		-1,347,703.96
Impairment loss on contractual assets	-500,429.38	-770,687.90
Total	-55,134,397.60	-56,496,124.06

59. Income from assets disposal

Item	Current Period	Last Period
Income from non-current assets disposal	1,336,229.47	27,602,023.18
Including: income classify to assets ready for sale		
income not classify as to assets ready for sale	1,336,229.47	27,602,023.18
Including: Income from fixed assets disposal	1,262,436.25	15,371,880.61
Income from intangible assets disposal		12,230,142.57
Income from the disposal of the right to use the assets	73,793.22	
Total	1,336,229.47	27,602,023.18

60. Non-operation revenue

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Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Income of penalty	6,025,864.71	1,731,499.87	6,025,864.71
other	8,634,718.46	7,517,843.40	8,634,718.46
Total	14,660,583.17	9,249,343.27	14,660,583.17

61. Non-operating expenditure

Item	Current Period	Last Period	Amount reckoned into non-recurring gains/losses in Current Period
Non-current asset retirement losses	5,218,522.66	1,467,133.15	5,218,522.66
Public welfare donation expenditure	1,106,759.24	1,611,780.39	1,106,759.24
Penalty and late fee	16,611.86	724,538.98	16,611.86
Other	1,390,889.55	4,684,312.46	1,390,889.55
Total	7,732,783.31	8,487,764.98	7,732,783.31

62. Income tax expenses

Item	Current Year	Last Year
Current income tax	32,617,426.64	15,647,487.73
Deferred income Tax	3,530,163.62	-6,082,140.92
Total	36,147,590.26	9,565,346.81

63. Other comprehensive income

Found more in 44. Other comprehensive income in V

64. Items of cash flow statement

(1) Cash related to business activities

1) Cash received from other activities relating to operation

Item	Current Year	Last Year
Collection of restriction fund		80,505,851.57
Government subsidy and rewards	53,964,201.06	72,305,923.02
Cash deposit, deposit	37,414,693.10	28,044,590.50
Receive compensation	2,526,647.13	21,715,660.93

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Item	Current Year	Last Year
Rental income	6,783,387.55	6,448,934.35
Other	9,262,930.96	9,902,572.90
Total	109,951,859.80	218,923,533.27

2) Cash paid for other activities relating to operation

Item	Current Year	Last Year
Operating out of cash expenses	695,985,203.09	603,739,218.72
Petty cash, deposit, Cash deposit	64,908,861.57	52,116,545.02
Total	760,894,064.66	655,855,763.74

(2) Cash related to Investment activities

1) Important cash received related to investment activities

Item	Current Period	Last Period
Structural deposits	1,120,000,000.00	600,000,000.00
Large deposit certificate	170,000,000.00	320,000,000.00
Total	1,290,000,000.00	920,000,000.00

2) Important cash payable related to investment activities

Item	Current Period	Last Period
Structural deposits	1,120,000,000.00	600,000,000.00
Large deposit certificate	360,000,000.00	660,000,000.00
Total	1,480,000,000.00	1,260,000,000.00

3) Cash received from other activities relating to investment

Item	Current Period	Last Period
Interest income arising from bank savings	188,869,688.96	161,501,486.59
Cash deposit	1,194,923.87	391,416.52
Income of forward exchange settlement		20,632.41
Other	190,064,612.83	161,913,535.52
Total		

4) Cash paid for other activities relating to investment

Item	Current Period	Last Period
Losses of forward exchange settlement	115,756,169.35	135,747,164.72
Bid bond refund	500,000.00	
Total	116,256,169.35	135,747,164.72

(3) Cash related to financing activities

1) Cash received from other activities relating to financing

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Item	Current Year	Last Year
Recover restricted funds	351,333,854.83	
Meiling series (internal) bill discounting fundraising	19,497,591.35	23,536,567.33
Total	370,831,446.18	23,536,567.33

2) Cash paid for other activities relating to financing

Item	Current Year	Last Year
Turn into limited funds	71,212,010.57	713,173,457.92
Distribusigned to shareholders at the time of cancellation		22,652,073.83
Meiling series (internal) bill discounting fundraising	8,257,294.29	14,747,852.83
Lease liability principal and interest	9,788,959.46	13,924,674.35
Service fees of financing intermediary agencies		5,205,286.50
Payment for B share repurchase		737,262.35
Financing lease		175,323.88
Intermediary service fee	65,600.34	36,327.91
Total	89,323,864.66	770,652,259.57

3) Changes in liabilities arising from fund-raising activities

Item	Amount at year-begin	Increase this year		Decrease this year		Amount at year-end
		Cash changes	Non Cash changes	Cash changes	Non Cash changes	
Short-term Loans	674,143,916.67	1,923,365,052.15	6,301,630.00	1,469,708,179.79		1,134,102,419.03
Long-term loans	148,000,000.00				40,000,000.00	108,000,000.00
Lease liabilities	28,190,817.78		21,994,649.75		6,697,174.83	43,488,292.70
Lease liabilities due within 1 year	10,075,610.19		8,667,439.78	9,788,959.46	303,447.60	8,650,642.91
Long-term due within 1 year	20,211,488.89		46,832,440.27	26,871,773.60		40,172,155.56
Other payable- Dividend payable	4,978,994.16		93,176,662.27	92,771,248.99		5,384,407.44

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Item	Amount at year-begin	Increase this year		Decrease this year		Amount at year-end
		Cash changes	Non Cash changes	Cash changes	Non Cash changes	
Total	885,600,827.69	1,923,365,052.15	176,972,822.07	1,599,140,161.84	47,000,622.43	1,339,797,917.64

(4) Statement of cash flow in net amount

Item	Relevant facts	Basis for adopting net presentation	Financial impact
Forward foreign exchange delivery	As a legal entity, the Company reports the gains or losses of foreign exchange contract delivery to the receipt of other cash related to investment activities and the payment of other cash related to investment activities	The reported information is more intuitive	No
Restricted funds	As a legal entity, the Company reports the current year's change of restricted funds to the receipt of other cash related to fund-raising activities and the payment of other cash related to fund-raising activities	Rolling reflection	No
Meiling (internal) notes discount fund-raising amount	As a legal entity, the Company reclassifies the current year's change in Meiling (internal) notes discount undue, from cash received from sales of goods, service provision/cash paid from purchase of goods, and receipt of services to other received cash related to fund-raising activities/other paid cash related to fund-raising activities	Rolling reflection	No

(5) It does not involve the current cash receipts and payments, but affects the financial situation of the enterprise or may affect the cash flow of the enterprise in the future

Item	Amount incurred this year
Notes endorsement transfer	640,130,128.86
Total	640,130,128.86

65. Supplementary of the consolidated cash flow statement

(1) Supplementary of cash flow statement

Item	Current Period	Last Period
1. Net profit is adjusted to cash flow of operation activities:	773,202,644.17	277,098,462.51
Net profit	55,134,397.60	11,726,938.40
Credit impairment loss	81,621,384.13	164,446,765.99
Add: provision for depreciation of assets	136,755,781.73	176,173,704.39

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Item	Current Period	Last Period
Depreciation of fixed assets, consumption of oil gas assets and depreciation of productive biological assets	230,677,716.05	223,767,338.55
Amortization of intangible assets	148,644,583.21	151,246,185.43
Depreciation of right-of-use assets	8,872,309.05	12,973,556.19
Loss from disposal of fixed assets, intangible assets and other long term assets (gain is listed with “-”)	-1,336,229.47	-27,602,023.18
Loss from discarding fixed assets as useless (gain is listed with “-”)	5,081,404.15	1,001,047.96
Loss from change of fair value (gain is listed with “-”)	-7,565,104.05	-24,137,501.27
Financial expense (gain is listed with “-”)	-105,187,269.88	-38,087,006.89
Investment loss (gain is listed with “-”)	-8,438,592.04	-33,018,838.80
Decrease of deferred income tax assets (increase is listed with “-”)	-774,799.73	-9,142,184.15
Increase of deferred income tax liabilities (decrease is listed with “-”)	4,304,963.35	3,080,311.85
Decrease of inventories (increase is listed with “-”)	-322,601,024.21	-347,146,382.60
Decrease of operational accounts receivable (increase is listed with “-”)	-788,860,958.90	343,604,791.45
Increase of operational accounts receivable (decrease is listed with “-”)	2,009,567,881.61	674,838,435.05
Other		80,505,851.57
Net cash flow arising from operation activities	2,082,343,305.04	1,465,155,748.06
2. Major investment and financing activities that do not involve cash receipts:		
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change in cash and cash equivalents:		
Balance at period-end of cash	8,391,128,635.87	6,113,222,069.76
Less: Opening balance of cash	6,113,222,069.76	5,840,194,931.57
Add: Balance at period-end of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,277,906,566.11	273,027,138.19

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

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

(4) Cash and cash equivalent

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Item	Balance at year-end	Balance at year-begin
Cash	8,391,128,635.87	6,113,222,069.76
Including: cash in stock	12,727.56	21,243.42
Bank deposits available for payment at any time.	8,387,387,613.83	6,113,166,932.47
Other monetary fund available for payment at any time	3,728,294.48	33,893.87
Cash equivalents		
Including: bond investment due within 3 months		
Balance of cash and cash equivalents at year-end	8,391,128,635.87	6,113,222,069.76
Including: using the restricted cash and cash equivalents of the parent company or subsidiary of the group		

(5) This year, there is no limited scope of use but it is still listed in cash and cash equivalents

(6) Monetary funds that are not cash and cash equivalents

Item	This year's amount	Last year's amount	Reasons other than cash and cash equivalents
Judicial freezing of funds due to contract disputes	27,715,825.21	6,093,218.00	Limited use
Guarantee and acceptance bill deposit	410,939,463.45	712,683,914.92	Limited use
Interest receivable	10,901,601.18	7,422,576.45	Interest accrual
Total	449,556,889.84	726,199,709.37	—

66. Foreign currency

(1) Foreign currency

Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
Monetary fund	—	—	127,204,596.01
Including: USD	2,869,080.48	7.0827	20,320,836.32
Euro	4,329,141.62	7.8592	34,023,589.82
PKR	758,800,389.64	0.0251	19,045,889.78
Won	1,255,283,246.00	0.005514	6,921,631.82
IDR	20,769,792,551.00	0.000461	9,574,874.37
PHP	15,100,323.00	0.1279	1,931,331.31
AUD	7,298,581.51	4.8484	35,386,442.59
Account receivable	—	—	1,067,169,191.65
Including: USD	116,294,473.22	7.0827	823,678,865.48
Euro	9,957,190.73	7.8592	78,255,553.39
PKR	410,308,696.41	0.0251	10,298,748.28

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Item	Ending foreign currency balance	Exchange rate	Ending RMB converted balance
IDR	92,408,396,216.76	0.000461	42,600,270.66
AUD	19,577,081.00	4.8484	94,917,519.52
AUD	29,205,109.07	0.1279	3,735,333.45
Won	2,481,483,655.00	0.005514	13,682,900.87
Other account receivable	—	—	346,351.02
Including: PKR	5,378,768.53	0.0251	135,007.09
IDR	321,790,412.15	0.000461	148,345.38
PHP	492,561.00	0.1279	62,998.55
Account payable	—	—	31,543,031.60
Including: USD	132,118.93	7.0827	935,758.75
Euro	13,419.32	7.8592	105,465.12
PKR	525,713,593.23	0.0251	13,195,411.19
IDR	17,884,398,462.83	0.000461	8,244,707.69
PHP	70,849,795.53	0.1279	9,061,688.85
Other account payable	—	—	14,949,132.09
Including: PKR	281,823,229.08	0.0251	7,073,763.05
IDR	16,602,444,208.24	0.000461	7,653,726.78
PHP	1,732,934.00	0.1279	221,642.26

(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 Rupai. CHANGHONG MEILING ELECTRIC INDONESIA, PT, mainly operates in Jakarta; recording currency is IDR. CH-Meiling International (Philippines) Inc, mainly operates in Philippines; Recording currency is PHP.

67. Lease

(1) The Company as lessee

Item	Amount incurred this year	Amount incurred last year
Interest expense of lease liabilities	1,819,942.13	2,127,420.51
Short-term lease expenses with simplified treatment included in current profits and losses	7,381,795.96	2,605,800.01

(2) The Company as lessor

1) Operating lease of the Company as lessor

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Item	Lease income	In which: income related to variable lease payment not included in lease receipts
House building	33,393,088.86	
Equipment	3,266,344.81	
Total	36,659,433.67	

2) Financial lease of the Company as lessor: N/A.

(3) The Company does not recognize the profit and loss of financial lease sales as a manufacturer or distributor.

VI.R&D expenditure

Item	Amount incurred this year	Amount incurred last year
Salary, social security, etc	332,685,385.50	289,045,189.33
Depreciation expenses	20,217,498.97	19,595,950.42
Other expenses	36,033,763.45	33,999,384.05
Domestic travel expenses	3,760,534.31	1,719,347.59
Inspection and certification fees	19,974,458.24	19,809,891.42
R&D and trial production costs	83,379,401.74	90,075,741.11
Amortization of intangible assets	128,124,567.42	126,373,792.68
Mold costs	93,918,099.78	86,300,051.96
technological development expense	26,648,055.81	29,217,316.19
Total	744,741,765.22	696,136,664.75
Among them: Expensed R&D expenses	596,920,491.26	560,383,547.49
Capitalized R&D expenditure	147,821,273.96	135,753,117.26

1.R&D projects eligible for capitalization

Item	Year-beginning balance	Increased amount this year		Decreased amount this year		Year-end balance
		Internal development expenditure	Other increase	Recognized as intangible assets	Transfer to current profits and losses	
Development of ice washing technology	60,386,906.45	58,420,870.74		59,672,788.12	2,132,644.84	59,134,989.07

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Item	Year-beginning balance	Increased amount this year		Decreased amount this year		Year-end balance
		Internal development expenditure	Other increase	Recognized as intangible assets	Transfer to current profits and losses	
Development of air conditioning technology	41,761,484.12	89,400,403.22		93,119,341.07	86,880.59	38,042,546.27
Total	102,148,390.57	147,821,273.96		152,792,129.19	2,219,525.43	97,177,535.34

(1) Material capitalized R&D projects: N/A.

(2) There is no provision for impairment of development expenditure this year.

VII. Changes of consolidation range

1. Enterprise combined are not under the same control: N/A
2. Enterprise combined under the same control: N/A
3. Reversed takeover: N/A
4. Disposal of subsidiary: N/A
5. Other change

5.1 Subsidiary liquidated

Subsidiary	Equity disposal price	Share disposal ratio (%)	Equity disposal method	Point at which the control is lost	Basis for determining the point at which the control is lost	Difference between the disposal price and the share of net assets of the subsidiary at the consolidated financial statement corresponding to the disposal of the investment	Amount of investment gain/loss transferred from other comprehensive income that related to equity investment of original subsidiary
Jinan Xiangyou Electric Appliances Marketing Co., Ltd		100.00	Liquidation & cancellation	November 11, 2023	Completed the liquidation & cancellation		

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

Subsidiary	Equity disposal price	Share disposal ratio (%)	Equity disposal method	Point at which the control is lost	Basis for determining the point at which the control is lost	Difference between the disposal price and the share of net assets of the subsidiary at the consolidated financial statement corresponding to the disposal of the investment	Amount of investment gain/loss transferred from other comprehensive income that related to equity investment of original subsidiary
Wuhan Meizhirong Electric Appliances Marketing Co., Ltd		100.00	Liquidation & cancellation	March 2023	Completed the liquidation & cancellation		

VIII. Equity in other entity

1. Equity in subsidiary

(1) Composition of the enterprise group

Subsidiary	Registered capital(RMB'000)	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
					Directly	Indirectly	
Zhongke Meiling Cryogenic Technology Co., Ltd	9,673.09	Hefei	Hefei	Manufacturing and sales	47.45	12	Investment establishment
Sichuan Hongmei Intelligent Technology Co., Ltd.	500.00	Mianyang	Mianyang	Software development	100		Investment establishment
Mianyang Meiling Refrigeration Co., Ltd.	10,000.00	Mianyang	Mianyang	Manufacturing and sales	95	5	Investment establishment
Jiangxi Meiling Electric Appliance Co., Ltd	5,000.00	Jingdezhen	Jingdezhen	Manufacturing and sales	98.75	1.25	Investment

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Subsidiary	Registered capital(RMB'000)	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
					Directly	Indirectly	
							establishment
Hefei Meiling Wulian Technology Co., Ltd5)	1,000.00	Hefei	Hefei	Software development	100		Investment establishment
Hefei Meiling Electric Appliances Marketing Co., Ltd6)	2,428.68	Hefei	Hefei	Sales		100	Enterprise combined under the same control
Changhong Meiling Ridian Technology Co., Ltd	8,300.00	Zhongshan	Zhongshan	Manufacturing and sales	99.03	61	Enterprise combined under the same control
CHANGHONG MEILING ELECTRIC INDONESIA,PT8)	4,027.20	Jakarta	Jakarta	Sales		100	Investment establishment
ChanghongRubaTradingCompany (Private) Limited 9)	8,308.98	Pakistan	Pakistan	Sales		60	Investment establishment
Sichuan Changhong Air-conditioner Co., Ltd	85,000.00	Mianyang	Mianyang	Manufacturing and sales	100		Enterprise combined under the same

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Subsidiary	Registered capital(RM B0'000)	Main office place	Registra tion place	Business nature	Shareholding ratio (%)		Acquire by
					Direct ly	Indire ctly	
							control
Zhongshan Changhong Electric Co., Ltd	33,400.00	Zhongs han	Zhongs han	Manufacturin g and sales	90	10	Enterpri se combin ed under the same control
Hefei Meiling Group Holdings Limited	8,000.00	Hefei	Hefei	Manufacturin g and sales	100		Enterpri se combin ed not under the same control
Meiling Equator Household Appliance (Hefei) Co., Ltd	2,479.32	Hefei	Hefei	Manufacturin g and sales		100	Enterpri se combin ed not under the same control
Hefei Equator Appliance Co., Ltd	1,200.00	Hefei	Hefei	Manufacturin g and sales		100	Enterpri se combin ed not under the same control
Ground Energy Heat Pump Tech. Co., Ltd.	5,000.00	Mianyan g	Mianya ng	Manufacturin g and sales		85	Investm ent establis hment

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Subsidiary	Registered capital(RMB'000)	Main office place	Registration place	Business nature	Shareholding ratio (%)		Acquire by
					Directly	Indirectly	
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	4,500.00	Zhongshan	Zhongs han	Manufacturing and sales		85	Investment establishment
Guangzhou Changhong Trading Co., Ltd.	100.00	Guangzhou	Guangzhou	Sales		100	Investment establishment
Hebei Hongmao Daily Appliance Technology Co., Ltd.	500.00	Handan	Handan	Manufacturing and sales		99.03 61	Investment establishment
Anhui Tuoxing Technology Co., Ltd.	1,000.00	Hefei	Hefei	Manufacturing and sales		47.45 12	Investment establishment
CH-Meiling International (Philippines) Inc.	688.91	Philippines	Philippines	Sales	100		Investment establishment
Hefei Changhong Meiling Life Appliances Co., Ltd.	5,000.00	Hefei	Hefei	Sales	70		Investment establishment
Anhui Ling'an Medical Equipment Co., Ltd	5,000.00	Lu'an	Lu'an	Manufacturing and sales		47.45 12	Investment establishment

Note:

1) Zhongke Meiling Cryogenic Technology Co., Ltd. (hereinafter referred to as Zhongke Meiling), the predecessor of which was Zhongke Meiling Cryogenic Technology Limited Liability Company, was established on 29 October 2002 by joint contribution from the Company and Technical Institute of Physics and Chemistry, CAS ("TIPC"), with registered capital of 60 million yuan upon the establishment, among which, the Company made capital contribution of 42 million yuan (including the assets in specie at the consideration of 35,573,719.70 yuan as evaluated by Beijing Zhongzheng Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.029) and cash contribution of 6,426,280.30 yuan) accounting for 70% of the aforesaid registered capital, and TIPC made

capital contribution of 18 million yuan with intangible assets of such value (namely the single compressor mixture industrial low temperature refrigeration technology) as evaluated by Jingzhongzi Assets Appraisal Co., Ltd. with issuance of the Appraisal Report (ZZPBZ(2002)No.225) accounting for 30% of the aforesaid registered capital. The paid-in of the above registered capital has been verified by Huazheng Accounting Firm by issuance of the Assets Verification Report (HZYZ (2002) No. B157) dated 16 October 2002.

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

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

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

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

On September 9, 2019, the 10th Meeting of the 2ndBOD and the Fourth Extraordinary Shareholders' Meeting reviewed and approved the Proposal on the First Stock Issuance Plan of Zhongke Meiling Cryogenic Technology Co., Ltd. in 2019 (Revised Version), the number of shares to be issued this time does not exceed 3,907,900 shares (including 3,907,900 shares), the issue price is not less than 2.16 yuan per share, and the raised funds are expected

to not exceed 8,441,064.00 yuan (including 8,441,064.00 yuan). After the completion of the additional issue, the company's share capital increased to 72,548,200 shares, which was verified by [No. XYZH/2020CDA30002] "Capital Verification Report" issued by Shine Wing Certified Public Accountants (LLP), and the Company's shareholding ratio was 63.2683%.

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

2) Sichuan Hongmei Intelligent Technology Co., Ltd. (hereinafter referred to as Hongmei Intelligent) was established on Jan. 24, 2014. It is a limited company jointly invested by the Company and Mianyang Meiling Refrigeration Co., Ltd., being approved by the Industrial and Commerce Bureau of Peicheng District, Mianyang City. The company owes registered capital of 5 million yuan, including 4.95 million yuan contributed by Changhong Meiling Company in cash, accounted for 99% of the registered capital; Mianyang Meiling Refrigeration Co., Ltd. contributed 50000 yuan in cash with 1% of the register capital occupied. The above mentioned register capital have been verified by verification report of Chuanjinlai Yanzi No. [2014] B039 issued by Sichuan Jinlai Accounting Firm Co., Ltd. In July 2016, the shares of Hongmei Intelligent, held by the Company has transferred to Sichuan Changhong AC Co., Ltd., after transferred, Changhong AC has 99% equity of Hongmei Intelligent, the Company has no shares of Hongmei Intelligent directly. In October 2023, Changhong Air Conditioning and Mianyang Meiling transferred their respective shares to the Company. After the transfer, the Company held 100% shares of Hongmei Intelligent.

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

Meiling Refrigerator. In September 2013, Jiangxi Meiling Refrigeration was combined by Jiangxi Meiling Electric Appliance Co., Ltd., than 5 percent equity was transfer to Jiangxi Meiling Electric Appliance.

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

5) Hefei Meiling Wulian Technology Co., Ltd. (hereinafter referred to as Wulian Technology) was established dated 21 January 2019 with registered capital of 10 million yuan, and it is the subsidiary of the Company with fully-owned establishment. On 19 March 2019 and December 11, 2023, paid in capital is 6 million yuan and 4 million yuan, The cumulative investment of 10 million yuan, accounting for 100% of its registered capital

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

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

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

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

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

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

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

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

9) 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%.

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

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

Changhong Air Conditioner, after capital increased, registered capital of Sichuan Changhong comes to 850 million yuan from 200 million yuan, shareholding still counted as 100%.

11) Zhongshan Changhong Electric Co., LTD (hereinafter referred to as Zhongshan Changhong), was the original Guangdong Changhong Electric Co., Ltd., and is a limited liability company jointly set up by Sichuan Changhong and China Minmetals on May 22, 2001. Its registered capital was RMB 80 million upon establishment, of which, Sichuan Changhong invested 72 million yuan, including 69.3 million yuan bidding for the estate/non-estate from original Zhongshan Sanrong Air-conditioner Co., Ltd. And its patent use-right of 2.7 million yuan, accounting for 90% of the registered capital; China Minmetals invested 8 million yuan in monetary capital accounting 10% of the registered capital. The Company changed its name originally from Guangdong Changhong Electric Co., Ltd in July 2003. In December 2009, the Company obtained 90% equity of Zhongshan Changhong by consolidated under same control. 10% equity held by China Minmetals has been transferred by Changhong Air-conditioner on April 11, 2010. On 25 May 2014, the Company increased 36 million yuan to Zhongshan Changhong, and Changhong AC increased 4 million yuan. In 2016, according to the overseas development strategy of the Company and the development and operation needs of the subsidiaries, the Company and the wholly-owned subsidiary Changhong Air Conditioning have increased capital of 64 million yuan to Zhongshan Changhong according to the existing shareholding ratio, among which the capital increase of the Company was 57.6 million yuan, and the capital increase of Changhong Air Conditioning was 6.4 million yuan. After the completion of this capital increase, the registered capital Zhongshan Changhong shall increase to 184 million yuan, the shareholding ratio of the company and Changhong Air Conditioning remained unchanged and was still 90% and 10%, of which the Company invested 165.6 million yuan, accounting for 90% of the registered capital, Changhong Air Conditioning invested 18.4 million yuan, accounting for 10% of the registered capital. In March 2020, in accordance with the Company's overseas development strategy and the operation and development needs of its subsidiaries, the Company and its wholly-owned subsidiary Changhong Air Conditioning increased capital of 150 million yuan to Zhongshan Changhong according to the existing shareholding ratios, of which the Company increased capital of 135 million yuan, Changhong Air-Conditioning increased capital of 15 million yuan. After the completion of capital increase, the registered capital of Zhongshan Changhong has increased to 334 million yuan. The Company's and Changhong's shareholding ratios in Zhongshan Changhong remain unchanged at 90% and 10%, of which the Company funded 300.6 million yuan, accounting for 90% of the registered capital, while Changhong Air Conditioning funded 33.4 million yuan, accounting for 10% of the registered capital.

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

liability has finished on July 28, 2010. The new Meiling Group has register capital of 80 million yuan, and has been verified by the [AD (2010) YZD No. 016] from Anhui Auding CPAs Co., Ltd.

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

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

15) Hong Yuan Ground Energy Heat Pump Technology Co., Ltd. (hereinafter referred to as Hong Yuan Ground Energy) was established on 28 August 2015, it is a limited liability company authorized by Administration for Industry and Commerce of Peicheng District, Mianyang, Sichuan, contributed by Sichuan Changhong Air Conditioner Co., Ltd (hereinafter referred to as Changhong Air Conditioner) and Hengyou yuan Technology Development Group Co., Ltd. together. Registered capital amounted as 50 million yuan, including 25.5 million yuan contributed by Changhong Air Conditioner in cash, a 51% in total registered capital; Hengyou yuan Technology Development Group Co., Ltd. invested 24.5 million yuan in cash, a 49% in registered capital. In September 2023, Hengyouyuan Technology Development Group Co., Ltd. transferred its 34% equity of Hongyuan Dineng to Changhong Air Conditioning. After the transfer, Changhong Air Conditioning held 85% equity of Hongyuan Dineng.

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

17) 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

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

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

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

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

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

(2) Major non-wholly-owned subsidiary

Subsidiary	Shareholding ratio of minority	Gains/losses attributable to minority in Current Period	Dividend distributed to minority announced in Current Period	Balance of minority's interest at period-end
Zhongke Meiling	52.5488%	8,474,284.50	9,149,568.12	316,091,458.55
Ground Energy	15.00%	3,572,482.75		10,001,298.99
Ridian Technology	0.9639%	20,397.33		1,356,058.15
Meiling Life Appliances	30.00%	17,282,369.68	7,527,442.51	41,938,054.82

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

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Subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	590,872,333.93	143,608,411.32	734,480,745.25	120,874,302.44	12,086,470.45	132,960,772.89
Ground Energy	256,060,078.76	27,234,236.22	283,294,314.98	216,616,587.41	2,400.97	216,618,988.38
Ridian Technology	226,657,040.82	40,283,953.89	266,940,994.71	125,655,866.42	292,501.04	125,948,367.46
Meiling Life Appliances	621,873,116.90	613,240.68	622,486,357.58	481,523,383.11	1,169,458.41	482,692,841.52

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liability	Non-current liability	Total liabilities
Zhongke Meiling	649,452,399.30	158,419,208.85	807,871,608.15	190,256,989.79	16,476,782.72	206,733,772.51
Ground Energy	190,767,892.48	18,222,456.16	208,990,348.64	158,674,964.71	214,658.38	158,889,623.09
Ridian Technology	231,271,013.10	42,012,672.36	273,283,685.46	135,113,073.14	538,894.36	135,651,967.50
Meiling Life Appliances	559,068,082.42	224,882.24	559,292,964.66	452,015,872.49		452,015,872.49

(Continued)

Subsidiary	Current Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	302,800,718.15	16,126,507.82	16,126,507.82	-9,706,149.56
Ground Energy	564,892,721.56	15,842,650.38	15,842,650.38	56,039,000.87
Ridian Technology	238,871,773.09	2,116,223.21	2,116,223.21	14,725,141.77
Meiling Life Appliances	1,660,852,475.77	57,607,898.93	57,607,898.93	77,583,337.61

(Continued)

Subsidiary	Last Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Zhongke Meiling	406,489,091.83	46,273,692.68	46,273,692.68	-38,010,376.20
Ground Energy	316,282,181.46	6,969,895.59	6,969,895.59	20,156,454.01

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Subsidiary	Last Period			
	Operation income	Net profit	Total comprehensive income	Cash flow from operation activity
Ridian Technology	237,989,059.17	623,419.57	623,419.57	-13,918,903.50
Meiling Life Appliances	1,419,586,443.18	40,576,245.84	40,576,245.84	67,906,512.81

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

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

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

Item	Ground Energy	Total
Original ratio of shares held	51%	51%
Equity purchased from minority	18,627,553.47	18,627,553.47
Stock issue		
End-of-term shareholding ratio	85%	85%
Equity purchased from minority	19,618,000.00	19,618,000.00
Less: Ratio of the net assets measured by equity ratio while acquiring the subsidiary		
Equity dilution for shares issuance		
Balance	990,446.53	990,446.53
Including: Capital public reserve adjusted	990,446.53	990,446.53

3. Equity in joint venture or associate enterprise

(1) Major joint venture or associate enterprise

Joint venture or associate enterprise	Main office place	Register place	Business nature	Shareholding ratio (%)		Accounting treatment for investment of joint venture or associate enterprise
				Directly	Indirectly	
Associated companies:						
Sichuan Zhiyijia Network Technology Co., Ltd.	Mianyang	Mianyang	Sales	50.00		Equity

(2) Financial information for major Joint venture: nil

(3) Financial information for associate enterprise

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Item	Sichuan Zhiyijia Network Technology Co., Ltd.	
	Balance at year-end/Current Year	Balance at year-begin /Last Year
Current assets	2,466,521,759.37	3,283,851,057.02
Including: cash and cash equivalent	364,453,302.32	14,808,208.88
Non-current assets	18,519,147.09	5,635,867.44
Total assets	2,485,040,906.46	3,289,486,924.46
Current liability	2,343,467,271.81	3,185,798,119.47
Non-current liability	5,509,063.82	1,632,200.33
Total liabilities	2,348,976,335.63	3,187,430,319.80
Total of net asset	136,064,570.83	102,056,604.66
Minority's interest		
Equity attributable to shareholder of parent company	136,064,570.83	102,056,604.66
Share of net assets measured by shareholding	68,032,285.42	51,028,302.33
Adjustment		
--Goodwill	821,877.28	821,877.28
Unrealized profit of the internal downstream transactions		
Unrealized profit of the internal upstream transactions		
Other		
Book value of the equity investment for associate enterprise		51,850,179.61
Fair value of equity investment for the affiliates with consideration publicly		
Operation income	509,222,643.15	11,137,539,778.84
Financial expenses	-34,478,238.96	-50,856,868.09
Income tax expenses	5,834,031.10	-135,812.07
Net profit	37,428,167.10	12,126,330.11
Other		
Other comprehensive income		
Total comprehensive income	37,428,167.10	12,126,330.11
Dividend received from associate enterprise in Current Year	1,629,022.64	

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

Item	Balance at year-end/Current Year	Balance at year-begin /Last Year
Associated companies:		
Total book value of investment	43,891,649.05	48,534,248.89
Total amount measured by shareholding ratio		
--Net profit	-28,901,875.68	-30,626,025.12
--Other comprehensive income	7,663,003.10	4,165,076.91
-- Total comprehensive income	-21,238,872.58	-26,460,948.21

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

(6) Excess loss occurred in joint venture or affiliates

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

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

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

4. Major conduct joint operation: Nil

5. Structured body excluding in consolidate financial statement: Nil

IX. Government subsidies

1. There is no government subsidies recognized by amount receivable at the end of the year

2. Liabilities involving government subsidies

Accounting subject	Year-beginning balance	New subsidy amount this year	Amount included in non-operating income this year	Amount transferred to other income this year	Other changes this year	Year-end balance	Related to assets/income
Deferred income	161,013,911.91	2,744,400.00		30,780,817.58		132,977,494.33	Asset-related

3. Government subsidies included in current profits and losses

Accounting subject	Amount incurred this year	Amount incurred last year
Other income	59,275,517.99	73,643,264.61
Deferred income	144,573.97	980,007.31

Accounting subject	Amount incurred this year	Amount incurred last year
Financial expenses	42,100.00	

X. Relevant risks related with financial instrument

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

1. Various risk management objectives and policies

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

(1) Market risk

1) Exchange rate risk

The Company pays close attention to the impact of exchange rate changes on the Company. The Company attaches great importance to the study of exchange rate risk management policies and strategies. In order to avoid the exchange rate risk of foreign currency payment and foreign currency collection and settlement income, the Company has signed several forward foreign exchange contracts with banks. The fair value of forward foreign exchange contracts recognized as derivative financial instruments on December 31, 2023 is RMB 7,007,434.77. Changes in the fair value of derivative financial instruments have been included in the profit and loss, and the relevant contents of "V. 56 Income from changes in fair value" in this note. In the meantime, with the constant change in the share of the international market, if there are risks beyond the control of the Company, such as unilateral large changes in the RMB exchange rate, the Company will reduce the risks by adjusting the sales or purchasing strategies.

2) Interest rate risk

The Company's interest rate risk arises from bank loans and interest-bearing debts. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company decides the relative proportion of fixed interest rate and floating interest rate contracts according to the market environment at that time. On December 31, 2023, the Company's interest-bearing debts were mainly the fixed-rate loan contracts denominated in RMB, with a total amount of RMB 1,133,967,080.14 ; and the RMB floating-rate loan contracts, with a total amount of RMB 148,000,000.00. The Company's risk of changes in the fair value of financial instruments due to changes in interest rates is mainly related to fixed-rate bank loans. The Company's risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to floating interest rate bank loans. The Company pays close

attention to the impact of this part of interest rate changes on the Company and attaches importance to the study of interest rate risk management policies and strategies.

(2) Credit risk

On December 31, 2023, the biggest credit risk exposure that may cause the financial loss of the Company mainly comes from the loss of the Company's financial assets caused by the failure of the other party to the contract and the financial guarantee undertaken by the Company, including: the book amount of the financial assets recognized in the consolidated balance sheet; For financial instruments measured at fair value, the book value reflects their risk exposure, but not the maximum risk exposure, and its maximum risk exposure will change with the change of fair value in the future. In order to reduce the credit risk, the Company set up a special department to determine the credit line, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue creditor's rights. Meanwhile, the Company tries to reduce the impact of credit default of creditor's rights by purchasing credit insurance. In addition, the Company reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient bad debt provision is made for unrecoverable funds. Therefore, the management of the Company believes that the credit risk assumed by the Company has been greatly reduced. The Company's working capital is deposited in the finance company, so the credit risk of working capital is low. The Company has adopted necessary policies to ensure that all sales customers have good credit records. The total amount of the top five accounts receivable is RMB 572,545,992.76, accounting for 28.88% of the accounts receivable at the end of the year, which is dependent on major customers. Except for the top five accounts receivable, the Company has no other major credit risks.

(3) Liquidity risk

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

2.Hedging

(1)The Company carries out hedging business and risk management

The Company uses forward foreign exchange contracts to hedge the risk of exchange rate fluctuations. The Company designates the purchased forward foreign exchange contracts as hedging instruments and processes them in accordance with the hedging accounting method. The hedged items of unrecognized asset and liability items such as unconfirmed firm commitments are evaluated on the balance sheet date. The Company uses ratio analysis method to evaluate the effectiveness of hedging.

The Company conducts qualified hedging business and applies hedging accounting

(2) The Company conducts qualified hedging business and applies hedging accounting

Item	Book value related to hedged items and hedging instruments	Hedging adjustment of accumulated fair value of hedged items included in the book value of hedged items recognized	Hedging effectiveness and source of part with invalid hedging	Impact of hedging accounting on the Company's financial statements
Fair value hedging				
Exchange rate risk - Forward foreign exchange contracts and unrecognized firm commitments, etc.	610,421,375.18	—	Financial expenses - Exchange losses; Investment income; Change of income fair value	-90,977,968.76

3. Transfer of financial assets

(1) Classification of transfer modes

Transfer mode	Nature of transferred financial assets	Amount of transferred financial assets	Derecognized or not	Judgment basis of derecognition
Notes endorsement/ Notes discount	Notes receivable	38,674.50	Not derecognized	Almost all its risks and rewards, including the risk of default related to it, are retained
Notes endorsement/ Notes discount	Receivable financing	2,505,643,801.34	Derecognized	Almost all its risks and rewards have been transferred
Factoring	Accounts receivable	5,401,255,213.11	Derecognized	Almost all its risks and rewards have been transferred
Total		7,906,937,688.95		

(2) Financial assets that are derecognized due to transfer

Item	Ways of financial assets transfer	Amount of financial assets derecognized	Gains or losses related to derecognition
Receivable financing	Notes endorsement/Notes discount	2,505,643,801.34	-11,479,703.09
Accounts receivable	Factoring	5,401,255,213.11	-20,643,418.20
Total	—	7,906,899,014.45	-32,123,121.29

(3) Financial assets that continue to be involved in asset transfer

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Item	Mode of asset transfer	Amount of assets formed by continuous involvement	Amount of liabilities formed by continuous involvement
Notes receivable	Notes endorsement/Notes discount	38,674.50	
Other current liabilities	Notes restoration		38,674.50
Total	— -	38,674.50	38,674.50

On December 31, 2023, the book value endorsed by the Company to suppliers for settlement of accounts payable was RMB 38,674.50. The Company believes that it has retained almost all its risks and rewards, including the risk of default related to it, so it continues to fully recognize its related liabilities.

XI. Fair value disclosure

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

Items	Fair value at period-end			
	1 st level	2 nd level	3 rd level	Total
I. Continuous fair value measurement	—	—	—	—
(i) Trading financial assets	39,236,447.63			39,236,447.63
1. Financial assets measured at fair value and whose changes are included in current gains/losses	39,236,447.63			39,236,447.63
Including: Derivative financial assets	39,236,447.63			39,236,447.63
(ii) Other non-current financial assets		105,194,079.19	568,945,436.29	674,139,515.48
(iii) Receivables financing			1,641,858,740.34	1,641,858,740.34
Total assets continuously measured at fair value	39,236,447.63	105,194,079.19	2,210,804,176.63	2,355,234,703.45
(iv) Trading financial liability	32,229,012.86			32,229,012.86
1. Financial liabilities measured by fair value and with variation reckoned into current gains/losses	32,229,012.86			32,229,012.86
Including: Derivative financial liability	32,229,012.86			32,229,012.86
Total liabilities continuously measured at fair value	32,229,012.86			32,229,012.86

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

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

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

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

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

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

XII. Related parties and related transaction

(I) Relationship of related parties

1. Controlling shareholder and ultimate controller

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

(1) Controlling shareholder and ultimate controller

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

(2) Register capital and change thereof of controlling shareholder

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

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

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

2. Subsidiary

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

3. Joint venture and associated enterprise

Other Joint venture and associated enterprise that have related transactions occurred with the Company in Current Period or occurred in last period, and with balance results:

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

4. Other related party

Other related party	Relationship with the company
Mianyang Haili Appliance Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Hongran Green Energy Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Changxin Refrigeration Parts Co., Ltd.	Associated enterprise of controlling shareholder
Sichuan Baiku Technology Co., Ltd	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Associated enterprise of other enterprise that have the same controlling shareholder
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Control by same controlling shareholder and ultimate controller
Changhong Europe Electric s.r.o	Control by same controlling shareholder and ultimate controller
CHANGHONG (HK) TRADING LIMITED	Control by same controlling shareholder and ultimate

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Other related party	Relationship with the company
	controller
CHANGHONG.ELECTRIC.(AUSTRALIA) PTY.LTD.	Control by same controlling shareholder and ultimate controller
Orion.PDP.Co.,Ltd	Control by same controlling shareholder and ultimate controller
PT.CHANGHONG ELECTRIC INDONESIA	Control by same controlling shareholder and ultimate controller
Chengdu Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangdong Changhong Electronics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Hongcheng Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
Guangyuan Changhong Electronic Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Hefei Changhong Industrial Co., Ltd.	Control by same controlling shareholder and ultimate controller
081 Electronic Group Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Hongshang Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Huafeng Hulian Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Aichuang Science & Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ailink Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Ansifei Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Baiku Technology Co., Ltd	Associated enterprise of other enterprise that have the same controlling shareholder
Sichuan Hongmofang Network 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 Hongxin Software Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
Sichuan Huafeng Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Jiahong Industry Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Kuaiyidian Electric Appliance Service Chain Co., Ltd	Control by same controlling shareholder and ultimate controller
Sichuan Qineng Zhongzheng Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Qiruik Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Qisai Microelectronics 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 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 Gerun Environmental Protection Tech. 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 Jineng Sunshine Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Group Finance Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jijia Fine Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jiahua Information Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Jichuang Lithium Technology 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 Minsheng Logistics Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Moulding Tech. Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Device Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

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Other related party	Relationship with the company
	controller
Sichuan Changhong Network Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Property Service Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong New Energy Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Xinwang Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller
Sichuan Changhong Real Estate Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yibin Hongxing Electric Co., Ltd.	Control by same controlling shareholder and ultimate controller
Yuanxin Financial Lease 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
Changhua Huayi Compressor Co., Ltd.	Control by same controlling shareholder and ultimate controller
Zhongjiu Shining Medical Technology Co., Ltd.	Control by same controlling shareholder and ultimate controller

(ii) Related transactions

1. Purchasing commodity

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last year
		(In 10 thousand yuan)	(In 10 thousand yuan)		(In 10 thousand yuan)
Sichuan Changhong Model Technology Co., Ltd.	Purchasing commodity	78,955.55	100,000.00	No	80,947.69
Changhong Huayi Compressor Co., Ltd.	Purchasing commodity	56,361.04	54,000.00	Yes	45,173.47
Sichuan Changxin Refrigeration Parts Co., Ltd.	Purchasing commodity	53,476.76			53,050.78
Sichuan Changhong Jijia Fine Co., Ltd.	Purchasing	47,006.81	65,000.00	No	45,767.42

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Related party	Content	Current Year	Approved trading quota	Whether the trading inmit is exceeded	Last year
		(In 10 thousand yuan)	((In 10 thousand yuan)		(In 10 thousand yuan)
	commodity				
Mianyang Haili Appliance Co., Ltd	Purchasing commodity	36,490.77			10,109.13
Guangdong Changhong Electronics Co., Ltd.	Purchasing commodity	34,336.31	65,000.00	No	33,985.13
Sichuan Aichuang Technology Co., Ltd.	Purchasing commodity	16,847.00	20,000.00	No	11,551.33
Sichuan Changhong Package Printing Co., Ltd.	Purchasing commodity	11,012.12	20,000.00	No	13,066.04
Changhong International Holdings (Hong Kong) Co., Ltd.	Purchasing commodity	5,500.00	12,000.00	No	510.85
Sichuan Changhong Electric Holdings Group Co., Ltd.	Purchasing commodity	3,715.78	15,000.00	No	
Sichuan Changhong Electronic Products Co., Ltd.	Purchasing commodity	2,761.52	4,000.00	No	2,546.79
Sichuan Aoku Technology Co., Ltd.	Purchasing commodity	2,758.52	15,000.00	No	764.15
Sichuan Changhong Precision Electronics Tech. Co., Ltd.	Purchasing commodity	2,510.14	4,500.00	No	2,570.75
ChanghongRubaElectricCompany (Private) Ltd.	Purchasing commodity	1,234.06			6,640.82
Sichuan Ailian Technology Co., Ltd.	Purchasing commodity	1,231.98	5,000.00	No	913.94
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchasing commodity	806.22	8,000.00	No	530.29
Sichuan Changhong Appliance Technology Co., Ltd.	Purchasing commodity	797.63	8,000.00	No	768.89
Sichuan Changhong Electric Co., Ltd.	Purchasing commodity	753.21	8,000.00	No	417.80
Hefei Changhong Industrial Co., Ltd.	Purchasing commodity	714.92	8,000.00	No	394.74
Sichuan Hongran Green Energy Co., Ltd.	Purchasing commodity	145.41			
Sichuan Changhong New Energy Technology Co., Ltd.	Purchasing commodity	20.18	15,000.00	No	4.31

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January 1, 2023 to December 31, 2023

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

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last year
		(In 10 thousand yuan)	(In 10 thousand yuan)		(In 10 thousand yuan)
081 Electronic Group Co., Ltd.	Purchasing commodity	5.30	8,000.00	No	
Sichuan Hongwei Technology Co., Ltd.	Purchasing commodity	4.72	8,000.00	No	
Sichuan Changhong International Hotel Co., Ltd.	Purchasing commodity	3.23	15,000.00	No	1.17
Sichuan Jiahong Industrial Co., Ltd.	Purchasing commodity	2.80	15,000.00	No	8.25
Sichuan Hongyu Metal Manufacturing Co., Ltd.	Purchasing commodity	1.47			
Sichuan Kuaiyidian Electric Appliance Service Chain Co., Ltd	Purchasing commodity	0.18	8,000.00	No	0.12
Sichuan Changhong Power Source Co., Ltd.	Purchasing commodity	0.18	8,000.00	No	
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchasing commodity	0.05	15,000.00	No	1.62
Chengdu Guigu Environment Technology Co., Ltd.	Purchasing commodity				22.19
Total		357,540.13			309,747.67

2. Accept the services

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
Sichuan Changhong Minsheng Logistics Co., Ltd.	Accept the services	683,224,664.94	820,000,000.00	No	616,571,560.92
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Accept the services	318,330,631.13	450,000,000.00	No	300,207,670.49
Sichuan Changhong Moulding Tech. Co., Ltd.	Accept the services	40,943,864.06	100,000,000.00	No	21,996,492.76
Sichuan Hongxin Software Co., Ltd.	Accept the	13,208,179.25	100,000,000.00	No	10,867,739.17

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

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
	services				
Sichuan Qiruik Technology Co., Ltd.	Accept the services	9,901,242.40	150,000,000.00	No	8,525,543.51
Sichuan Changhong Jijia Fine Co., Ltd.	Accept the services	7,801,048.46	100,000,000.00	No	10,671,879.96
Sichuan Jiahong Industry Co., Ltd.	Accept the services	5,580,266.42	150,000,000.00	No	7,421,624.51
Sichuan Changhong Electric Co., Ltd.	Accept the services	3,886,724.22	100,000,000.00	No	4,882,453.51
Sichuang Changhong Electric Holdings Group Co., Ltd.	Accept the services	2,834,748.30	150,000,000.00	No	1,954,498.90
Sichuan Changxin Refrigeration Part Co., Ltd.	Accept the services	2,113,071.18			8,889,532.68
Sichuan Aichuang Technology Co., Ltd.	Accept the services	1,371,321.88	150,000,000.00	No	1,069,829.75
Guangdong Changhong Electric Co., Ltd.	Accept the services	1,112,606.43	100,000,000.00	No	1,223,519.69
Sichuan Changhong International Hotel Co., Ltd.	Accept the services	736,015.39	150,000,000.00	No	351,928.96
Sichuan Changhong Gerun Environmental Technology Co., Ltd.	Accept the services	325,332.17	150,000,000.00	No	59,745.71
Sichuan Changhong Electric Part Co., Ltd.	Accept the services	275,044.71	100,000,000.00	No	
Sichuan Changhong Property Service Co., Ltd.	Accept the services	145,611.44	150,000,000.00	No	114,522.42
Sichuan Zhiyijia Network Technology Co., Ltd.	Accept the services	139,286.01	100,000,000.00	No	155,202.18
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Accept the services	94,339.62	150,000,000.00	No	73,130.53
Orion.PDP.Co.,ltd	Accept the services	50,097.44	150,000,000.00	No	
Sichuan Changhong Network Technology Co., Ltd.	Accept the services	30,517.92	100,000,000.00	No	24,891.99
Sichuan Ailian Technology Co., Ltd.	Accept the	10,754.72	150,000,000.00	No	

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

Related party	Content	Current Year	Approved trading quota	Whether the trading limit is exceeded	Last Year
	services				
Sichuan Hongwei Technology Co., Ltd.	Accept the services	6,920.35	100,000,000.00	No	
Chengdu Gugu Environment Technology Co., Ltd.	Accept the services				124,778.76
Sichuan Changhong Appliance Technology Co., Ltd.	Accept the services				81,652.50
Total		1,092,122,288.44			995,268,198.90

3. Sales of goods

Related party	Content	Current Period	Last Period
		(in 10 thousand Yuan)	(in 10 thousand Yuan)
Sichuan Zhiyijia Network Technolgy Co., Ltd.	Sales of goods	728,895.73	683,645.83
CHANGHONG(HK)TRADINGLIMITED	Sales of goods	69,999.52	35,986.86
CHANGHONGELECTRIC(AUSTRALIA)PTY.LTD.	Sales of goods	17,630.27	16,831.82
Changhong International Holdings (Hong Kong) Co., Ltd.	Sales of goods	11,246.60	10,146.95
Changhong Europe Electric s.r.o	Sales of goods	10,299.23	1,376.83
Orion.PDP.Co.,ltd	Sales of goods	4,478.34	5,156.73
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Sales of goods	654.81	704.59
Sichuan Aichuang Technology Co., Ltd.	Sales of goods	407.43	2.19
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Sales of goods	258.76	
Sichuan Changhong Electric Co., Ltd.	Sales of goods	225.21	138.77
Sichuan Changhong Jiechuang Lithium battery Technology Co., Ltd.	Sales of goods	114.78	
Sichuan Tianyou Guigu Technology Co., Ltd.	Sales of goods	96.18	206.70
Sichuan Changhong Minsheng Logistic Co., Ltd.	Sales of goods	79.93	254.19
Chengdu Guigu Environment Technology Co., Ltd.	Sales of goods	43.78	53.43
Guangyuan Changhong Electric Technology Co., Ltd.	Sales of goods	24.10	15.00
Hong Yuan Ground Energy Heat Tech. Co., Ltd.	Sales of goods	23.32	571.43
Sichuan Aoku Technology Co., Ltd.	Sales of goods	21.93	23.01
Sichuan Changhong Model Technology Co., Ltd.	Sales of goods	21.18	68.44
Guangdong Changhong Electric Co., ITD.	Sales of goods	20.78	10.59
Sichuan Baiku Technology Co., Ltd.	Sales of goods	19.20	64.39

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

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

Related party	Content	Current Period	Last Period
		(in 10 thousand Yuan)	(in 10 thousand Yuan)
Sichuan Changhong Appliance Technology Co., Ltd.	Sales of goods	14.81	10.46
Zhongjiu Shining Medical Technology Co., Ltd.	Sales of goods	14.57	
Sichuan Qineng Zhongzheng Technology Co., Ltd.	Sales of goods	9.85	
Yibin Hongxing Electric Co., Ltd.	Sales of goods	8.67	
Sichuan Changhong Real Estate Co., Ltd.	Sales of goods	6.11	9.72
Sichuan Hongmofang Network Technology Co., Ltd.	Sales of goods	6.06	
Sichuan Changhong Power Source Co., Ltd.	Sales of goods	5.46	
Sichuan Qisai Microelectronics Co.,Ltd.	Sales of goods	4.99	
Sichuan Changhong Jija Fine Co., Ltd.	Sales of goods	2.68	6.20
Sichuan Changhong Precision Electronic Technology Co., Ltd	Sales of goods	1.08	
Sichuan Jiahong Industry Co., Ltd.	Sales of goods	0.84	
Sichuan Ailian Technology Co., Ltd.	Sales of goods	0.78	
Sichuan Changhong Electric Holdings Group Co., Ltd.	Sales of goods	0.60	42.38
Sichuan Changhong Property Service Co., Ltd.	Sales of goods	0.46	
Sichuan Qiruik Technology Co., Ltd.	Sales of goods	0.27	0.31
Sichuan Ansifei Technology Co., Ltd.	Sales of goods	0.01	2.42
CHANGHONG ELECTRIC MIDDLE EAST FZCO	Sales of goods		1,725.97
Changhong Ruba Electric Company (Private) Ltd.	Sales of goods		1,032.08
Yuanxin Financing Lease Co., Ltd.	Sales of goods		245.87
Sichuan Huafeng Technology Co., Ltd.	Sales of goods		35.31
Changhong Huayi Compressor Co., Ltd.	Sales of goods		7.26
Mianyang Hongsheng Real Estate Co., Ltd.	Sales of goods		2.56
Sichuan Hongxin Software Co., Ltd.	Sales of goods		0.11
Total		844,638.32	758,378.40

4. Providing services

Related party	Content	Current Year	Last Year
Sichuan Changhong Electric Co., Ltd.	Providing services	11,395,693.06	2,271,754.66
Sichuan Aichuang Technology Co., Ltd.	Providing services	4,743,474.93	-242,246.63
Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Provide the services	2,315,536.37	1,977,927.75
Sichuan Changhong Jiechuang Lithium Battery Technology Co., Ltd.	Providing services	2,277,747.12	57,269.68
Sichuan Changhong Model Technology Co., Ltd.	Providing services	1,390,026.86	339,008.37
Changhong Huayi Compressor Co., Ltd.	Provide the services	1,343,950.04	2,049,559.70
Yuanxin Financing Lease Co., Ltd.	Providing services	907,791.40	2,843,225.41

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

Related party	Content	Current Year	Last Year
Guangdong Changhong Electric Co., Ltd	Providing services	627,354.91	819,840.18
Sichuan Huafeng Technology Co., Ltd.	Provide the services	464,234.00	442,842.31
Sichuan Changhong Minsheng Logistics Co., Ltd.	Providing services	379,007.97	215,817.23
Mianyang Huafeng Hulian Technology Co., Ltd.	Providing services	349,753.68	88,192.89
Sichuan Changhong Network Technology Co., Ltd.	Provide the services	268,020.00	
Sichuan Changhong Property Service Co., Ltd.	Providing services	259,029.87	171,595.00
Sichuan Zhiyijia Network Technology Co., Ltd.	Providing services	185,395.50	952,679.40
Sichuan Changhong Xinwang Technology Co., Ltd	Provide the services	128,670.00	
Sichuan Changhong Jija Fine Co., Ltd.	Provide the services	127,547.47	83,244.16
Sichuan Changhong Appliance Technology Co., Ltd.	Providing services	124,018.93	93,760.05
Sichuan Qineng Zhongzheng Technology Co., Ltd.	Providing services	108,865.14	
Sichuan Qirui Technology Co., Ltd.	Provide the services	95,653.62	1,332.00
Sichuan Hongwei Technology Co., Ltd.	Providing services	69,735.85	46,490.57
Sichuan Changhong International Hotel Co., Ltd.	Providing services	65,714.90	34,555.53
Sichuan Changhong Real Estate Co., Ltd.	Provide the services	45,992.16	
Sichuan Qisai \Microelectronics Co., Ltd.	Providing services	44,593.58	
Sichuan Changhong Xingwang Technology Co., Ltd.	Providing services	16,670.00	
Chengdu Guigu Environment Technology Co., Ltd.	Provide the services	10,061.17	263,625.23
Sichuan Changhong Electric Part Co., Ltd.	Providing services	7,200.00	3,600.00
Sichuan Changhong Electric Group Co., Ltd.	Providing services	6,742.60	311,964.22
Sichuan Aoku Technology Co., Ltd.	Provide the services	4,456.25	156,191.31
Sichuan Changhong Precision Electronic Technology Co., Ltd	Providing services	4,320.00	4,050.00
Hefei Changhong Industry Co., Ltd.	Providing services	42.50	3,457.50
Sichuan Changxin Refrigeration Part Co., Ltd.	Provide the services		229,524.66
081 Electronic Group Co., Ltd.	Providing services		93,124.78
Guangyuan Hongcheng Industry Co., Ltd.	Providing services		45,871.56
Sichuan Ansifei Technology Co., Ltd.	Providing services		-2,685.82
Total		27,750,629.88	13,355,571.70

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

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

5. Related rental

(1) Rent out

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Changhong Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Apartments, warehouses, factories	2,956,810.97	2,666,842.20
Changhong Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	warehouse, apartment, forklift, warehouse	950,642.38	893,341.66
Changhong Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	apartment, office	206,115.96	181,355.96
Changhong Meiling	Sichuan Zhiyijia Network Technology Co., Ltd.	Apartment	188,256.88	188,256.88
Changhong Meiling	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	Apartments, Offices, Forklifts	162,376.19	184,560.00
Changhong Meiling	Hefei Changhong Industrial Co., Ltd.	Apartments, warehouses, forklifts	159,792.74	611,142.15
Changhong Meiling	Sichuan Aoku Technology Co., Ltd.	Warehouse	43,392.81	9,467.90
Changhong Meiling	Sichuan Ailink Technology Co., Ltd.	Warehouse	39,014.00	51,093.26
Changhong Meiling	Changhong Huayi Compressor Co., Ltd.	Warehouse	5,811.32	
Changhong Meiling	Sichuan Hongxin Software Co., Ltd.	Apartments	4,400.00	
Changhong Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	3,496.76	1,877.88
Changhong Meiling	Sichuan Changhong Precision Electronic Technology Co., Ltd	Apartments	1,105.00	63,600.00
Changhong Air-conditioner	Sichuan Changhong Moulding Tech. Co., Ltd.	Workshop	5,524,818.10	5,329,999.71
Changhong Air-conditioner	Sichuan Changhong Jijia Fine Co., Ltd.	warehouse	3,662,397.40	3,601,311.97
Changhong Air-conditioner	Sichuan Changhong Electric Co., Ltd.	Workshop	807,070.04	1,786,799.14
Changhong Air-conditioner	Sichuan Changxin Refrigeration Parts Co., Ltd.	Processing equipment of U	159,999.98	206,666.67
Changhong Air-conditioner	Chengdu Guigu Environmental Tech. Co., Ltd	House and buildings	28,403.67	28,403.67
Changhong Air-conditioner	Sichuan Changhong Electric Holding Co., Ltd.	plant, equipment	4.49	19,563.84

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

Lessor	Lessee	Type of assets	Leasing income in Current Period	Leasing income in Last Period
Ridian Technology	Sichuan Changhong Device Technology Co., Ltd.	2# living area	2,147,149.80	2,147,149.80
Ridian Technology	Sichuan Qiruik Technology Co., Ltd.	plant	47,314.29	47,314.29
Zhongshan Changhong	Sichuan Changhong Device Technology Co., Ltd.	living area	67,200.00	84,000.00
Zhongshan Changhong	Sichuan Changhong Minsheng Logistics Co., Ltd.	Warehouse Office	44,297.16	44,297.16
Zhongshan Changhong	Sichuan Changhong Moulding Tech. Co., Ltd.	living area	34,946.67	64,800.00
Zhongshan Changhong	Guangdong Electric Co., Ltd.	living area		14,221.47
Jiangxi Meiling	Sichuan Changhong Moulding Tech. Co., Ltd.	Workshop	822,288.36	822,288.36
Jiangxi Meiling	Sichuan Aichuang Science & Technology Co., Ltd.	Warehouse	9,600.00	8,914.29
Jiangxi Meiling	Sichuan Changhong Minsheng Logistics Co., Ltd.	Workshop	9,142.86	9,142.86
Jiangxi Meiling	Sichuan Changhong Jijia Fine Co., Ltd.	Workshop	8,000.00	7,428.57
Jiangxi Meiling	Changhong Huayi Compressor Co., Ltd.	Workshop	4,800.00	4,457.14
Jiangxi Meiling	Hefei Changhong Industry Co., Ltd.	Workshop		1,485.71
Total			18,098,647.83	19,079,782.54

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January 1 ,2023 to December 31, 2023

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

(2) Lessee of related parties

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Rental	143,252.58	125,548.80								
Sichuan Changhong Electronics Holding Group Co., Ltd.	Changhong Air-conditioner	Staff dormitory		1,920.00								
Sichuan Jiahong Industrial Co., Ltd.	Changhong Air-conditioner	Staff dormitory	399,176.91	464,805.24								
Sichuan Changhong Electric Co., Ltd.	Changhong Air-conditioner	VISA Laboratories		341,178.04			306,863.00		34,315.04		1,534,315.05	

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Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Guangdong Changhong Electronics Co., Ltd.	Hong yuan Zhongshan	Staff dormitory	80,355.16	104,751.85								
Chengdu Changhong Electronic Technology Co., Ltd.	Hongmei Intelligent	Office					678,008.96	603,257.97	47,945.48	88,127.19		
Sichuan Changhong Electric Co., Ltd.	Mianyang Meiling	Workshop leasing	96,779.07				2,831,656.00	2,904,844.69	451,647.92	378,459.23	26,088,842.03	701,858.10
Sichuan Jiahong Industrial Co., Ltd.	Mianyang Meiling	Staff dormitory	32,599.20	34,379.52								
Guangdong Changhong	Ridian Technology	Staff dormitory	64,994.60	132,045.20								

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Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Electronics Co., Ltd.												
Chengdu Changhong Electric Technology Co., Ltd.	Meiling Life appliance	Office	130,997.43	22,542.67								
Changhong Huayi Compressor Co., Ltd.	Jiangxi Meiling	Staff dormitory	115,810.67	140,483.38								
Hefei Changhong Industry Co., Ltd.	Changhong Meiling	Plant					1,209,008.90	908,010.50	953,113.00	1,019,690.31		
Hefei Changhong Industry Co.,	Changhong Meiling	Sale site	11,428.57									

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

Lessor	Lessee	Type of assets	Rental charges for short-term and low-value assets (if any)		Variable lease payments not included in lease liabilities measurement (if any)		Rent paid		Interest expenses on lease liabilities assumed		Increased use right assets	
			Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period	Amount of current period	Amount of previous period
Ltd.												
Total			1,075,394.19	1,367,654.70			5,025,536.86	4,416,113.16	1,487,021.44	1,486,276.73	27,623,157.08	701,858.10

Annotations to Financial Statements of Changhong Meiling Co., Ltd.
 From 1 January 2023 to 31 December 2023
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6. Related guarantee

Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			Fulfill
Changhong Meiling	Meiling Group	4,500.00	2023/5/11	2024/5/11	No
Changhong Meiling	Meiling Group	8,000.00	2023/7/12	2024/7/11	No
Changhong Meiling	Jiangxi Meiling	5,000.00	2022/4/18	2023/4/18	Yes
Changhong Meiling	Meiling Life Appliances	8,000.00	2023/2/22	2024/1/12	No
Changhong Meiling	Meiling Life Appliances	2,000.00	2023/4/24	2024/4/23	No
Changhong Meiling	Meiling Life Appliances	5,000.00	2023/4/21	2024/4/21	No
Changhong Meiling	Meiling Life Appliances	2,000.00	2023/11/3	2024/11/2	No
Changhong Meiling	Meiling Life Appliances	10,000.00	2023/12/1	2024/11/30	No
Changhong Meiling	Meiling Life Appliances	4,000.00	2023/12/15	2024/6/4	No
Changhong Meiling	Meiling Life Appliances	3,000.00	2022/1/26	2023/1/26	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/3/16	2023/3/16	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/9/22	2023/9/21	Yes
Changhong Meiling	Meiling Life Appliances	1,000.00	2022/9/8	2023/9/8	Yes
Changhong Meiling	Meiling Life Appliances	500.00	2022/8/26	2023/8/26	Yes
Changhong Meiling	Meiling Life Appliances	4,500.00	2022/12/8	2023/10/24	Yes
Changhong Meiling	Meiling Life Appliances	5,000.00	2022/10/26	2023/10/25	No
Changhong Meiling	Meiling Life Appliances	4,000.00	2021/12/9	2022/11/2	Yes
Changhong Meiling	Changhong air-conditioner	10,000.00	2023/1/17	2023/10/11	No
Changhong Meiling	Changhong air-conditioner	5,000.00	2023/1/17	2024/1/16	No
Changhong Meiling	Changhong air-conditioner	16,000.00	2023/2/27	2024/2/26	No
Changhong Meiling	Changhong air-conditioner	30,000.00	2023/3/16	2024/3/16	No
Changhong Meiling	Changhong air-conditioner	60,000.00	2023/3/18	2024/3/18	No
Changhong Meiling	Changhong air-conditioner	12,000.00	2023/4/14	2024/4/13	No
Changhong Meiling	Changhong air-conditioner	3,500.00	2023/6/28	2023/12/28	Yes
Changhong Meiling	Changhong air-conditioner	1,500.00	2023/7/5	2023/12/13	No
Changhong Meiling	Changhong air-conditioner	8,000.00	2022/3/18	2023/3/17	Yes
Changhong Meiling	Changhong air-conditioner	30,000.00	2022/4/18	2023/4/18	Yes

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			Fulfill
Changhong Meiling	Changhong air-conditioner	5,000.00	2021/9/24	2022/9/24	Yes
Changhong Meiling	Changhong air-conditioner	15,000.00	2021/12/7	2022/12/6	Yes
Changhong Meiling	Ridian Technology	4,000.00	2023/7/8	2024/7/8	No
Changhong Meiling	Ridian Technology	3,000.00	2022/3/25	2023/3/25	Yes
Changhong Meiling	Ridian Technology	4,000.00	2022/7/7	2023/7/7	Yes
Changhong Meiling	Ridian Technology	2,000.00	2022/10/25	2023/10/24	Yes
Changhong Meiling	Ridian Technology	3,500.00	2022/11/10	2023/11/9	No
Changhong Meiling	Zhongke Meiling	2,000.00	2022/9/20	2023/1/27	Yes
Changhong Meiling	Zhongke Meiling	5,000.00	2022/11/14	2023/6/19	Yes
Changhong Meiling	Zhongshan Changhong	6,000.00	2023/3/15	2024/3/15	No
Changhong Meiling	Zhongshan Changhong	10,000.00	2023/5/11	2024/5/10	No
Changhong Meiling	Zhongshan Changhong	10,000.00	2023/5/30	2024/5/29	No
Changhong Meiling	Zhongshan Changhong	7,000.00	2023/6/15	2024/6/14	No
Changhong Meiling	Zhongshan Changhong	10,000.00	2023/5/12	2024/5/12	No
Changhong Meiling	Zhongshan Changhong	20,000.00	2023/7/3	2024/7/3	No
Changhong Meiling	Zhongshan Changhong	5,000.00	2023/7/28	2024/7/27	No
Changhong Meiling	Zhongshan Changhong	15,000.00	2023/8/23	2024/8/23	No
Changhong Meiling	Zhongshan Changhong	5,000.00	2023/11/2	2024/11/2	No
Changhong Meiling	Zhongshan Changhong	2,000.00	2022/2/15	2023/2/14	Yes
Changhong Meiling	Zhongshan Changhong	18,000.00	2022/4/22	2023/4/22	Yes
Changhong Meiling	Zhongshan Changhong	6,000.00	2022/3/15	2023/3/15	Yes
Changhong Meiling	Zhongshan Changhong	10,000.00	2022/4/22	2023/4/22	Yes
Changhong Meiling	Zhongshan Changhong	7,000.00	2022/3/28	2023/3/29	Yes
Changhong Meiling	Zhongshan Changhong	13,000.00	2022/6/16	2023/6/16	Yes
Changhong Meiling	Zhongshan Changhong	20,000.00	2022/7/2	2023/7/2	Yes
Changhong Meiling	Zhongshan Changhong	5,000.00	2022/8/19	2023/8/19	Yes
Changhong Meiling	Zhongshan Changhong	15,000.00	2022/8/15	2023/8/14	No
Zhongke Meiling	Lingan Medical	1,000.00	2023/8/25	2024/8/24	No
Zhongke Meiling	Lingan Medical	1,000.00	2023/10/20	2024/10/20	No
Zhongke Meiling	Anhui Tuoxing	500.00	2022/6/27	2023/6/27	Yes
Zhongke Meiling	Anhui Tuoxing	1,000.00	2023/6/20	2024/6/4	No
Zhongke Meiling	Anhui Tuoxing	400.00	2023/8/15	2024/8/14	No
Zhongke Meiling	Anhui Tuoxing	1,000.00	2023/10/20	2024/10/20	No
Counter guarantee:					

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		(in 10 thousand Yuan)			Fulfill
Meiling Group	Changhong Meiling	4,500.00	2023/5/11	2024/5/11	No
Meiling Group	Changhong Meiling	8,000.00	2023/7/12	2024/7/11	No
Meiling Group	Changhong Meiling	5,000.00	2022/4/18	2023/4/18	Yes
Meiling Life Appliances	Changhong Meiling	8,000.00	2023/2/22	2024/1/12	No
Meiling Life Appliances	Changhong Meiling	2,000.00	2023/4/24	2024/4/23	No
Meiling Life Appliances	Changhong Meiling	5,000.00	2023/4/21	2024/4/21	No
Meiling Life Appliances	Changhong Meiling	2,000.00	2023/11/3	2024/11/2	No
Meiling Life Appliances	Changhong Meiling	10,000.00	2023/12/1	2024/11/30	No
Meiling Life Appliances	Changhong Meiling	4,000.00	2023/12/15	2024/6/4	No
Meiling Life Appliances	Changhong Meiling	3,000.00	2022/1/26	2023/1/26	Yes
Meiling Life Appliances	Changhong Meiling	5,000.00	2022/3/16	2023/3/16	Yes
Meiling Life Appliances	Changhong Meiling	5,000.00	2022/9/22	2023/9/21	Yes
Meiling Life Appliances	Changhong Meiling	1,000.00	2022/9/8	2023/9/8	Yes
Meiling Life Appliances	Changhong Meiling	500.00	2022/8/26	2023/8/26	Yes
Meiling Life Appliances	Changhong Meiling	4,500.00	2022/12/8	2023/10/24	Yes
Meiling Life Appliances	Changhong Meiling	5,000.00	2022/10/26	2023/10/25	No
Meiling Life Appliances	Changhong Meiling	4,000.00	2021/12/9	2022/11/2	Yes
Changhong air-conditioner	Changhong Meiling	10,000.00	2023/1/17	2023/10/11	No
Changhong air-conditioner	Changhong Meiling	5,000.00	2023/1/17	2024/1/16	No
Changhong air-conditioner	Changhong Meiling	16,000.00	2023/2/27	2024/2/26	No
Changhong air-conditioner	Changhong Meiling	30,000.00	2023/3/16	2024/3/16	No

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			Fulfill
Changhong air-conditioner	Changhong Meiling	60,000.00	2023/3/18	2024/3/18	No
Changhong air-conditioner	Changhong Meiling	12,000.00	2023/4/14	2024/4/13	No
Changhong air-conditioner	Changhong Meiling	3,500.00	2023/6/28	2023/12/28	Yes
Changhong air-conditioner	Changhong Meiling	1,500.00	2023/7/5	2023/12/13	No
Changhong air-conditioner	Changhong Meiling	8,000.00	2022/3/18	2023/3/17	Yes
Changhong air-conditioner	Changhong Meiling	30,000.00	2022/4/18	2023/4/18	Yes
Changhong air-conditioner	Changhong Meiling	5,000.00	2021/9/24	2022/9/24	Yes
Changhong air-conditioner	Changhong Meiling	15,000.00	2021/12/7	2022/12/6	Yes
Ridian Technology	Changhong Meiling	4,000.00	2023/7/8	2024/7/8	No
Ridian Technology	Changhong Meiling	3,000.00	2022/3/25	2023/3/25	Yes
Ridian Technology	Changhong Meiling	4,000.00	2022/7/7	2023/7/7	Yes
Ridian Technology	Changhong Meiling	2,000.00	2022/10/25	2023/10/24	Yes
Ridian Technology	Changhong Meiling	3,500.00	2022/11/10	2023/11/9	No
Zhongke Meiling	Changhong Meiling	2,000.00	2022/9/20	2023/1/27	Yes
Zhongke Meiling	Changhong Meiling	5,000.00	2022/11/14	2023/6/19	Yes
Zhongshan Changhong	Changhong Meiling	6,000.00	2023/3/15	2024/3/15	No
Zhongshan Changhong	Changhong Meiling	10,000.00	2023/5/11	2024/5/10	No
Zhongshan Changhong	Changhong Meiling	10,000.00	2023/5/30	2024/5/29	No
Zhongshan Changhong	Changhong Meiling	7,000.00	2023/6/15	2024/6/14	No
Zhongshan Changhong	Changhong Meiling	10,000.00	2023/5/12	2024/5/12	No
Zhongshan Changhong	Changhong Meiling	20,000.00	2023/7/3	2024/7/3	No
Zhongshan Changhong	Changhong Meiling	5,000.00	2023/7/28	2024/7/27	No
Zhongshan Changhong	Changhong Meiling	15,000.00	2023/8/23	2024/8/23	No

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Secured party	Sponsored party	Maximum guarantee amount	Start	Date due	Completed (Y/N)
		(in 10 thousand Yuan)			Fulfill
Zhongshan Changhong	Changhong Meiling	5,000.00	2023/11/2	2024/11/2	No
Zhongshan Changhong	Changhong Meiling	2,000.00	2022/2/15	2023/2/14	Yes
Zhongshan Changhong	Changhong Meiling	18,000.00	2022/4/22	2023/4/22	No
Zhongshan Changhong	Changhong Meiling	6,000.00	2022/3/15	2023/3/15	Yes
Zhongshan Changhong	Changhong Meiling	10,000.00	2022/4/22	2023/4/22	Yes
Zhongshan Changhong	Changhong Meiling	7,000.00	2022/3/28	2023/3/29	Yes
Zhongshan Changhong	Changhong Meiling	13,000.00	2022/6/16	2023/6/16	Yes
Zhongshan Changhong	Changhong Meiling	20,000.00	2022/7/2	2023/7/2	Yes
Zhongshan Changhong	Changhong Meiling	5,000.00	2022/8/19	2023/8/19	Yes
Zhongshan Changhong	Changhong Meiling	15,000.00	2022/8/15	2023/8/14	No
Lingan Medical	Zhongke Meiling	1,000.00	2023/8/25	2024/8/24	No
Lingan Medical	Zhongke Meiling	1,000.00	2023/10/20	2024/10/20	No
Anhui Tuoxing	Zhongke Meiling	500.00	2022/6/27	2023/6/27	Yes
Anhui Tuoxing	Zhongke Meiling	1,000.00	2023/6/20	2024/6/4	No
Anhui Tuoxing	Zhongke Meiling	400.00	2023/8/15	2024/8/14	No
Anhui Tuoxing	Zhongke Meiling	1,000.00	2023/10/20	2024/10/20	No

7. Assets transfer and debt reorganization of related parties

Related party	Type	Current Period	Last Period
Sichuan Hongxin Software Co., Ltd.	Purchase and construction of fixed assets	3,192,988.66	1,254,943.40
Sichuan Hongxin Software Co., Ltd.	Purchase and construction of fixed assets	3,061,404.42	5,668,396.24
Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	Purchase and construction of fixed assets	2,100,406.26	536,783.19
Sichuan Changhong Electric Holding Group Co., Ltd.	Purchase and construction of fixed assets	1,698,113.21	2,264,150.94
Sichuan Changhong Electric Co., Ltd.	Construction of fixed	428,600.00	1,400,000.03

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	assets		
Sichuan Qiruik Technology Co., Ltd.	Purchase and construction of fixed assets	288,000.00	65,575.22
Sichuan Changhong Jiahua Information Product Co., Ltd.	Purchase and construction of fixed assets	275,800.17	394,336.28
Chengdu Guigu Environment Technology Co., Ltd.	Purchase and construction of fixed assets	50,600.00	
Sichuan Zhiyijia Network Technology Co., Ltd.	Purchase and construction of fixed assets	40,519.46	22,384.06
Mianyang Science & Technology City Big Data Technology Co., Ltd.	Purchase and construction of fixed assets		450,367.31
Guangdong Changhong Electric Co., Ltd.	Purchase and construction of fixed assets		1,800.00
Sichuan Aoku Technology Co., Ltd.	Sale of fixed assets		121,030.34
Total		11,136,432.18	12,179,767.01

8. Other

Name of company	Content	Current Period (in 10 thousand Yuan)	Last Period (in 10 thousand Yuan)
Yuanxin Financial Lease Co., Ltd.	Financing business	47,232.36	40,942.87

9. Related transaction with Changhong Finance Company

(1) Saving balance

Name of company	Ending balance	Opening balance	Interest income from bank saving in the period
Changhong Meiling Co., Ltd.	2,052,187,201.79	1,576,180,731.79	55,927,448.19
Sichuan Changhong Air-conditioner Co., Ltd	977,689,247.58	975,985,071.65	9,442,854.40
Zhongshan Changhong Electric Co., Ltd	761,905,289.07	490,792,121.80	15,139,706.91
合肥长虹美菱生活电器有限公司	243,577,856.45	218,066,151.18	4,799,892.28
Hefei Changhong Meiling Life Appliances Co., Ltd.	167,225,376.64	112,954,489.66	1,888,440.19
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	60,561,687.38	50,619,272.37	1,352,974.65
Changhong Meiling Ridian Technology Co., Ltd.	56,655,316.22	33,296,010.27	200,762.90
Hebei Hongmao Daily Appliance Technology Co., Ltd.		6,769,834.89	5,675.83
Hefei Meiling Group Holdings Limited	304,516.48	207,918.41	10,355.85
Anhui Tuoxing Technology Co., Ltd.	7,358,942.16	84,076.99	15,330.04
Mianyang Meiling Refrigeration Co., Ltd.	13,743.00	21,366.13	61.24

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Name of company	Ending balance	Opening balance	Interest income from bank saving in the period
Ground Energy Heat Pump Tech. Co., Ltd.		13,260.69	17.12
Jiangxi Meiling Electric Appliance Co., Ltd.	9,667.64	9,626.58	41.07
Anhui Ling'an medical equipment Co., Ltd.	825.26	0.08	0.91
Total	4,327,489,669.67	3,464,999,932.49	88,783,561.58

(2) Discounted bills

	Bank acceptance Discounted face amount	Bank acceptance Discounted amount	Discounting fees Amount of expenses
Sichuan Changhong Air-conditioner Co., Ltd	1,033,728,549.36	1,025,823,634.69	7,904,914.67
Changhong Meiling Co., Ltd.	657,198,568.01	654,852,590.83	2,345,977.18
Hefei Changhong Meiling Life Appliances Co., Ltd.	77,674,243.38	77,101,568.97	572,674.41
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	8,650,000.00	8,527,558.31	122,441.69
Changhong Meiling Ridian Technology Co., Ltd.	3,373,116.42	3,338,859.99	34,256.43
Zhongshan Changhong Electric Co., Ltd	13,291,988.00	13,185,288.15	106,699.85
Total	1,793,916,465.17	1,782,829,500.94	11,086,964.23

(3) Issuance of invoices

Name of company	Issuer	Bill amount	Types
Sichuan Changhong Air-conditioner Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	914,629,184.69	Bank acceptance
Zhongshan Changhong Electric Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	327,452,556.31	Bank acceptance
Ground Energy Heat Pump Tech. (Zhongshan) Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	139,455,669.44	Bank acceptance
Changhong Meiling Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	128,561,000.00	Bank acceptance
Hefei Changhong Meiling Life Appliances Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	85,660,685.29	Bank acceptance
Zhongke Meiling Cryogenic Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	34,517,933.96	Bank acceptance
Hefei Meiling Group Holdings Limited	Sichuan Changhong Group Finance Co., Ltd.	32,688,754.50	Bank acceptance
Changhong Meiling Ridian Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	4,673,370.72	Bank acceptance
Anhui Tuoxing Technology Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	248,235.95	Bank acceptance

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Name of company	Issuer	Bill amount	Types
Anhui Ling'an medical equipment Co., Ltd.	Sichuan Changhong Group Finance Co., Ltd.	351,295.87	Bank acceptance
Total		1,668,238,686.73	

(4) Credit or other financial services

Name of company	Transaction content	Amount incurred this year
Sichuan Changhong Air Conditioning Co., Ltd	Guarantee letter	3,077,160.00
Anhui Tuoxing Technology Co., Ltd	Guarantee letter	330,000.00
Total		3,407,160.00

(5) Borrowings: Nil

(6) Receivable factoring: Nil

10. Remuneration for key management

Item	Current Year (In 10 thousand yuan)	Last Year (In 10 thousand yuan)
Total remuneration	893.76	767.09
Including: performance incentive fund		

(iii) Come and go balance with related parties

1. Receivable items

Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Zhiyijia Network Technology Co., Ltd.	188,235,530.60	110,410,176.95	440,272,480.19	68,442,866.04
Account receivable	CHANGHONG(HK)TRADINGLIMITED	117,003,398.60		60,041,559.36	
Account receivable	CHANGHONGELECTRIC(AUSTRALIA) PTY.LTD.	79,488,591.21		24,835,082.91	
Account receivable	CHANGHONG(HK)TRADINGLIMITED	67,734,903.25	3,339,617.94	53,357,857.70	1,137,912.73
Account receivable	Changhong Ruba Electric Company (Private) Ltd.	40,856,357.09	40,856,357.09	41,456,983.76	41,456,983.76
Account receivable	Changhong Europe Electric s.r.o	31,860,854.17		9,350,935.09	
Account receivable	Orion.PDP.Co.,ltd	13,506,278.22		18,169,829.16	96,826.72

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Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Aichuang Technology Co., Ltd.	3,195,467.74			
Account receivable	Sichuan Changhong Electric Appliance Co., Ltd	900,179.64		944,871.90	
Account receivable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd	727,500.00			
Account receivable	Yuanxin Financing Lease Co., Ltd.	558,665.14		545,991.98	
Account receivable	Changhong Huayi Compressor Co., Ltd.	519,071.54		432,726.15	
Account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	349,069.73		288,033.65	
Account receivable	Sichuan Huafeng Technology Co., Ltd.	176,400.00			
Account receivable	Sichuan Changhong Model Technology Co., Ltd.	176,175.52		17,580.00	
Account receivable	Sichuan Changhong Real Estate Co., Ltd.	119,213.45			
Account receivable	Sichuan Changhong Xingwang Technology Co., Ltd.	112,000.00			
Account receivable	Sichuan Changhong Network Technology Co., Ltd.	96,000.00			
Account receivable	Sichuan Changhong Lithium Battery Technology Co., Ltd.	30,600.00			
Account receivable	Mianyang Huafeng Hulian Technology Co., Ltd.	8,800.00			
Account receivable	Sichuan Changhong Electric Part Co., Ltd.	954.00			
Account receivable	Sichuan Changhong Electric Holdings Group Co., Ltd.	720.00		240,063.11	
Account receivable	CHANGHONG ELECTRIC MIDDLE EAST FZCO			755,784.47	
Account receivable	Ground Energy Heat Pump Tech. Co., Ltd.			342,203.53	57,322.40
Account receivable	Guangdong Changhong Electric Co., Ltd.			147,629.98	
Account receivable	Sichuan Changhong Jijia Fine Co., Ltd.			8,204.00	

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Item	Related party	Balance at year-end		Balance at year-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Sichuan Changhong Minsheng Logistics Co., Ltd.			4,305.20	
Account paid in advance	Chengdu Changhong Electric Technology Co., Ltd.	381,126.07			
Account paid in advance	Sichuan Ailian Technology Co., Ltd.	53,247.60		178.22	
Account paid in advance	Sichuan Changhong Minsheng Logistics Co., Ltd.	8,396.00			
Account paid in advance	Hefei Changhong Industry Co., Ltd.	2,986.27			
Account paid in advance	Sichuan Changhong Electric Co., Ltd.	19.17			
Account paid in advance	Sichuan Changhong Property Service Co., Ltd.			1,613.85	
Other account receivable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	313,490.41		42,202.32	
Other account receivable	Sichuan Yizhijia Network Technology Co., Ltd.	303,019.00		200,000.00	
Other account receivable	Sichuan Changhong Property Service Co., Ltd.	2,904.93		1,291.08	
Other account receivable	Changhong Huayi Compressor Co., Ltd.			267,000.00	
Other account receivable	Sichuan Changhong Jiechuang Lithium Battery Technology Co., Ltd.			129,000.00	
Other account receivable	Sichuan Changhong Electric Appliance Co., Ltd.			60,000.00	
Other account receivable	Sichuan Changhong Jiajia Fine Co., Ltd.			17,232.50	
Total		546,721,919.35	154,606,151.98	651,930,640.11	111,191,911.65

2. Payable items

Item	Related party	Balance at year-end	Balance at year-begin
Account payable	Sichuan Changhong Moulding Tech. Co., Ltd.	173,023,852.05	102,735,433.69
Account payable	Changhong Huayi Compressor Co., Ltd.	117,609,190.18	21,947,957.79
Account payable	Sichuan Aichuang Technology Co., Ltd.	56,579,812.80	13,416,872.06
Account payable	Sichuan Changhong Jijia Fine Co., Ltd.	32,211,531.65	48,446,852.70

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Item	Related party	Balance at year-end	Balance at year-begin
Account payable	Sichuan Changhong Electric Holdings Group Co., Ltd.	23,732,724.50	12,932.00
Account payable	Changhong Huayi Compressor Co., Ltd.	17,976,156.76	14,948,871.57
Account payable	Mianyang Haili Appliance Co., Ltd.	17,723,765.52	7,021,268.99
Account payable	Sichuan Aoku Technology Co., Ltd.	14,614,765.93	8,194,344.79
Account payable	Sichuan Changhong Package Printing Co., Ltd.	14,430,893.66	20,626,143.74
Account payable	Changhong Ruba Electric Company (Private) Ltd.	13,195,411.19	15,632,092.38
Account payable	Changhong International Holdings (Hong Kong) Co., Ltd.	8,933,631.46	17,634,983.97
Account payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	4,022,048.97	1,633,873.17
Account payable	Sichuan Changhong Electronic Products Co., Ltd.	3,801,344.25	2,892,627.07
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	2,884,803.49	5,027,626.73
Account payable	Sichuan Changhong Electric Co., Ltd.	2,863,953.34	24,051,245.19
Account payable	Sichuan Ailian Technology Co., Ltd.	1,721,318.59	2,098,307.00
Account payable	Guangdong Changhong Electric Co., Ltd.	1,554,593.15	1,152,123.68
Account payable	PT.CHANGHONG.ELECTRIC INDONESIA	1,514,130.31	
Account payable	Sichuan Changhong Device Technology Co., Ltd.	1,148,884.00	1,728,816.01
Account payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	725,473.65	754,759.55
Account payable	Sichuan Hongxin Software Co., Ltd.	451,301.89	490,315.10
Account payable	Sichuan Changhong Intelligent Manufacturing Technology Co., Ltd.	270,846.58	670,179.94
Account payable	Sichuan Changhong New Energy Technology Co., Ltd.	225,732.08	27,120.00
Account payable	Sichuan Changhong International Hotel Co., Ltd.	146,276.00	99,873.00
Account payable	Chengdu Guigu Environmental Tech. Co., Ltd	57,178.00	34,717.86
Account payable	Sichuan Zhiyijia Network Technology Co., Ltd.	35,267.63	8,752.84
Account payable	Sichuan Qiruik Technology Co., Ltd.	32,000.00	6,805.20
Account payable	Sichuan Hongwei Technology Co., Ltd.	5,492.64	
Account payable	Sichuan Jiahong Industry Co., Ltd.	396.00	300.00
Account payable	081 Electronic Group Co., Ltd.		53,026.90
Account payable	Sichuan Hongyu Metal Manufacturing Co., Ltd.		14,662.40
Account payable	Hefei Changhong Industrial Co., Ltd.		13,283.74
Account payable	Sichuan Changhong Source Co., Ltd.		1,831.62
Contract liability	Sichuan Zhiyijia Network Technology Co., Ltd.	32,073,215.34	70,485.08
Contract liability	Sichuan Changhong Electric Appliance Co., Ltd	353,941.29	447,676.77
Contract liability	CHANGHONG ELECTRIC MIDDLE EAST FZCO	90,332.93	92,761.51
Contract liability	Sichuan Baiku Technology Co., Ltd.	22,932.74	71,396.02
Contract liability	Sichuan Changhong Minsheng Logistics Co., Ltd.	14,654.86	
Contract liability	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	10,727.89	10,174.94

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Item	Related party	Balance at year-end	Balance at year-begin
Contract liability	Sichuan Ansifei Technology Co., Ltd.	2,646.19	2,736.19
Contract liability	Sichuan Changhong Moulding Tech. Co., Ltd.	2,415.93	
Contract liability	CHANGHONG(HK)TRADINGLIMITED	908.66	893.51
Contract liability	Changhong International Holdings (Hongkong) Co., Ltd.	713.44	
Contract liability	081 Electronic Group Co., Ltd.	22.61	22.61
Contract liability	Sichuan Aichuang Technology Co., Ltd.		1,961,333.35
Contract liability	Sichuan Changhong Intelligence Manufacturing Technology Co., Ltd.		1,120,221.22
Contract liability	Chengdu Guigu Environmental Tech. Co., Ltd		171,499.69
Contract liability	Sichuan Qisai Microelectronic Co., Ltd.		65,599.81
Contract liability	Yibin Hongxing Electric Co., Ltd.		43,362.83
Contract liability	Hong Yuan Ground Energy Heat Tech. Co., Ltd		39,343.58
Contract liability	Sichuan Changhong Source Co., Ltd		27,300.88
Contract liability	Sichuan Changhong Electric Holding Group Co., Ltd.		4,495.58
Contract liability	Sichuan Changhong International Hotel Co., Ltd		0.88
Contract liability	Guangyuan Changhong Electric Technology Co., Ltd.		0.03
Lease liability	Sichuan Changhong Electric Co., Ltd.	27,418,257.97	9,129,947.19
Lease liability	Hefei Changhong Industrial Co., Ltd.	16,678,869.72	17,887,878.62
Lease liability	Chengdu Changhong Electronic Technology Co., Ltd.	381,126.07	10,468.90
Other payable	Sichuan Changhong Minsheng Logistics Co., Ltd.	132,815,918.64	111,049,082.37
Other payable	Sichuan Service Exp. Appliance Service Chain Co., Ltd.	82,400,851.21	80,970,437.14
Other payable	Yuanxin Financial Lease Co., Ltd.	61,295,062.03	79,112,334.67
Other payable	Sichuan Changhong Moulding Tech. Co., Ltd.	2,559,981.65	2,700,501.98
Other payable	Changhong Huayi Compressor Co., Ltd.	1,903,400.00	1,898,900.00
Other payable	Sichuan Aichuang Technology Co., Ltd.	1,443,020.00	100,000.00
Other payable	Sichuan Hongxin Software Co., Ltd.	594,516.98	160,000.00
Other payable	Sichuan Qiruik Technology Co., Ltd.	585,767.70	479,244.80
Other payable	Sichuan Zhiyijia Network Technology Co., Ltd.	566,063.25	429,131.05
Other payable	Sichuan Changhong Jijia Fine Co., Ltd.	425,492.32	400,500.00
Other payable	Sichuan Changhong Electric Holding Group Co., Ltd.	393,156.00	
Other payable	Sichuan Aoku Technology Co., Ltd.	260,212.20	189,859.40
Other payable	Sichuan Changxin Refrigeration Parts Co., Ltd.	173,907.41	46,702.03
Other payable	Sichuan Changhong Package Printing Co., Ltd.	139,699.18	50,000.00
Other payable	Sichuan Changhong Intelligence Manufacturing technology Co., Ltd.	109,596.00	255,867.10
Other payable	Sichuan Changhong Electric Appliance Co., Ltd	58,735.52	81,251.02
Other payable	Sichuan Ailian Technology Co., Ltd.	50,000.00	50,000.00
Other payable	Sichuan Changhong Electronic Products Co., Ltd.	50,000.00	50,000.00
Other payable	Hefei Changhong Industrial Co., Ltd.	50,000.00	50,000.00

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Item	Related party	Balance at year-end	Balance at year-begin
Other payable	Sichuan Changhong New Energy Technology Co., Ltd.	50,000.00	
Other payable	Guangdong Changhong Electric Co., Ltd.	25,113.76	38,429.50
Other payable	Sichuan Changhong Precision Electronic Technology Co., Ltd	734.43	
Other payable	Sichuan Changhong Device Technology Co., Ltd.	29.70	
Other payable	Sichuan Jiahong Industrial Co., Ltd.	18.00	74,316.41
Other payable	Sichuan Changhong Jineng Sunshine Technology Co., Ltd.		500,000.00
Other payable	CHANGHONG(HK)TRADINGLIMITED		29,808.54
Total		874,494,817.89	621,251,965.88

(iv) Commitments from related parties: Nil

XIII. Share-based payment: Nil

XIV. Contingency

1. Pending action or possible liabilities formed from arbitration

In November 2021, Zhejiang Teruisi Pharmaceutical Co., Ltd. filed a lawsuit against Zhongke Meiling for the "Contract for Cold Storage Design, Equipment Procurement and Installation Construction". Currently, a third-party engineering quality appraisal agency is conducting quality appraisal of the objects under the contract, the boot-up and operation test has been initially completed, and Zhongke Meiling intends to advocate maintenance of the cold storage project, and the maintenance cost is estimated to be 1,720,534.42 yuan.

As of December 31, 2023, apart from the aforementioned lawsuits, some of our subsidiaries have been defendants in certain legal proceedings and plaintiffs in other lawsuits that arise in our daily business operations. Although the outcome of these contingencies, legal proceedings, or other lawsuits cannot be determined at present, the management believes that any resulting liabilities will not have a significant negative impact on the financial condition or operating performance of the company.

2. Contingency from external guarantee: Nil

3. Other contingency: Nil

XV. Commitments: Nil

XVI. Events occurring after the balance sheet date

1. Important non-adjustment items: Nil

2. Profit distribution:

According to the audit by ShineWing Certified Public Accountants (Special General Partnership), in 2023, the net profit realized in individual financial statements of the parent company was RMB 358345033.36. As of December 31, 2023, the cumulative undistributed profit in individual financial statements of the parent company was RMB

1294109238.10. In addition, in the consolidated financial statements of the company for the year 2023, the net profit attributable to the owners of the parent company was 741038108.54 yuan. As of December 31, 2023, the cumulative undistributed profit in the consolidated financial statements was 1521759836.64 yuan.

According to relevant regulations, the distribution of company profits should be based on the profits available for distribution by the parent company, and follow the principle of distributing the lower of the cumulative undistributed profits in the consolidated financial statements and the parent company's financial statements. Therefore, the distributable profit for 2023 is the accumulated undistributed profit of RMB 1294109238.10 in individual financial statements of the parent company.

Based on relevant regulations and the provisions of the Company's Articles of Association, taking into account the interests of shareholders and the long-term development needs of the company, it is proposed to:

Based on the total share capital of 1029923715 shares as of December 31, 2023, the company will distribute a cash dividend of 3 yuan (including tax) to all shareholders for every 10 shares, without bonus shares or conversion of reserve funds into share capital. It is expected to distribute a cash dividend of 30897714.50 yuan.

After this distribution, it is expected that the remaining cumulative undistributed profit of the parent company will be 985132123.60 yuan, and the remaining undistributed profit will be carried forward for distribution in future years. The aforementioned plan has been reviewed and approved by the 42nd meeting of the 10th Board of Directors of the company and is still awaiting approval by the shareholders' meeting.

3. Major sales return: Nil

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

XVII. 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 RMB 10,000

Item	Refrigerator, freezer Washing machine	Air- conditioner	Small home appliances	Other	Sales in branch	Total
Operation income	1,058,627.40	1,173,949.73	208,366.86	41,045.98	57,222.07	2,424,767.90
Including: foreign trade income	1,049,061.00	1,173,863.42	188,693.36	13,150.12		2,424,767.90
Income from transactions between divisions	9,566.39	86.32	19,673.50	27,895.86	57,222.07	

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Item	Refrigerator, freezer Washing machine	Air- conditioner	Small home appliances	Other	Sales in branch	Total
Operation expenses	1,035,343.27	1,144,115.11	202,976.31	37,262.27	57,265.63	2,362,431.33
Operation profit	23,284.13	29,834.62	5,390.55	3,783.71	-43.56	62,336.57
Total assets	1,370,097.26	621,813.60	87,961.23	23,412.66	180,358.35	1,922,926.40
Total liability	811,662.26	472,775.91	59,926.46	8,345.70	35,134.80	1,317,575.53
Supplementary information						
Depreciation and amortization expenses	21,777.76	15,049.37	369.27	738.59	2.76	37,932.23
Capital expenditure	15,766.85	11,608.52	50.81	1,224.86	5.20	28,645.84

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

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

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

1. Account receivable

(1) Presented according to the bad debt accrual method

Account age	Balance at year-end	Balance at year-begin
Within 1 year (Including 1 year)	1,455,451,760.05	1,148,810,442.19
Including:		
Within 3 months (3 months included)	1,405,485,686.08	1,100,472,354.68
More than 3 months and less than 6 months (6 months included)	40,372,699.21	30,307,002.60
Over 6 months and within one year (One year included)	9,593,374.76	18,031,084.91
Over one year - within 2 years (2 years included)	13,012,239.58	31,469,257.52
Over 2 years - within 3 years (3 years included)	26,677,206.61	8,570,995.44
Over 3 years	24,592,353.91	16,093,304.66
Total	1,519,733,560.15	1,204,943,999.81

(2) Category of account receivable by bad debt accrual

Category	Amount at year-end				Book value
	Book balance		Bad debt provision		
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable that withdrawal	876,212,956.55	57.66		6.15	822,298,060.28

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Category	Amount at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
bad debt provision by single item			53,914,896.27		
Including: current payment with related party	803,660,757.46	52.88	39,553,880.21	4.92	764,106,877.25
Account receivable with letter of credit	52,483,325.93	3.46			52,483,325.93
Account receivable with single minor amount but withdrawal single item bad debt provision	20,068,873.16	1.32	14,361,016.06	71.56	5,707,857.10
Account receivable withdrawal bad debt provision by portfolio	643,520,603.60	42.34	14,023,130.16	2.18	629,497,473.44
Including: account receivable of engineering customers					
Receivables other than engineering customers	643,520,603.60	42.34	14,023,130.16	2.18	629,497,473.44
Total	1,519,733,560.15	100.00	67,938,026.43	4.47	1,451,795,533.72

Continued

Category	Amount at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Account receivable that withdrawal bad debt provision by single item	966,219,951.36	80.19	41,766,187.59	4.32	924,453,763.77
Including: current payment with related party	930,280,151.88	77.21	40,223,800.95	4.32	890,056,350.93
Account receivable with letter of credit	28,689,555.75	2.38			28,689,555.75
Account receivable with single minor amount but withdrawal single item bad debt provision	7,250,243.73	0.60	1,542,386.64	21.27	5,707,857.09
Account receivable withdrawal bad debt provision by portfolio	238,724,048.45	19.81	17,616,043.17	7.38	221,108,005.28
Including: account receivable of engineering customers					
Receivables other than engineering customers	238,724,048.45	19.81	17,616,043.17	7.38	221,108,005.28
Total	1,204,943,999.81	100.00	59,382,230.76	4.93	1,145,561,769.05

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

Account receivable with single minor amount but withdrawal bad debt provision singly, refers to the minor single receivables, and withdrawal bad debt provision by combination shows no risk characteristic of the receivables, 9 clients involved.

2) Account receivable withdrawal bad debt provision by portfolio

A. Account receivable of engineering customers

Account age	Balance at year-end		
	Book balance	Bad debt	Provision ratio (%)
Within 3 months (3 months included)	616,484,217.92	6,164,842.18	1.00
More than 3 months and less than 6 months (6	10,991,345.13	1,099,134.51	10.00
Over 6 months and within one year (One year	9,190,814.21	1,838,162.84	20.00
Over one year - within 2 years (2 years included)	2,053,806.51	1,026,903.26	50.00
Over 2 years - within 3 years (3 years included)	4,531,662.28	3,625,329.82	80.00
Over 3 years	268,757.55	268,757.55	100.00
Total	643,520,603.60	14,023,130.16	—

Continued

Account age	Balance at year-begin		
	Book balance	Bad debt	Provision ratio (%)
Within 3 months (3 months included)	201,773,944.94	2,017,739.45	1.00
More than 3 months and less than 6 months (6	9,319,360.50	931,936.05	10.00
Over 6 months and within one year (One year	5,821,154.56	1,164,230.91	20.00
Over one year - within 2 years (2 years included)	13,330,951.73	6,665,475.87	50.00
Over 2 years - within 3 years (3 years included)	8,209,879.17	6,567,903.34	80.00
Over 3 years	268,757.55	268,757.55	100.00
Total	238,724,048.45	17,616,043.17	

(3) Bad debt provision of accounts receivable this year

Category	Balance at year-begin	Changes this year			Balance at year-end
		Accrual	Withdrawal or reversal	Resale or write-off	
Bad debt provision	59,382,230.76	10,411,585.73	1,855,790.06		67,938,026.43
Total	59,382,230.76	10,411,585.73	1,855,790.06		67,938,026.43

(4) Top five receivables collected by arrears party amounting to 812,183,738.76 yuan in total, accounted for 53.44% of the receivables of current year-end, the bad debt provision accrual correspondingly amounting to 1,965,769.40 yuan at year-end balance.

2. Other account receivable

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Item	Balance at year-end	Balance at year-begin
Other account receivable	61,841,221.91	29,903,408.82
Total	61,841,221.91	29,903,408.82
Total	82,953,808.97	88,354,803.24

(1) Category of other account receivable

Nature	Book balance at year-end	Book balance at year-begin
Export rebate	41,179,511.61	12,703,975.11
Cash deposit	4,109,987.09	2,528,111.92
Loans of employee's pretty cash	10,727,346.46	7,342,858.38
Related party not in consolidation statement	5,957,370.23	5,162,387.15
Advance money temporary		42,202.32
Other	456,265.42	2,173,873.94
Total	62,430,480.81	29,953,408.82

(2) By account age

Account age	Balance at year-end	Balance at year-begin
Within 1 year (Including 1 year)	57,173,854.18	25,568,594.52
Including:		
Within 3 months (3 months included)	53,994,269.35	24,770,884.16
More than 3 months and less than 6 months (6 months included)	1,161,881.37	261,521.34
Over 6 months and within one year (One year included)	2,017,703.46	536,189.02
Over one year - within 2 years (2 years included)	1,206,412.81	1,445,151.00
Over 2 years - within 3 years (3 years included)	1,288,721.92	1,360,620.00
Over 3 years	2,761,491.90	1,579,043.30
Total	62,430,480.81	29,953,408.82

(3) Category of Other account receivable bad debt reserves

Category	Amount at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
That withdrawal bad debt provision by single item	62,430,480.81	100.00	589,258.90	0.94	61,841,221.91
In which: other receivables with no major individual amount but bad debt provision accrued individually	15,293,598.97	24.5	589,258.90	3.85	14,704,340.07
Export tax refund	41,179,511.61	65.96			41,179,511.61
Related party funds	5,957,370.23	9.54			5,957,370.23

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Category	Amount at year-end				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
Bad debt provision accrued by portfolio					
In which: other receivables accrued by aging portfolio					
Total	62,430,480.81	100.00	589,258.90	0.94	61,841,221.91

Continued

Category	Balance at year-begin				
	Book balance		Bad debt provision		Book value
	Amount	Ratio (%)	Amount	Ratio (%)	
That withdrawal bad debt provision by single item	29,953,408.82	100.00	50,000.00	0.17	29,903,408.82
In which: other receivables with no major individual amount but bad debt provision accrued individually	12,044,844.24	40.21	50,000.00	0.42	11,994,844.24
Export tax refund	12,703,975.11	42.41			12,703,975.11
Related party funds	5,204,589.47	17.38			5,204,589.47
Bad debt provision accrued by portfolio					
In which: other receivables accrued by aging portfolio					
Total	29,953,408.82	100.00	50,000.00	0.17	29,903,408.82

1) Accrual of bad debt provision for other receivables

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at 1 Jan. 2023			50,000.00	50,000.00
Book balance of other account receivable in Current Year as at 1 Jan. 2023	—	—	—	—
--Transfer to the second stage				
-- Transfer to the third stage				
-- Reversal to the second stage				

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Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
-- Reversal to the first stage				
Provision in Current Year			539,258.90	539,258.90
Reversal in Current Year				
Conversion in Current Year				
Write off in Current Year				
Other change				
Balance as at 31 Dec. 2023			589,258.90	589,258.90

(4)Bad debt provision for other receivables accrued, recovered or reversed this year

Category	Year-beginning	Amount of change this year				Year-end
		Accrual	Recovery or reversasl	Write-off or cancellation	Other	
Bad debt provision	50,000.00	539,258.90				589,258.90
Total	50,000.00	539,258.90				589,258.90

(5)Other account receivable actually written-off in Current Year:N/A

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

Name	Nature	Balance at year-end	Account age	Proportion in total other receivables ending balance (%)	Bad debt provision Balance at year-end
Unit I	Export rebates	41,179,511.61	Within 1 year	65.96	
Unit II	Employee petty cash	2,639,979.48	Within 1 year, 2-3 years, Over 3 years	4.23	
Unit III	Employee petty cash	2,439,621.17	Within 1 year	3.91	
Unit IV	Employee petty cash	1,021,194.03	Within 1 year	1.64	
,Unit V	Employee petty cash	669,693.08	Within 1 year, 2-3 years, Over 3 years	1.07	
Total		47,949,999.37		76.81	

(7) There are no receivables involving government subsidies

3. Long-term equity investments

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(1) Classification of long-term equity investments

	Ending balance			Opening balance		
	Book balance	Impairment loss	Book value	Book balance	Impairment loss	Book value
Investment in subsidiaries:	1,756,435,120.88		1,756,435,120.88	1,784,610,068.28		1,784,610,068.28
Investment in associates:	101,040,690.02		101,040,690.02	71,749,356.05		71,749,356.05
Total	1,857,475,810.90		1,857,475,810.90	1,856,359,424.33		1,856,359,424.33

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(2) Investment in subsidiaries

Invested enterprise	Opening balance	Increased in Current Period	Decreased in Current Period	Ending balance	Provision for impairment losses in the Period	Ending balance of impairment
Zhongke Meiling Cryogenic Technology Co., Ltd	42,652,000.00			42,652,000.00		
Mianyang Meiling Refrigeration Co., Ltd.	95,000,000.00			95,000,000.00		
Hefei Meiling Electric Appliances Marketing Co., Ltd	54,900,000.00		54,900,000.00			
Zhongshan Changhong Electric Co., Ltd	304,856,419.37			304,856,419.37		
Sichuan Changhong Air-conditioner Co., Ltd	955,600,437.79			955,600,437.79		
Hefei Meiling Group Holdings Limited	113,630,000.00			113,630,000.00		
Jiangxi Meiling Electric Appliance Co., Ltd.	79,000,000.00			79,000,000.00		
Changhong Meiling Ridian Technology Co., Ltd.	91,082,111.12			91,082,111.12		
Hefei Meiling Wulian Technology Co., Ltd.	6,000,000.00	4,000,000.00		10,000,000.00		
CH-Meiling.International (Philippines) Inc.	6,889,100.00			6,889,100.00		
Hefei Changhong Meiling Life Appliances Co., Ltd.	35,000,000.00			35,000,000.00		
Sichuan Hongmei Intelligence Technology Co., Ltd.		22,725,052.60		22,725,052.60		
Total	1,784,610,068.28	26,725,052.60	54,900,000.00	1,756,435,120.88		

(3) Investment in associates

Invested enterprise	Opening	Changes in Current Period	Ending balance	Ending
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Annotations to Financial Statements of Changhong Meiling Co., Ltd.
 From 1 January 2023 to 31 December 2023
 (Unless otherwise specified. RMB for record in the statement)

	balance	Additional Investment	Negative Investment	Investment income recognized under equity	Adjustment for other comprehensive income	Other equity change	Cash dividend or profit announced to issued	Provision for impairment loss	Other		balance of impairment
Hefei Xingmei Assets Management Co., Ltd.	19,899,176.44			33,680.34			5,793,600.00			14,139,256.78	
Sichuan Zhiyijia Network Technology Co., Ltd.	51,850,179.61			18,633,005.73			1,629,022.64			68,854,162.70	
Sichuan Hongyuan Venture Investment Partnership(LP)		18,000,000.00		47,270.54						18,047,270.54	
Total	71,749,356.05	18,000,000.00		18,713,956.61			7,422,622.64			101,040,690.02	

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

January 1, 2023 to December 31, 2023

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

4. Operation income, operation cost

(1) Operation income and operation cost

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	9,149,147,263.72	8,292,274,506.85	6,895,525,518.29	6,249,708,036.25
Other business	459,251,266.85	402,474,977.16	502,803,114.71	470,539,689.79
Total	9,608,398,530.57	8,694,749,484.01	7,398,328,633.00	6,720,247,726.04

(2) The decomposition information of operation income and operation cost

Type	Current Year		Last Year	
	Income	Cost	Income	Cost
Product				
Including:				
Refrigerator, Freezer	7,620,019,850.61	6,954,362,367.45	5,993,436,795.13	5,524,684,113.61
Air-conditioning	9,284,414.16	9,279,679.94	5,518,915.06	5,357,940.73
Washing machine	1,298,981,507.21	1,126,741,590.47	664,313,682.51	600,074,230.97
Small household appliances and kitchen and bathroom	220,861,491.74	201,890,868.99	231,527,349.84	118,997,813.34
Other products			728,775.75	593,937.60
Other businesses	459,251,266.85	402,474,977.16	502,803,114.71	470,539,689.79
Area				
Domestic	5,565,648,590.03	5,282,171,820.60	5,098,312,560.63	4,712,738,010.07
Overseas	4,042,749,940.54	3,412,577,663.41	2,300,016,072.37	2,007,509,715.97
Total	9,608,398,530.57	8,694,749,484.01	7,398,328,633.00	6,720,247,726.04

5. Investment income

Item	Current Year	Last Year
Long-term equity investment income by equity method	18,713,956.61	11,196,374.66
Investment income obtained from the disposal of trading financial assets	-18,582,366.11	-563,287.28
Income from financial products		756,009.30
Long-term equity investment income by Cost method	168,821,072.56	47,938,347.93
Investment income of other non-current financial assets during holding period	12,932,690.90	10,260,629.45
The termination of income recognition for financial assets measured	-6,157,758.00	-4,767,753.29

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

January 1, 2023 to December 31, 2023

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

Item	Current Year	Last Year
by amortized cost		
Interest income from debt investment during the holding period	14,558,956.62	14,763,930.55
Total	190,286,552.58	79,584,251.32

XIX. Supplementary information for financial statement

1. Non-recurring gains and losses for this year

Item	Current Year	Note
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	1,336,229.47	
Government subsidies recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	80,683,233.76	
Losses/gains from changes of fair values occurred in holding trading financial assets and trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available-for-sale, excluded effective hedging business relevant with normal operations of the Company	-90,853,412.77	
Reversal of the account receivable depreciation reserves subject to separate impairment test	4,547,547.09	
Other non-operating income and expenses other than the above	6,927,799.86	
Subtotal	2,641,397.41	
Less: impact on income tax	-377,847.36	
Impact on minority shareholders' equity (post-tax)	11,396,138.62	
Total	-8,376,893.85	—

2. Return on equity and earnings per share

Profit during the report period	Weighted average return on equity	Earnings per share/EPS (RMB/Share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the parent company	13.49%	0.7195	0.7195
Net profit attributable to ordinary shareholders of the parent company after deduction of the non-recurring gains/losses	13.64%	0.7276	0.7276

Chairman: Wu Dinggang
Changhong Meiling Co., Ltd.
March 30, 2024