

Company Code : 600690

Short Name : Haier Smart Home

Haier Smart Home Co., Ltd.

2024 Annual Report

海尔智家

Haier smart home

Important Notice

- I. The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Haier Smart Home Co., Ltd. ('the Company') hereby assure that the content set out in the annual report is true, accurate and complete, and free from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.**
- II. All Directors of the Company have attended the board meetings.**
- III. Hexin Certified Public Accountants Limited LLP has issued a standard and unqualified audit report for the Company.**
- IV. Li Huagang (legal representative of the Company), Gong Wei (chief financial officer of the Company) and Ying Ke (the person in charge of accounting department) hereby certify that the financial report set out in the annual report is true, accurate and complete.**
- V. Proposal of profit distribution or proposal of capitalizing capital reserves for the reporting period resolved and adopted by the Board**

Proposal of profit distribution for the reporting period are examined and reviewed by the Board: to declare a cash dividend of RMB9.65 per 10 shares (tax inclusive) to all shareholders based on the total number of shares held on record date and after deducting the repurchased shares from the repurchase account upon the execution of distribution proposal, with proposed distribution amounting to RMB8,996,688,692.76 (tax inclusive). The proportion of cash distribution is 48.01% of the net profit attributable to shareholder of parent company of the Company for the year. If there is any change in the total share capital of the Company during the period from the date of this report to the record date of the equity distribution, the total distribution amount will be remained unchanged with corresponding adjustment to the proportion of distribution per share.

VI. Disclaimer in respect of forward-looking statements

☒ Applicable ☐ Not Applicable

Forward-looking statements such as future plans, development strategies as set out in this report do not constitute the Company's substantial commitment to investors. Investors are advised to pay attention to investment risks.

VII. Is there any fund occupation by controlling shareholders and other related parties for non-operational purposes?

No

VIII. Is there any provision of external guarantee in violation of the prescribed decision-making procedures?

No

Important Notice

IX. Are there more than half of the Directors who are unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company?

No

X. Important Risk Warnings

For the possible risks which the Company may encounter, please refer to the relevant information set out in the section of 'MANAGEMENT DISCUSSION AND ANALYSIS' in this report.

XI. Others

☐ Applicable ☒ Not Applicable

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DOCUMENTS AVAILABLE FOR INSPECTION	(I) Financial statements with signatures and seals of the legal representative, chief accountant and person in charge of accounting department.
	(II) Original audit report with seals of accounting firm, signatures and seals of registered accountants.
	(III) Originals of all documents and announcements of the Company which have been publicly disclosed on the newspaper designated by China Securities Regulatory Commission during the reporting period.

Letter to Shareholders

EMBRACING CHANGE, BUILDING MOMENTUM FOR GROWTH

In 2024, Haier Smart Home remained committed to “Creating Better Lives for Global Families” and achieved new heights in revenue and profit through strengthening technological innovation, accelerating digital transformation, and optimizing global strategic footprint while implementing business model transformation to lay down a solid foundation for sustainable growth.

KEY PERFORMANCES IN 2024

We delivered record-level revenue and net profit.

In 2024, Haier Smart Home’s global revenue reached RMB285.981 billion, representing a year-on-year increase of 4.29%. Net profit attributable to shareholders grew 12.92% to RMB18.741 billion and operating profit was RMB 20.22 billion, up 15.8% year on year¹.

We generated net cash flow from operating activities totalled RMB26.543 billion, 1.4 times our net profit.

We consolidate market leadership in refrigerators, washing machines, and water heaters in China. We have made considerable progress in premium kitchen appliances, with the Casarte Ultra-realm (致境) seamless built-in range hood achieving 400% volume growth in the segment priced above RMB7,000.

In 2024, we strengthened user engagement by implementing initiatives including digital inventory management and marketing, driving improvements in both user experience and operational efficiency. As a result, our domestic order response cycle improved by 13%.

We actively capitalized on opportunities created by trade-in policy in China, to realized 10% overall revenue growth and over 30% Casarte growth in the fourth quarter.

In the U.S., despite sluggish demand and intensifying competition, GE Appliances team focused on product leadership, channel partnerships, supply chain upgrades, and new opportunity expansion, to solidifying our position as the industry leader. Our innovative products including the Apex oven range, next-generation dishwashers with stainless steel tub, and Combo Core heat pump washer-dryer combos — have received widespread acclaim. We upgraded our Roper factory to cover full range of kitchen appliances with industry-leading manufacturing efficiency. GE Appliances’ HVAC revenue grew by 70% and RV appliances achieved double-digit growth. The Company has been recognized as the “Smart Appliance Company of the Year” by IoT Breakthrough for eight consecutive years.

2024 marks the 20th anniversary since we first entered India market and it has been a year of tremendous achievement as our revenue grew over 30% to USD 1 billion for the first time, the growth was attributable to local management team’s unwavering commitment to localization strategies. Our high value-added products, including the powerful 5-star energy-efficiency air conditioners and large-capacity front-load washing machines, have performed exceptionally well.

The first phase of our eco-park in Egypt commenced operations in May 2024, with production capacity exceeding 200,000 units.

¹ [1] Operating profit = sales revenue — cost of sales — income tax — selling, administrative, R&D expenses + credit impairment loss + assets impairment loss

In the HVAC sector, we continue to achieve technological breakthroughs, strengthen R&D capabilities, and implement supply chain integration for both residential air conditioning and smart building businesses, while accelerating international expansion of water heater business.

We have continuously strengthened R&D investments in residential air conditioners over the past three years, to renovate our product platforms and models while solidifying our modular technology. Our products now lead the industry in both performance and consistency: wall-mounted units achieve APF values exceeding 6.3, while standing units surpass 5.2. Defect rate reduced by 11% year-on-year in 2024. With accelerated product iteration, new products will comprise over 50% of our offerings in 2025, promising strong market performance. We continue to deepen supply chain integration to enhance cost competitiveness, in 2024, our joint compressor factory in Zhengzhou reached a production capacity of 2.24 million units, while a total of 5.3 million units of PCBs were produced in our facilities in Zhengzhou and Chongqing.

Our Smart Building business achieved revenue growth of 15% in 2024, surpassing the RMB10 billion milestone despite downturn in real estate and public building market. This success was driven by our long-term investment in core technologies and launch of new product platforms. We maintain market leadership in magnetic levitation systems, and our air suspension centrifugal chiller has been recognized for its high energy efficiency and included in the “Green Technology Promotion Catalog (2024 Edition)” jointly issued by eight government departments led by the National Development and Reform Commission.

Our Water Heater and Purifier business is rapidly expanding into overseas markets. In December 2024, we completed the acquisition of Kwikot, a century-old market-leading water heater manufacturer in South Africa. We will enhance its competitiveness through synergies in R&D, procurement, and supply chain operations, to accelerate our global expansion in the water heater and purifier market.

In October 2024, we completed the acquisition of Carrier’s commercial refrigeration business. Through this acquisition, we will expand into commercial refrigeration including retail refrigeration and cold storage to locking new growth opportunities. Carrier’s commercial refrigeration business has accumulated extensive technical expertise and commercial applications in CO₂ refrigeration. Following the acquisition, both parties are actively promoting synergies in global markets, R&D, and platform capabilities, while implementing organizational restructuring to provide rapid response and customer service, thus establishing a solid foundation for sustainable development.

Innovate marketing approach to deliver brand value in ways that resonate more with consumers, revitalize our brand, and strengthen user connections.

We have systematically enhanced content creation, successfully launched IP series including “Haier Initiative (海厂总动员)”, which achieved over 2 million mentions in a single month. Meanwhile, we have increased investment in Leader brand to attract young consumers through distinctive, minimalist designs and upgraded marketing. As a result, Leader’s retail sales grew by 26% year-on-year in 2024.

Our technological innovations have received wide recognition from the industry, leading the sector towards smart and sustainable transformation.

In 2024, our Multi-dimensional (temperature, humidity, oxygen, magnetic) Precision Control Technology Innovation and Industrialization for Household Preservation Appliances was honoured with the State Science and Technology Progress Award (Second Class), making it the only home preservation technology to receive

Letter to Shareholders

this prestigious award in its 40-year history. To date, our Company has accumulated 17 State Science and Technology Progress Awards, making us the most decorated enterprise in the home appliance industry. In 2024, Haier's Hefei Refrigerator Interconnected Factory became the world's first enterprise to receive the Industrie 4.0¹ Award for its breakthrough in AI technology integration.

We advanced sustainable development strategy by promoting “RenDanHeYi” (人单合一) management philosophy and strengthening commitment to diversity and inclusion.

In 2024, our Company continued to implement sustainable development strategy, inspiring employee innovation and fostering diversity and inclusion. We strengthened sustainable risk management to navigate complexity and volatility in global market. At the same time, we established sustainability divisions in every region where we operate, fulfilling local social responsibilities and building direct interactions with all stakeholders.

This year, we launched many energy-efficient and carbon-reducing green products across global markets to earn wide consumer recognition. Through our efficient energy-saving products and digital smart platforms, we provided comprehensive energy solutions for homes and buildings to fulfil Haier Smart Home's commitment to a greener planet. We also catered for the well-being of elderly users by introducing products with improved accessibility such as one-touch smart washing machines and gas stoves with automatic shut-off safety features.

Guided by our “RenDanHeYi” (人单合一) management philosophy, we have created an inclusive workplace that nurtures diverse, cohesive, and high-performing teams. We believe innovation thrives when diverse cultures connect and blend. In 2024, we launched a women's leadership empowerment program and strengthened the cultivation and development of young creators, technology experts, and globalized talents to build reserves for the future. We established a Company-wide Cultural Dialogue Platform where staff can engage in conversations about the work environment, organizational atmosphere, and cultural development, embodying our “employee-centred” principle to achieve more vibrant and diversified development.

In 2024, Haier Smart Home was selected in Forbes' World's Best Employers list for the eighth consecutive year, while GE Appliances received “The Most Innovative Companies of 2024” award. MSCI upgraded our ESG rating to AA level, which serves not only as affirmation but also as encouragement, motivating us to continue the path of sustainable development.

2025: Accelerating Change to Embrace a New Era

The year 2025 presents an intricate tapestry of challenges and opportunities.

Geopolitical uncertainties and rising tariff barriers are accelerating the fragmentation of global trade systems, triggering cascading effects that are reshaping global supply chains. Meanwhile, the remarkable evolution of AI technology continues to drive transformative changes across industries.

We anticipate a gradual recovery in real estate demand could be brought by interest rate cuts, offering promising prospects in the home appliance sector in the US and Europe. In emerging markets, economic growth, ongoing urbanization, and favourable demographic advantages are creating fertile ground for expansion in the industry.

¹ The Industrie 4.0 Award is one of the most prestigious global industry accolades. Organized and assessed by the internationally renowned management consultancy ROI-EFESO, this award recognizes organizations that have demonstrated exceptional digital transformation achievements in smart factories, smart supply chains, smart services, and smart sustainability.

Originated from China, Haier Smart Home has devoted our energy and expertise to developing the best appliances to satisfy consumers all over the world by implementing global strategy leveraging Chinese engineering excellence. China's sophisticated e-commerce and logistics infrastructures facilitate seamless communication between consumers and businesses, bridging gaps and accelerating product iteration. The robust supply chain and abundant talent pool are vital for Chinese enterprises to maintain substantial investments in innovation and create outstanding experience for users. Furthermore, by leveraging innovative technologies including AI, Chinese companies can enhance operational efficiency while optimizing organizational structures and processes. I am full of anticipations as Haier Smart Home accelerates our global strategy going forward.

Our overseas markets still hold tremendous potential in both revenue scale and profitability. In 2025, we will capitalize on our global R&D platform to accelerate country-specific product innovation and iteration to address unique local market needs and improve price index. We will enhance our global logistics and marketing platforms as well as deploying end-to-end digitalization by adapting domestic models to local markets to drive operational efficiency. We will leverage localized production and the synergies of 131 global manufacturing facilities to build a well-balanced and resilient global supply chain, mitigating potential geopolitical impacts.

In the domestic market, accelerated digital transformation of marketing and inventory management will enable us to connect with users more directly and swiftly, allowing distributors to operate with lighter assets which in turn will help accelerate product turnover, expand market share, and enhance profitability.

In 2025, Haier Smart Home will fully embrace AI technologies to facilitate the implementation of comprehensive applications powered by advanced large models across our operations. Building on digital foundations, we will expand our AI capabilities. Our AI product series will deliver novel experiences to users with more intelligent, versatile, and personalized natural language interactions. We will leverage AI tools extensively to achieve more efficient development, targeted marketing, and optimized supply chain, while empowering every Haier team member to develop their own smart applications.

Direct yet efficient user communication and brand vitality have become critical in the era of fans economy. Since March 2024, our management team has successively launched social media accounts to share Haier stories, listen to user needs, and collect user suggestions, thereby strengthening emotional bonds. This interactive model has injected new vitality into the Haier brand by involving users in product design and brand creation. In response to suggestions on social media platforms, we launched the Leader triple-drum washing machine on March 11th, eliminating the need for manual washing and unlocking a "new era for convenience". Its Mickey Mouse-inspired design stands out from traditional appliances and went viral on social media. Within just one week of its release, we have received over 88,000 orders. We will make greater effort in engaging with young consumers, fully leveraging our advantages in R&D, manufacturing, quality, and service, while deepening interactions and connections, to provide not only authentic, high-quality products but also create delightful experiences.

Finally, I would like to express my sincere gratitude to all shareholders for your unwavering support and trust. We are dedicated to overcoming challenges and creating greater value for shareholders, society, and users worldwide.

Section I Definitions

I. DEFINITIONS

Unless otherwise stated in the context, the following terms should have the following meanings in this report:

Definition of frequently used terms

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
The Company, Haier Smart Home	Haier Smart Home Co., Ltd., its original name is “Qingdao Haier Co., Ltd.”, and the original short name is “Qingdao Haier”
Four Major Securities Newspapers	<i>China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily</i>
Haier Electrics, 1169	Haier Electronics Group Co., Ltd. (a company originally listed in Hong Kong, stock code: 01169.HK), a subsidiary as accounted for in the consolidated statement of the Company. Haier Electrics has been privatized by way of H shares issuance on 23 December 2020 and became a wholly owned subsidiary of the Company since then.
GE Appliances	Household appliances assets and business of General Electric Group, have currently been owned by the Company.
FPA	Fisher & Paykel Appliances Holdings Limited (Chinese name: 斐雪派克), was established in 1934 and is known as the national appliance brand of New Zealand, the global top-level kitchen appliance brand and the famous luxury brand of the world. It has products including ventilator, gas stove, oven, dishwasher, microwave oven, built-in freezer, washing machine, clothes dryer and etc. Its business covers 50 countries/regions across the world. FPA is a wholly-owned subsidiary of the Company.
Candy	Candy Group (Candy S.p.A), is an international professional appliances manufacturer from Italy. Since its establishment in 1945, it has been committed to enabling the global users to enjoy a higher quality of life through innovative technologies and quality services. Candy Group has been prestigious in the global market with users all over the world via its various self-owned professional household appliance brands. In January 2019, Candy became a wholly-owned subsidiary of the Company.
GfK CMM	GfK CMM, is a wholly owned subsidiary of the German GfK Group in China. It is an authoritative retail monitoring and market research institute in the Chinese home appliance and consumer electronics industry, specializing in market research in the field of consumer durables.

Euromonitor	Euromonitor, established in 1972, is the leading strategic market information supplier and has over 40-years of experience in respect of publishing market report, commercial reference data and on-line database. They create data and analysis on thousands of products and services around the world.
Gfk	Gfk Group, the world's leading market research company. After a long period of development and accumulation, Gfk Group's global market research business covers consumer durables research, consumer research, media research, healthcare market research and special studies.
All View Cloud	All View Cloud (AVC) is a big data integrated solution provider to the smart home field, providing enterprises with big data information services, regular data information services and special data services.
IEC	The International Electrotechnical Commission, founded in 1906, is the world's first organization for the preparation and publication of international electrotechnical standardization and is responsible for international standardization for electrical engineering and electronic engineering. The goals of the commission include: to effectively meet the needs of the global market; to ensure that the standards and conformity assessment programs are applied globally in a prioritized manner and to the greatest extent; to assess and improve the quality of products and services involved in its standards; to create conditions for the common use of complicated systems; to improve the effectiveness of the industrialization process; to improve human health and safety, and to protect the environment.
IEEE	The Institute of Electrical and Electronics Engineers, an international association of electronic technology and information science engineers, is currently the largest non-profit professional technology society in the world. It is committed to the development and research of electrical, electronic, computer engineering and science-related fields, and has now developed into an international academic organization with great influence in terms of the fields of space, computer, telecommunications, biomedicine, power and consumer electronics.
Model of RenDanHeYi (人单合一)	The concept of "Achieving win-win via RenDanHeYi" is the guarantee of Haier's sustainable operation and the driving force of the Company featuring a self-motivated and empowering corporate culture. "Ren" is an employee who has the spirit of entrepreneurship and innovation; "Dan" is to create value for users. The "RenDanHeYi" management model encourages employees to create value for users with an entrepreneurial mindset, and to achieve self-value in line with the those of the Company and its shareholders.

Section II General Information of the Company and Key Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese name	海尔智家股份有限公司
Chinese short name	海尔智家
English name	Haier Smart Home Co., Ltd.
English short name	Haier Smart Home
Legal representative	Li Huagang

II. CONTACT PERSON AND CONTACT INFORMATION

	Secretary to the Board	Representative of securities affairs	Company Secretary (D/H shares)	Others
Name	Liu Xiaomei	Liu Tao	Ng Chi Yin, Trevor	Global Customer Service Hotline
Address	Department of Securities of Haier Smart Home Co., Ltd., Haier Science and Technology Innovation Ecological Park, No.1 Haier Road, Qingdao City	Department of Securities of Haier Smart Home Co., Ltd., Haier Science and Technology Innovation Ecological Park, No.1 Haier Road, Qingdao City	Room 1908, 19th Floor, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong	/
Tel	0532-88931670	0532-88931670	+852 2169 0000	4006 999 999
Fax	0532-88931689	0532-88931689	+852 2169 0880	/
Email	finance@haier.com	finance@haier.com	ir@haier.hk	/

Section II General Information of the Company and Key Financial Indicators

III. SUMMARY OF THE GENERAL INFORMATION

Registered Address	Haier Industrial Park, Laoshan District, Qingdao City (now known as Haier Science and Technology Innovation Ecological Park, Laoshan District, Qingdao City)
Historical Changes to the Registered Address	Prior to the Company's listing in 1993, the registered address of the Company was No.165 Xiaobaigan Road, Sifang District, Qingdao City, Shandong Province, and has changed to the current address since 1994, during which the address name was adjusted in line with the change of name of the industrial park but the actual site remains unchanged
Business address	Haier Science and Technology Innovation Ecological Park, Laoshan District, Qingdao City
Postal code of the business address	266101
Website	https://smart-home.haier.com/cn/
Email	9999@haier.com

IV. PLACE FOR INFORMATION DISCLOSURE AND DEPOSIT

Newspapers and websites for annual report disclosure	<i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily</i>
Stock Exchange Website for annual report disclosure as designated by the CSRC	www.sse.com.cn
Other websites for annual report disclosure	https://smart-home.haier.com/cn/ , www.xetra.com , www.dgap.de , https://www.hkexnews.hk
Deposit place of annual report	Department of Securities of Haier Smart Home Co., Ltd., Haier Science and Technology Innovation Ecological Park, No.1 Haier Road, Qingdao City

V. SUMMARIZED INFORMATION OF SHARES OF THE COMPANY

Summarized information of shares of the Company				
Type of Shares	Stock Exchange of Shares Listed	Stock Short Name	Stock Code	Stock Short Name Before Variation
A-shares	Shanghai Stock Exchange	Haier Smart Home	600690	Qingdao Haier
D-shares	Frankfurt Stock Exchange	Haier Smart Home	690D	Qingdao Haier
H-shares	Hong Kong Stock Exchange	Haier Smart Home	6690	/

Section II General Information of the Company and Key Financial Indicators

VI. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	Hexin Certified Public Accountants LLP
	Business Address	24th Floor, Century Building, No.39 Donghai Road West, Qingdao City
	Name of signing accountant	Zuo Wei, Li Xiang Zhi
Accounting firm engaged by the Company (overseas)	Name	HLB Hodgson Impey Cheng Limited
	Business address	31st Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong Special Administrative Region
	Name of signing accountant	Yau Wai Ip

Note:

Accounting firm engaged by the Company (domestic and overseas): Pursuant to the motion for the appointment of an auditor approved at the Company's 2023 Annual Shareholders' Meeting, the Company engaged Hexin Certified Public Accountants LLP and HLB Hodgson Impey Cheng Limited to issue the China Accounting Standards and International Accounting Standards auditing report respectively for the Company's 2024 annual report.

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE RECENT THREE YEARS

(I) Key accounting data

Unit and Currency: RMB

Key accounting data	2024	2023		Yoy change (%)	2022
		After adjustment	Before adjustment		
Operating revenue	285,981,225,203.93	274,204,520,847.97	261,427,783,050.10	4.29	243,578,924,958.47
Net profit attributable to shareholders of the listed company	18,741,120,122.93	16,596,615,045.87	16,596,615,045.87	12.92	14,712,054,763.24
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	17,804,732,809.63	15,824,164,161.43	15,824,164,161.43	12.52	13,962,931,853.78
Net cash flows from operating activities	26,543,081,911.96	26,535,780,568.36	25,262,376,228.30	0.03	20,256,557,145.86

Section II General Information of the Company and Key Financial Indicators

	At the end of 2024	At the end of 2023		Yoy change (%)	At the end of 2022
		After adjustment	Before adjustment		
Net assets attributable to shareholders of the listed company	111,366,118,999.17	101,265,984,771.17	103,514,153,535.04	9.97	93,459,437,602.44
Total assets	290,113,822,824.61	261,067,684,897.49	253,379,859,977.97	11.13	236,017,821,177.50

(II) Key financial indicators

Key financial indicators	2024	2023		Yoy change (%)	2022
		After adjustment	Before adjustment		
Basic earnings per share(RMB/share)	2.02	1.79	1.79	12.85	1.58
Diluted earnings per share (RMB/share)	2.02	1.78	1.78	13.48	1.57
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	1.93	1.71	1.71	12.87	1.50
Weighted average return on net assets (%)	17.70	17.24	16.85	Increased by 0.46 percentage points	16.80
Weighted average return on net assets after deducting non-recurring profit or loss (%)	16.81	16.06	16.06	Increased by 0.75 percentage points	15.95

Explanation of the key accounting data and financial indicators of the Company as at the end of the reporting period for the previous three years

☐ Applicable ☒ Not Applicable

VIII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Differences in net profit and net asset attributable to shareholders of listed company in financial report disclosed in accordance with International Accounting Standards and China Accounting Standards

☐ Applicable ☒ Not Applicable

There is no difference between the net profit and net assets attributable to shareholders of the listed company presented in the consolidated financial statements disclosed in accordance with International Accounting Standards and China Accounting Standards.

(II) Differences in net profit and net asset attributable to shareholders of the listed company in financial statements disclosed in accordance with overseas accounting standards and China Accounting Standards

☐ Applicable ☒ Not Applicable

Apart from the financial statements prepared in accordance with International Accounting Standards, the Company did not prepare any financial statements in accordance with other overseas accounting standards.

(III) Explanation on the difference between the domestic and overseas accounting standards:

☐ Applicable ☒ Not Applicable

IX. KEY FINANCIAL DATA OF 2024 BY QUARTER

Unit and Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	71,866,159,446.57	70,060,324,906.71	70,811,687,817.19	73,243,053,033.46
Net profit attributable to shareholders of the listed Company	4,772,967,900.81	5,647,250,488.41	4,734,229,394.77	3,586,672,338.94
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	4,639,880,144.13	5,520,624,758.25	4,524,653,457.51	3,119,574,449.74
Net cash flows from operating activities	2,092,240,692.01	6,474,726,848.67	6,076,169,839.77	11,899,944,531.51

Explanation on the difference between quarterly data and disclosed regular reporting data

☒ Applicable ☐ Not Applicable

Section II General Information of the Company and Key Financial Indicators

During the reporting period (December 2024), the Company completed the consolidation of its logistics business (business combination under common control) and restated its financial data for the first three quarters in accordance with relevant accounting regulations.

X. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNT

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Non-recurring profit and loss items	Amount in 2024	Amount in 2023
Profit or loss from disposal of non-current assets, including the write-off of provision for asset impairment	-77,035,862.98	-97,873,276.66
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, conformed to requirements of state policies and granted according to specific criteria, and have a sustained impact on the Company's profit or loss	1,324,181,478.11	1,093,584,406.07
Profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial entities, and profit or loss arising from disposal of financial assets and financial liabilities, except for effective hedging activities related to the Company's normal business operations	46,092,153.02	20,829,305.37
Net profit or loss of subsidiaries arising from business combinations under common control of the current period from the beginning of the period to the date of consolidation		-2,581,701.76
Other non-operating income and expenses apart from the aforesaid items	-139,979,862.69	-71,400,519.77
Less: Effect of income tax	-178,092,484.16	-150,225,774.23
Effect of minority interests (after tax)	-38,778,108.00	-19,881,554.58
Total	936,387,313.30	772,450,884.44

Section II General Information of the Company and Key Financial Indicators

For the Company's recognition of items that are not listed in the "Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 — Non-recurring Profit or Loss" as non-recurring profit or loss items and the amount of which is significant, and for non-recurring profit or loss items as illustrated in the "Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 — Non-recurring Profit or Loss" designated as recurring profit or loss items, reasons shall be specified.

☐ Applicable ☒ Not Applicable

XI. ITEMS MEASURED BY FAIR VALUE

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Closing balance	Changes in the current period	Affected amount to profit of current period
Wealth management products	490,968,101.81	746,436,121.40	255,468,019.59	69,235,110.56
Investment in other equity instruments	6,403,694,954.77	5,986,688,663.46	-417,006,291.31	54,432,967.18
Investment in trading equity instruments	243,224,439.64	195,177,368.77	-48,047,070.87	-1,751,987.70
Investment funds	222,803,002.38	294,404,349.36	71,601,346.98	41,204,390.70
Financing receivables	200,326,471.85	360,069,391.56	159,742,919.71	-5,363,796.80
Derivative financial instruments	-101,059,175.53	71,698,406.90	172,757,582.43	65,450,612.90
Total	7,459,957,794.92	7,654,474,301.45	194,516,506.53	223,207,296.84

XII. OTHERS

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS ON OPERATIONS

Performance Overview

In 2024, the Company achieved revenue of RMB285.981 billion, representing an increase of 4.29% compared to the same period in 2023. The growth in revenue was attributable to:

- (1) China Market: We actively capitalized on the trade-in policy and leveraged high-end product and brands, to realize double-digit growth in the fourth quarter, with Casarte revenue up by over 30%. We strengthened strategic investments in Leader brand, focusing on building brand awareness among young consumers to drive strong revenue growth.
- (2) Overseas Markets: We continuously expanded our market share across all regions, outperforming the industry particularly in emerging markets such as Southeast Asia, South Asia, Middle East and Africa, where we focused on upgrading product mix and advancing retail transformation.
- (3) Through external acquisitions and internal transformation, we accelerated the development of our HVAC business. Strategic acquisitions of Carrier's commercial refrigeration business (consolidated in October 2024) and South Africa's water heater leader Kwikot (consolidated in December 2024) have enabled us to expand our commercial refrigeration business and accelerate the development of water heater and purifier businesses in overseas markets. Global smart building grew 15% to over RMB10 billion in revenue, supported by continuous investment in core technologies and ongoing product platform iterations.
- (4) We actively seized development opportunities from improvement in living quality and transition to low-carbon economy by building a comprehensive product portfolio including tumble dryers, dishwashers, water purifiers, home cleaning robots, heat pumps and recycling solutions.

In 2024, the net profit attributable to shareholders of the parent company was RMB18.741 billion, up 12.9% from 2023; net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses was RMB17.805 billion, representing a 12.5% increase from 2023.

- (1) The Company's gross profit margin reached 27.8% in 2024, up 0.3 percentage points compared to the same period in 2023. Margin improvement in domestic market was driven by lower commodity prices, digitalization in procurement, R&D, production and sales coordination, and improved product mix. Digitalized procurement and production capacity utilization also contributed to gross margin expansion in overseas markets.
- (2) The selling expense ratio was 11.7% in 2024, a reduction of 0.2 percentage points compared to the same period in 2023, leveraging digitally enhanced efficiency in marketing resource allocation, logistics and warehouse operations in China while increased spending in network expansion, promotions, and store upgrades causing selling expense to remain flat in the overseas markets.

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- (3) The administrative expense ratio was 4.2% in 2024, an improvement of 0.1 percentage points compared to the same period in 2023, driven by streamlined business processes and digitally enhanced organizational efficiency.
- (4) The financial expense ratio was 0.3% in 2024 (where expense is “+” and income is “-”), an increase of 0.2 percentage points compared to 2023, as increase in interest income generated by better capital management was partly offset by higher interest payment.

In 2024, the Company's net cash flow from operating activities was RMB26.543 billion, flat year-on-year.

I. Household Food Storage and Cooking Solutions

(1) Refrigerator business

In 2024, global refrigerator business achieved revenue of RMB83.556 billion, representing a year-on-year growth of 2.01%. The Company maintained global leadership through continuous innovation, targeted brand positioning, and efficient localized supply chain deployment. The Company focused on advancing technologies including food preservation, built-in applications, and AI, to provide users with enhanced experiences and smart food solutions.

Market Share Performance. According to GfK, the Company maintained domestic market leadership as retail revenue share rose 1 percentage point year-on-year to 40.4% online, and 44.1% offline. According to Euromonitor, our overseas retail volume share was 14%, ranking first in 7 countries, among top three in 14 countries, and top five in 20 countries.

Continuous technological innovation to lead the industry

The Company continued investing in cutting-edge technologies, focusing on preservation technology, integrated home appliance and furnishing design, energy efficiency and AI applications to consolidate leadership. Our Multi-dimensional (temperature, humidity, oxygen, magnetic) Precision Control Technology Innovation and Industrialization for Household Preservation Appliances won the State Science and Technology Progress Award, establishing a new technical benchmark in the industry. Our MSA nitrogen-oxygen technology has achieved cellular-level freshness as fruits and vegetables could preserve up to 99% of nutrients after 7 days, while magnetic-controlled cooling and freezing technology could preserve the taste and texture of raw meat after 10 days. For home appliance and furnishing integration, our proprietary 594mm flat built-in technology does not only set industry standard, but also has been widely implemented in the Casarte C-label series and Haier high-end products, positioning us at the forefront of integrated solutions for luxury living. The Company pioneered products featuring precision-controlled variable flow refrigeration, frequency conversion, and new insulation technologies that meet the European A-20% energy efficiency standard. The Company also actively integrated cutting-edge technologies such as image recognition, voice interaction, and human movement detection to create an AI large model specialized in food preservation, introduced personalized elderly-friendly and gourmet chef modes, and offered customized over-the-air smart scenario upgrades. In 2024, we published the upgrade of IEC 63169 which was the

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industry's first freshness preservation standard originally drafted by Haier and adopted in over 30 countries, the Company also took the lead in publishing the national preservation standard GB/T 44494.

The domestic market

"Dual High-End Brand" strategy strengthened market leadership. The Company leveraged both Haier and Casarte brands to maintain industry-leading market share through precise product positioning and innovative marketing approaches. Casarte published Built-in Refrigerator White Paper and Consumer Guide, consolidating leadership with built-in specifications and bottom-mounted refrigeration system after publishing Flat Built-in Refrigerators standard in 2023, contribution to 30% market share in segment priced RMB10,000. The Haier Heyue (和悦) series, featuring innovative light-coloured exteriors, smart interactive lighting, and panoramic illumination design, increased the brand's high-end market share. Our Mailang (麦浪) series drove sales of ultra-thin, zero-gap built-in products beyond 300,000 units with soft colour palette, storage segmentation and 594mm built-in technology.

The Company strategically launched content marketing campaign and promoted user engagement on social media platforms such as Douyin and Xiaohongshu, successfully elevating Haier Mailang refrigerators to the top position in appliances trending list. Casarte Ultra-realm (致境) refrigerators ranked among the top five in online searches, with brand awareness increasing by 124% year-on-year. Additionally, we strengthen brand influence by interacting with premium users at Shanghai Haier Refrigerator Urban Experience Centre and high-end brand exhibition at Chengdu SKP.

Overseas markets

In 2024, the refrigerator business continued to gain momentum in major global markets and steadily expanded our market share.

The Company continued to strengthen market leadership in the U.S., Australia, New Zealand, Japan, and Pakistan. In Europe, the Candy brand successfully reshaped its image and enhanced market competitiveness through innovative product series featuring Italian design. In India, our market share increased from 13% to 15% leveraging differentiated high-end product portfolios and localized supply chain. In Vietnam, the Company doubled sales volume in mainstream capacity segment through precise product positioning and channel expansion, elevating our overall market share to second place.

In terms of product innovation, the high-end BM refrigerator launched in the U.S. became an instant bestseller, while the Magic Cooling series in Southeast Asia rapidly gained recognition from both distributors and consumers, effectively driving market share growth.

The continuous strengthening of supply chain competitiveness provided strong support for the rapid market share growth overseas. Our Southeast Asian factories we significantly improved manufacturing efficiency through product mix and process optimization in Southeast Asia and unlocked potentials in production capacity in South Asia.

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(2) Kitchen appliance business

In 2024, our kitchen appliance business remained committed to global smart kitchen appliances leader strategy, by driving innovation in product suites, built-in technologies, and smart scenario-based solutions, to achieve global revenue of RMB41.184 billion.

According to GfK, our market shares increased by 1 percentage point online and ranks third with 0.2 percentage points expansion offline in China. According to Euromonitor International the Company's global market share (by volume) reached 9.4% in 2024.

The domestic market

The Company actively integrated leading technologies of GE Appliances, FPA, and Candy to successfully overcome challenges such as range hood noise reduction, lifting technology, dry-fire protection, and automatic door opening for steam ovens to enhance user experience and improve energy efficiency performance. By connecting global technology and module platforms we were able to promote the application of advanced technologies and modules in the Chinese market, spearheading industry trends. In 2024, Casarte's Ultra-realm (致境) range hood, with its seamless built-in design, drove a 400% sales volume growth in the segment priced above RMB7,000. The Xingyue series, with its outstanding design and performance, successfully captured the largest market share in the RMB6,000 price segment.

We focused on enhancing network capabilities and sales team competencies to support business growth. We upgraded 1,000 experience centres, improved the display and sales of Ultra-realm (致境) and Galaxy (银河) series in store, and reinforced retail capabilities to increase conversion ratio.

The Company improved production efficiency and capacity by establishing automated production lines and optimizing global supply chain while reducing production costs by increasing in-house production of stove glass, sheet metal, and injection moulding.

Overseas markets

Despite weak demand in the U.S., the Company enhanced brand competitiveness and market performance. New high-end products launched by GE Appliances continued to gain market recognition: the GE oven range with easy-to-clean baking tray won the USA TODAY "2024 KBIS Reviewed Awards"; the Café countertop air fryer oven was selected for Oprah's annual gift list; and Profile and Café ovens were named best products of the year by Reviewed.com, strengthening our position in the premium market.

In Australia and New Zealand, FPA and Haier brands delivered outstanding performance: In Australia, the two brands' market share increased by 2 percentage points, propelling us to number one. Dishwasher market share grew by 4 percentage points, while kitchen appliances increased by 1 percentage point. In New Zealand, our dual brands maintained their top position and Haier brand achieved double-digit growth across major retail channels.

In Europe, the Company successfully entered high-end retail channels including Darty in France and ECI in Spain, while expanding into professional kitchen channels in Italy. We also made progress in Southeast Asia and South Asia.

II. Household Laundry Management Solutions

In 2024, our laundry business continued to strengthen technological innovation, product upgrades, market expansion, and supply chain optimization. We accelerated the digital inventory and marketing transformation to enhance omni-channel retail capabilities in the domestic market while strengthening product innovation and channel expansion to achieve stable growth overseas. In 2024, global revenue reached RMB63.321 billion, representing a year-on-year increase of 2.98%.

According to GfK, the Company continued to lead in offline market in China. Online retail share reached 37.9%, up 1.1 percentage points year-on-year. According to GfK and data from distribution channels, we captured leading market shares in multiple countries including Australia (29.5%), New Zealand (41.6%), and Pakistan (35%).

The Company capitalized on the trends toward large capacity, smart, and integrated washing and drying solutions through technological breakthroughs and pioneering products. To address the post-washing odour issue in front-load washers, we introduced "Air Navigation Technology," which refreshes the air inside the drum every 2 minutes. To solve the lint clogging problem during drying, we implemented AI algorithms and multi-connected PTC heaters that adapt to moisture levels, preventing temperature-related damage. The Haier LangJing (朗境) X11 series washing machine, equipped with these innovative technologies, received A-60% VDE certification from the German Association for Electrical Engineering, making it one of the most energy-efficient washing machines globally.

The domestic market

The Company enhanced operational efficiency and marketing effectiveness through digital inventory management and content marketing to improve market responsiveness and user conversion. Through multi-brand synergy, we consolidated high-end market share, expanded into both youth and senior consumer segments to increase market share. We launched premium washing machines priced above RMB10,000 to capture a dominant 80.4% market share. We also introduced products with simplified operations and practical functions to meet the needs of elderly consumers.

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The Company improved efficiency and supply chain stability by increasing the in-house production ratio of core components and optimizing spatial layout. During the reporting period, we achieved 100% in-house manufacturing of twin-tub washing machines in the factory in Chongqing. Through balanced production, equipment load optimization, and production-research collaboration, we achieved over 95% equipment utilization throughout the year. Additionally, we achieved self-manufacturing of sheet metal components through the construction of new factories and resource integration in Sino-German Ecopark Phase 2.

Overseas markets

In the overseas market, we responded to global demand by strengthening product innovation and expanding distribution channels while continuously developing our global supply chain to enhance agility and competitiveness. In the European market, we launched a heat pump washer-dryer combo that reduces energy consumption by 10% compared to the previously most energy-efficient model. This product addressed the problem of fabric damage caused by traditional drying methods, demonstrating our commitment toward high-end smart solutions. In the U.S., we introduced the Combo Core washer-dryer, which is 50% more energy-efficient than traditional vented electric dryers as it can complete washing and drying in just two hours without the need to transfer clothes. In Japan, we established 100 stores, with the sales volume of heat pump washers soared by 128% year-on-year. In Latin America, we expanded our fully automatic product line, driving a 35% increase in orders across all categories. We also enhanced supply chain agility and competitiveness, with Egyptian factory commencing operations in 2024 to serve the Middle East and African regions.

III. Air Solutions

During the reporting period, the Company realized sales revenue of RMB49.616 billion, up 7.62%.

(1) Home air conditioner business

In 2024, our home air conditioner business continued to advance R&D and modular technology while strengthening supply chain integration, thereby solidifying the foundation for long-term development. In the Chinese market, we accelerated business transformation and developed comprehensive online retail capabilities. For overseas markets, we strengthened brand positioning, expanded product categories, and established franchise networks to achieve steady growth.

We continued to increase R&D investments based on user demand to maintain leadership in energy efficiency, health, and smart technologies, thereby building competitiveness in whole-house smart air solutions. The Company has developed Positive Cycle Heat Flow Defrosting Technology for Heating, which achieves 24-hour heating with indoor temperature fluctuations controlled within 0.5°C, addressing pain points in the Yangtze River region and other low-temperature, high-humidity areas where significant temperature fluctuations (5–9°C) was caused by frequent defrosting during winter. We developed core competitiveness in smart air ecosystems through AI technology integration, pioneering sound wave human sensing technology that allows airflow to follow people without direct blowing at them. We also developed AI energy-saving technology that enables air conditioners to operate on just 2 kWh of electricity per day, saving up to 46% energy usage.

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The domestic market

We launched star products such as Haier Smart Airflow (聪明风) and Casarte Ultra-realm (致境) series, the former uses dual-power mechanical arms to control airflow, achieving 270° multi-directional air distribution without blowing directly at people to provide users with comfortable, powerful, and energy-efficient air solutions leveraging AI energy-saving technology based on specialized air database and AI cloud-based model.

Challenged by sluggish demand and intensified competition, the Company focused on addressing consumer needs through business innovation, content marketing, and multi-brand initiatives to enhance end-to-end operational efficiency and improve traffic conversion. We pioneered the use of digital inventory in POP stores, facilitating distributors to operate with lighter assets, shortening response lead-time, and accelerating product turnover. We precisely forecasted demand, dynamically adjusted production, and logistics to reduce waste leveraging big data models.

We catered to specific user demand through multi-brand coordination. Casarte air conditioner reinforced its All Copper Components and Gentle Breeze Technology to expand its high-end market share. Leader air conditioner focused on Generation Z by creating the popular “Ultra Energy-Saving” series. Through innovative social media marketing, Leader maintained rapid growth while strengthening competitiveness in product lineup, user traffic acquisition, and conversion online.

The Company accelerated supply chain integration, increased the in-house production of components, and strengthened cost control and improved global supply stability. Zhengzhou compressor factory commenced production in April 2024 with an annual capacity of 2.24 million units. We also doubled in-house production of PCBs by expanding Zhengzhou facility and establishing a new base in Chongqing.

Overseas markets

The Company committed to a multi-brand strategy while driving retail transformation, expanding professional channels, and localizing supply chain to enhance competitiveness in overseas markets, thereby achieving sustainable growth with improved profitability.

We continued to provide users with smart, health-oriented, and energy-efficient whole-house air solutions, driving product mix upgrades. In India, Haier's price index exceeded 100 for the first time, and our market share in TOP10 high-end chain stores reached 15.2%, ranking second in the industry.

We improved professional capabilities and expanded professional channels to achieve market share leadership in Pakistan, Thailand, and Malaysia.

We continued to enhance localized manufacturing capabilities. Our Indonesia and Bangladesh factories have completed their expansion, while the Egypt factory has rapidly improved efficiency since commencing operations in March 2024. The second phase project in Thailand has also been launched to increase risk resilience.

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(2) Smart building business

During the reporting period, global smart building revenue exceeded RMB10 billion, driven by continuous investment and breakthroughs in compressors, iterations of MRV platforms, and expansion in overseas markets.

China IoL places us among the top three in the industry as the Company's domestic and export combined market share increased by 1 percentage point to 9.3% in 2024.

We strengthened in-house R&D and manufacturing of core components, established leadership in energy-saving, low-carbon, and smart technologies to solidify foundation for growth. The Company's proprietary centrifugal compressors deliver industry-leading performance and we have established in-house development capabilities for core components such as compressors. We addressed comfort, energy efficiency, and reliability challenges in MRV units under varying application environments by developing compact cascade high-efficiency heat exchange, constant-temperature frost suppression, and comfortable humidity control and energy-saving technologies which significantly improved product safety and reliability, placing us at forefront of the global industry.

The domestic market

The continuous upgrade of product lineup has driven rapid revenue growth and improved profitability. We launched the new generation Max IoT multi-connected units, achieving breakthroughs in four core technologies of high-efficiency heat exchangers, air supply, temperature and humidity control, and water-fluorine-electricity separation thermal management systems to maximize the capacity of individual module to 48 HP. The product won the only gold award in its category at the 2024 China Refrigeration Expo. It has already been applied in several projects including Fujian Future Technology Building, Huizhou Smart Industrial Park, and Yancheng Robot Industrial Park. The Company owns proprietary property rights of core components of air suspension centrifugal chiller and achieved integrated R&D, production, and distribution from compressors to complete units. This product line was successfully included in the "Green Technology Promotion Catalog (2024 Edition)" issued by the National Development and Reform Commission for excellent energy efficiency performance.

The Company focused on network expansion by enhancing distributor operational capabilities and building professional solution systems to achieve growth despite challenging market conditions. We expanded network coverage and quality by enhancing end-to-end user service capabilities and implementing differentiated network management. We helped customers signing multiple projects by building end-to-end service capabilities; while strengthening long-term engagement with strategic customers and hosting industry conferences in collaboration with design institutes to establish market insights and build an open, efficient ecosystem that improves project acquisition. The establishment of the HVAC customer club and a tiered distributor service system enabled us to respond to demand quickly, address complaints promptly, and implement clear promotion and elimination mechanisms to maintain network competitiveness.

Overseas markets

The Company accelerated development of differentiated products and improved professional channel capabilities to unlock potentials and achieve favourable growth.

We optimized product platform design, improved product efficiency and profitability by enhancing energy-efficient, healthy, comfortable, convenient, and smart experience. We secured a contract for a data centre in Malaysia with a winning bid scale of 12,000 refrigeration tons. We utilized the Company's air-cooled magnetic levitation technology and optimized product structure based on customer requirements, enhanced product performance through integrated cooling system, and reduced maintenance costs with an oil-free structure. In the U.S., we launched ductless products featuring Smart HQ controls and convenient OTA functions, achieving -22 ℉ low-temperature heating, 100% heating capacity at 5 ℉ , and SEER2 ratings up to 27, all of which have been well-received.

In the European market, the Company accelerated business development by expanding District Service Centre. In Southeast Asia, we drove business growth through multi-category combinations and enhanced local professional service capabilities. In the U.S., we expanded professional channels with comprehensive HVAC product solutions to ensure sustainable business development.

IV. Water Heaters & Purifiers

In 2024, global water heater and purifier revenue reached RMB16.175 billion, representing a year-on-year increase of 5.47%, driven by product innovation, business model transformation, digitalization, and operational efficiency improvements in the domestic market and strategic acquisition overseas.

According to Gfk, the Company's offline retail share was 45.2%, up 1.3 percentage points year-on-year; online retail share was 40.3%, up 1.1 percentage points year-on-year in China.

The Company achieved continuous breakthroughs in temperature control, mineral health, energy efficient as well as noise control technologies, and launched multiple star products.

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Haier's "Peach Blossom Water" (桃花水) series of electric water heaters has won widespread acclaim from users for its excellent skin-nourishing effects and comfortable, constant-temperature bathing experience. The "Butterfly Dance" (蝶舞) series of gas water heaters provide stable and quiet hot water with high efficiency and energy-saving advantages. The "Fresh Water" (鲜活水) purifier series ensures users enjoy fresh, pure drinking water through advanced filtration technology, with annual sales reaching 100,000 units, making it a mainstream market choice.

The domestic market

The Company fuelled business growth by aligning with industry trends and evolving demands through content marketing, distribution channel reform, and improving operational efficiency. By collaborating across the value chain, we highlighted products in everyday language and relatable formats. Through in-depth exploration of user needs and market trends, we successfully created popular water heater series such as "Peach Blossom Water" and "Butterfly Dance", and the "Fresh Water" purifier series, establishing high-quality and influential IPs and content.

Haier water heater and purifier streamlined SKUs, focused on popular products, eliminated ineffective models, and enhanced production efficiency. By optimizing product lines and concentrating resources on developing bestsellers, we increased individual model output by 5% and optimized costs.

Overseas markets

The Company strengthened product innovation and localized professional capabilities while entering key growth markets through acquisitions.

We strengthened differentiated innovation. In the European market, to meet users' demands for healthy bathing, we launched water heaters with independent skincare certification that transform water from cleansing to nourishing. In North America, our heat pump water heaters, featuring advanced heat pump technology and high energy efficiency, has meet the new U.S. energy consumption standards set for 2029. We also developed electric water heaters with valve structures that precisely control water temperature at below 40°C, meeting the specific bathing needs of users during Ramadan.

During the reporting period, the Company acquired the century-old Kwikot brand which held a 58% market share in South Africa. This acquisition accelerated our development in the local and EMEA markets, by enhancing global capabilities in professional water heating solutions.

V. China Operations:

In 2024¹, the company advanced its retail transformation by launching key initiatives such as one-inventory and content-driven marketing, while enhancing its multi-brand strategy to meet the needs of a diverse consumer base.

One-inventory Initiative

With content-based e-commerce channels on the rise, distributors seek faster response, greater customization, and tighter sales-logistics alignment. The Company built an end-to-end digital platform covering order management, operations, warehousing, distribution, and installation. This enabled full-network inventory sharing and asset-light operations boosting SKU efficiency. In December 2024, RRS Supply Chain Technology Co., Ltd. and its subsidiaries were consolidated, forming a unified logistics system that fully integrates personnel, systems, and data to accelerate retail model transformation.

The Casarte Brand

Casarte enhanced its brand strength through proprietary technology, expanded product suites, and digital marketing upgrades. We actively capitalized on the trade-in policy opportunities in Q4 2024, and Casarte's retail revenue increased by 12% for the year of 2024.

New Ultra-realm (致境) and Xingyue (星悦) suites addressed consumers' demands for design and connected living, driving a year-on-year 64.6% surge in suite sales. On Xiaohongshu, Casarte ranked No.1 in high-end appliance searches.

The Leader Brand

In 2024, the Leader brand focused on the lifestyle scenarios of young consumers. Through product innovation and enhanced marketing, we dedicated ourselves to creating personalized spaces and free lifestyles for Generation Z, achieving year-on-year increase of 26% in retail sales.

Focusing on young consumers' demands for personalized, minimalist, and efficient lifestyles, the Company launched Cloud (云朵) series washing machines with 45-minute efficient wash-and-dry cycles and air conditioners with 180° rotating wing. We strengthened our youthful brand positioning by launching the "Lifestyle Ambassador" campaign, manifests "Your Life, Your Way". Additionally, the Company deepened partnerships with Douyin and Kuaishou to increase exposure. Our monthly GSV on Douyin exceeded RMB100 million, with A3 user¹ data base growing by 55%, effectively promoting synergies between the brand and our business.

¹ A3 user: users frequently interact with brands online

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The San Yi Niao Platform

San Yi Niao focused on the smart home strategy by implementing solutions that integrated smart appliances and home furnishing. We enhanced competitiveness through product solutions, outlets upgrades, platform improvements, and smart technology advancements. Our integrated cabinet solution in partnership with Boloni has strengthened whole-house customization and high-end suite product sales. In 2024, San Yi Niao's suite product sales reached 57% of total, with Casarte accounting for 35% and pre-installation products for 40%. Our Smart Home APP concentrated on improving user experience, while Smart Home Brain upgraded connectivity and voice interaction. HomeGPT helped position our Connoisseur (鉴赏家) PRO suite product series as an industry leader in AI applications.

During the reporting period, we introduced advanced large model tools to San Yi Niao, enhancing voice interaction and scenario data-driven capabilities. Through vertical domain training, we made the application of AI technology more precise and efficient in household settings. We upgraded the AI infrastructure with service-oriented and modular improvements, increasing data processing efficiency and enabling data-driven personalized services. We enhanced voice interaction technology to achieve multi-intent recognition and more natural, complex conversations. Additionally, we incorporated visual recognition technologies such as AI Eye to facilitate identification and monitoring of ingredients and environments, along with various scenario applications.

VI. Overseas Markets

In 2024, the Company achieved revenue of RMB143.814 billion in overseas markets, representing a year-on-year increase of 5.43%.

During the reporting period, the Company strengthened product innovation and high-end transformation by leveraging R&D capabilities, integrating resources and technologies, and gaining user insights to deliver industry-leading product solutions. In terms of retail channel transformation, we promoted innovations online and offline while enhancing high-end product displays and standardization in stores. We also seized new e-commerce opportunities to accelerate global retail transformation. The Company increased global brand recognition by sponsoring the Australian Open and French Open. We have over 20 million followers across mainstream social media platforms overseas, continuously enhancing our brand influence through innovative content.

1. North America

During the reporting period, the Company recorded sales revenue RMB79.529 billion while solidifying its market leadership in several categories including Range, Refrigerator, Freezer, Clothes Care and Dishwasher.

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The Company continued to unveil future-proof solutions that embrace sustainability, inclusion, and wellness at home. Through modular design, the company launched new Apex freestanding range in early 2024, expanding its retail sales network and solidifying its market leadership in cooking appliances. Its unique EasyWash™ oven tray design won the Best Slide-In Range Award from TWICE VIP Award. Leveraging innovative Active Smoke Filtration technology, smoking food on kitchen countertop is made possible with GE Profile Smart Indoor Smoker, which received Best Product award at CES 2024; facilitated by major investment in manufacturing base, a new stainless tub Dishwasher line was launched to serve consumers seeking cleaner aesthetic design and enhanced functionality; building on the wild popularity of Opal Nugget Ice Makers, GE Profile Opal 2.0 Ultra features new industry-leading enhancements to reduce maintenance and optimized design to produce more crispy nugget ice; the Company also expanded its industry-leading portfolio of multi-door refrigerators with the launch of two quad door models including CAFÉ™ ENERGY STAR® Smart Quad-Door which was selected as the Best Refrigerator by Reviewed.com; GE Profile UltraFast Combo won the Innovation Award at CES 2024 for utilizing ventless heat pump technology which not only revolutionizes the way to wash and dry a large load of clothes, but also delivers 50% more energy efficient drying. All these innovation achievements helped the Company win The Home Depot Partner of the Year award and rank first in kitchen appliances department at Lowe's. Meanwhile, the Company continued its leading position in the contact channel by signing up more new builder customers.

The Air and Water business realized 70% growth with commercial air conditioners and 10x revenue growth with Unitary AC, driven by the successful launch of comprehensive HVAC solutions. Meanwhile leveraging expertise as a leading cooking manufacturer, the Company created a range line-up with reliable performance and user-friendly controls for the Recreational Vehicle (RV) Industry and realized 24% year-over-year revenue growth. The Company also introduced Bodewell, a personalized appliance care service that sets the industry standard by offering personalized care through its unique factory service network for all appliances, demonstrating our commitment to building relationships, earning trust, and delivering exceptional care.

Through collaboration with partners including Savant and Tantalus Systems, the Company launched GE Appliances EcoBalance System, integrating innovative energy-efficient appliances and smart home products, paired with energy demand management, solar panels, energy storage solutions and electric vehicle chargers. The system not only helps reduce strain on electrical grids, but also cuts energy costs for homeowners and reduces carbon emissions.

The Company integrated Google Cloud's generative AI platform, Vertex AI, into SmartHQ app to add new features, including Flavorly AI, which creates personalized recipes and simplifies the cooking experience based on consumers' dietary preferences and existing ingredients in their kitchen.

In January 2024, GE Appliances was named "Smart Appliance Company of the Year" for 7 consecutive years, and its SmartHQ app received the "IoT Innovation Award — Consumer Product of the Year" award at the 8th annual IoT Breakthrough Awards program. Additionally, for the 4th time, the Company also secured the "Consumer Cybersecurity Solution of the Year" in October 2024.

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2. *Europe*

During the reporting period, the Company recorded sales revenue of RMB32.089 billion, up 12.42% compared with the same period in 2023.

The growth was driven by committed product and service upgrade including successful launch of multi-door refrigerators which contributed to market share reaching 40%, acceleration of New Candy initiatives such as Candy Fresco 700 that addresses consumer pain points in capacity, energy efficiency and preservation with innovative Panaroma Light, circle fresh air flow and Adaptive Humidity Area, was an immediate bestseller with number one in Hitlist in Spain and top ten in Italy only three month after launch; the new X series 11 washing machine contributed to market share expansion from 0.6% to 8% in unit priced €1,000 and above in Spain. A new line of H2O dish washers featuring energy efficiency technologies have been introduced to help Haier brand gain 12% market share in premium segment. The mite remover was well received by the market with sell-in volume of over 60,000 units. The Company also made efforts to increase the number of outlets and implement sellout management system that help market share reach 17%, ranking number one in premium segment in Spain. Significant breakthroughs have been made in Eastern Europe where premium X series washing machine and I-Proshine dishwashers have been introduced in Poland to give a complete makeover to instore displays; strategic partnership including 20 premium store-in-stores and 1 concept showroom was formed with the biggest distributor ALTEX in Romania and the introduction of three-door and multi-door refrigerators contributed to 50% market share and exponential growth in Czech Republic.

This year the Company renewed strategic partnership with top-tier events including Roland-Garros, the Nitto ATP Finals and several ATP tournaments; the Company also became the Official Appliance Sponsor of the Davis Cup Finals 2024 Tournament in Malaga, to promote premium hospitality experience, brand exposure and fan engagement.

For the second consecutive year, Haier Europe is honoured as a Top Employer in the UK in recognition of its commitment to a better world of work and outstanding people practices.

3. *South Asia*

During the period, the South Asian market generated revenue of RMB11.525 billion, representing a year-on-year growth of 21.05%.

India

The Company led the Indian market with remarkable 30% revenue growth in 2024. This achievement was attributed to the effective implementation of our high-end product strategy including large capacity front-load washing machines which performed particularly well, driving continuous improvement in average selling prices.

By combining accurate market insights with strategic product portfolio, we continued to develop bestselling items and optimize our product matrix. Our cross-category lineup of high in demand products includes powerful air conditioners with 5-star energy efficiency, and three-door side-by-side refrigerators.

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We achieved remarkable results in distribution network expansion through successful online and offline strategic implementations. While maintaining rapid growth online, channel coverage increased by 7% by expanding in national chain stores and traditional offline channels to establish strong presence in the entire distribution network in India.

Pakistan

The Company achieved 20% revenue increase in local currency and strengthened leadership with 45% market share. This was accomplished through end-to-end cost reduction, efficiency improvements, and lean management, which drove retail and premium brand transformation to boost high-end market share and price index.

4. *Australia & New Zealand*

During the reporting period, the Company recorded sales revenue of RMB6.642 billion, up 8.14%.

The Company also gained 2 percentage points market share and rose to number one in Australia partly driven by robust performance of Haier brand with market share gain of 3 percentage points in laundry, 2 percentages points in refrigerators, 4 percentage points in dish washers and 5 percentage points in kitchen appliances. The Company continued to lead in New Zealand with double-digit growth from Haier brand, making it the fastest growing company in the local market.

The Company continued to introduce cutting-edge product across categories including Haier 8 star energy efficiency refrigerator which was well-received by distributors including TGG and HVN, contributing to 8 percentage points market share gain in its specific capacity segment; Gemini washer and dryer combo and Hero series, which was Haier's first unit with retail price over AUD \$3,000, contributing to 15 percentage points share gain; and Haier's ultra-thin heat pump dryer featuring 7 star energy efficiency performance that help grow market share by 9 percentage points. FPA also introduced unparalleled range of kitchen appliances including oven, microwave, and steamer. On the operational front, the Company upgraded digital dashboard to optimize sell-in & sell through performances, improve data analysis and decision-making process while utilizing digital payment management, AI forecast, FPA GPT and warehousing management system to maximize order management and create the ultimate experience for both customers and consumers. On 25th November, the Company became the official TV and Appliance partner of the Australian Open and Summer of Tennis events. The partnership aims to deliver immersive fan experiences by integrating advanced technologies in home appliances, including kitchen, laundry, and climate control systems, with world-class tennis.

5. *Southeast Asia*

During the reporting period, revenue from the Southeast Asian market grew 14.75% to RMB6.633 billion.

High-end products accounted for 38% of total volume sold in Malaysia and high-end products grew by 20% in volume in Vietnam.

Section III Management Discussion and Analysis

The Company launched T-door and French door refrigerators, high-end UV COOL VRA air conditioners in Malaysia; upgraded from self-cleansing to UV anti-bacteria air conditioners in Thailand; introduced UVC Pro and smart Eco air conditioners, large drum front-load washing machines, 700mm wide TM refrigerators equipped with magic zoom compartments and removable ice box in Vietnam where Aqua air conditioners also grew 40% in volume; and launched new series of multi-door refrigerators to create the ultimate food preservation experience in Indonesia.

The Company commenced construction of air conditioner factory in Thailand; assembled smart manufacturing lines with lower costs and greater efficiency for refrigerators and washing machines in Aqua facilities in Vietnam; upgraded pre-processing and completed press machine project in refrigerator factory to increase cost competitiveness while renovated air conditioner production line to improve output by 30% in Indonesia.

6. Middle East & Africa

During the period, revenue from the Middle East and Africa grew 38.25% year-on-year to RMB2.674 billion.

The Company drove rapid growth through localized manufacturing, upgraded market operations, and strategic acquisitions. The Company focused on brand and product mix upgrades, promoting the penetration of large-diameter washing machines and inverter air conditioners, while improving operations and retail capabilities to enhance brand image and promote mid to high-end products. In Egypt, the Company's eco-park phase one project commenced production to ramp up manufacturing of air conditioners, washing machines, and televisions thus unlock potentials in local market and neighbouring countries. In Saudi Arabia, the Company addressed distribution system pain points and implemented channel reforms, significantly improving whole-seller incentives and revenue growth. In South Africa, the Company completed the acquisition of Electrolux's water heater business that held the largest local market share, leveraging Kwikot brand's distribution channels to promote the development of Haier refrigerators, washing machines, and other white goods throughout South Africa and neighbouring countries.

7. Japan

During the reporting period, the Company recorded sales revenue of RMB3.426 billion, ranking 2nd with 16.5% market share in refrigerator by volume: 1st in freezers with 40.1% and 3rd in washing machine with 17.0%.

The Company introduced a collection of innovative products including TX refrigerator series in March with industry-leading full-space preservation utilizing smart temperature and humidity control technologies; the ultimate compact 8kg washing machine with best-in-class performance leveraging PTC drying module, 10kg heat-pump dryer combo led the market with 47.2% share in 10kg washers while sales volume of large TX refrigerator doubled. The Company also announced Yuzuru Hanyu as the new brand Ambassador to mark the launch of campaigns across multiple platforms to capture maximum attention during year-end shopping season.

VII. Deepening Digital Transformation and Implementing Cost Optimization Initiatives to Enhance End-to-End Cost and Expense Competitiveness

In 2024, the Company focused on operational cost reduction, efficiency improvement, and user experience enhancement. We deepened the end-to-end digital transformation of our domestic operations to unlock reform dividends. Additionally, we initiated digital transformation in overseas regions by implementing our domestic operational model to improve operational standards and profitability in overseas markets.

On the market side, we continuously upgraded our business model to enhance operational capabilities. (1) We upgraded our offline channel model by actively leveraging national subsidy opportunities and implementing the Smart Home Cloud Store OTO model across more than 20,000 stores, generating retail sales of RMB450 million. (2) We advanced full-chain digital marketing to improve our new media matrix operations, smart content creation, and lead management capabilities, achieving over 1.4 billion new media impressions with a 24.7% lead conversion rate.

In our service platform, we optimized resource allocation through smart tool applications, enhancing service efficiency and user retention. (1) In customer service operations, we established smart customer service capabilities by building a knowledge base system, standardizing interaction scenarios, and implementing smart interaction solutions. In 2024, the proportion of smart interactions increased by 25.52% year-on-year, while smart resolution rates improved by 10.35%. (2) In after-sales services, we completed the development of digital capabilities including smart scheduling, continuous online availability, and full-chain spare parts digitalization. As a result, user complaints decreased by 33.22% year-on-year, and service costs declined by 5.2%.

In our supply chain platform, we built smart forecasting capabilities to achieve agile response to market orders. We connected planning, marketing, manufacturing, procurement, and logistics nodes to establish an algorithm-driven smart prediction model and a cloud-based smart analysis operating system, which enhanced our order forecasting capabilities. We implemented a system where production scheduling information is visible and accessible within T+6 weeks, with automatic inventory replenishment and smart review capabilities, which improved our on-demand delivery efficiency. In 2024, our domestic order response cycle improved by 13%, while the customer funds cycle decreased by 7 days.

We replicated our domestic digitalization framework in overseas markets to enhance regional competitiveness and profitability. (1) We established overseas customer experience platforms in Thailand, Middle East and Africa, enabling online management of pricing policies and terminal sales. (2) We implemented digital systems across 17 overseas factories, improving capabilities in procurement strategy, production planning, manufacturing execution, commodity storage, and finished product warehouse management. (3) In customer service, by leveraging AI large models, we achieved precise guidance and rapid inquiry resolution for customer issues, reducing manual service workload and improving customer service staff efficiency, with average conversation duration shortened by 15%.

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In 2024, the Company launched the Cost Optimization Project, benchmarking against global leading practices to restructure our objectives. We drove implementation through organization-wide collaboration, systematically enhancing our cost competitiveness.

In R&D processes, we optimized the product BOM lifecycle and built dynamic cost monitoring models to perform in-depth analysis of component cost structures and drive improvements. We enhanced product platform management by eliminating over 1,500 redundant long-tail models and reducing over 5,000 specialized material codes, strengthening our product cost competitiveness from the source. On the procurement side, we increased the openness of our supplier network. By establishing an order journey platform, we promoted transparency throughout the entire supplier process from ordering, delivery, and warehousing to usage and settlement, thereby improving efficiency and reducing hidden costs.

II. INTRODUCTION OF THE INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD

(I) Industry Overview for 2024

1. The domestic market

Following the implementation of the national home appliance trade-in policy since August 2024, the industry has gradually recovered from the first half of the year. According to AVC, China's home appliance retail sales across all categories (excluding 3C products) reached RMB907.1 billion in 2024, representing a year-on-year increase of 6.4%.

Home Air Conditioning Industry

According to AVC, the home air conditioner industry recorded retail volume of 59.78 million units in 2024, a year-on-year decrease of 1.8%, while retail value reached RMB207.1 billion, down 2.2% year-on-year. In the first half of the year, industry demand was hampered by rainy weather in southern regions and cautious consumer behaviour. High channel inventory intensified price competition. Beginning in August, national subsidy policies were gradually implemented, effectively stimulating market demand.

High-efficiency air conditioners were increasingly favoured by consumers with Annual Performance Factor (APF) becoming a key consideration, driving market share growth. Meanwhile, innovative products such as fresh air conditioners and integrated air conditioning systems continued to emerge, meeting consumers' pursuit of healthier and more comfortable living environments with product mix upgrade.

Refrigerator Industry

In 2024, the refrigerator industry achieved steady growth driven by replacement demand and continuous innovation. According to AVC, annual retail volume reached 40.19 million units, a year-on-year increase of 4.9%, while retail revenue reached RMB143.4 billion, representing a 7.6% year-on-year growth.

Product upgrades primarily focused on built-in solutions, fresh food preservation, and smart features to enhance users' quality of life. Preservation technology emphasized nutrient retention and quality food storage, while appearance design incorporated new materials that

harmonize with home environments, improving both aesthetics and functionality. In 2024, the market penetration of flat built-in refrigerators increased with from 7.1% to 20.1% online and from 12% to 38.9% offline.

Laundry Care Industry

According to AVC, China's washing machine industry had a retail volume of 42.97 million units in 2024, representing a year-on-year increase of 7.3%. Retail revenue reached RMB101.4 billion, up 7.6% year-on-year. Tumble dryers demonstrated strong growth momentum in 2024, with retail volume surging 30.6% year-on-year to 2.83 million units, and retail revenue rising 25.7% year-on-year to RMB16.2 billion.

The washing machine product mix continued to improve driven by expanding front-load washing machines, whose online retail share rose by 4.8 percentage points to 44.1%, while offline retail share increased by 8.2 percentage points to 51.2% in 2024 according to GfK. Industry trends continued to evolve towards larger capacity, multi-functionality, smart, and aesthetic appeal. Front-load washer-dryer combos maintained rapid growth, with GfK data showing the market size for these combo products increased by 65.1% year-on-year to RMB8.4 billion. Product development was accelerating towards ultra-thin, flat built-in designs to achieve better integration with home furnishings.

Kitchen Appliance Industry

(1) Range hood and stove industry

According to AVC, the overall retail sales of range hoods reached RMB36.2 billion in 2024, representing a year-on-year increase of 14.9%, with retail volume reaching 20.83 million units, up 10.5% year-on-year. The gas stove market achieved retail sales of RMB20.4 billion, growing 15.7% year-on-year, with retail volume of 24.29 million units, up 15.2% year-on-year.

Product upgrades focused on smart, integrated home appliances with furnishings, and high energy efficiency to meet consumer demands for operational convenience and space utilization. Smart features such as gesture sensing, hood-stove integration, and APP control continued to increase. New product styles including ultra-thin models and 7-shaped hoods were gaining market share. High-power, energy-efficient gas stoves gained popularity, with dry-fire prevention feature becoming a key consideration for consumers.

(2) Dishwasher industry

The dishwasher industry continued to experience rapid growth. According to AVC, retail sales reached RMB13.2 billion in 2024, representing a year-on-year increase of 17.2%, while retail volume grew to 2.29 million units, up 18.0% year-on-year.

Dishwashers have evolved to offer larger capacities, better kitchen renovation compatibility, and zone washing capabilities to address user pain points such as insufficient capacity and limited kitchen space. These improvements enhanced space utilization and user experience. Fully built-in models have become the most recommended style, with their retail market share rising from 34% to 47% online and from 79% to 81% offline.

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Water Heater Industry

According to AVC, the water heater market in 2024 had retail sales of RMB53.2 billion, a year-on-year increase of 5.3%, with retail volume of 31.45 million units, up 5.1% year-on-year. Electric water heaters generated retail sales of RMB23.6 billion, up 1.3% year-on-year, with a retail volume of 18.02 million units, increasing 2.5% year-on-year. Gas water heaters achieved retail sales of RMB29.6 billion, up 8.8% year-on-year, with a retail volume of 13.43 million units, growing 8.7% year-on-year.

Large capacity and high-power models have become mainstream in electric water heater market, with 60L models accounting for over 60% of total. Dual-tank ultra-thin products grew rapidly by 20% both online and offline, as they align with consumer demands for home aesthetics and efficient space utilization. These products are expected to become a future market trend. National subsidies significantly boosted demand high-efficiency gas water heaters products, with GfK data showing that Level 1 energy efficiency products experienced a 69% increase in retail sales in offline markets from September to December in 2024.

Additionally, water home appliance products¹ maintained rapid growth in 2024, driven by trade-in policies and home improvement subsidies, with industry retail sales reaching RMB34.6 billion, a year-on-year increase of 16.3%, and retail volume reaching 27.9 million units, up 6.2% year-on-year.

Trade-in policy incentives helped offline channels accelerate in growth towards year-end, with particularly strong performance from both national and local chain retailers. According to AVC, Q4 retail sales skyrocketed by 75.5% year-on-year, with annual retail sales growing by 22.3% year-on-year. Online channels showed mixed results, with traditional e-commerce platforms posting a 6.9% year-on-year increase in annual retail sales. Content-based e-commerce has emerged as a new growth engine through innovative marketing and strong user retention, achieving a remarkable 55.5% year-on-year growth in retail sales for 2024.

Industry leaders leveraged technological, brand, and channel advantages through multi-brand portfolio strategies and full-category operations to capitalized on national subsidy opportunities and increase market share, resulting in higher concentration among domestic brands. Meanwhile, internet-based brands, relying on their ecosystem and traffic advantages, rapidly increased their market share online through innovative marketing and entry-level product offerings.

2. Overseas markets

According to Euromonitor, global retail sales of major home appliances reached USD288.2 billion in 2024, up 2.1% year-on-year, while small appliances generated USD245.1 billion, growing 3.1% year-on-year. Developed markets was challenged by high interest rates and weak consumer confidence, while emerging markets achieved steady growth driven by air conditioners and online channel expansion, despite intensifying competition and rising costs.

¹ Water purifiers, purified water dispensers, water dispensers, water purification equipment

Section III Management Discussion and Analysis

By market:

(1) The U.S.:

Federal Reserve's interest rate hikes kept mortgage rates elevated, suppressing real estate market and affecting home appliance performance. As competition intensified, appliance manufacturers resorted to price reductions, putting pressure on profitability. High inflation led to lower-than-expected rate cut, further dampening consumption of durable goods like home appliances.

(2) Europe:

GfK data indicated that European consumers generally planned to reduce discretionary spending in 2024, with overall industry sales volume growing only 1.8% year-on-year. In 2024, cumulative online sales volume increased by 7.9% year-on-year, while traditional offline channels declined by 1%.

(3) South Asia:

India: Driven by strong air conditioner demand, overall sales volume increased 8.6% year-on-year, with revenue up 10.4% and average prices rising 2%. High-end products gained penetration in first and second-tier cities, while entry-level products remained dominant in third and fourth-tier cities. Online growth was rapid and offline chain stores were actively expanding, putting pressure on traditional channels. Leading companies responded through channel adjustments or cost reductions, while local brands captured market share through aggressive pricing strategies.

Pakistan: Sales volume increased 15% year-on-year, with revenue up 16% and average prices rising 2%. High inflation and rapidly rising electricity prices stimulated demand for energy-efficient products, while the share of chain channels continued to increase.

(4) Australia & New Zealand:

Based on channel estimates in 2024, the overall Australian market decreased 10% year-on-year, with average prices falling 5%. Consumer interest for value-for-money products was on the rise. New Zealand demand remained weak, with white goods import volumes in 2024 flat year-on-year and GDP contracting for two consecutive quarters. Consumer spending continued to tighten due to inflation and high interest rates, compounded by a sluggish real estate market, resulting in persistently weak appliance demand.

(5) Southeast Asia:

Thailand's growth primarily relied on the expansion of air conditioners and refrigerators. Vietnam showed increasing demand for washing machines and air conditioners. Malaysia experienced modest growth, while Indonesia remained generally flat with only refrigerators achieving growth. Consumer prefer health-conscious (water purifiers, energy-efficient air conditioners), smart, and value for money products.

(6) Japan:

The weak currency has driven up costs, while high prices combined with an aging population suppressed overall consumption. According to GfK, white goods including refrigerators, freezers, and washing machines experienced declines in both volume and revenue in 2024: retail volume decreased 0.6% year-on-year, retail revenue fell 1.9% year-on-year, and average unit price dropped 1.3% year-on-year. Demand shifted towards large-capacity and energy-efficient models, with front-load washing machines and variable-frequency refrigerator/washer gaining popularity, while high-end demand remained sluggish under economic pressures.

(II) Industry Outlook for 2025

1. The domestic market

Currently, China's home appliance market is characterized by high penetration and a large installed base, with replacement purchases becoming the main growth driver. According to GfK, by the end of 2023, China's home appliance ownership exceeded 6.9 billion units; 66% of purchases were replacements, while 34% were first-time or additional purchases. The overall market is expected to grow in the future as consumers continue to improve quality of life thus driving value growth from product upgrades and increasing penetration of categories such as dishwashers and tumble dryers.

The 2025 Government Work Report points out that China will firmly implement strategies to expand domestic demand, allocating RMB300 billion in special ultra-long-term bonds to support trade-in programs for consumer goods. White goods, with their high value and necessity in nature, are likely to continue benefiting from these initiatives. AVC expects the home appliance industry to maintain growth in 2025.

2. Overseas markets

In 2025, global home appliance market will be affected by macroeconomic fluctuations and changes in trade policies, with consumer upgrade trends and structural growth opportunities. Companies need to monitor economic and policy developments and adapt to uncertainties through technological innovation, cost control, and flexible supply chain strategies to capture growth.

(1) North America

OECD forecasts US economy to grow 1.9% and the FED expects PCE inflation to be 2.7% in 2025. However, tariffs continue to create uncertainties for business investment and individual incomes, thus creating pressure for home appliance market where consumers still prefer high efficiency and energy saving products. The appliance industry is likely to benefit from rate-cut related property market recovery in the long run.

(2) Europe

The European economy continues to be affected by uncertainties from the Russia-Ukraine conflict and energy price fluctuations. However, production costs and retail prices of home appliances are expected to decrease with the gradual declining in natural gas prices. While trade uncertainties put pressure on the euro, EU fiscal expansion and potential increases in defence spending may alleviate some economic pressure. The market is expected to remain focused on sustainable, environmentally friendly and energy-efficient products thus intensifying competition in ESG performance and product innovation.

(3) Emerging Markets

Home appliance consumer demand in emerging markets is expected to maintain steady growth. Accelerated urbanization and middle-class expansion in Southeast Asia, South Asia, the Middle East, and Africa will create new market opportunities and interest rate cuts may improve consumer credit environment thus benefiting home appliance consumption.

III. INTRODUCTION OF THE COMPANY'S BUSINESS DURING THE REPORTING PERIOD

Founded in 1984, the Company is committed to being an enterprise of its time. Through relentless innovation and iterations, we seize opportunities in the industry by continuously launching innovative products that steer market development. After more than 30 years, the Company has become a global leader in the major home appliance industry, as well as a pioneer in global smart home solutions.

Market Position

- **Global leader of the major home appliance industry:** According to data from Euromonitor — an authoritative market researcher, the Company ranked first in terms of sales volume in global major appliance market for 16 consecutive years. The Company has a global portfolio of brands, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel and AQUA. From 2008 to 2024, Haier brand refrigerators and washing machines ranked first among global major home appliance brands in sales volume for 17 and 16 consecutive years respectively.
- **Pioneer of global smart home solutions:** Capitalizing on our full-range home appliances products, the Company is recognised by Euromonitor as one of the first in the industry to introduce smart home solutions. San Yi Niao remained committed to the mission of “providing smart home experience for a better home”, by enhancing three major capabilities in respect of tailored platforms, delivery platforms and Smart Home's main platform, we have been dedicated to providing customised and specialised smart home appliance solutions for users.

Business Layout

Over the years, the Company has established a business layout that includes smart solutions for, amongst others, food storage and cooking, laundry, air and water, the Overseas Home Appliance and Smart Home Business, and Other Business.

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- **Household food storage and cooking solutions:** Through selling products such as refrigerators, freezers, kitchen appliances in global market, as well as providing one-stop smart kitchen scenario solutions and ecosystem solutions including smart cooking and nutrition planning, the Company fully addresses users' need for convenient, healthy and tasteful gourmet experiences. For example, by upgrading the bottom front cooling technology and optimising the heat preservation system, Casarte's original built-in refrigerator is designed to address problem of fitting home appliance into cabinet encountered in home appliances and furnishing integration, enabling a perfect match to the international standard cabinet with a depth of 600mm and a width of 800mm/900mm, providing a seamless built-in solution.
- **Household laundry management solutions:** Haier's washing machine focuses on applying original technologies to directly address users' pain points in home living scenarios and create new experiences and value for users. With a product lineup of washing machines, tumble dryers, all-in-one laundry machines, garment care machines, and heated drying racks, the Company has evolved from selling individual products to providing scenario-based solutions and offering end-to-end laundry care services. For example, the Zhongzihemei (中子和美) 3-in-1 washer combines washing, drying, and fabric care functions into a single unit, and the Essence Wash washing machine reduces washing time and improves cleaning effectiveness by producing a highly concentrated detergent solution that can quickly soak into clothes through detergent pre-mixing and high pressure spraying. In addition, Haier Smart Home has developed the first 3D transparent drying technology, which uses sensors to see through the outer layer of clothes and directly assess their inner condition. This allows the machine to accurately determine the level of dryness and stop drying process instantly once the clothes are dry.
- **Air solutions (Internet of air):**

Home air-conditioners: Through selling of our products (such as home air-conditioners and fresh air systems) to markets worldwide, as well as providing full-cycle solutions that include design, installation and services, with products featuring smart system based inter-connectivity, we have, for example, formulated all-spaces, all-scenarios intelligent air-conditioning solutions consist of multiple air-conditioner and purifier coordination, adaptive air flow, air quality monitoring and air disinfection, thereby delivering a healthy and comfortable experience at home and during commuting that caters to users' needs in terms of air temperature, humidity and quality. One notable example is our self-cleaning air-conditioners, which use smart sensors and automated water-cleaning technology to run the automated cleaning process and ensure cleanliness and health of their interior.

Smart buildings: The Company is committed to becoming a leader in efficient, sustainable and smart building solutions based on China's "carbon peaking and carbon neutrality" strategy. Focusing on business segments such as smart control, environment, energy and system integration of buildings, the Company provides green and smart building solutions integrating "technology + experience + space" for government and public buildings, commercial uses, railways, schools, and hospitals. In areas such as magnetic levitation centrifugal chillers, IoT-based multi-split system, and air-to-water heat pump, not only have Haier occupied a pivotal market position in China, but also have achieved remarkable success globally.

- **Household water solutions (Internet of water):** Through providing worldwide users with electric water heaters, gas water heaters, solar water heaters, air energy heat pump water heaters, POE water purifiers, POU water purifiers, water softening equipment, Haier offers smart water solutions including interactions between water heaters and purifiers, and between heating appliances and water heaters, so as to comprehensively cater to users' needs for water purification, softening and heating. One example is our water heater with instant hot water. It uses smart hot water circulation technology to provide hot water quickly, eliminating the need for users to wait for the water to heat up. In 2024, the Company acquired Kwikot, an established water heater brand in South Africa. With its strong market reputation and well-established sales channels, the acquisition enables the Company to rapidly expand its water heater business in South Africa market, boosting brand awareness and market share. This acquisition has further strengthened Haier Smart Home's business presence in the overseas water heater segment.

Global Market Presence

The Company manufactures and sells a comprehensive portfolio of home appliance products and provides value-added services in more than 200 countries and regions, including North America, Europe, South Asia, Southeast Asia, Australia, New Zealand, Japan, Middle East and Africa.

To overseas markets, the Company has been manufacturing and selling proprietary appliance products catering for local users' demands for more than 20 years. During the time, a number of acquisitions contributed to our growth including acquisitions of Haier Group Corporation's overseas white goods business (which included Sanyo Electric Co., Ltd.'s white goods business in Japan and Southeast Asia) in 2015, home appliances of GE in the US in 2016, Fisher & Paykel in 2018, and Candy in 2019.

In 2024, Haier Smart Home added another two brands, namely CCR and Kwikot, under its belt through mergers and acquisitions. The CCR acquisition has enabled Haier Smart Home to push forward its comprehensive refrigeration chain strategy and broadened its business reach to the commercial refrigeration segment, providing strong support for the Company's development in the European market while further promoting the development of the commercial refrigeration sector in Asia-Pacific and other regions. The acquisition of Kwikot, a century-old water heater brand in South Africa, has strengthened Haier Smart Home's business presence in the water heater sector and further facilitated the rapid penetration of white goods business into the South African market.

At present, the overseas business of the Company has entered a stage of healthy growth, having achieved a multi-brand, cross-product and cross-regional presence on a global basis. According to Euromonitor, the Company's market shares (by retail volume) for major home appliances in key regions around the globe in 2024 were as follows: ranked 1st in Asia in terms of retail volume with a market share of 25.9%; ranked 1st in North America with a market share of 24.5%; ranked 1st in Australia and New Zealand with a market share of 15.9%; and ranked 3rd in Western Europe with a market share of 8%.

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Other Businesses

Building on our established smart home businesses, the Company has also developed small home appliances, cleaning robots, channel distribution and other businesses. In particular, the small home appliance business primarily involves small home appliances designed by the Company, produced by outsourced third-party manufacturers and sold under the Company's brands. It serves to enrich our smart home solutions product mix. The channel distribution business primarily offers distribution services for products such as televisions and consumer electronics for Haier Group or third-party brands, leveraging the Company's sales network. During the reporting period, the Company succeeded in acquiring CCR, which has enabled further expansion of our commercial refrigeration segment, and expedited Haier Smart Home's comprehensive refrigeration chain strategy.

Honours and Recognitions

During the reporting period, the Company was once again listed among the Top 500 World's Companies and named again as the 2024 World's Most Admired Companies by the Fortune Magazine. We are the only company being selected in Europe and Asia in the home appliances industry and are the only selected company incorporated outside the US. Meanwhile, the Company is also the world's only Internet-of-Things (IoT) ecosystem brand being named again as BrandZ™ Top 100 Most Valuable Global Brands in 2024.

At the same time, the Company was named again among Fortune's China ESG Impact list and Forbes' The World's Best Employers 2024 list. The Company's ESG effort has also been recognised by external rating agencies, receiving an MSCI ESG rating of AA, which is at leading levels within home appliance sector in China. Haier Smart Home was selected into the three major ESG indices of the Hang Seng Index, including the HSI ESG Enhanced Index, the HSI ESG Enhanced Select Index and the HSCEI ESG Enhanced Index. In addition, the Company also won, amongst others, the "Top 100 ESG Golden Bull Award", "2024 ESG Pioneer 60th Annual Social Responsibility Excellence Award", "Golden Bull Best Investment Award", "Golden Information Disclosure Award" in 2024, further demonstrating the Company's influence and leading position in the industry.

IV. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD.

☒ Applicable ☐ Not Applicable

The Company has established a solid strategic presence and competitive advantage in global market. In China's major home appliance market, the Company has long maintained a leading position across all product categories. According to Gfk CMM's report, the Company has established a continued leading market position in key major home appliance categories in 2024. In overseas markets, the Company has adhered to its high-end brand creation strategy. Coupling with the two newly acquired brands, namely CCR and Kwikot, this has served us well in building capacity to create global sustainable growth and continuously gaining market share. Building on this foundation and by leveraging on the consolidation and synergy of our global unified platform, efficiency transformation driven by digitalisation, technological strength and innovative capabilities, the Company will further consolidate its leading position in the industry. As cornerstone for sustainable development, our "Rendanheyi (人单合一)" Model also provided management guidance to the Company and enabled us to replicate successful experiences. It is believed that the following advantages will help the Company to continue to strengthen its leading position:

(i) Building up excellent high-end brand operation capabilities and creating a well-recognised high-end brand through forward-looking layout and long-term investment in the global market to achieve a leading market position.

To better meet the need of consumers in pursuit of quality life, the Company has started to develop the high-end brand Casarte in the Chinese market more than 10 years ago. The creation of high-end brands requires not only focus, experience and patience, but also continuous innovation of technological standards and differentiated service capabilities to fulfil user demand for high-quality experiences. The Casarte brand combined the Company's global technological strengths, product development capabilities and manufacturing craftsmanship, as well as privilege marketing and differentiation services, which has won the trust of users in China's high-end market. According to data from CMM, the Casarte brand has assumed a definitive leading position in China's high-end major home appliance market in 2024, ranking first in the retail sales of refrigerator, washing machine and air-conditioner categories in the high-end segment. In particular, market shares (in terms of offline retail sales) of the Casarte brand of refrigerators, air-conditioners and washing machines reached 49%, 34% and 88% respectively in the market with product priced above RMB15,000 in China.

(ii) Providing users with specialised and customised smart household solutions through the San Yi Niao brand with cross-household design focusing on scenario-based experience to carry out the mission of “providing smart home experience for a better home”.

As users continued to demand for higher living quality, coupled with the development of technologies such as Internet of Things and big data, the industry has shown a smart and high-end development trend that prioritised product suites, based upon scenarios, and home appliances integrated with home furnishings. With leading user insights, extensive product coverage and technological accumulation from algorithms, big data models and IoT equipment technology, the Company enhanced its three major capabilities in respect of scenario-tailored platforms, delivery platforms and Smart Home's main platform to create a new home appliances sales method with cross-household design focusing on scenario-based experience, and develop high-end, package, and front-end sales capabilities.

(iii) Extensive and solid global presence with localised operational capability

In respect of overseas markets, the Company seeks overseas expansion of its own brands as well as synergies with acquired brands to develop overseas markets. Such business strategy has guided the Company to establish R&D, manufacturing and marketing three-in-one structure across multiple brands, products and regions, as well as the model of self-development, interconnection and synergised operation.

The Company's extensive global presence depends on its localised business teams as well as its flexible and autonomous management mechanisms established in various overseas markets, which have enabled the Company to gain rapid insights and respond swiftly to local user demands. The Company also proactively integrates into local markets and cultures and has established a corporate image that is recognised by local communities in the overseas regions where the Company operates.

In 2024, the Company established 10+N innovative ecosystems, 131 manufacturing centres, and 108 marketing centres around the world, and achieved a coverage of nearly 230,000 points of sales in global markets.

(iv) A comprehensive portfolio of proprietary brands recognised by users of all tiers

Through organic growth and acquisitions, the Company has formed seven brand clusters, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel and AQUA. To address the needs of users from different tiers in various markets around the world, the Company has adopted a differentiated multi-brand strategy in different regions that centred around users, to achieve an extensive and in-depth user coverage. For example, in the Chinese market: the three brands of Casarte, Haier and Leader achieved the coverage of high-end, mainstream and niche market groups respectively; in the U.S. market, the six major brands such as Monogram, Café, GE Profile, GE, Haier, Hotpoint comprehensively covered all segments of high-end, mid-range and low-end markets, thereby meeting the preferences and needs of different types of users.

In 2024, Haier Smart Home added another two brands, namely CCR and Kwikot, under its belt. The CCR acquisition has enabled Haier Smart Home to push forward its comprehensive refrigeration chain strategy and broadened its business reach to the commercial refrigeration segment, providing strong support for the Company's development in the European market while further promoting the development of the commercial refrigeration sector in Asia-Pacific and other regions. The acquisition of Kwikot, a century-old water heater brand in South Africa, has strengthened Haier Smart Home's business presence in the water heater sector and further facilitated the rapid penetration of white goods business into the South African market.

(v) Cross-border acquisition and synergy realisation capabilities

The Company has an excellent track record of acquisition and integration. The Company has acquired Haier Group Corporation's overseas white goods business, including Sanyo Electric Co., Ltd.'s white goods businesses in Japan and Southeast Asia in 2015, the home appliance business of General Electric in the US in 2016, the New Zealand company Fisher & Paykel (which has been entrusted by the Haier Group since 2015) in 2018, and the Italian company Candy in 2019. In addition, the Company successfully acquired CCR in 2024, which has expedited the Company's comprehensive refrigeration chain strategy and strengthened the development of its commercial refrigeration segment. The acquisition of Kwikot, a century-old water heater brand in South Africa, has expanded the Company's business footprint in the African market and strengthened its market competitiveness in the region. Capitalising on the local resources and technological strengths of CCR and Kwikot, Haier Smart Home has rapidly increased its brand awareness and market share in the region.

The Company's capability to perform acquisition and integration is reflected in the following: First of all, the Company implements the 'Rendanheyi (人单合一)' Model in the acquired companies, which is a value-added sharing mechanism for the whole-process team under a common goal. Such model can motivate the acquired companies and their employees and enable them to generate more value. Secondly, the Company made use of its global platform to empower the acquired companies in terms of strategic planning, R&D and procurement in order to enhance their competitiveness. Thirdly, the Company's open and inclusive corporate culture can support the acquired companies in establishing a flexible and autonomous management mechanism, which can easily earn recognition from the acquired companies and is conducive to the promotion of integration.

(vi) Comprehensive and in-depth global collaborations and empowerment

The Company has made full use of its global collaborative platform, as well as its integrated functions of R&D, product development, procurement, supply chain, sales and brand marketing. It was able to share and expand development experience to various markets around the world. By strengthening the synergies among its global businesses, the Company has created a strong driving force for its future development.

- **Global product collaboration:** Focusing on the needs of overseas users and customers, we leverage global R&D resources to ensure close collaboration across all stages, including user demand analysis, product planning, technical solution design, development testing and trial production, and have launched top-selling products in various regions around the world. For example, the only caravan air-conditioner in North America with a heat pump that operates at temperatures as low as -5 degrees Celsius, the first-ever 8.0 Energy Star refrigerator in the Australian market (which is 40% more energy-efficient than its rivals), a brand-new washing machine platform that meets the needs of both the China-US and Europe-Australia markets, and the global micro-vaporisation and roasting platform that integrates the R&D capabilities of Haier from, among others, China, Italy, New Zealand, America, and Japan. Through global product collaboration, overseas brands such as Haier, Fisher & Paykel, Candy, and GE have significantly expanded their product portfolios.
- **Global capability collaboration:** Development of high-caliber young engineers is conducted in accordance with the unified training model at both the Qingdao headquarters and GE Appliances in the U.S., which has yielded further progress. In Qingdao, young engineers trained through the Global Engineer Development Programme (GEDP) are continuously joining industrial R&D teams and becoming key players in product development. Meanwhile, driven by digital transformation, various global regions are progressively adopting advanced development tools and design methodologies from the automotive industry, significantly enhancing development accuracy and product quality.
- **Global design collaboration:** An industrial design collaboration system for global top-selling products centred on user experience and branding has been established. Through collaboration with global designers, design quality has been greatly improved. For example, the headquarters design team collaborated with the CANDY design team to complete the creation of Haier's Titanium Series 2/4/6 ovens under the global platform oven, which have been successively launched in markets included Europe and Australia. Meanwhile, the headquarters design centre supported Candy's brand transformation and realised Candy's price index improvement.

- **Global procurement collaboration:** The Company has established a global procurement committee to coordinate procurement activities. The committee has built a digital sourcing platform that brought together partners across industries and regions to develop an autonomous and controlled global supply chain ecosystem. The committee also created a global database of preferred suppliers and materials to achieve cost reduction by aggregating resources at the Company level. By unifying procurement rules and processes, the Company established a standardised operating system with differentiated procurement strategies to enhance efficiency while lowering risks. We have also developed a Company-level digital procurement platform to enhance shared capabilities through connecting “materials, businesses, people and mechanisms” to the platform, thereby improving the resilience of our global supply chain.
- **Global supply chain collaboration:** The Company has built an end-to-end digital management system for the global supply chain that spanned from marketing to suppliers to production and logistics. Using intelligent algorithms, the system enabled real-time flexible deployment of production capacity, and factories across the globe could share and develop smart manufacturing technologies to boost competitiveness.
- **Global marketing and brand promotion collaboration:** The Company operates a multi-level brand portfolio with collaborative brand promotions. The Company also promotes and introduces successful marketing strategies among regional markets. For example, the Company successfully replicated its sales and marketing model of China's third and fourth-tier markets to markets such as India, Pakistan, and Thailand, strengthening the company's brand image and regional market competitiveness.

(vii) Industry-leading R&D and technological capabilities

Haier Smart Home delves into technological innovation to expedite the development of innovation-driven productivity that aims for high-end, smart and green upgrade. Leveraging on our industry-leading and comprehensive R&D presence, we constantly provide global users with home appliances that meet their needs and customise their smart and convenient way of living, thus enriching users' life experience as well as cementing our leading position in high-end brands, scenario brands and ecosystem brands.

Section III Management Discussion and Analysis

- **Leadership in original technologies:**

In 2024, Haier Smart Home launched a refrigerator featuring magnetically controlled frozen-fresh technology that achieves a 98% nutrient retention rate and is the only one in the industry capable of maintaining its fresh flavour and aroma even after 60 days of freezing. Building on its previous-generation MSA oxygen control freshness preservation technology, the upgraded MSA nitrogen-oxygen intelligent control freshness preservation refrigerator boasts a nutrient retention rate of over 99% after 7 days of refrigeration, elevating the industry standard to a “cellular level.” It also pioneered large drum diameter ultra-thin technology to achieve a globally leading fully integrated washing machine design. An air-conditioner equipped with refrigerant directional distribution and dual evaporator coupling with independent control technology increases the room’s comfortable area by 40%. Additionally, the ball-brush style drawer shoe washing machine revolutionises traditional water washing with a cleaning ratio exceeding 1.0, and the household cleaning robot based on the SH-AI algorithm automatically recognises 41 common items across 7 categories in home environments with 3mm high-precision linear recognition and obstacle avoidance, leading the industry with innovative products.

- **Certification from authorities:**

As of the end of 2024, the Company received a total of 17 State Science and Technology Progress Award, more than any other company in the industry. The Company won the highest accolade of the Disruptive Technology Innovation Competition (Winner Award), and is the only company to have won the highest accolade in the industry for 3 times.

- **Leadership in patent quality:**

As of the end of 2024, Haier Smart Home has accumulated more than 112,000 patents applications globally, including more than 73,000 invention patents. The Company also accumulated 12 state patent gold awards, ranking first in the domestic market. In the ‘Global Smart Home Invention Patent Ranking’ in 2024, Haier Smart Home once again topped the list with 5,582 published patent applications, ranking 1st in the world for 12 consecutive times.

- **Leadership in international standards:**

As of the end of 2024, Haier Smart Home has cumulatively led and participated in the drafting of 110 international standards and 788 state/industrial standards. We are the only company in the industry to have participated in smart home standards from international organisations including the IEC, ISO, IEEE, OCF and Matter. We are also the only enterprise in the world to serve on both the IEC Board and the IEC Market Strategy Board, which have enabled the Company to stay actively involved in the formulation of international standards.

- **Leadership in experience design:**

Haier won over 600 accolades, including international design awards such as the German IF Design Award and the Red Dot Design Award. The Company won the most international design gold awards in the industry with six in total and won 3 China Excellent Industrial Design Gold Awards from the Ministry of Industry and Information Technology, which is the only enterprise in China that have earned three consecutive gold awards.

(viii) Leading logistics and delivery capabilities in the PRC

Haier RRS Logistics has demonstrated strong competitiveness, particularly in its supply chain management solutions, which cover the entire process and various scenarios, as well as a delivery-loading synchronised logistics service network. By leveraging its digital operation and management capabilities, Haier RRS Logistics has integrated resources such as warehouses, transportation, and service outlets. As a result, it has built a nationwide logistics network that extends to villages and households, offering services that cover the entire process from procurement and factory manufacturing to end consumers. Additionally, Haier RRS Logistics has acquired strong capability in provision of customized services, boasting its strength in customising supply chain solutions according to individual customer needs, catering to a diverse range of needs of various clients. The Company also excels in cross-border supply chain management, addressing client needs in cross-border logistics through air, marine, railway, and multi-modal transportation.

(ix) Sustainability

- ① **Global ESG governance structure:** To advance the implementation of ESG initiatives, Haier Smart Home has further strengthened its organisational structure framework, building on its 3-tier global ESG governance structure (the ESG Committee of the Board of Directors, the ESG Global Executive Office and the Global ESG Executive Working Group). At the executive level, the structure has been expanded to include sub-clusters in areas such as environmental management, sustainable risk management, corporate governance, and supply chain management, providing organisational support for the effective advancement of ESG management.
- ② **Green development and low-carbon operation:** Haier Smart Home has formulated the “6 Green” strategy of green management throughout the entire life cycle, which includes “green design, green manufacturing, green marketing, green recycling, green disposal, and green procurement”, and promotes green actions throughout the entire life cycle. Haier Smart Home has integrated low-carbon, recycling, energy saving and emission reduction into its daily operations to promote green upgrading of the industry.
- ③ **Social responsibility and charity work:** Haier Smart Home actively participates in public welfare projects such as the Hope Project, rural revitalisation, and emergency relief on a global scale, and continues to give back to society through donations and volunteer services.
- ④ **Leading ESG rating:** Haier Smart Home has the leading rating among its peers in China in respect of the ESG ratings issued by three major organisations, namely CSI, MSCI and Wind. Among which, its MSCI rating has been upgraded to an AA level. This demonstrates its excellent performance in environmental, social responsibility and corporate governance.

Section III Management Discussion and Analysis

(x) Staying committed to the principle of ‘value of people comes first’

“Value of people comes first” has always been a guiding principle for Haier’s development. From the autonomous operation team at the start of the venture to the current “Rendanheyi” (人单合一) model, Haier encourages every employee to maximise their own values while creating values for users. In Haier’s “Rendanheyi” (人单合一) model, “Ren” refers to creators; “Dan” refers to user value; “Heyi” refers to the integration of values realised by employees and the values created for users. “Value of people comes first” is the highest purpose of the “Rendanheyi” (人单合一) model.

Haier Smart Home adheres to the values of recognising users’ demand as priority and denying our own perceptions and is committed to the “two creative spirits” of entrepreneurship and innovation. We turned employees into creators, implementers into entrepreneurs, and transformed enterprises into open ecosystem platforms, which have supported the Company to become a global leader of smart home in the Internet of Things era.

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD

Please refer to “I. DISCUSSION AND ANALYSIS ON OPERATIONS” and “III. INTRODUCTION OF THE COMPANY’S BUSINESS DURING THE REPORTING PERIOD” under this section.

(I) Analysis of principal business

1. Table of movement analysis on the related items in income statement and cash flow statement

Unit and Currency: RMB

Items	Current Period	Corresponding Period of Last Year	Change (%)
Operating revenue	285,981,225,203.93	274,204,520,847.97	4.29
Operating cost	206,487,065,182.92	198,838,470,796.47	3.85
Selling expenses	33,585,903,561.60	32,726,735,817.73	2.63
Administrative expenses	12,110,235,915.35	11,874,420,922.31	1.99
Financial expenses	972,565,127.34	505,658,528.21	92.34
R&D expenses	10,740,112,353.47	10,380,219,803.05	3.47
Net cash flow from operating activities	26,543,081,911.96	26,535,780,568.36	0.03
Net cash flow from investing activities	-20,074,351,808.82	-17,340,209,537.39	N/A
Net cash flow from financing activities	-7,913,904,092.66	-7,920,627,373.47	N/A
Gain on changes in fair value	47,130,324.67	16,895,043.25	178.96
Non-operating incomes	183,938,534.66	134,470,855.00	36.79
Profits or losses attributable to minority shareholders	834,492,378.75	491,865,528.09	69.66

Section III Management Discussion and Analysis

Reasons for significant changes in certain indicators:

- 1) Reasons for the changes in financial expenses: the increase of 92.34% in financial expenses over the corresponding period was mainly due to the additional interest expenses incurred overseas as a result of higher interest rates on borrowings due to interest rate hikes during the current period;
- 2) Reasons for the changes in the gains on changes in fair value: the increase of 178.96% in gains on changes in fair value over the corresponding period was mainly due to the increase in changes in fair value of equity investments over the corresponding period;
- 3) Reasons for changes in non-operating incomes: the increase of 36.79% in non-operating incomes over the corresponding period was mainly due to the year-on-year increase in incomes generated during the current period that were not directly related to the Company's ordinary operation;
- 4) Reasons for changes in profits or losses attributable to minority shareholders: the increase of 69.66% in profits or losses attributable to minority shareholders over the corresponding period was mainly due to the increase in earnings during the current period of certain subsidiaries in which we hold minority interests.

Detailed explanation of significant changes in the operation types and the components of profit or sources of profit of the company during the current period

☐ Applicable ☒ Not Applicable

2. Analysis of Income and Cost

☒ Applicable ☐ Not Applicable

(1). Principle Operating Activities by Sector, Product, Region and Sales Mode

Unit and Currency: RMB

Principal operating activities by product						
By product	Operating revenue	Operating cost	Gross profit	Operating revenue	Operating cost	Gross profit
			margin (%)	increased/ decreased yoy (%)	increased/ decreased yoy (%)	margin increased/ decreased yoy (%)
Air conditioner	49,055,935,438.09	37,346,454,702.38	23.87	7.44	7.06	Increased by 0.27 percentage points
Refrigerator	83,240,760,926.03	57,624,075,173.29	30.77	1.96	1.26	Increased by 0.48 percentage points
Kitchen appliances	41,111,204,777.78	29,051,095,842.50	29.34	-1.15	-1.65	Increased by 0.36 percentage points
Water Appliances	15,750,526,855.24	9,195,963,076.46	41.61	4.93	3.04	Increased by 1.07 percentage points
Washing Machine	63,028,390,279.46	43,252,584,256.77	31.38	2.87	2.02	Increased by 0.57 percentage points

Section III Management Discussion and Analysis

Principal operating activities by product						
By product	Operating revenue	Operating cost	Operating revenue		Operating cost	
			Gross profit margin (%)	increased/decreased yoy (%)	increased/decreased yoy (%)	Gross profit margin increased/decreased yoy (%)
Equipment parts and channel integrated services	32,395,819,286.87	29,608,221,683.28	8.60	16.13	14.78	Increased by 1.07 percentage points
Principal operating activities by region						
By region	Operating revenue	Operating cost	Operating revenue		Operating cost	
			Gross profit margin (%)	increased/decreased yoy (%)	increased/decreased yoy (%)	Gross profit margin increased/decreased yoy (%)
Domestic	141,680,639,521.27	99,470,097,778.91	29.79	3.12	2.69	Increased by 0.30 percentage points
Overseas	142,901,998,042.20	106,608,296,955.77	25.40	5.32	4.96	Increased by 0.26 percentage points
Principal operating activities by sales mode						
Sales mode	Operating revenue	Operating cost	Operating revenue		Operating cost	
			Gross profit margin (%)	increased/decreased yoy (%)	increased/decreased yoy (%)	Gross profit margin increased/decreased yoy (%)
Domestic — direct sale customers	12,692,330,952.92	6,808,623,385.25	46.36	5.14	5.04	Increased by 0.05 percentage points
Domestic — distribution and others	128,988,308,568.35	92,661,474,393.66	28.16	2.93	2.52	Increased by 0.29 percentage points
Overseas — direct sale customers	6,238,826,622.57	5,415,981,638.45	13.19	15.87	15.78	Increased by 0.07 percentage points
Overseas — trading companies sales	136,663,171,419.63	101,192,315,317.32	25.95	4.89	4.44	Increased by 0.32 percentage points

Section III Management Discussion and Analysis

(2). Table of production and sales analysis

√ Applicable ☐ Not Applicable

Main products	Units	Production		Inventory	Production volume	Sales volume	Inventory
		volume	Sales Volume		increased/ decreased yoy (%)	increased/ decreased yoy (%)	increased/ decreased yoy (%)
Home Appliance	10,000 units/sets	12,636	12,693	2,388	5.9	6.0	-2.9

(3). Performance of major purchase contracts and major sales contracts

☐ Applicable √ Not Applicable

(4). Table of cost analysis

Unit: RMB0'000

By sector						
By sector	Cost component	Amount for the current period	Percentage of the amount for the current period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Percentage of change of the amount for the current period compared to the corresponding period of last year (%)
Home Appliance Industry	Primary operation costs	17,647,017	100.00	17,264,618	100.00	2.21
	Raw materials	14,474,214	82.0	14,110,764	81.7	2.58
	Labor	1,142,241	6.5	1,122,334	6.5	1.77
	Depreciation	298,634	1.7	280,770	1.6	6.36
	Energy	70,537	0.4	65,982	0.4	6.90
	Others	1,661,392	9.4	1,684,769	9.8	-1.39

(5). Change of consolidation scope due to changes on shareholdings of major subsidiaries during the reporting period

☐ Applicable √ Not Applicable

(6). Relevant information on significant changes or adjustments in the Company's business, products or services during the reporting period

☐ Applicable √ Not Applicable

Section III Management Discussion and Analysis

(7). Major distributors and major suppliers

A. Major distributors of the Company

☒ Applicable ☐ Not Applicable

Revenue from the top five distributors was RMB57,939.7307 million, representing 20.3% of the total sales for the year; among the revenue from the top five distributors, the revenue from related parties was RMB0 million, representing 0% of the total sales for the year.

The proportion of sales to a single distributor exceeded 50% of the total during the reporting period, and new distributor or depending heavily on a few distributors were seen among the top five distributors

☐ Applicable ☒ Not Applicable

B. Major suppliers of the Company

☒ Applicable ☐ Not Applicable

The purchase amount from the top five suppliers amounted to RMB33,456.9421 million, representing 16.8% of the total purchase amount for the year; among the purchase amount from the top five suppliers, the purchase amount from related parties was RMB11,330.7091 million, representing 5.7% of the total purchase amount for the year.

The proportion of purchase from a single supplier exceeded 50% of the total during the reporting period, and new supplier or depending heavily on a few suppliers were seen among the top five suppliers

☐ Applicable ☒ Not Applicable

3. Expenses

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

4. R&D expenditure

(1). Table of R&D expenditure

√ Applicable ☐ Not Applicable

Unit: RMB

Expensed R&D expenditure for the current period	10,733,830,471.53
Capitalized R&D expenditure for the current period	554,613,800.38
Total R&D expenditure	11,288,444,271.91
Total R&D expenditure as a percentage in operating revenue (%)	3.95
Proportion of capitalization of R&D expenditure (%)	4.91

(2). Table of R&D Personnel

√ Applicable ☐ Not Applicable

Number of R&D personnel	22,925
Percentage of R&D personnel took up in the total employees (%)	19

Educational structure of R&D personnel

Categories of educational structure	Number of personnel
Doctor's degree	140
Master's degree	4,924
Bachelor's degree	13,254
College Diploma	3,304
High School diploma or below	1,303

Age structure of R&D personnel

Categories of age structure	Number of personnel
Under 30 years old (not including 30)	6,966
30-40 years old (including 30 and not including 40)	9,751
40-50 years old (including 40 and not including 50)	4,722
50-60 years old (including 50 and not including 60)	1,216
60 years old and above	270

Section III Management Discussion and Analysis

(3). Explanation

☒ Applicable ☐ Not Applicable

Haier, as a global leader in home appliances, has accumulated 40 years of expertise in technology. Its innovations in R&D are driven by a deep understanding of user needs and the ability to respond swiftly, enabling it to stay ahead of trends and anticipate future demands in its R&D efforts. This forward-thinking approach fuels continuous innovation in smart living. With the rise of the AI era, Haier leverages AI technology and a digital R&D platform to further enhance its R&D capabilities in original technologies. More than 200 of its original technologies have been replicated across the industry.

In terms of product intelligence, Haier Smart Home utilises AI algorithms and visual technology to enhance the user experience. For instance, the AI refrigerator, equipped with a smart butler, can “see” and record the storage time of ingredients, thereby reminding users of their shelf life and consumption order. The AI washing machine can identify the number and type of clothes, automatically adjust the washing programme to prevent colour bleeding, and alert the user if any small items are left in the machine. The AI-powered ventilator can automatically adjust the heat level of the linked stove when it is about to overflow, ensuring it boils without spilling over. The AI-equipped oven can identify the type and specifications of ingredients, automatically adjusting the temperature and cooking time to deliver optimal results, allowing users to cook with a single button press or voice command.

In terms of green development and the dual carbon goals, Haier supports the national dual-carbon strategy and actively embraces the ESG principles. It has established a green design system that integrates both online and offline elements, with a global planning and collaborative R&D approach. Haier continues to introduce more eco-friendly home appliances, driving high-quality, green development throughout the entire industry chain.

(4). Reason for significant change in the composition of R&D personnel and its impact on the future development of the Company

☐ Applicable ☒ Not Applicable

5. Cash flow

☐ Applicable ☒ Not Applicable

(II) Explanation for major changes in profit caused by non-principal businesses

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

(III) Analysis of assets and liabilities

√ Applicable □ Not Applicable

1. Assets and liabilities

Unit: RMB

Name of Item	Amount at the End of Current Period	Percentage of Amount at the End of Current Period to Total Assets (%)	Amount at the End of Previous Period	Percentage of Amount at the End of Previous Period to Total Assets (%)	Change in the Amount at the end of Current Period to the End of Previous Period (%)	Description
Derivative financial assets	142,709,716.91	0.05	67,565,829.44	0.03	111.22	Mainly as a result of the fluctuation in fair value of forward foreign exchange contracts
Bills receivable	12,118,681,244.14	4.18	8,790,151,269.91	3.37	37.87	Mainly as a result of the increase in bills received during the current period
Financing receivables	360,069,391.56	0.12	200,326,471.85	0.08	79.74	Mainly as a result of the increase in the accounts receivable and bank acceptance notes that were discounted, endorsed and transferred
Prepayments	2,382,805,400.24	0.82	1,391,536,213.26	0.53	71.24	Mainly as a result of the increase in prepayments for goods during the current period
Contract assets	987,669,298.29	0.34	260,939,408.73	0.10	278.51	Mainly as a result of the acquisition of Carrier's global commercial refrigeration business ("Carrier")
Non-current assets due within one year	1,439,758,652.55	0.50			100.00	Mainly as a result of the increase in long-term term deposits that have matured
Debt investments	15,474,759,856.99	5.33	9,117,874,328.66	3.49	69.72	Mainly as a result of the growth in long-term time deposits during the current period
Long-term receivables	224,724,107.31	0.08	350,409,496.85	0.13	-35.87	Mainly as a result of the partial recovery during the current period
Investment properties	246,161,259.83	0.08	98,631,080.77	0.04	149.58	Mainly as a result of the increase in leases during the current period
Deferred income tax assets	2,477,206,492.36	0.85	1,849,094,792.40	0.71	33.97	Mainly as a result of the increase in deductible temporary differences during the current period

Section III Management Discussion and Analysis

Name of Item	Amount at the End of Current Period	Percentage of Amount at the End of Current Period to Total Assets (%)	Amount at the End of Previous Period	Percentage of Amount at the End of Previous Period to Total Assets (%)	Change in the Amount at the end of Current Period to the End of Previous Period (%)	Description
Derivative financial liabilities	71,011,310.01	0.02	168,625,004.97	0.06	-57.89	Mainly as a result of the fluctuation in fair value of forward foreign exchange contracts
Contract liabilities	10,852,073,573.07	3.74	7,849,215,139.13	3.01	38.26	Mainly as a result of the increase in accounts received in advance
Taxes payable	3,915,081,920.18	1.35	2,941,772,155.37	1.13	33.09	Mainly as a result of the increase in income tax payable
Non-current liabilities due within one year	16,528,817,905.46	5.70	4,046,582,815.19	1.55	308.46	Mainly as a result of the increase in long-term borrowings due within one year and other non-current liabilities
Long-term borrowings	9,665,074,313.67	3.33	18,365,302,925.77	7.03	-47.37	Mainly as a result of the reclassification of the portion of long-term borrowings that were due within one year to non-current liabilities due within one year
Lease liabilities	4,480,895,997.36	1.54	3,429,765,203.81	1.31	30.65	Mainly as a result of the increase in leases
Long-term payables	188,220,056.59	0.06	57,113,422.78	0.02	229.55	Mainly as a result of the increase in overseas long-term payables
Long-term payables for staff's remuneration	2,561,647,446.35	0.88	1,085,454,839.18	0.42	136.00	Mainly as a result of mergers and acquisitions
Other non-current liabilities	98,073,333.45	0.03	2,085,322,390.90	0.80	-95.30	Mainly as a result of the reclassification of the portion of other non-current liabilities that were due within one year to other non-current liabilities due within one year
Treasury stock	3,510,728,776.44	1.21	5,034,065,107.42	1.93	-30.26	Mainly as a result of the cancellation of certain treasury stocks
Other comprehensive income	793,828,357.47	0.27	1,969,365,062.65	0.75	-59.69	Mainly as a result of changes in translation differences in financial statements denominated in foreign currency

Section III Management Discussion and Analysis

2. Overseas Assets

☒ Applicable ☐ Not Applicable

(1) Scope of assets

Among the assets, overseas assets amounted to 13,969,093.59 (unit and currency: RMB0'000), representing 48.2% of the total assets.

(2) Explanation of high percentage of overseas assets

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name of overseas asset	Reason for Formation	Operating mode	Operating revenue during the reporting period	Net profit of the reporting period
Overseas Home Appliance and Smart Home Business	Overseas mergers & acquisitions and the Company's own development	Localized Operations with the integration of R&D, manufacturing and marketing	143,813,971,692	7,075,971,306

Note: Net profit stated in the above table represents operating profit.

3. Restrictions on major assets as of the end of reporting period

☐ Applicable ☒ Not Applicable

4. Other Explanations

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

(IV) Analysis of industry operating information

☐ Applicable ☒ Not Applicable

(V) Analysis of investment

Overall analysis on external equity investment

☒ Applicable ☐ Not Applicable

1. Significant equity investment

☐ Applicable ☒ Not Applicable

2. Significant non-equity investment

☒ Applicable ☐ Not Applicable

During the reporting period, the 11th Meeting of the 11th Session of the Board of Directors of the Company, among others, considered and approved a new construction project of 5 million units of air conditioners in SCO Economic Demonstration Zone, Jiaozhou, Qingdao, with an estimated total investment of RMB2.494 billion. For details, please refer to the Announcement on Investing in Construction of a New Air-Conditioner Production Plant with an Annual Capacity of 5 Million Units of Haier Smart Home Co., Ltd. (Announcement No.: Lin 2024-035) disclosed on 28 August 2024 by the Company. For details of other non-equity investments, please refer to “Section X Financial Report” for relevant information of items such as construction in progress.

Section III Management Discussion and Analysis

3. Items measured at fair value

Unit and Currency: RMB

Asset Type	Opening Balance	Profits or Losses of Changes in Fair Value during the Period	Cumulative Changes in Fair Value Included in Equity	Provision for Impairment of during the Period	Purchases during the Period	Sold/Redeemed Amount during the Period	Other Changes	Closing Balance
Wealth management products	490,968,101.81	7,853,373.36			2,189,040,000.00	1,941,425,353.77		746,436,121.40
Investment in other equity instruments	6,403,694,954.77		-323,858,760.44		-132,188,835.30		39,041,304.43	5,986,688,663.46
Investment in trading equity instruments	243,224,439.64	-19,520,349.05				28,526,721.82		195,177,368.77
Investment funds	222,803,002.38	41,204,390.70			43,590,973.90	17,226,838.07	4,032,820.45	294,404,349.36
Financing receivables	200,326,471.85				763,691,982.67	603,949,062.96		360,069,391.56
Derivative financial instruments	-101,059,175.53	182,083,626.05	-7,784,352.50				-1,541,691.12	71,698,406.90
Total	7,459,957,794.92	211,621,041.06	-331,643,112.94		2,864,134,121.27	2,591,127,976.62	41,532,433.76	7,654,474,301.45

Investment in securities

√ Applicable □ Not Applicable

Unit and Currency: RMB

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Sources of funding	Carrying amount at the beginning of the Period	Profit and loss arising from changes in fair value during the Period	Accumulated fair value changes included in equity	Purchases during the Period	Disposals during the Period	Investment profit or loss during the period	Carrying amount at the end of the Period	Accounting items
Stock	601328	Bank of Communications	1,803,769.50	Self-funding	7,819,326.48		2,765,371.56				10,584,698.04	Investments in other equity instruments
Stock	600827	Bailian Group	154,770.00	Self-funding	373,792.12		56,718.72				430,510.84	Investments in other equity instruments
Stock	300183	Neusoft Carrier	18,713,562.84	Self-funding	11,795,641.74		3,329,982.36				15,125,624.10	Investments in other equity instruments
Stock	688455	KENGIC	20,226,905.31	Self-funding	146,788,044.20	-13,881,210.00			27,164,266.00	-18,806,533.00	86,936,035.20	Trading financial assets
Total	/	/	40,899,007.65	/	166,776,804.54	-13,881,210.00	6,152,072.64	—	27,164,266.00	-18,806,533.00	113,076,868.18	/

Section III Management Discussion and Analysis

Explanation of investment in securities

☐ Applicable ☒ Not Applicable

Private equity investment

☒ Applicable ☐ Not Applicable

By the end of the reporting period, the Company has historically invested in private equity funds as follows: the Company invested 63.13% share in Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership); Qingdao RRS Huitong Investment Management Co., Ltd. (青岛日日顺汇通投资管理有限公司), a subsidiary of the Company, invested 49% share in Guangzhou Heying Investment Partnership (Limited Partnership); Qingdao Haishang Chuangzhi Investment Co., Ltd. (青岛海尚创智投资有限公司), a subsidiary of the Company, invested 30% share in Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership), a private equity fund, and 50% equity of Qingdao Ririshun Huizhi Investment Co., Ltd., a managing partner of such fund; Qingdao Haier Technology Investment Co., Ltd. (青岛海尔科技投资有限公司), a subsidiary of the Company, invested in the following private equity funds: 1.265% share in Beijing-Tianjin-Hebei Industrial Coordinated Development Investment Fund (Limited Partnership) (京津冀产业协同发展投资基金(有限合伙)), 14.85% share in Shenzhen TopoScend Capital Phase I Fund (Limited Partnership) (深圳市投控东海一期基金(有限合伙)), 24% share in Qingdao Haimu Smart Home Investment Partnership (Limited Partnership), and invested in the following fund management companies: 5.01% equity of CMG-SDIC Capital Co., Ltd. (国投招商投资管理有限公司), 15% equity of Shenzhen TopoScend Capital Co., Ltd. (深圳市投控东海投资有限公司), 49% equity of Qingdao Haimu Investment Management Co., Ltd.

Derivative investment

☒ Applicable ☐ Not Applicable

(1). Derivatives investments for hedging purposes during the reporting period

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB'000

Type of derivatives investment	Initial investment amount	Opening carrying amount	Gains or losses on fair value changes for the current period	Accumulative changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing carrying amount	Proportion of closing carrying amount to net assets of the Company at the end of the reporting period (%)
Forward foreign exchange contracts	1,178,657	1,178,657	18,212	-993			1,014,344	9.11
Forward commodity contracts	11,009	11,009	-3	214			4,213	0.04
Total	1,189,666	1,189,666	18,209	-779			1,018,557	9.15

Explanation on any significant changes in the accounting policies and specific accounting and auditing principles for the hedging business during the reporting period as compared to the last reporting period

Accounting principles are based on the Accounting Standards for Business Enterprises. The Company carried out the accounting treatment for its business in accordance with the relevant regulations of "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments" and "Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement" published by the Ministry of Finance and its guidance, to reflect the relevant items in the balance sheet and the statement of profit or loss, which are consistent with those of the previous reporting period.

Section III Management Discussion and Analysis

Type of derivatives investment	Initial investment amount	Opening carrying amount	Gains or losses on fair value changes for the current period	Accumulative changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing carrying amount	Proportion of closing carrying amount to net assets of the Company at the end of the reporting period (%)
Explanation on actual profit or loss during the reporting period	The actual profit and loss for the reporting period amounted to RMB39.85 million.							
Explanation on the effect of hedging	Under the premise of ensuring normal production and operation, the Company carried out hedging business to reduce the impact of exchange rate fluctuations on the Company's production and operation and to realize the Company's long-term stable development.							
Source of funds for derivative investments	Self-owned funds							
Risk analysis and explanations on risk control measures for positions in derivatives during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>I. Foreign exchange hedging business</p> <p>1. Risk Analysis</p> <p>The Company and its holding subsidiaries conduct foreign exchange derivatives business in accordance with the principle of stability, and do not conduct the foreign exchange transaction for speculative purposes. All foreign exchange funds businesses are based on normal production and operation and rely on specific business operations to avoid and prevent exchange rate risks. However, there are also certain risks in conducting foreign exchange funds business:</p> <p>(1) Market risk: Forward settlement of foreign exchange: the Company will determine whether to sign a forward contract based on the cost of the product (basically consisting of RMB) and market risk. Signing the contract equals to fixing the price of currency exchange. It is effective to resist market fluctuation risk and ensure a reasonable and stable profit level of the Company through forward settlement of foreign exchange. Forward purchase of foreign exchange: according to the import contract entered with the customer and exchange rate risk, the future currency exchange cost will be fixed through the unilateral forward purchase of foreign exchange. Although there is a certain risk of loss, the forward purchase of foreign exchange will effectively reduce the market fluctuation risk and fix procurement costs. Other NDF and options businesses are mainly carried out when failed to sign the ordinary forward settlement/purchase of foreign exchange or the costs are too high, only serving as the supplement of the above businesses. Exchange rate fluctuation risk in currency swap business is avoided by adjusting the currency of assets and liabilities in order to match the currency of the assets with the currency of liabilities. Interest rate fluctuation risk in interest rate swap business is avoided by transfer the floating-rate business to fix-rate business or transfer the fixed-rate business to floating-rate business when the rate is going downward to reduce the costs. All of the above businesses have a real business background and there is no speculation.</p> <p>(2) Exchange rate fluctuation risk: After the Company fixing the forward exchange rate according to the foreign exchange management strategy, if the actual trend of the foreign exchange rate deviates significantly from the direction of the Company's fixed exchange rate fluctuation, the cost of the Company after fixing the exchange rate expenditure may exceed the cost of not fixing the exchange rate, thus forming a loss of the Company. When the foreign exchange rate changes greatly, if the fluctuating direction of the Company's fixed foreign exchange hedging contract is inconsistent with that of the foreign exchange rate, the foreign exchange loss will be formed; if the exchange rate does not fluctuate in the future, the vast deviation from the foreign exchange hedging contract will also form a foreign exchange loss.</p> <p>(3) Internal control risk: The foreign exchange derivatives business is highly specialized and complex so it may cause risks due to imperfect internal control systems.</p> <p>(4) Transaction default risk: In the event of a default in the counterparty of foreign exchange derivative transaction, the Company would not be able to obtain hedging profits as agreed to hedge the Company's actual exchange losses, resulting in a loss of the Company.</p> <p>(5) Customer default risk: The overdue of customer's accounts receivable and the customer's order adjustment will make the actual payment inconsistent with the expected payment, which may result in the actual cash flow could not match the carried out foreign exchange derivative business term or amount completely, leading to a loss of the Company.</p>							

Section III Management Discussion and Analysis

Type of derivatives investment	Initial investment amount	Opening carrying amount	Gains or losses on fair value changes for the current period	Accumulative changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing carrying amount	Proportion of closing carrying amount to net assets of the Company at the end of the reporting period (%)
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2. Risk Control Measures Taken by the Company

- (1) The Company may not engage in any foreign exchange derivative transactions except those carried out for the purpose of avoiding exchange rate risks, and only for foreign exchange operations related to the Company's import and export business and overseas asset/liability management.
- (2) The Company implemented approval process in strict compliance with the Foreign Exchange Risk Management Policy and the Foreign Exchange Derivatives Transaction Management Rules. The general meeting of shareholders of the Company and the Board of Directors delegate the President/President Office to take responsibility for the operation and management of the foreign exchange derivatives business, the Treasury Department shall act as the handling department, and finance department shall act as the daily review department.
- (3) The Company conducts foreign exchange derivatives business with financial institutions such as large banks with legal qualifications. The financial department timely tracks the changes in the transaction and strictly controls the occurrence of closing default risk.
- (4) The Company conducts foreign exchange derivatives business must base on the Company's cautious forecast on the foreign currency receipts and payments and actual business exposure. The delivery date of the foreign exchange derivatives business must match with the Company's predicted receipt time, deposit time or payment time of the foreign currency, or match with the corresponding redemption term of the foreign currency bank borrowing.

II. Bulk Hedging Business

1. Risk Analysis

- (1) Market risk: The futures and derivatives market itself has certain systematic risks, while hedging requires certain level of price trend prediction. If the price prediction is directionally incorrect, it may cause losses to the Company.
- (2) Policy risk: Significant changes in laws and regulations of the futures and derivatives markets may cause market fluctuations or make trading impossible, which may result in risks.
- (3) Funding risk: Due to the strict margin system and daily mark-to-market system in the futures market, there may be corresponding funding floating loss risks. The Company will reasonably allocate its own funds for hedging business, control the scale of funds, and conduct funding projections while formulating trading plans to ensure sufficient funds. In the process of business operations, the Company will plan and utilize margins reasonably, and adjust funds appropriately to avoid risks.
- (4) Operational risk: There may be cases in which suppliers violate their agreements and cancel or delay deliveries, resulting in a mismatch between the actual hedging quantity and period, causing losses to the Company.
- (5) Internal control risk: Futures and derivatives transactions are more specialized and complex, which may give rise to risks caused by inadequate internal control systems or human errors in operations. The Company has formulated the Management Measures for Hedging Business of Bulk Raw Materials, which contains clear provisions on the authorization scope, approval procedures, risk management and other aspects of hedging transactions. The Company shall strengthen internal control management and improve professionalism, implement risk prevention measures and improve the management standard of hedging business.

Section III Management Discussion and Analysis

Type of derivatives investment	Initial investment amount	Opening carrying amount	Gains or losses on fair value changes for the current period	Accumulative changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing carrying amount	Proportion of closing carrying amount to net assets of the Company at the end of the reporting period (%)
2. Risk control measures adopted by the Company								
(1) Matching hedging business with the Company's production and operation to maximize hedging against the risk of market fluctuations.								
(2) Strictly control the scale of hedging funds and reasonably plan and use margins. The Company will reasonably allocate its own funds for hedging business, and will not use raised funds directly or indirectly for hedging.								
(3) The Company has formulated the Management Measures for Hedging Business of Bulk Raw Materials, which contains clear provisions on the organizational structure and its responsibilities, business processes, risk management, file management, etc. The Company will strictly follow the provisions of the internal control system to control all aspects of the business, and will implement the Management Measures in accordance with the established regulations.								
(4) The Company will strengthen the training of relevant personnel to enhance their professionalism and overall quality; strengthen research on the futures and derivatives market to grasp market changes and design specific operational plans for trading business.								
(5) The internal audit department of the Company will conduct regular and irregular inspections of hedging trading business, supervise hedging trading business personnel in the implementation of the risk management system and risk management procedures, and prevent operational risks in the business in a timely manner.								
Changes in market price or fair value of invested derivatives during the reporting period, where specific methodology used and the settings of relevant assumptions and parameters should be disclosed in the fair value analysis of derivatives	In respect of changes in market prices or fair value of products, gains or losses actually realized from the invested derivatives amounted to RMB39.85 million during the reporting period. As for the specific methodology used and the related assumptions and parameter settings: Foreign exchange and interest rate swap forward quotations from financial institutions were used.							
Litigation case (if applicable)	N/A							
Disclosure date of announcement in relation to the consideration and approval of derivatives investment by the Board (if any)	28 March 2024							
Disclosure date of announcement in relation to the consideration and the approval of derivatives investment by shareholders' general meeting (if any)	21 June 2024							

Section III Management Discussion and Analysis

(2). Derivatives investments for investment purposes during the reporting period

☐ Applicable ☒ Not Applicable

4. Detailed progression of material asset regrouping and integration during the reporting period

☐ Applicable ☒ Not Applicable

(VI) Sale of material assets and equity

☐ Applicable ☒ Not Applicable

(VII) Analysis on major subsidiaries and Investees

☒ Applicable ☐ Not Applicable

For details, please refer to the relevant contents of “(2) Explanation of high percentage of overseas assets” under “(III) Analysis of assets and liabilities” in this section.

(VIII) Structured entities controlled by the Company

☐ Applicable ☒ Not Applicable

VI. DISCUSSION AND ANALYSIS ON THE COMPANY’S FUTURE DEVELOPMENT

(I) Setup and trend of the industry

☒ Applicable ☐ Not Applicable

For details, please refer to the relevant contents of “II. INTRODUCTION OF THE INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD” under “Section III Management Discussion and Analysis” in this report.

(II) Development strategy of the Company

☒ Applicable ☐ Not Applicable

Guided by our vision to become a world-class smart living ecosystem enterprise, we are enhancing our capabilities in technological innovation, global operations, and digital transformation. We are doing so by developing proprietary technologies, fostering global collaboration, implementing scenario-based solutions, and accelerating digitalization. These efforts will reinforce our leadership in the smart home sector, drive growth in our smart HVAC business, and establish a presence in emerging industries — supporting sustainable, high-quality development.

(1) Smart Home Business:

We will reinforce our leadership in refrigeration, laundry care, and kitchen appliances. By leveraging our comprehensive smart product suites, cutting-edge technology, and Smart Home Brain platform, we will continuously elevate the smart living experience across all scenarios.

(2) Smart HVAC Business:

We will evolving from standalone products — such as home air conditioners, water heaters and purifiers, central air conditioners, and heat pumps to integrated smart HVAC solutions, rapidly enhancing our global competitiveness and industry position. Additionally, we foster synergy between our commercial refrigeration and smart building segments to deliver leading-edge cold chain solutions for commercial and industrial applications.

(3) Emerging Businesses:

Capitalizing on trends like an aging population and the low-carbon circular economy, we will expand into smart healthcare, home service robotics, and recycling sectors. These initiatives are designed to offer consumers a more diverse smart and low-carbon lifestyle experience.

(III) Business plan

☒ Applicable ☐ Not Applicable

In 2025, the Company will drive deep transformations in our business models and organizational structures across domestic and overseas markets. We will enhance our competitiveness in product innovation, digital inventory management, direct consumer engagement, content marketing, and cost optimization — laying a solid foundation for sustainable, high-quality growth.

Refrigerator and Laundry Care Business:

- **Domestic Market:**

We will expand our omni-channel presence and leverage precise consumer insights to establish leading position across all price segments, continuously growing our market share.

- **Overseas Markets:**

By focusing on high-end brand development and tailoring our strategies to meet the specific needs of different countries, we will fine-tune product features, design, and marketing efforts to enhance our brand strength and profitability.

Kitchen Appliance Business:

- **Domestic Market:**

We will concentrate on smart kitchen solutions featuring built-in product suites and continue to expand the Casarte lineup. Key initiatives include accelerating our new media marketing transformation, developing end-to-end professional capabilities, and expanding targeted distribution channels.

- **Overseas Markets:**

We will integrate global product platforms to deliver universally appealing and market-leading offerings. By aligning products with regional market needs and leveraging global resources, we aim to drive rapid growth across key markets.

Section III Management Discussion and Analysis

Home Air Conditioners:

- **Domestic Market:**

We will enhance user experience with a refreshed product lineup and improve the efficiency through the one-inventory system. In addition, we will strengthen our professional channels, expand into lower-tier markets, and improve our e-commerce performance. Our focus on new media marketing — leveraging emerging platforms — will further broaden our brand influence and product awareness.

- **Overseas Markets:**

Tailored breakthrough strategies will be deployed in each region. Through localized product development, the establishment of dedicated marketing teams, and expanded partnerships, we aim to scale our growth and capture additional market share.

Water Heaters and Purifiers:

- **Domestic Market:**

We will accelerate our transformation toward integrated water and HVAC solutions. By leveraging proprietary technologies and a broad product portfolio, we will maintain our industry leadership. A multi-channel approach — spanning both online and offline — along with refined operations will further enhance our competitiveness.

- **Overseas Markets:**

We will continue to build localized capabilities by focusing on local R&D, manufacturing, and sales to drive expansion.

Commercial Refrigeration:

We will focus on medium to long-term growth and profitability by strengthening internal collaboration and advancing our digital capabilities. Key initiatives include:

- Enhancing end-to-end technical and product coordination with headquarters.
- Expanding the application of industrial mechanical systems centred on CO² technology to seize emerging market opportunities.
- Improving the competitiveness of display cases through better energy efficiency, automation, and modular design.
- Redesigning digital processes to create a more agile and high-performing operational framework.

China Region:

We will drive digital transformation across multiple areas to boost our overall competitiveness. Our strategic priorities include:

- One-inventory: Establishing an integrated online-offline inventory system with a centralized toC network to improve product turnover, warehousing, and distribution efficiency while lowering operational costs.

Section III Management Discussion and Analysis

- Digital marketing: Establishing a consumer-facing marketing team and developing new strategies to better understand and reach customers. Our digital marketing platform will enable real-time performance tracking to maximize return on investment.
- Optimal Smart Home Experience: Focusing on the implementation of the San Yi Niao integrated cabinet-appliance solution, we aim to deliver a seamless, intelligent home experience. We will build end-to-end capabilities covering everything from consumer needs analysis and solution design to installation and after-sales service.

Overseas Regions:

We will committed to strengthening our global brand and profitability and entering a new phase of transformation:

- Leveraging global R&D resources and collaborative systems to enable rapid product iterations and create market-leading offerings.
- Establishing lean, region-specific operational units under the principle of “lean platforms, localized operations, and specialized industry focus”. With centralized support, each region can fully leverage its strengths for efficient growth.
- Integrating digital tools to restructure our marketing, R&D, and manufacturing processes, building a flatter, more agile organization that responds swiftly to market and consumer needs.
- Improving supply chain efficiency through network optimization, supplier diversification, and stronger cross-functional coordination — ensuring stable raw material supply and timely product manufacturing and delivery.

(IV) Potential risks of the Company

√ Applicable ☐ Not Applicable

1. Risk of Tariff Increases and more Retaliation Trade Policies. Potential tariff policies and retaliation trade policies implemented and/or to be introduced by the U.S. and other major economies could negatively impact the existing supply chains of the industry and the global home appliance players. Higher tariffs would incur extra costs for export and import, reduce profit margins, weaken the consumer sentiment and demand, and intensify market competition in target markets. The increasing uncertainties regarding tariff policies would force home appliance players to reevaluate their supply chain strategies and footprints, increase operational complexities and management costs. To cope with the potential tariff shocks, the Company will actively leverage our localized supply chain resources in respective markets, further optimize supply chain management, enhance production flexibilities, and strengthen regional manufacturing and collaboration capabilities.
2. Risk of Exchange Rate Fluctuations. In conjunction with the Company’s ongoing expansion of global business operations, a material portion of its import/export transactions and cross-border settlements are denominated in foreign currencies including but not limited to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). If the exchange rates of these

Section III Management Discussion and Analysis

currencies fluctuate to a certain extent, it will impact the Company's financial performance and potentially increase the financial costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while subsidiaries' financial statements are measured and reported in the local currencies where they operate. To mitigate these exposures, the Company maintains a structured currency risk management program utilizing authorized hedging instruments.

3. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibits inherent cyclicity tied to discretionary consumer spending patterns and their expectations of future disposable income growth. Economic slowdown will reduce consumer spending and cause headwinds to industry growth. In addition, the persistent sluggish property market will also indirectly affect market demand for home appliances in a negative way.
4. Risk of price war caused by intensified industry competitions. As industry concentration level continues to increase in recent years, the white goods industry is highly competitive with persistent commoditization pressures across core product categories. However, the increase in inventory level in certain verticals due to demand-supply imbalance may lead to price wars. Furthermore, rapid technological development, scarcity of talents in the industry, shortened product life cycles and relative easiness of copycat increase the difficulty to maintain margin levels. Nevertheless, new products, services and technologies are often associated with higher selling prices. The Company will actively invest more in R&D to sustain the product roll-out, attract more users through continuous innovation, and maintain our brand awareness.
5. Risk of fluctuations in raw material prices. The Company's products and core components use metals such as steel, aluminum, and copper, as well as commodities such as plastics and foams. If raw material prices continue to increase, it will put certain pressures on the production and operations. In addition, the Company relies on third party manufacturers and suppliers for selected raw materials, components, and manufacturing equipment. Any disruption in supply chain or significant price increases will have a negative impact on the Company's business. As a leader in the industry, the Company will take actions and have contingency plans including volume and price adjustment mechanism and hedging to reduce the volatility of raw material prices.
6. Operational risks in overseas markets. As manifested by the increasing percentage of revenue from overseas markets, the Company has developed our global business to a certain extent and established production bases, R&D centers, and marketing centers in key regions of the world. Overseas markets are subject to political and economic events (including events such as military conflicts and wars), different legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose certain risks to the Company's local operations. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the selling expenses, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect our employees and assets.

Section III Management Discussion and Analysis

7. Risk of relevant policy changes. The home appliance industry is closely related to the consumer market and property market. Changes in macroeconomic policies, consumption and investment policies, property policies and relevant laws and regulations will affect the product demands from distributors, and in turn the sales of the Company. The Company will closely monitor changes in the relevant policies, laws, and regulations, and make forecasts of market changes, in order to ensure further development of the Company.
8. Credit risk. There are possibilities that 1) the Company may be unable to collect all trade receivables from its distributors, or 2) distributors are unable to settle the Company's all trade receivables in a timely manner. If that is the case, the Company's business, financial status, and operation performance may be affected negatively. To mitigate this risk, the Company will maintain flexibilities by offering credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.
9. Inventory risk. Excess inventory might occur as the Company may not accurately predict trends and events at all times and maintain optimal inventory levels. Therefore, the Company may be forced to offer discounts or promotions to accelerate the slow-moving inventory in these extreme cases. On the other hand, inventory shortage may lead to loss of revenues. The Company will actively manage its inventory and adjust levels according to market demand movements, in addition to the regular impairment tests.
10. Capital Expenditure Risk. In the current macroeconomic environment characterized by slowing global economy and declining consumer demand, the existing production capacities may overwhelm the market in extreme case. This could lead to low utilization rate across the industry, lower down profitability and ROEs. The Company will actively manage the changes in the macroeconomic environment by forecasting and recalibrating market demand trends, optimizing capacity footprint, and improving existing utilization rate, in order to minimize capital expenditure risks.

(V) Others

☐ Applicable ☒ Not Applicable

VII. EXPLANATION OF CIRCUMSTANCES AND REASONS FOR NON-DISCLOSURE BY THE COMPANY IN CONSIDERATION OF INAPPLICABLE REGULATIONS, STATE SECRETS AND COMMERCIAL SECRETES

☐ Applicable ☒ Not Applicable

Section IV Corporate Governance

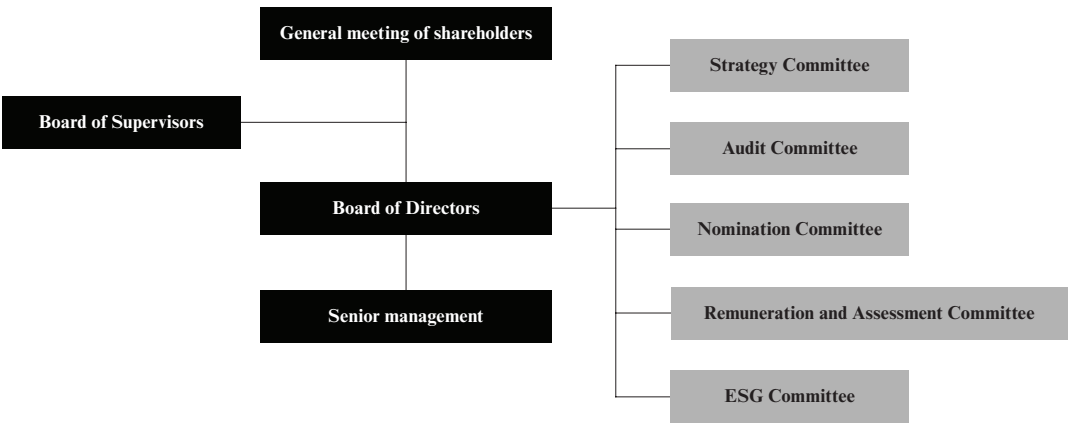
I. EXPLANATION OF CORPORATE GOVERNANCE

√ Applicable □ Not Applicable

During the reporting period, the Company has strictly complied with the requirements of the relevant laws and regulations, including the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance of Listed Companies and the listing rules of its listed jurisdictions. While maintaining high quality development in terms of performance, the Company has been continuously improving its governance structure, regulating its operation, enhancing the transparency and quality of its information disclosure, treating various investors fairly, focusing on shareholder return, implementing its equity incentive mechanism and upgrading the level of its corporate governance.

1. Improving the governance structure

The Company has set up a standardized and orderly corporate governance structure composed of the general meeting of shareholders, the Board of Directors and its special committees (including the Strategy Committee, Audit Committee, Nomination Committee, Remuneration and Assessment Committee and ESG Committee (i.e. Environmental, Social and Governance Committee)), the Board of Supervisors, and the senior management. We have established a governance mechanism with clear lines of authority and responsibility, mutual coordination and checks and balances, which has guaranteed efficient and compliant corporate governance.



Governance structure

During the reporting period, the Company has convened a total of five general meeting of shareholders, four Board meetings, four meetings of the Board of Supervisors, three meeting of the Strategy Committee, five meetings of the Audit Committee, two meetings of the Remuneration and Assessment Committee, one meeting of the Nomination Committee and three meetings of the ESG Committee. All meetings and voting procedures complied with relevant provisions specified in laws and regulations, the Articles of Association and rules of negotiation, and all voting results were legal and valid. These laid a solid foundation for the Company's standardized operation.

2. General meetings

The Company has strictly complied with the provisions of the Articles of Association and the Rules of Procedure for the General Meetings in convening and holding general meetings. General meetings are witnessed by lawyers on site and legal opinions are issued on their legality. The Company has established and improved effective channels of communication between shareholders and the Board of Directors to ensure the shareholders' right to information, participation and voting in respect of any significant issues of the Company. During the reporting period, the Company has held a total of five general meetings.

3. Board of Directors

The Board of Directors is mainly responsible for deciding the Company's operational and investment plans, formulating the Company's annual financial budget and final account plans, formulating the Company's profit distribution plan and loss recovery plans, formulating the Company's plans for the increase or reduction of registered capital, issuance of bonds or other securities and listing, as well as the powers as stipulated in other laws and regulations and the Articles of Association. During the reporting period, the Board of Directors has held four meetings. The Board of Directors operated in accordance with rules and were able to perform their duties under Articles of Association and relevant laws and regulations and practically implement relevant decisions at the general meetings. The decision-making procedure and particulars of the resolutions of the Board of Directors were in compliance with Articles of Association and relevant requirements under laws and regulations, and the resolutions made were legal and valid.

(1) Board Diversity

The Company is fully aware that board diversity will help to improve the efficiency in decision-making of the Board of Directors, reduce management risks, and make better decisions for the sustainable and healthy development of the Company. In determining the composition of the Board of Directors, the Company took full account of the diversity of the members of the Board, including but not limited to gender, age, culture, education background, industry experience, professional skills, knowledge, term of service and other relevant factors. The Nomination Committee is responsible for reviewing the effectiveness and implementation of the Board Diversity Policy and conducting regular annual diversity assessments.

During the reporting period, the Board of Directors of the Company consists of 9 directors, including 2 executive directors, 3 non-executive directors and 4 independent directors. 2 directors are female, accounting for 22.2% of the Board of Directors, representing an increase of 13.2% as compared with the previous Board of Directors (9%); 4 of whom are independent directors, accounting for 44.4% of the Board of Directors, representing an increase of 8.1% as compared with the previous Board of Directors (36.3%). The members of the Board of Directors have extensive knowledge and experience in industry experience, Internet of Things, corporate governance, global market experience, financial management and risk management, which will help the Board of Directors to make the best decisions and promote the sustainable and healthy development of the Company.

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(2) Board Independence

The independent directors of the Company are all senior professionals with expertise in accounting, finance and business management. During the reporting period, the independent directors of the Company performed specific duties in accordance with the Articles of Association and the listing rules of its listed jurisdictions, including participating in the meetings of each of the Company's special committees, providing advice to the Company on its operation and management; and providing independent opinion on connected transactions, external guarantees and other significant transactions of the Company. By performing their duties as mentioned above, the independent directors help protect the interests of the Company and the shareholders as a whole, and promote the development of the Company. The chairman of each of the Company's special committees (except the Strategy Committee and ESG Committee) are all independent directors. The number of independent directors present at the meetings of the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee accounted for at least one-half of the quorum of such meeting (inclusive).

4. Board of Supervisors

During the reporting period, the Board of Supervisors operated in accordance with rules and were able to perform their duties under Articles of Association and relevant laws and regulations. The number and composition of the members of the Board of Supervisors complied with requirements under laws and regulations. During the reporting period, the Supervisors of the Company performed their duties earnestly and supervised finance matters of the Company and performance of duty by the Company's director and senior management in accordance with requirements under Articles of Association and Rules of Procedure for the Board of Supervisors.

5. ESG Governance Structure

The ESG Executive Working Group has been further refined: In 2024, to deepen the practice of ESG management, Haier Smart Home strengthened its organizational structure system based on the global three-tier ESG governance framework (ESG Committee of the Board of Directors, the ESG Global Executive Office, and the Global ESG Executive Working Group.). The ESG Executive Working Group established new sub-clusters, including the Environmental Management Cluster, Sustainable Risk Management Cluster, Corporate Governance Cluster, and Supply Chain Management Cluster, to provide organizational support for more solid advancement of global ESG management.

Within this framework, the overseas structure has further integrated the ESG management architecture on the basis of the existing sustainability management frameworks for GE Appliances, FPA, Candy, and India. Each overseas region has established its own ESG management structure, which, in accordance with applicable laws and regulations, promotes ESG-related work. This includes setting ESG goals, directions, and plans; monitoring and reviewing ESG commitments and related matters; preparing annual ESG reports; and disseminating and promoting a culture of sustainability within teams, as well as sharing best practices. For details, please refer to relevant information in 2024 Sustainability Report of Haier Smart Home Co., Ltd. published on the same date of this report.

6. Information disclosure

Haier Smart Home has strictly complied with the regulatory requirements on information disclosure in China and overseas and fulfilled its information disclosure obligations. During the reporting period, on the basis of high-quality mandatory information disclosure, the Company continued to maintain voluntary disclosure on matters of key concern to domestic and overseas investors and the capital market, such as corporate strategy, investment and acquisition project, and ESG, so as to continuously enhance the quality and transparency of disclosure.

7. Treating various investors fairly and focusing on shareholder return

During the reporting period, the Company strengthened communication and exchange with investors in an active, open, innovative and professional manner so as to enhance investors' understanding and recognition of the Company and safeguard the legal rights of investors. In accordance with guideline of the Management System for Investor Relation, the Company integrated business and financial resources by the office of the board of Directors and realized positive and all-around access to investors in a multi-layer and diversified format through introduction reference, result announcement conference, and online forum. Meanwhile, the Company replied investors on a timely basis by ways of interview, e-mail, phone, fax and the website (<http://sns.sseinfo.com>) and enhanced interaction with investors, so as to respect and protect the interests of investors, with the aim of achieving harmonious and mutual success with the Company, staff and investors.

The Company has always applied a stable and sustainable profit distribution policy. During the reporting period, the Company strictly followed the requirements set out in the Articles of Association and in the Shareholder Return Plan for the Next Three Years of the Company in implementing the profit distribution policy. As at 31 December 2024, the Company had achieved cumulative cash dividends of approximately RMB37,200 million since the listing of A-share in 1993. During the reporting period, the Company repurchased a total of 20,082,042 A shares, with a payment of RMB470 million (with 54,051,559 repurchased treasury stocks being cancelled), and repurchased 1.15 million Hong Kong shares, with a payment of HKD27 million.

8. Incentive mechanisms

The Company has been adhering to the management model of “RenDanHeYi”, and taking the “maximization of the value of people” as the core. In line with the global landscape of the capital market, the Company has established a short-term plus mid to long-term incentive system which aligns the interests of employees and all shareholders. During the reporting period, the Company has continued its incentive plan for the previous period and continued to introduce domestic and overseas incentive plans with various appraisal cycle, multi-level and all-round benefits, including A-Share Core Employee Stock Ownership Plan, H-Share Core Employee Stock Ownership Plan, H-Share Overseas Trust Incentive Plan, and A-Share Option Incentive Scheme. The Company has also optimized its relevant assessment indicators according to the Company's situation to ensure a deeper and more effective alignment of interests between the participants and the Company.

Whether there is a significant difference between the corporate governance and requirements in respect of corporate governance of listed companies of laws, administrative regulations and the CSRC; if so, the reasons should be explained

☐ Applicable ☒ Not Applicable

II. SPECIFIED MEASURES ADOPTED BY THE CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS TO MAINTAIN INDEPENDENCE WITH RESPECT TO ASSETS, PERSONNEL, FINANCE, ORGANIZATION, BUSINESS, AND THE SOLUTIONS ADOPTED, WORKING PROGRESS AND SUBSEQUENT WORKING PLANS IN CASE OF THE COMPANY'S INDEPENDENCE BEING AFFECTED

☐ Applicable ☒ Not Applicable

Controlling shareholders, ultimate controllers and other parties controlled by them engaged in business that are same as or similar to the company, peer competition and impact of significant changes in peer competition on the company, solutions adopted, working progress and subsequent solution plans

☐ Applicable ☒ Not Applicable

III. BRIEF INTRODUCTION TO THE GENERAL MEETINGS OF SHAREHOLDERS

Meetings	Date	Index for details of websites designated for publishing resolutions	Date of disclosure	Resolutions approved
2023 Annual General Meeting	26 June 2023	For details, please refer to the Announcement on Resolutions Passed at the 2023 Annual General Meeting, 2024 First A Shares Class Meeting, 2024 First D Shares Class Meeting and 2024 First H Shares Class Meeting of Haier Smart Home Co., Ltd. (L2024-022) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) and the four major securities Newspapers.	21 June 2024	Considered and approved the resolutions related to annual report, internal control audit report, profit distribution proposal, reappointment of auditor, external guarantees, general mandate to additional issue/repurchase, employee stock ownership plans, etc.
2024 First A Shares Class Meeting				Considered and approved the resolutions for general mandate to repurchase
2024 First D Shares Class Meeting				
2024 First H Shares Class Meeting				
2024 First Extraordinary General Meeting	20 December 2024	For details, please refer to the Announcement on Resolutions Passed at the 2024 First Extraordinary General Meeting of Haier Smart Home Co., Ltd. (L2024-046) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) and the four major securities Newspapers.	21 December 2024	Pertains to the resolutions on the acceptance of voting rights entrustment and connected transactions

Preferred shareholders whose voting rights have been restored requested an extraordinary general meeting

☐ Applicable ☒ Not Applicable

Explanation of Shareholders' general meeting

√ Applicable ☐ Not Applicable

- (1) **The 2023 Annual General Meeting and the 2024 First A/D/H Shares Class Meetings of the Company** was held in successive order by way of on-site voting, off-site voting and network voting by poll at Room B101, Haier RenDanHeYi Research Center, Haier Science and Technology Innovation Ecological Park, No.1 Haier Road, Qingdao, the PRC, in the afternoon on 20 June 2024, considering the annual report and other relevant resolutions. The total number of the shares of the Company carrying voting right amounted to 9,292,876,856 shares (of which 6,163,314,617 shares were A shares, 271,013,973 shares were D shares and 2,858,548,266 shares were H shares). 602 shareholders and proxies, representing 6,427,260,204 shares or 69.16% of the total number of the shares of the Company carrying voting right, were present at the 2023 Annual General Meeting. 545 shareholders and proxies, representing 4,144,199,609 shares or 67.24% of the total number of A shares of the Company carrying voting rights, were present at the 2024 First A Shares Class Meeting. 51 shareholders and proxies, representing 167,459,817 shares or 61.79% of the total number of D shares of the Company carrying voting rights, were present at the 2024 First D Shares Class Meeting. 6 shareholders and proxies, representing 2,111,641,413 shares or 73.87% of the total number of H shares of the Company carrying voting rights, were present at the 2024 First H Shares Class Meeting. The Directors, supervisors and senior management of the Company as well as the lawyers engaged by the Company also attended the abovementioned four meetings. The abovementioned four meetings were convened by the Board of the Company, and Chairman Mr. Li Huagang presided over these meetings. The Company had 9 Directors, of whom 9 directors attended the meetings; the Company had 3 supervisors, of whom 3 supervisors attended the meetings. The secretary of the Board of the Company attended the abovementioned meetings and other members of senior management of the Company were invited to attend the abovementioned meetings.
- (2) **The 2024 First Extraordinary General Meeting of the Company** was held in by way of on-site voting, off-site voting and network voting by poll at Room B101, Haier RenDanHeYi Research Center, Haier Science and Technology Innovation Ecological Park, No.1 Haier Road, Qingdao, the PRC, in the afternoon on 20 December 2024, considering resolutions on the acceptance of voting rights entrustment and connected transactions. The total number of the shares of the Company carrying voting right amounted to 9,322,993,464 shares (of which 6,194,581,225 shares were A shares, 271,013,973 shares were D shares and 2,857,398,266 shares were H shares). 2,420 shareholders and proxies, representing 6,639,001,298 shares or 71.21% of the total number of the shares of the Company carrying voting right, were present at the 2024 First Extraordinary General Meeting. The Directors, supervisors and senior management of the Company as well as the lawyers engaged by the Company also attended the abovementioned meeting. The abovementioned meeting was convened by the Board of the Company, and Chairman Mr. Li Huagang presided over these meeting. The Company had 9 Directors, of whom 9 directors attended the meeting; the Company had 3 supervisors, of whom 3 supervisors attended the meeting. The secretary of the Board of the Company attended the abovementioned meeting and other members of senior management of the Company were invited to attend the abovementioned meeting.

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IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes of shareholding and remuneration of current and retired directors, supervisors and senior management during the reporting period

√ Applicable □ Not Applicable

Unit: share

Name	Title	Gender	Age	Appointment date	Expiration date of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Increase/decrease in shares for the year	Reason for increase/decrease	Total remuneration received from the Company during the reporting period (RMB'000) (before tax)	Whether receive remuneration from the Company's related party
Li Huagang	Chairman, Chief Executive Officer	Male	56	28 June 2022	27 June 2025	919,710	1,050,444	130,734	Employee stock ownership plan vested	345	NO
Shao Xinzhi	Vice Chairman	Female	55	28 June 2022	27 June 2025	101	25,558	25,457			YES
Gong Wei	Director, Chief Financial Officer, vice president	Male	52	28 June 2022	27 June 2025	2,004,724	2,072,527	67,803	Employee stock ownership plan vested	214	NO
Yu Hon To	Director	Male	77	28 June 2022	27 June 2025					34	NO
Li Kam Fun	Director	Female	73	28 June 2022	27 June 2025					34	NO
Chien Da-chun	Independent director	Male	72	28 June 2022	27 June 2025					34	NO
Wong Hak Kun	Independent director	Male	69	28 June 2022	27 June 2025					34	NO
Li Shipeng	Independent director	Male	58	28 June 2022	27 June 2025					34	NO
Wu Qi	Independent director	Male	58	28 June 2022	27 June 2025					34	NO
Liu Dalin	Chairman of the Board of Supervisors	Male	45	28 June 2022	27 June 2025	36,676	68,391	31,715	Employee stock ownership plan vested		YES
Ma Yingjie	Supervisor	Female	56	28 June 2022	20 June 2024	12,719	12,719		Employee stock ownership plan vested	34	NO
Yu Miao	Employee supervisor	Male	43	28 June 2022	27 June 2025	6,436	13,648	7,212	Employee stock ownership plan vested	46	NO
Liu Yongfei	Supervisor	Male	40	21 June 2024	27 June 2025					19	NO
Xie Juzhi	Vice president	Male	59	28 June 2022	27 June 2025	101,641	180,808	79,167	Employee stock ownership plan vested, increased through secondary market	189	NO
Li Pan	Vice president	Male	49	28 June 2022	27 June 2025	598,480	664,375	65,895	Employee stock ownership plan vested	127	NO
Zhao Yanfeng	Vice president	Male	48	28 June 2022	27 June 2025	146,458	247,484	101,026	Employee stock ownership plan vested	248	NO
Li Yang	Vice president	Male	49	28 June 2022	27 June 2025	71,262	151,252	79,990	Employee stock ownership plan vested	210	NO
Song Yujun	Vice president	Male	50	28 June 2022	27 June 2025	191,182	287,478	96,296	Employee stock ownership plan vested	213	NO
Guan Jiangyong	Vice president	Male	47	28 June 2022	27 June 2025	163,555	264,867	101,312	Employee stock ownership plan vested	233	NO
Wu Yong	Vice president	Male	47	28 June 2022	27 June 2025	238,964	334,166	95,202	Employee stock ownership plan vested	188	NO
Huang Xiaoyu	Vice president	Male	48	28 June 2022	27 June 2025	76,708	110,695	33,987	Employee stock ownership plan vested	126	NO
Liu Xiaomei	Secretary to the Board of Directors	Female	40	28 June 2022	27 June 2025	13,953	24,919	10,966	Employee stock ownership plan vested	64	NO
Total	/	/	/	/	/	4,582,569	5,509,331	926,762	/	2,460	/

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Note: (1) all the shares in the above table are A-shares; (2) for new directors, supervisors and senior management who joined during the reporting period, their shareholdings at the beginning of the year are based on the first day of their appointment, and for directors, supervisors and senior management who left office during the reporting period, their shareholdings at the end of the year are based on the date they left office.

Name	Major working experience
Li Huagang	Male, born in 1969. He graduated from Huazhong University of Science and Technology in 1991 with a Bachelor's degree of Economics, and from China Europe International Business School in 2014 with a degree of Executive Master of Business Administration (EMBA). He is currently chairman and president of Haier Smart Home Co., Ltd. Mr. LI Huagang joined Haier in 1991 and served as the sales head of the Marketing and Promotion Division of Haier (海尔商流本部销售事业部长) and the general manager of China operations of Haier Smart Home. From August 2017 to March 2019, he served as the chief executive officer of Haier Electronics. Since March 2019, Mr. LI has been appointed as an executive director of Haier Electronics. He has been an executive director and president of the Company since 2019. Mr. LI Huagang has extensive experience in the fields of corporate management, marketing, brand operation, and global business operation. Mr. LI Huagang was successively awarded 2015 China Home Appliance Marketing Leader, Award of Outstanding Contribution in 40-Years Development of China's Home Appliance Industry 2018, 2019 Person of the Year of China's Top Ten Brands, 2021 Taishan Industry Leading Talent and 2023 Model Worker in Shandong Province.
Shao Xinzhi	Female, born in 1970, holds a Master of Business Administration degree, and is a senior accountant. She currently serves as the vice president and Chief Financial Officer of Haier Group, as well as the vice chairman of Haier Smart Home. Ms. Shao adheres to the goal of innovation and value-enhancement, empowering the high-quality development of the industry, and comprehensively builds the group's financial ecosystem through financial strategy formulation, financial system construction and operation, asset management, capital operation and other financial full value chain management. In 2000, Ms. Shao served as the chief accountant of Haier Air Conditioning Division and the general manager of the strategy center of Haier Group's financial management department. In 2007, Ms. Shao established the first financial sharing center in the home appliance industry, pioneering the "cloud + end" financial management innovation model with Chinese characteristics to provide enterprises with comprehensive financial best solutions, becoming one of the industry benchmarks and winning the first prize of the National Enterprise Management Modernization Innovation Achievement. In 2019, Ms. Shao was appointed as the vice president of Haier Group and the operator of the Big Sharing Empowerment Platform. In 2020, Ms. Shao was appointed as vice president and Chief Financial Officer of Haier Group. Ms. Shao has been honored as "National Advanced Accounting Worker", "Qingdao Top Talent", "ACCA Outstanding Achievement Award" and "IMA Outstanding Contribution Leader in Management Accounting" over the years.

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Name	Major working experience
Gong Wei	Male, born in 1973. He graduated from the University of International Business and Economics in 2011, and obtained a degree of Executive Master of Business Administration. He is also a member of the Chartered Institute of Management Accountants (CIMA) and an International Certified Public Accountant (ICPA). Mr. Gong Wei served as the financial manager of Haier Smart Home Co., Ltd, the senior finance manager and senior financial analyst of Haier Group, the Chief Financial Officer of Haier Washing Machine Division, the Chief Financial Officer of Haier Air Conditioning Division, the Chief Financial Officer of Haier White Goods Group, with extensive experience in financial management. Mr. Gong Wei was granted honorary titles such as Young Post Expert in Qingdao City (青岛市青年岗位能手), Qingdao Top Talent (青岛市拔尖人才), Outstanding Accounting Workers in Shandong Province (山东省优秀会计工作者) and National Outstanding Accounting Workers (全国优秀会计工作者), and received several awards, including Top Ten CFO in China by “New Money” Magazine (《新理财杂志》), International Finance Leaders of the Year in China, and Outstanding CFO at the 13th JRJ “Golden Wisdom Award”(第十三届金融届「金智奖」杰出首席财务官). He is currently a director, the Chief Financial Officer and vice president of Haier Smart Home Co., Ltd.
Yu Hon To	Male, born in 1948. He holds a Bachelor of Social Science degree from Chinese University of Hong Kong. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate Member of Hong Kong Institute of Certified Public Accountants. Mr. Yu is a chartered accountant with over 40 years’ experience in the fields of auditing, corporate finance (including advisory on IPO, mergers & acquisitions and financial restructuring), financial investigation and corporate governance. Mr. Yu was formerly a partner of a renowned international accounting firm with extensive experience in the corporate finance advisory assignments in Greater China for Hong Kong corporations, private equity groups and multinationals. He is currently a director of 11th session of the Board of Directors of Haier Smart Home Co., Ltd.

Name	Major working experience
Li Kam Fun	<p>Female, born in 1952. She graduated from University of Hong Kong with Bachelor of Arts and Master of Business Administration degrees. She was conferred with the degree of Doctor of Business Administration, honoris causa, from the Hong Kong Metropolitan University in 2014. Ms. Li Kam Fun served as an independent non-executive director in the board of Haier Electronics Co., Ltd., from 2013 to 2020 and currently serves as a director of the 11th Board of Directors of Haier Smart Home Co., Ltd. Prior to that, Ms. Li Kam Fun had a distinguished career that spanned 34 years with Amway Corporation. When she resigned in 2011, she held the concurrent positions of Executive Vice President of Amway Corporation and Executive Chairman of Amway China Co. Ltd. responsible for Amway Greater China & Southeast Asia Region. Four years later after her retirement from Amway, Ms. Li Kam Fun took up the role of president of Our Hong Kong Foundation in early 2015, and held the position until the end of 2022. Ms. Li Kam Fun had also been an independent non-executive director of numerous world-renowned business corporations including Nestle S.A, (a publicly listed company on the SIX Swiss Exchange) from 2012 to 2023, Amcor Limited (a company listed on the Australian Securities Exchange) from 2014 to 2019, Trinity Limited (a company listed on the Main Board of the Hong Kong Stock Exchange) from 2011 to 2020. Ms. Li Kam Fun's leadership was well recognised in the business community. She was twice named the "World's 100 Most Powerful Women" by Forbes Magazine in 2008 and 2009. CNBC awarded Ms. Li Kam Fun with the "China Talent Management Award" in its 2007 China Business Leaders Awards. Ms. Li Kam Fun currently serves as a member of the Election Committee of Hong Kong Special Administration Region ("HKSAR"), a member of the Social Development Expert Group of the Chief Executive's Policy Unit of HKSAR, an honorary special representative, a conference consultant and honorary president of All-China Women's Federation, a permanent honorary director of The Chinese General Chamber of Commerce, a court member of the Hong Kong Metropolitan University and a member of the advisory panel of the Xiqu Centre of the West Kowloon Cultural District Authority.</p>
Chien Da-chun	<p>Male, born in 1953. He served as Chief Executive Officer of IBM ASEAN/ South Asia, Chairman and Chief Executive of IBM Greater China region. He graduated from the Department of Mathematics of Tamkang University of Taiwan, and studied advanced management courses in the Institute of Business Administration of Harvard University, as well as the global senior manager courses of International Business Machines Corporation (IBM). He was a director of ENN Group, and is currently an independent director of the 11th session of the Board of Directors of Haier Smart Home Co., Ltd, and professor of Management Practice at the School of Business of Renmin University of China/Academic Director of EE Centre.</p>

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Name	Major working experience
Wong Hak Kun	Male, born in 1956. He received a Bachelor's of Social Science degree from University of Hong Kong. He has over 36 years of experience in auditing, assurance and management in Deloitte China. He has been a partner of Deloitte China since 1992 and served as a member of the board of directors of Deloitte China from 2000 to 2008. Prior to his retirement in May 2017, he was Deloitte China's National Managing Partner of Audit & Assurance. Mr. Wong is an associate of the Hong Kong Institute of Certified Public Accountants (HKICPA), an associate of the Association of Chartered Certified Accountants (ACCA), an associate of the Chartered Institute of Management Accountants (CIMA), an associate of The Chartered Governance Institute (previously known as "The Institute of Chartered Secretaries and Administrators"). He currently serves as an independent non-executive director of Yue Yuen Industrial Holdings (Limited), Lung Kee (Bermuda) Holdings Limited, Guangzhou Automobile Group Co., Ltd., Hangzhou SF Intra-City Industrial Co., Ltd. and Haier Smart Home Co., Ltd.
Li Shipeng	Male, born in 1967. He holds a bachelor's and Master's degree from University of Science and Technology of China, and a PhD degree from Lehigh University, USA. Mr. Li has extensive experience in Internet of Things technology and artificial intelligence. Mr. Li is currently a chair scientist at the International Digital Economy Academy and an executive director of the Low Altitude Economic Branch. Prior to that, he served as the Chief Researcher and Deputy Dean of Microsoft Research Asia, Chief Technology Officer of Cogobuy Group, Vice President of iFlytek Group, Executive President and Chief Scientist of Shenzhen Institute of Artificial Intelligence and Robotics. Mr. Li is a member of the International Eurasian Academy of Sciences and a fellow of the International Institute of Electrical and Electronics Engineers (IEEE fellow). He was listed as one of the world's top 1,000 computer scientists by Guide2Research and ranked top 20 in Mainland China in 2020. Mr. Li is a renowned expert in Internet, computer vision, cloud computing, Internet of Things and artificial intelligence. He is currently an independent director of the 11th Board of Directors of Haier Smart Home Co., Ltd.

Name	Major working experience
Wu Qi	<p>Male, born in 1967. He has 25 years of (New PCEBG) experience in world-class management and consulting companies. He is currently an independent director of the 11th session of the Board of Haier Smart Home Co., Ltd. He served as the vice president (Global) and vice chairman (Greater China) of Accenture, and the chairman of Shun Zhe Technology Development Co., Ltd. He was a member and the president (Greater China) of Roland Berger's Global Management Committee, a member of Roland Berger's Global Supervisory Board, a senior consultant for Foxconn's D sub-business group strategy and intelligent manufacturing and a consultant of Xnode, a famous accelerator for startups. He was awarded 2015 Outstanding Talent in Jing'an District, Shanghai. Mr. Wu's experience in consulting industry involves transportation/logistics, high-tech manufacturing, tourism, finance, consumer goods, real estate, government departments and other industries. His has extensive experience in development strategy, organizational change, sales and brand strategy, corporate innovation, digital transformation and intelligent manufacturing, post-merger integration, regional industrial and economic development and upgrading. He is a well-known expert in China in Industry 4.0, transportation and regional planning and development. He served as a consultant for Hangzhou Bay Development Planning, a member of the Intelligent Manufacturing Expert Committee of Municipal Government, deputy head of the 13th Five-Year Planning Expert Committee of Zhengzhou City, Henan Province, vice chairman of China Cold Chain Alliance.</p>
Liu Dalin	<p>Male, born in 1980, Chinese nationality with no right of permanent residency abroad. He graduated from the School of Mechanical Engineering of Jinan University and holds a Master's degree in Business Administration from Renmin University of China. He is a senior engineer and a senior political engineer. From August 2005 to September 2010, he served as a designer of water heater department of Heater Head Office at Haier Group, an assistant R&D engineer, a R&D engineer and a R&D model manager of the heater R&D center of the Heater Head Office of Haier Group successively. From September 2010 to October 2015, he was the deputy secretary of the Youth League Committee of Haier Group and the president of the Board of Supervisors of Gooday Supply Chain Technologies Co., Ltd. Mr. Liu has been the executive director of the Employee Care Committee of Haier Group since 2022. He has been the chairman of the Board of Supervisors of Haier Smart Home Co., Ltd. since June 2021.</p>
Ma Yingjie	<p>Female, born in 1969. She is a political engineer, once served as the secretary of the Youth League Committee of Haier Smart Home Co., Ltd., the secretary of the labour union of Haier Smart Home Co., Ltd., the contact person of the customer service department of Qingdao Haier Dishwasher Co., Ltd. She was a supervisor of Haier Smart Home Co., Ltd. before her retirement and departure from office.</p>

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Name	Major working experience
Liu Yongfei	Male, born in July 1985. Mr. Liu Yongfei graduated with a master's degree in management from Dongbei University of Finance and Economics. He joined Haier Smart Home in July 2011, primarily focusing on strategic planning. Over the years, Mr. Liu has held various roles at the Company, including strategy consultant, strategy planning specialist, and strategy planning manager. He was responsible for market research and analysis and has been involved in the formulation of the Company's strategic development plan and the management of strategic projects.
Yu Miao	Male, born in 1982, Chinese nationality. Mr. Yu holds a master's degree. He serves as the legal manager of Haier Smart Home Co., Ltd. since April 2012, and serves as the employee supervisor of Haier Smart Home Co., Ltd. since January 2019.
Xie Juzhi	Male. He graduated from Shandong University of Finance and Economics in July 1989 with a Bachelor's degree, and joined Haier in the same year. Mr. Xie has experience in whole-process product management, product-wide services and product-wide marketing. Mr. Xie has held senior positions in Electrothermal Division of Haier Group and East China Marketing and Promotion Division of the Haier Group. Since August 2002, he has been the general manager of Haier Customer Service Company (海尔顾客服务公司). Since July 2012, he has been the Vice President of Haier Group in charge of the Group's integration of community sales services in first and second-tier cities, and developing the online and offline sales of new household products. Since December 2015, he has been managing the newly developed business segments of Haier Group, including water purification, logistics, Haier home and Gooday services. He is also in charge of the water heater business since 2019 and has been appointed as the Chief Executive Officer and an executive director of Haier Electronics since 27 March 2019. Since April 2021, he is responsible for supervising the smart living appliances segment. Mr. Xie was awarded honorary titles including the Gold Award of Outstanding Contribution Award of China's Home Appliance Services Industry (中国家电服务行业突出贡献奖金奖) and Outstanding Entrepreneur of Shandong Province (山东省优秀企业家). He is currently responsible for supervising the intelligent industrial platform and is the vice president of Haier Smart Home.

Name	Major working experience
Li Pan	Male, born in 1976, is a senior engineer. He graduated from Wuhan University in 1997 and obtained the double degree in economics and international business administration. He obtained a Master's degree from China Europe International Business School in 2017. He joined Haier in 1997 and currently serves as the general manager of the overseas platform of Haier Smart Home. Mr. Li has held various positions in Haier Group, including the assistant director of Asia-Pacific Division, the manager of the Haier ASEAN Center, the manager of the Overseas Brands Marketing Center, the manager of the Overseas Strategic Center and the director on the operation of overseas markets. He has held important positions of the overseas platform of Haier Group since 2004 with extensive frontline management experience in product planning, brand marketing, market exploration and corporate operation. He is currently the vice president of Haier Smart Home Co., Ltd.
Zhao Yanfeng	Male, born in 1977. He graduated from Tianjin Institute of Light Industry and obtained a Bachelor's degree in Mechanical and Electronic Engineering in 2001. He graduated from Renmin University of China and obtained an Executive Master degree in Business Administration in 2019. He is currently the vice president and general manager of the washing business of Haier Smart Home Co., Ltd. Mr. Zhao joined Haier in 2001 and served as the general manager of Haier Group's regional branch, general manager of the refrigeration business in China and general manager of the refrigeration business. He possesses whole-process management experience in product planning, research and development, manufacturing and marketing.

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Name	Major working experience
Li Yang	<p>Male, born in 1976, is a senior engineer. He currently serves as the general manager for global procurement of Haier Smart Home and vice president of Haier Smart Home Co., Ltd. Mr. Li Yang graduated from Qingdao University of Science & Technology in 1998 and obtained a Bachelor's degree in Fine Chemical Engineering. He joined Haier in August of the same year. Mr. Li Yang has held positions of the head of the quality department of Haier Smart Home, the manufacturing director, the general manager of the internet of clothing platform, the general manager of the integrated supply chain. He has served as the general manager for global procurement of Haier Smart Home since 2025, and has been involved in management related to the digital transformation of global procurement at Haier Smart Home. He obtained a degree of Executive Master of Business Administration (EMBA) from Xi'an Jiaotong University in 2022. The ecological platform of the internet of clothing incubated under his leadership was awarded the first prize for "Innovation Results in Modern Management of National Light Industry Enterprises" (全国轻工业企业管理现代化创新成果) in 2019. Haier Smart Home was selected as one of the "2023 Intelligent Supply Chain Cases" (2023数智化供应链案例) by the Alliance of Industrial Internet, and he received the "Most Promising Entrepreneur in Qingdao in 2018" and the "Advanced Individual in Management Innovation of National Light Industry Enterprises".</p>
Song Yujun	<p>Male, born in 1975. He graduated from Shandong University of Technology with a bachelor's degree in equipment engineering and management in 1998, and received a degree of Executive Master of Business Administration from Tsinghua University in 2015. He joined Haier in 1998 and served as general manager of the Operation Department of Haier Overseas Promotion Headquarters, director and general manager of Haier Pakistan Company, executive director of Haier India Company, director of Haier Overseas businesses in South Asia and Southeast Asia region, and vice president of Haier Home Appliance Industry Group. Since 1998, he has held various important positions in Haier overseas companies and has rich experience in product, manufacturing, R&D and marketing. He was awarded the Labor Model of Qingdao City, the Outstanding Talent in Professional Technology in Qingdao City, Qingdao High-level Service Talent, the first prize of the 2023 Science and Technology Advancement Award of China National Light Industry Council (2023年度中国轻工业联合会科技进步奖) and the first prize of the Innovation Award 2023 of Energy Conservation Association (2023年节能协会创新奖) and other honorary titles, and ranked among Qingdao Top Ten "Civilized Citizens" in 2024. He is currently the general manager of Haier Air Industry Group and vice president of Haier Smart Home Co., Ltd.</p>

Name	Major working experience
Guan Jiangyong	Male, born in 1978. He graduated from Tsinghua University in 2024 with a Master's degree in Advanced Business Administration. Mr. Guan joined Haier in 2001 and currently serves as the general manager of the LC programme at Haier Group and the general manager of water heater and the internet of water platform at Haier Smart Home. Mr. Guan has been responsible for product management, production and manufacturing, product marketing and industrial pipeline management and served as a regional general manager, the market director of the water heater business and the general manager of the water heater business and the LC programme. He possesses whole-process management experience in product manufacturing, marketing, corporate planning management and industrial platforms.
Wu Yong	Male, born in 1978. He graduated from Tianjin College of Commerce in 2001 and obtained a Bachelor's degree in Heat Supply, Ventilation and Air-conditioning Engineering. He obtained the double degree of EMBA from the School of Economics and Management of Tsinghua University and the INSEAD in 2015. He has also been recognised as a Mount Tai Industrial Leader of Shandong Province by the Communist Party of China (中共山东省泰山产业领军人才). Mr. WU Yong joined Haier Group in 2001 and currently serves as the vice president and the general manager of the refrigeration business at Haier Smart Home. He is also responsible for the management of the kitchen appliances business. Mr. WU has served as the general manager of the PRC Region on manufacturing and production of refrigerators, overseas marketing and the air-conditioning business, as well as the general manager of the kitchen appliances business since joining the Group and possesses whole-process management experience in high-end manufacturing, marketing and industrial platforms.

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Name	Major working experience
Huang Xiaowu	Male, born in 1977. He graduated from the College of Photoelectric Engineering, Chongqing University with a Bachelor's degree in engineering in 1998 and graduated from the Faculty of Business and Economics of the University of Hong Kong with a master's degree in business administration in 2004. Mr. Huang has many years of extensive working experience in commercial banking, strategic investment, industrial fund, corporate finance and capital market operation and management, and has participated in and led important strategic investment and financing projects involving numerous fields such as marketing channels, logistics, home appliances and technology industry. Mr. Huang was appointed as the vice president of the Company in 2021, responsible for, amongst others, investor relations, capital market, equity financing and strategic investment, and served as the Director of the ESG Executive Office of Haier. Prior to that, Mr. Huang worked as the deputy general manager of Haier Electronics Group Co., Ltd., a company listed on the Stock Exchange, which is controlled by the Company. Before joining Haier Group, Mr. Huang worked at the Ningbo branch and Shanghai branch of the Industrial and Commercial Bank of China, Investment Banking Division of Guosen Securities and Anglo Chinese Investment Banking Group (英高投资银行集团).
Liu Xiaomei	Female, born in 1985. She graduated from the Law School of Minzu University of China with a double bachelor's degree in law and literature in 2009, and graduated from the Department of International Law of the China Foreign Affairs University with a master's degree in international law in 2011, and is qualified to practice law in China. Ms. Liu joined the Company in June 2015 and has been in charge of legal and compliance matters of corporate governance, capital market, M&A and corporate finance at Haier Electronics Group Co., Ltd. and Haier Smart Home. She is currently the Board Secretary of the Company. Prior to joining the Company, Ms. Liu worked for Jingtian & Gongcheng in Beijing. Ms. Liu has accumulated extensive work experience in corporate governance, capital market, industrial fund, and investment and financing.

Other information

☐ Applicable ☒ Not Applicable

(II) Appointment of current and departing of Directors, Supervisors and Senior Management during the reporting period

1. Appointment in shareholder units

√ Applicable ☐ Not Applicable

Name	Name of shareholder unit	Position	Start date of appointment	End date of appointment
Shao Xinzhi	Haier Group Corporation	Vice president and Chief Financial Officer of Haier Group	2020	
Shao Xinzhi	Qingdao Haier Venture & Investment Information Co., Ltd.	Supervisor		
Liu Dalin	Haier Group Corporation	Executive director of the Employee Care Committee	2022	
Explanation of appointment in shareholder units	Nil			

2. Appointment in other units

√ Applicable ☐ Not Applicable

Name	Name of other unit	Position	Start date of appointment	End date of appointment
Li Huagang	Qingdao Haier Multimedia Co Ltd.	Chairman		
Gong Wei	Pegasus Telecom (Qingdao) Co., Ltd.	Director		
Gong Wei	Pegasus Electronic (Qingdao) Co., Ltd.	Director		
Gong Wei	Qingdao Haier Communications Co., Ltd.	Director		
Gong Wei	Qingdao Haier Multimedia Co., Ltd.	Director		
Gong Wei	Haier Group Finance Co., Ltd.	Director		
Wong Hak Kun	Yue Yuen Industrial (Holdings) Limited	Independent director	June 2018	
Wong Hak Kun	Lung Kee (Bermuda) Holdings Limited	Independent director	June 2018	
Wong Hak Kun	Guangzhou Automobile Group Co., Ltd.	Independent director	May 2020	
Wong Hak Kun	Hangzhou SF Intra-City Industrial Co., Ltd.	Independent director	December 2021	

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Name	Name of other unit	Position	Start date of appointment	End date of appointment
Yu Hon To	Keck Seng Investments (Hong Kong) Limited	Independent non-executive director	April 2013	
Yu Hon To	MS Group Holdings Limited	Independent non-executive director	May 2018	
Yu Hon To	China Resources Gas Group Limited	Independent non-executive director	December 2012	
Yu Hon To	One Media Group Limited	Independent non-executive director	June 2005	
Yu Hon To	Playmates Toys Limited	Independent non-executive director	May 2021	
Li Shipeng	Applied Artificial Intelligence Research Center Of the Suzhou Industrial Technology Research Institute	Director (concurrently)	August 2020	
Li Shipeng	The Chinese University of Hong Kong (Shenzhen)	Visiting Professor (concurrently)	February 2021	February 2024
Li Shipeng	ENN Group Co., Ltd.	Director	June 2024	May 2026
Li Shipeng	International Digital Economy Academy (Futian)	Chair scientist	May 2022	
Li Shipeng	The Hong Kong University of Science and Technology (Guangzhou)	Part-time Professor (concurrently)	July 2022	July 2024
Li Shipeng	Communication University of Zhejiang	Director of the Engineering Department (concurrently)	February 2023	February 2026
Li Shipeng	Jiangsu Hichain Logistics Co., Ltd.	Chief Scientist (concurrently)	October 2023	
Huang Xiaowu	Qingdao Overseas Chinese Industrial Co., Ltd.	Director	October 2022	To date
Explanation of appointment in other units	Nil			

(III) Compensation of Directors, Supervisors and Senior Management

√ Applicable ☐ Not Applicable

Decision-making process of compensation of Directors, Supervisors and Senior Management	The Remuneration and Assessment Committee of the Company shall formulate the standards, adjust principles, and assess and implement the principles of the remuneration of directors, supervisors and senior management personnel and submit to the Board of Directors for consideration and approval.
Directors abstain from discussions on their remuneration at the Board of Directors	Yes
The Remuneration and Assessment Committee or special meeting of independent directors provided recommendation on compensation of Directors, Supervisors and Senior Management	During the reporting period, the Remuneration and Assessment Committee of the Company considered and approved the 2023 Annual Report of Haier Smart Home Co., Ltd. on Incentives for Senior Management of the Company and Implementation of Remuneration Assessment for Directors and Senior Management, and considered that the incentive mechanism for senior management of the Company and the implementation of Remuneration Assessment for Directors and Senior Management were effectively carried out in accordance with the principles and mechanisms established by the Board of Directors at the beginning of the year; the 2024 Annual Report of Haier Smart Home Co., Ltd. on Remuneration and Assessment Scheme of Directors and Senior Management was considered and approved and arrangements were made for the 2024 Remuneration and Assessment Scheme of Directors and Senior Management with proposed resolution submitted to the Board of Directors for consideration and approval.

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Determining basis of matrix compensation of Directors, Supervisors and Senior Management

The cash remuneration of executives in 2024 consists of monthly remuneration, bonuses and sharing, and is linked to orders triggered by the upgrade of the Company's Internet of Things from "high-end brands" to "scenario brands" to "ecological brands". Focusing on the rapid improvement of profitability and through digital transformation, the Company enhanced its competitiveness in the whole process, and achieved sharing of high added-value. Through the innovation of the mechanism, the Company encouraged its executives to achieve higher market goals, thus achieving a win-win situation for users, employees, enterprises and stakeholders. At the same time, the Company continues to promote the implementation of the employee stock ownership and other long-term incentive plans; multiple incentive tools will be effectively utilised to mobilise competent management, frontline managers and business and technical backbones on a wider scale, further aligning the interests of shareholders, the Company and incentive recipients, and bringing more efficient and sustainable returns to shareholders. After the approval by the general meeting, the allowance for directors consisted of three components: fixed remuneration, job-related remuneration and variable allowances. The travelling expenses of directors attending Board meetings and general meetings and the expenses required for performing their duties and according to the Articles of Association will be reimbursed.

Actual compensation paid to Directors, Supervisors and Senior Management

Paid as prescribed

Total of actual compensation paid to all Directors, Supervisors and Senior Management at the end of the reporting period

RMB24.60 million

(IV) Changes in of Directors, supervisors and senior management of the Company

√ Applicable ☐ Not Applicable

Name	Position held	Movement	Reason of Movement
Ma Yingjie	Supervisor	Departure	Departure due to retirement
Liu Yongfei	Supervisor	Elected	Elected

(V) Explanation of penalties imposed by securities regulators in the past three years

☐ Applicable ☒ Not Applicable

(VI) Others

☐ Applicable ☒ Not Applicable

V. RELEVANT INFORMATION ON THE BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Meeting	Date	Resolutions approved
The 9th meeting of the Eleventh session of the Board of Directors	27 March 2024	Considered and approved the following resolutions: Report on the 2023 Annual Financial Statements of Haier Smart Home Co., Ltd., 2023 Annual Report and Annual Report Summary of Haier Smart Home Co., Ltd., 2023 Annual Internal Control Evaluation Report of Haier Smart Home Co., Ltd., 2023 Internal Control Audit Report of Haier Smart Home Co., Ltd., 2023 Annual Profit Distribution Plan of Haier Smart Home Co., Ltd., the Resolution on the Shareholder Return Plan for the Next Three Years (2024-2016) of Haier Smart Home Co., Ltd., the 2023 Performance Evaluation Report on the Accountant Firm and the Report on the Supervision Obligation of the Audit Committee of the Board of the Director on the Accountant Firm of Haier Smart Home Co., Ltd., the Proposal on Re-appointment of PRC GAAP Auditor of Haier Smart Home Co., Ltd., the Proposal on Re-appointment of IFRS Auditor of Haier Smart Home Co., Ltd., the Risk Assessment Report on Haier Group Finance Co., Ltd. in 2023 of Haier Smart Home Co., Ltd., the Resolution on the Anticipated Guarantees' Amounts for Haier Smart Home Co., Ltd. and its Subsidiaries in 2024, the Resolution on the Conduct of Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd., the Feasibility Analysis Report on Conducting Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd., the Resolution on Conducting Commodity Hedging Business of Haier Smart Home Co., Ltd., the Feasibility Analysis Report on Conducting Commodity Hedging Business of Haier Smart Home Co., Ltd., the 2023 Environment, Social and Governance Report of Haier Smart Home Co., Ltd., the Resolution of Haier Smart Home Co., Ltd. on the Change of Use of Certain Repurchased Shares and the Cancellation Thereof, the Resolution on Proposing the General Meeting to Grant General Mandate to the Board of Directors on the Decision to Issue Domestic and Overseas Debt Financing Instruments of Haier Smart Home Co., Ltd. the Resolution on Proposing the General Meeting to Grant General Mandate to the Board of Directors on Additional Issuance of A-shares of Haier Smart Home Co., Ltd., the Resolution on Proposing the General Meeting to Grant General Mandate to the Board of Directors on Additional Issuance of H-shares of Haier Smart Home Co., Ltd., the Resolution on Proposing the General Meeting to Grant General Mandate to the Board of Directors on Additional Issuance of D-shares of Haier Smart Home Co., Ltd., the Resolution on Proposing the General Meeting to Grant the General Mandate to the Board of Directors to Repurchase not more than 10% of the Total Number of H-shares of the Company in Issue of Haier Smart Home Co., Ltd., the Resolution on Proposing the General Meeting to Grant the General Mandate to the Board of Directors to Repurchase not more than 10% of the Total Number of D-shares of the Company in Issue of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Articles of Association of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Rules of Procedure for General Meetings of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Rules of Procedure for the Board of Directors of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Implement Regulations of the Audit Committee of the Board of Directors of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Implement Regulations of the Remuneration and Assessment Committee of the Board of Directors of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Implement Regulations of the Nomination Committee of the Board of Directors of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Management Protocol for Fund-raising of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Management System for Independent Directors of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Management System for Information Disclosure of Haier Smart Home Co., Ltd., the Resolution on the Amendments to the Management System for Entrusted Finance of Haier Smart Home Co., Ltd., the Resolution on Convening the 2023 Annual General Meeting and the First A-shares/D-shares/H-shares Class Meetings of 2024 of Haier Smart Home Co., Ltd., the Report on Remuneration and Assessment Scheme for the Senior Management for 2024 of Haier Smart Home Co., Ltd., the Resolution on the 2023 Working Report of the Board of Directors of Haier Smart Home Co., Ltd.

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The 10th meeting of the Eleventh session of the Board of Directors	29 April 2024	Considered and approved the following resolutions: the 2024 First Quarter Report of Haier Smart Home Co., Ltd., the 2024 A Share Core Employee Stock Ownership Plan (draft) of Haier Smart Home Co., Ltd. and its Summary, the 2024 H Share Core Employee Stock Ownership Plan (draft) of Haier Smart Home Co., Ltd. and its Summary, the Resolution on Partial Cancellation of Share Options under the 2021 A-share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution on Partial Cancellation of Share Options under the 2022 A-share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution on the Change of Members of the Management Committee of the Restricted Share Plan of Haier Smart Home Co., Ltd., the Resolution on the Adjustment to Directors' Remuneration of Haier Smart Home Co., Ltd.
The 11th meeting of the Eleventh session of the Board of Directors	27 August 2024	Considered and approved the following resolutions: the 2024 Interim Report of Haier Smart Home Co., Ltd. and its Summary, the Ongoing Risk Assessment Report on Haier Group Finance Co., Ltd. in the First Half of 2024 of Haier Smart Home Co., Ltd., the Resolution on the Investment in a New Project with an Annual Capacity of 5 Million Air Conditioners of Haier Smart Home Co., Ltd.,
The 12th meeting of the Eleventh session of the Board of Directors	29 October 2024	Considered and approved the following resolution: the 2024 Third Quarter Report of Haier Smart Home Co., Ltd., the Resolution on the Acceptance of Voting Rights Delegation and Connected Transactions of Haier Smart Home Co., Ltd., the Resolution on Convening the First Extraordinary General Meeting of 2024 of Haier Smart Home Co., Ltd.

VI. PERFORMANCE OF DUTIES BY DIRECTORS

(I) Attendance of board meetings and general meetings by directors

Name of director	Whether an Independent director or not	Attendance of Board meetings					Attendances at general meetings	
		Required attendances of Board meetings	Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence	Absence from two consecutive meetings in person or not	Number of attendance of general meetings
Li Huagang	NO	4	4	0	0	0	NO	5
Shao Xinzhi	NO	4	4	0	0	0	NO	5
Gong Wei	NO	4	4	0	0	0	NO	5
Chien Da-chun	YES	4	4	0	0	0	NO	5
Wong Hak Kun	YES	4	4	2	0	0	NO	5
Li Shipeng	YES	4	4	1	0	0	NO	5
Wu Qi	YES	4	4	4	0	0	NO	5
Yu Hon To	NO	4	4	3	0	0	NO	5
Li Kam Fun	NO	4	4	3	0	0	NO	5

Explanation for absence from two consecutive Board meetings in person

☐ Applicable ☒ Not Applicable

Number of Board meetings held in the year	4
Of which: Number of on-site meetings	0
Number of meetings held by telecommunication	0
Number of meetings held both on site and by telecommunication	4

(II) Directors' objection to the relevant matters of the Company

☐ Applicable ☒ Not Applicable

(III) Others

☐ Applicable ☒ Not Applicable

VII. THE COMMITTEES OF THE BOARD

√ Applicable □ Not Applicable

(I) Personnel of The Special Committees of the Board

Categories of The Special Committees	Name of Personnel
Audit Committee	Wong Hak Kun, Yu Hon To, Chien Da-chun, Wu Qi, Shao Xinzhi
Nomination Committee	Wu Qi, Li Shipeng, Li Huagang
Remuneration and Appraisal Committee	Chien Da-chun, Li Shipeng, Li Huagang
Strategy Committee	Li Huagang, Li Shipeng, Wu Qi, Gong Wei
ESG ("Environment, Society and Governance") Committee	Li Kam Fun, Chien Da-chun, Gong Wei

(II) The Company convened 5 Audit Committee meetings during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
25 March 2024	<p>Considered and approved the following resolutions:</p> <p>Report on the 2023 Annual Financial Statements of Haier Smart Home Co., Ltd., 2023 Report on Internal Control Assessment of Haier Smart Home Co., Ltd., 2023 Report on Internal Control Audit of Haier Smart Home Co., Ltd., the 2023 Performance Evaluation Report on the Accountant Firm and the Report on the Supervision Obligation of the Audit Committee of the Board of the Director on the Accountant Firm of Haier Smart Home Co., Ltd., the Proposal on Re-appointment of PRC GAAP Auditor of Haier Smart Home Co., Ltd., the Proposal on Re-appointment of IFRS Auditor of Haier Smart Home Co., Ltd., the Resolution on the Anticipated Guarantees' Amounts for Haier Smart Home Co., Ltd. and its Subsidiaries in 2024, 2023 Annual Profit Distribution Plan of Haier Smart Home Co., Ltd., the Risk Assessment Report on Haier Group Finance Co., Ltd. in 2023 of Haier Smart Home Co., Ltd., the Resolution on the Conduct of Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd., the Feasibility Analysis Report on Conducting Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd., 2023 Annual Report on Performance of Duties of the Audit Committee of the Board of Haier Smart Home Co., Ltd.</p>	No objections	Nil

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Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
26 April 2024	Considered and approved the following resolution: the 2024 First Quarter Financial Report of Haier Smart Home Co., Ltd.	No Objections	Nil
26 August 2024	Considered and approved the following resolutions: the 2024 Interim Financial Report of Haier Smart Home Co., Ltd., the 2024 Interim Ongoing Risk Assessment Report on Haier Group Finance Co., Ltd. by Haier Smart Home Co., Ltd.	No Objections	Nil
29 October 2024	Considered and approved the following resolution: the 2024 Third Quarter Financial Report of Haier Smart Home Co., Ltd., the Resolution on the Acceptance of Voting Rights Delegation and Connected Transactions of Haier Smart Home Co., Ltd.	No Objections	Nil
11 December 2024	Considered and approved the following resolution: the 2024 Annual Report on Audit Work Plan of Haier Smart Home Co., Ltd.	No Objections	Nil

(III) The Company convened 1 Nomination Committee meeting during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
26 March 2024	Considered and approved the following resolutions: the Report on the Performance of Duty of Current Directors of Haier Smart Home Co., Ltd., Supervisors and Senior Management, the 2023 Annual Report on the Performance of Duty of the Nomination Committee of the Board of Haier Smart Home Co., Ltd.	No Objections	Nil

(IV) The Company convened 2 Remuneration and Appraisal Committee meetings during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
26 March 2024	Considered and approved the following resolutions: the 2023 Annual Report of Haier Smart Home Co., Ltd. on Incentives for Senior Management of the Company and Implementation of Remuneration Assessment for Directors and Senior Management, the 2024 Annual Report of Haier Smart Home Co., Ltd. on Remuneration and Assessment Scheme of Directors and Senior Management, the 2023 Annual Report of Haier Smart Home Co., Ltd. on Performance of Duties of the Remuneration and Appraisal Committee of the Board	No Objections	Nil
25 April 2024	Considered and approved the following resolutions: the 2024 A Share Core Employee Stock Ownership Plan (draft) of Haier Smart Home Co., Ltd. and its Summary, the 2024 H Share Core Employee Stock Ownership Plan (draft) of Haier Smart Home Co., Ltd. and its Summary, the Resolution on Partial Cancellation of Share Options under the 2021 A-share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution on Partial Cancellation of Share Options under the 2022 A-share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution on the Vesting of the Second Phase of the 2022 A Share and H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd., the Resolution on the Change of Members of the Management Committee of the Restricted Share Plan of Haier Smart Home Co., Ltd., the Resolution on the Adjustment to Directors' Remuneration of Haier Smart Home Co., Ltd.	No Objections	Nil

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(V) The Company convened 3 Strategy Committee meetings during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
27 March 2024	Considered and approved the following resolutions: the Resolution on the Shareholder Return Plan for the Next Three Years (2024–2016) of Haier Smart Home Co., Ltd., the 2023 Annual Report on the Performance of Duties of the Strategy Committee of the Board of Haier Smart Home Co., Ltd.,	No Objections	Nil
27 August 2024	Considered and approved the following resolution: the Resolution on the Investment in a New Project with an Annual Capacity of 5 Million Air Conditioners of Haier Smart Home Co., Ltd.	No Objections	Nil
29 October 2024	Considered and approved the following resolution: the Resolution on the Acceptance of Voting Rights Delegation and Connected Transactions of Haier Smart Home Co., Ltd.	No Objections	Nil

(VI) The Company convened 3 meetings of the ESG Committee during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
25 March 2024	Considered and approved the following resolutions: the 2023 Corporate Environmental, Social and Governance Report of Haier Smart Home Co., Ltd., 2023 Annual Report on the Performance of Duties of the ESG Committee of Haier Smart Home Co., Ltd.	No Objections	Nil
20 June 2024	Theme Sharing: Assessment Report on Haier Smart Home's ESG Competency	No Objections	Nil
20 August 2024	Considered and approved the following resolution: ESG Work Report for the First Half of 2024 of Haier Smart Home Co., Ltd.	No Objections	Nil

(VII) Details of Disagreements

☐ Applicable ☒ Not Applicable

VIII. BOARD OF SUPERVISORS' EXPLANATION ON RISKS ABOUT THE COMPANY

☐ Applicable ☒ Not Applicable

Board of Supervisors had no objections to the supervising items during the reporting period.

IX. INFORMATION ON STAFF OF THE PARENT COMPANY AND PRINCIPAL SUBSIDIARIES AT THE END OF THE REPORTING PERIOD**(I) Staff Information**

Number of staff of the parent company	33
Number of staff of principal subsidiaries	122,700
Total number of staff	122,733
Number of employees whose retirement expenses are borne by the parent company and the principal subsidiaries	0

Breakdown by Function

Function	Number
Production	75,424
Sales	19,848
Technical	22,925
Financial	1,994
Administrative	2,542
Total	122,733

Breakdown by Education Background

Education	Number (person)
Bachelor and above	41,790
College diploma	36,351
Secondary vocational training diploma and below	44,592
Total	122,733

(II) Remuneration policies

☒ Applicable ☐ Not Applicable

Under the guidance of the “RenDanHeYi” management model, the Company adheres to the remuneration philosophy of uniting user pay, value creation and value sharing, and provides employees with a short, medium and long-term remuneration incentive system that combines labour income, super-profit sharing and capital gain, as well as all-rounded welfare policies and employee caring schemes. The Company encourages its employees to work with an entrepreneurial mindset, aligning employee value with company value and shareholder value, continuously improving user experience and achieving a win-win development for both the Company and its employees.

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The Company has established a rich and multi-dimensional incentive mechanism and continues to implement the “A+H” global incentive system covering both domestic and overseas employees to attract, motivate and stabilise the Company’s core talent.

(III) Personnel Training

☒ Applicable ☐ Not Applicable

The Company has established a comprehensive and hierarchical system for talent training that covers all employees, including those based overseas. By providing employees with rich and diverse learning resources through a wide range of methods such as course training, special training and temporary exchange, the Company promotes talent growth in multiple dimensions for employees with different needs, thus assisting them in improving their professionalism, expertise and leadership skills. This year, to meet its employees’ training and development needs, the Company has set up a learning platform called “Learn with Fun at Smart Home”. This platform is assessable to all employees, including interns and outsourced staffs, who can schedule their own training based on their particular needs, and at the times and locations that are most convenient for them. The platform helps employees continuously improve their skills and advance their careers. In 2024, the Company organised several training courses on corporate culture, office management, and professional skills, and expanded its training channels to include live broadcasts and community forums. It achieved 100% training coverage for its entire domestic workforce, with an average of 68.55 training hours per employee.

For details, please refer to relevant information in 2024 Sustainability Report of Haier Smart Home Co., Ltd. published on the same date of this announcement.

(IV) Labor Outsourcing

☐ Applicable ☒ Not Applicable

X. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE

(I) Formulation, implementation or adjustment of the cash dividend policies

☒ Applicable ☐ Not Applicable

The Company’s 2023 profit distribution plan was passed on its 2023 Annual General Meeting held on 20 June 2024: based on the Company’s total existing shares (deducting the repurchased shares) of 9,324,143,464 (including 6,194,581,225 A shares, 271,013,973 D shares and 2,858,548,266 H shares), it was proposed that the Company would distribute cash dividends of RMB8.0131 (tax inclusive) per 10 shares to all shareholders, with a total amount before tax of RMB7,471,472,992.22 (tax inclusive). The plan was implemented and completed in August 2024. Details were set out in the Announcement on Implementation of Rights and Interests Distribution of A-shares for 2023 of Haier Smart Home Co., Ltd. (No.: Lin 2024-032) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 10 August 2024 and relevant announcements in respect of dividend distribution of D shares and H shares published on the Company’s website, Hong Kong Stock Exchange and other publication platforms.

The Company has always applied a stable and sustainable profit distribution policy. During the reporting period, the Company strictly followed the requirements set out in the Articles of Association and in the Shareholder Return Plan for the Next Three Years of the Company. During the formulation of the profit distribution plan, the Company took full account of return for investors, the long-term interests of the Company, overall interests of all shareholders and sustainable development of the Company, and continued to implement the stable dividend distribution policy to provide investors an opportunity to share the growth of value, so that investors could form the expectation of a stable return. The procedures and mechanisms for decision-making such as Articles of Association and planning of return of shareholders implemented by the Company were complete in compliance with laws and regulations. The process was open and transparent while the standard and ratio of dividends was clear. Responsibilities of independent directors were clear during the policy-making process, and independent directors were given the opportunities to play their roles. Minority shareholders were also given the opportunity to fully express their views and demands, and the legitimate interests of minority shareholders were adequately protected.

The dividend distribution plan of 2024 of the Company: based on the total number of shares after deducting the repurchased shares on equity interest record date for future profit distribution, it is proposed that the Company will distribute cash dividend of RMB9.65 per 10 shares (tax inclusive) with cash dividend of RMB8,996,688,692.76. The retained undistributed profit would be for the Company's principal business in order to maintain sustainable and stable development and to create more value for investors. The proportion of this distribution is 48.01% of the net profit attributable to owners' parent company in 2024 (In 2024, the Company spent RMB470 million on the purchase of A shares, and spent HKD27 million on the purchase of H shares; if this is included in cash dividends, the ratio of cash dividends to net profit attributable to owners' parent company for the year would be over 50.62%). 100% dividend is paid in cash. If there is any change in the total share capital of the Company during the period from the date of this report to the record date of the equity distribution, the total distribution amount will remain unchanged with corresponding adjustment to the proportion of distribution per share.

(II) Notes to the cash dividend policies

☒ Applicable ☐ Not Applicable

Whether in compliance with regulations of the Articles of Association and Requirements of the resolutions of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the standard and ratio of dividends were clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether relevant procedures and mechanisms for decision-making were complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors performed their duties and responsibilities	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders were given the opportunity to fully express their views and demands, and whether their legitimate interests were adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Section IV Corporate Governance

(III) The Company made profits and the profits for distribution to the owners' Parent Company was positive during the reporting period, but no cash profit distribution plan was proposed; the Company should disclose the reasons in detail and the purpose of undistributed profits

☐ Applicable ☒ Not Applicable

(IV) Plan for profit distribution and conversion of capital reserve into share capital for the reporting period

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Number of shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	9.65
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	8,996,688,692.76
Net profit attributable to ordinary shareholders of listed company in the consolidated financial statement	18,741,120,122.93
Percentage of the amount of cash dividend to the net profit attributable to the ordinary shareholders of the listed companies in the consolidated financial statement (%)	48.01
Repurchase of shares by cash included in the amount of cash dividend	491,570,695.48
Total dividend amount (tax inclusive)	9,488,259,388.24
Percentage of total dividend amount to the net profit attributable to the ordinary shareholders of the listed companies in the consolidated financial statement (%)	50.63

Note: The aforementioned "repurchase of shares by cash included in the amount of cash dividend" refers to the amount of shares repurchased during the reporting period, specifically, the Company repurchased A Shares for RMB470 million and H Shares for HKD27 million during the reporting period.

(V) Cash dividend for the past three accounting years√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Cumulative amount of cash dividend for the past three accounting years (tax inclusive) (1)	21,765,691,238.08
Cumulative amount of repurchase and cancellation for the last three accounting years (2)	2,026,389,613.95
Cumulative amount of cash dividend and repurchase and cancellation for the last three accounting years (3) = (1)+(2)	23,792,080,852.03
Average annual net profit for the last three accounting years (4)	16,682,886,220.26
Cash dividend ratio for the last three accounting years (%) (5) = (3)/(4)	142.61
Net profit attributable to the ordinary shareholders of the listed companies in the consolidated financial statement for the last accounting year	18,741,120,122.93
Year-end undistributed profit in the parent company's financial statement for the last accounting year	9,687,279,183.32

XI. THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND ITS INFLUENCE**(I) Matters disclosed in temporary announcements and without any subsequent progress or change**√ Applicable ☐ Not Applicable

Summary of matters	Query index
Cancellation of certain 2021 and 2022 equity incentive options: In view of the fact that the third exercise period of the first/ reserved grant portion of the 2021 A-share Option Incentive Scheme and the second exercise period of the 2022 A-share Option Incentive Scheme of the Company did not meet the exercise conditions, and due to the resignation of some of the participants, the Company cancelled the corresponding 11.164621 million share options and 28.011543 million share options that had been granted but had not yet been exercised.	For details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Cancellation of Certain Share Options Granted under the 2021 A-share Option Incentive Scheme, the 2022 A-share Option Incentive Scheme disclosed by the Company on 30 April 2024, the Announcement of Haier Smart Home Co., Ltd. on the Completion of Cancellation of Certain Share Options Granted under the 2021 A-share Option Incentive Scheme, the 2022 A-share Option Incentive Scheme and relevant contents disclosed by the Company on 28 May 2024.

Section IV Corporate Governance

Summary of matters	Query index
<p>Introduction of New Phase of A Share and H Share Employee Stock Ownership Plan: In order to further improve the governance mechanism of the Company, create shareholder value and promote the comprehensive implementation of the Company's IoT smart home ecological brand strategy, the Company considered and introduced the 2024 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft) and the 2024 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft) at the 10th meeting of the 11th session of the Board of Directors held by the Company on 29 April 2024 and the 2023 Annual General Meeting held by the Company on 20 June 2024. During the reporting period, the Company has completed the related work, including the establishment of positions, for the abovementioned 2024 A share and H share employee stock ownership plans.</p>	<p>For details, please refer to the 2024 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft), the 2024 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd. (Draft) disclosed by the Company on 30 April 2024, and the Announcement of Resolutions at the General Meeting disclosed by the Company on 21 June 2024.</p>

(II) Incentive events not disclosed in provisional announcements or with subsequent development

Equity incentive

☐ Applicable ☒ Not Applicable

Other explanations

☐ Applicable ☒ Not Applicable

Employee stock ownership plan

☐ Applicable ☒ Not Applicable

Other Incentives

☐ Applicable ☒ Not Applicable

(III) Share option granted to directors and senior management during the reporting period√ Applicable ☐ Not Applicable

Unit: 0'000 shares

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Exercisable shares during the reporting period	Shares subject to stock option exercised during the reporting period	Stock options at the exercise price (RMB)	Number of stock options held at the end of the reporting period	Market value at the end of the reporting period (RMB)
Li Huagang	Director	54.83			-18.28		36.55	28.47
Gong Wei	Director	27.42			-9.14		18.28	28.47
XieJuzhi	Senior management	54.83			-18.28		36.55	28.47
Li Pan	Senior management	27.42			-9.14		18.28	28.47
Song Yujun	Senior management	18.72			-6.24		12.48	28.47
Zhao Yanfeng	Senior management	28.09			-9.36		18.73	28.47
Huang Xiaowu	Senior management	27.42			-9.14		18.28	28.47
Wu Yong	Senior management	13.71			-4.57		9.14	28.47
Li Yang	Senior management	27.42			-9.14		18.28	28.47
Guan Jiangyong	Senior management	13.71			-4.57		9.14	28.47
Liu Xiaomei	Senior management	8.74			-2.91		5.83	28.47
Total	/	302.31			-100.77		201.54	/

Note: The “shares subject to stock option exercised during the reporting period” in the table above refer to the changes resulting from the partial cancellation of share options by the Company during the reporting period (for details, please refer to the disclosure in “(I) Matters disclosed in temporary announcements and without any subsequent progress or change” in this section.

(IV) Establishment and implementation of appraisal and incentive mechanism for senior management during the reporting period√ Applicable ☐ Not Applicable

The cash remuneration of executives in 2024 consists of monthly remuneration, bonuses and sharing, and is linked to orders triggered by the upgrade of the Company's Internet of Things from “high-end brands” to “scenario brands” to “ecological brands”. Focusing on the rapid improvement of profitability and through digital transformation, the Company enhanced its competitiveness in the whole process, and achieved sharing of high added-value. Through the innovation of the mechanism, the Company encouraged its executives to achieve higher market goals, thus achieving a win-win situation for users, employees, enterprises and stakeholders. At the same time, the Company continues to promote the implementation of the employee stock ownership and other long-term incentive plans; multiple incentive tools will be effectively utilised to mobilise competent management, frontline managers and business and technical backbones on a wider scale, further aligning the interests of shareholders, the Company and incentive recipients, and bringing more efficient and sustainable returns to shareholders.

XII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

☒ Applicable ☐ Not Applicable

In accordance with the “Rules for the Preparation and Reporting of Information Disclosure by Listed Issuers of Securities No. 21— General Provisions on the Annual Internal Control Assessment Report” jointly issued by the China Securities Regulatory Commission and the Ministry of Finance, the “Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 — Regulation of Operations”, the “Guidelines for Self-Regulation of Listed Companies on the Shanghai Stock Exchange No. 2 — Business Handling” and other relevant guidelines and requirements, the Company has conducted a self-assessment of its internal control work. Based on the identification of significant deficiencies in the Company’s internal control of financial reporting, no significant deficiencies in the Company’s internal control of financial reporting were identified as at the basis date of the internal control assessment report, and the Company had maintained effective internal control of financial reporting in all material respects in accordance with the requirements of the internal control regulatory system and relevant regulations. Based on the identification of significant deficiencies in the Company’s internal control of non-financial reporting, no significant deficiencies in the Company’s internal control of non-financial reporting were identified as at the basis date of the internal control assessment report. No events have occurred between the basis date of the internal control assessment report and the date of issuance of the internal control assessment report that would affect the effectiveness of the internal control assessment.

For details, please refer to the 2024 Internal Control Assessment Report of Haier Smart Home Co., Ltd. disclosed on the same day of this report.

Explanations on material defects found in internal control during the reporting period

☐ Applicable ☒ Not Applicable

XIII. CONTROL OVER MANAGEMENT OF SUBSIDIARIES DURING THE REPORTING PERIOD

☒ Applicable ☐ Not Applicable

The listed company established an internal control and management system covering all subsidiaries within the scope of consolidated statement, which included four major areas of strategy, finance, operation and compliance with a total of 22 primary business processes and control metrics. In particular:

1. Unified control environment, such as strategy and culture, risk management system, internal control manual, Rendanheyi remuneration system, unified accounting and information system in the financial sharing center, etc.

2. The company has clear selection methods and terms of reference in respect of appointment of directors, supervisors and important senior management to their controlling subsidiaries. Meanwhile, relevant departments of the parent company stipulate the criteria and scope of authorization for major decision and important events, formulate the approval procedure for major decision and important events beyond the scope of authorization. The management of subsidiaries at different levels shall exercise their authority and take responsibility within the scope of authorization.
3. Management of major events of subsidiaries: The relevant authority of the parent company of the listed company stipulates the criteria and scope of authorization for major decision and important events, formulate the approval procedure for major decision and important events beyond the scope of authorization. If the Company and its subsidiaries provide external guarantees, the total amount of which shall propose for consideration at the general meetings after approval by the Board. Subject to the authorization by the general meetings, the Board decides the Company's external investment, acquisition and disposal of assets, external guarantees, entrusted wealth management, related-party transactions and other events.
4. Management of budget: The finance and budget center formulates the budget preparation policy and guidance for the following year at the end of each year, and distributes them to each subsidiary together with the budget template, requiring the preparation of a comprehensive budget in accordance with the unified budget preparation policy and guidance, which contains details of the preparation principles, explanation of filling the template, submission process and examination. Each subsidiary has prepared a comprehensive budget in accordance with the unified budget preparation policy and guidance. Annual budgeting of the following year is commenced in the third quarter every year by making profit and loss budgets for each industry and subsidiaries based on market forecasts to ensure accurate estimation in advance. The execution and adjustment of budgets are regularly monitored and evaluated.

For non-fixed assets investment projects, the person in charge of fund of each subsidiary will summarize the actual investment situation and report it to the manager of the investment, financing and fund management department of Haier Smart Home. The manager of the investment, financing and fund management department will monitor the execution of the budget of investment and financing by comparing the report with the corresponding budget of the investment plan.

5. Operation analysis and performance evaluation: The Company regularly convenes global and industry-specific performance and operations meetings to discuss the operations and performance and carries out performance evaluation.

Section IV Corporate Governance

6. Information transmission: The Company widely collects macroeconomic and industry development information, market information, regulatory compliance and other external information through various channels, and analyzes and organizes the collected information into research reports every month, which are submitted to different levels of management after review. The management of the parent company holds regular meetings with industries and segments to convey the management requirements of the parent company and to be aware of the operation status of subsidiaries in a timely manner. At the same time, the Company has formulated the information security and internal report confidentiality system, which specifies the confidentiality content, confidentiality measures, confidentiality level and transmission scope to prevent the disclosure of commercial secrets.
7. Test and audit of internal control: During the reporting period, the parent company conducts test and audit of internal control for subsidiaries, which account for more than 85% and 86% of revenue and assets of the parent Company in aggregate, respectively, to identify problems in a timely manner and facilitate the closed-loop rectification of problems.

XIV. RELEVANT EXPLANATIONS ON THE AUDIT REPORT OF INTERNAL CONTROL

☐ Applicable ☒ Not Applicable

Whether to disclose the audit report on internal control: Yes

Type of opinion on the audit report on internal control: Standard unqualified opinion

XV. RECTIFICATION OF THE SELF-ASSESSMENT PROBLEMS UNDER THE GOVERNANCE SPECIAL ACTION OF THE LISTED COMPANY

Not Applicable

XVI. OTHERS

☐ Applicable ☒ Not Applicable

Section V Environmental and Social Responsibilities

I. ENVIRONMENTAL INFORMATION

Established environmental protection related mechanism or not	Yes
Environmental protection funds invested during the Reporting Period (Unit: RMB0'000)	16,759

(II) Explanation of the environmental protection status of companies and their important subsidiaries that are key emission units announced by the environmental protection department

☒ Applicable ☐ Not Applicable

1. Information on pollutant discharge

☒ Applicable ☐ Not Applicable

The Company's direct/indirect non-wholly owned subsidiaries Hefei Haier Refrigerator Co., Ltd. ("Hefei Refrigerator"), Qingdao Haier Special Refrigerator Co., Ltd. ("Qingdao Special Refrigerator"), Wuhan Haier Water Heater Co., Ltd. ("Wuhan Water Heater"), Wuhan Haier Freezer Co., Ltd ("Wuhan Freezer"), Wuhan Haier Electronics Holding Co., Ltd. ("Wuhan Air-Conditioning"), Zhengzhou Haier Air-conditioning Co., Ltd. ("Zhengzhou Air-Conditioning"), Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited ("Jiaozhou Air-Conditioning"), are among the key emission units announced by the local environmental protection department. The main information on pollutant discharge is as follows:

(1) *Hefei Refrigerator*

① Main pollutants :

Exhaust gas. According to Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572-2015), Hefei Refrigerator should apply for a pollutant discharge permit and detect pollutants. Main types of atmospheric pollutants: non-methane hydrocarbon, toluene, ethylbenzene, styrene, particle matter

② Way of discharge: continuous discharge

③ Number and distribution of discharge outlets: 20 for exhaust gas, at the Refrigerator Block A (9), Block B (8) and Phase III Factory (3)

Section V Environmental and Social Responsibilities

④ Concentration of discharge and discharge standard:

According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount (2024 data) are as follows:

No.	Name of pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	Non-methane hydrocarbon	11 mg/m ³	2.25 tons	/	No
2	Toluene	0.045 mg/m ³	0.008 tons	/	No
3	Ethylbenzene	0.0085 mg/m ³	0.001 tons	/	No
4	Styrene	0.024 mg/m ³	0.004 tons	/	No
5	Particle matter	0.6 mg/m ³	0.38 tons	/	No

(2) *Qingdao Special Refrigerator*

① Main Pollutants :

Exhaust gas. According to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation) (HJ 978-2018), Qingdao Special Refrigerator should apply for a pollutant discharge permit and detect the primary type of pollutant in the atmosphere, namely non-methane hydrocarbon (VOC), with the maximum concentration of discharge not exceeding 60mg/m³. Online detection facilities are installed and networked with the Ecology and Environment Bureau for exhaust gas emission according to the requirements of the Ecology Environment Bureau.

Wastewater: There is no wastewater generated by the business department, and the domestic wastewater is discharged into the municipal sewage network through the sewage pipes in Haier Industrial Park.

② Way of discharge: continuous emission

③ Number and distribution of discharge outlets: one in total, which is for absorption and foaming exhaust at the west side of the Special Refrigerator plant roof, and the treatment facilities were replaced and updated to activated carbon adsorption and desorption + catalytic combustion process.

Section V Environmental and Social Responsibilities

- ④ Concentration and total amount of discharge and approved total amount of discharge:

According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount are as follows:

No.	Name of Pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	Non-methane hydrocarbon	4.06 mg/m ³	0.87 tons	No total amount of discharge control	No

- ⑤ Pollutant discharge standards implemented: Volatile Organic Compounds Discharge Standards Part 7: Other Industries in Shandong Province (DB37/2801.7-2019)

(3) Wuhan Water Heater

- ① Main Pollutant :

Wastewater. According to the Technical Specification for Application and Issuance of Pollutant Permit — Wastewater Treatment (for Trial) (HJ 978-2018), Wuhan Water Heater should apply for a pollutant discharge permit and detect 9 types of pollutants (including specific pollutants), namely, COD, total zinc, suspended solids, ammonia nitrogen (NH₃-N), five-day biochemical oxygen demand (BOD₅), PH, anionic surface active agent, total phosphorus, and animal and vegetable oils.

- ② Way of discharge: indirect discharge
- ③ Number and distribution of discharge outlets: one, on the southwest of the wastewater treatment plant, pipeline discharge
- ④ Concentration and total amount of discharge and approved total amount of discharge:

According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount are as follows:

No.	Name of Pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	COD	12.43 mg/L	1.82 tons	9.075 tons	No
2	Ammonia nitrogen	0.061 mg/L	0.149 tons	0.9075 tons	No
3	Total phosphorus	0.086 mg/L	0.036 tons	/	No

- ⑤ Pollutant discharge standards implemented: Wastewater Quality Standards for Discharge to Municipal Sewers (GBT 31962-2015)

Section V Environmental and Social Responsibilities

(4) **Wuhan Freezer**

① Main pollutants :

Exhaust gas. Exhaust gas pollutant discharge refers to the Integrated Emission Standard of Air Pollutants, and the primary type of pollutant in the atmosphere detected are namely non-methane hydrocarbon, with the maximum concentration of discharge not exceeding 120 mg/m³. A qualified third-party testing unit is commissioned to conduct organic exhaust gas concentration testing and issue a report on a half-yearly basis.

② Way of discharge: continuous discharge

③ Number and distribution of discharge outlets: three in total, one for doors at the southwest side of the plant; one for curing at the southwest side of the plant; and one for injection molding.

④ Concentration and total amount of discharge and approved total amount of discharge: No control regarding the total amount of discharge of organic exhaust gas

No.	Name of Pollutant	Concentration of Discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	Non-methane hydrocarbon	7.46 mg/m ³	0.306 tons	No control regarding the total amount of discharge	No

⑤ Implementation of Grade 2 standards according to Table 2 indicated in the national Integrated Emission Standard of Air Pollutants (GB16297-1996)

(5) **Wuhan Air-Conditioning**

① Main Pollutants :

Organic exhaust gas. Exhaust gas pollutant discharge refers to the Integrated Emission Standard of Air Pollutants, and the primary type of pollutant in the atmosphere detected are namely non-methane hydrocarbon (VOC), with the maximum concentration of discharge not exceeding 120 mg/m³. A qualified third-party testing unit is commissioned to conduct organic exhaust gas concentration testing and issue a report on a half-yearly basis.

Section V Environmental and Social Responsibilities

- ② Way of discharge: continuous discharge
- ③ Number and distribution of discharge outlets: five in total, one degreasing exhaust port at the south side of the plant roof, and three stamping exhaust ports at the south side of the plant roof and one spraying exhaust port at the north side of the spraying workshop roof.
- ④ Concentration and total amount of discharge and approved total amount of discharge: No control regarding the amount of discharge of organic exhaust gas

No.	Name of pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	VOC	2.382 mg/m ³	0.0605232 tons	No control regarding the total amount of discharge	No

- ⑤ Implementation of Grade 2 standards according to Table 2 indicated in the national Integrated Emission Standard of Air Pollutants (GB16297-1996)

(6) Zhengzhou Air-Conditioning

- ① Main Pollutant :

Wastewater. According to the Technical Specification for Application and Issuance of Pollutant Permit — Wastewater Treatment (for Trial) (HJ 978-2018), Zhengzhou Air-Conditioning should apply for a pollutant discharge permit and detect 9 types of pollutants (including specific pollutants), namely, COD, total zinc, suspended solids, ammonia nitrogen (NH₃-N), five-day biochemical oxygen demand (BOD₅), PH, total phosphorus, and animal and vegetable oils.

- ② Way of discharge: indirect discharge
- ③ Number and distribution of discharge outlets: one, on the north side of the air-conditioning wastewater treatment plant, pipeline discharge
- ④ Concentration and total amount of discharge and approved total amount of discharge:

According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount are as follows:

No.	Name of pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	COD	40.72 mg/L	0.1788 tons	/	No
2	Ammonia nitrogen	6.16 mg/L	0.0347 tons	/	No

Section V Environmental and Social Responsibilities

(7) Jiaozhou Air-Conditioning

① Main pollutants :

Hazardous waste. According to the national directory, 8 types of hazardous waste detected are namely: waste oil, sludge, activated carbon, cotton filters, lightning tubes, soldering flux buckets, paint buckets and forklift battery.

② Way of discharge: Hazardous waste is transferred to a qualified hazardous waste disposal unit for disposal

③ Total amount of discharge and approved total amount of discharge:

No.	Name of hazardous waste	Total amount of transfer (tons)	Total	
			amount of managed plan (tons)	Whether it is excessive discharge
1	Cotton filters	0.74	2	No
2	Waste oil	31.78	33	No
3	Soldering flux buckets	1.16	3	No
4	Forklift battery	16.3	20	No
5	Sludge	36	50	No
6	Paint buckets	1.7	5	No
7	Activated carbon	2.58	6	No
8	Lightning tubes	0.08	0.5	No

④ Pollutant discharge standards implemented: Directory of National Hazardous Wastes (Version 2021), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

2. Construction and operation of pollution prevention and treatment facilities:

☒ Applicable ☐ Not Applicable

Jiaozhou Air-conditioning, Zhengzhou Air-conditioning, Wuhan Freezer, Wuhan Water Heater, have one, one, one and two wastewater treatment plants with a designed treatment capacity of 500 tons/day, 550 tons/day, 360 tons/day, 300 tons/day and 260 tons/day, respectively. The construction, maintenance and daily operation of all wastewater treatment facilities are conducted in accordance with the requirements of national and local environmental laws and regulations. Information on all wastewater discharge is subject to 24-hour online monitoring and such monitored information is transmitted to environmental authorities in a real-time manner. All equipment is operating normally, and the discharge of wastewater is steady and in compliance with standards. In addition, the Company fully promotes all plants to install exhaust treatment facilities and VOCs online monitoring facilities. All equipment is operating normally and exhaust produced is treated by the prevention and treatment facilities before compliant release and is monitored.

Section V Environmental and Social Responsibilities

3. Environmental impact assessment of construction projects and other environmental protection administrative permits

☒ Applicable ☐ Not Applicable

The Company and its subsidiaries execute construction project implementation and production in accordance with the requirements of laws and regulations and strictly comply with the three simultaneous requirements of environmental protection for construction projects in the process of environmental impact assessment, and have passed environmental assessment acceptance and are not involved in any environmental illegal conducts such as construction before approval.

4. Emergency plans for environmental incidents

☒ Applicable ☐ Not Applicable

The Company and its subsidiaries have formulated Emergency Plans for Environmental Incidents in accordance with the requirements of laws and regulations and organized drills, and continue to improve and upgrade the plans based on drill results.

5. Self-monitoring environmental programs

☒ Applicable ☐ Not Applicable

All pollutants of the Company are tested regularly, of which the discharge complies with national and local environmental standard requirements. Wastewater collected is subject to standard treatment and is released in a compliant manner. It is under real-time monitoring through the automatic online wastewater monitoring system, which shares its information with Haier Smart Energy System. In March 2017, the Company passed the upgraded certification in relation to ISO14001 environment management system; In May 2021, a professional certification firm was appointed to conduct a review and audit on the operation of ISO14001 system in 2020, where satisfactory results were obtained to demonstrate its good operating condition; In May 2022, a second review and audit was conducted on the operation of system in 2021; In May 2023, a recertification audit was conducted on the operation of system in 2022. In May 2024, a first review and audit was conducted on the operation of system in 2023.

6. Administrative penalty due to environmental issues during the Reporting Period

☐ Applicable ☒ Not Applicable

7. Other environmental information that should be disclosed

☐ Applicable ☒ Not Applicable

(II) Explanation on environmental protection of companies other than major pollutant emission units

☒ Applicable ☐ Not Applicable

Section V Environmental and Social Responsibilities

1. Administrative penalty due to environmental issues

☐ Applicable ☒ Not Applicable

2. Other environmental information disclosure with reference to major pollutant emission units

☒ Applicable ☐ Not Applicable

All divisions of the Company execute construction project implementation and production in accordance with the requirements of laws and regulations and strictly comply with the three simultaneous requirements of environmental protection for construction projects in the process of environmental impact assessment, and have passed environmental assessment acceptance and are not involved in any environmental illegal conducts such as construction before approval.

Through the industry leading energy big data analysis system-Haier Smart Energy Center, a digital energy and carbon management platform, the Company adopts “source — network — load — storage — control” all-around energy management, and implements centralized dynamic monitoring and digitalized management in respect of major energy consumption, such as water, electricity and gas, of all plants across the country by utilizing automatized and informationalized technology and an integrated management model. It automatically collects precise information on energy resources, construct a standard data layer and completes prediction and analysis of energy consumption information to optimize energy adjustment, reduce energy consumption per unit production and form an energy management platform and carbon asset management platform to support the business, so as to achieve energy conservation and green transformation.

3. Reasons for failure to disclose other environmental information

☐ Applicable ☒ Not Applicable

(III) Relevant information favorable to ecological protection, pollution prevention and control and environmental responsibility fulfillment

☒ Applicable ☐ Not Applicable

Wuhan Air-Conditioning has been awarded a national green factory certification for its remarkable achievement in energy saving, environmental protection, clean production, comprehensive utilization of resources, etc., and has become a benchmark for green development in the industry. It has set up a green manufacturing model with its excellent performance in resource recycling, pollution prevention and control, as well as environmental management. Wuhan Air-Conditioning, Wuhan Freezer and Wuhan Water Heater were awarded the title of “Waste-Free Factory” in Wuhan, fully demonstrating the excellent practice of the three factories in waste management, efficient utilization of resources and promotion of circular economy. Qingdao Special Refrigerator actively participated in the selection of “Green Supply Chain Management Enterprises” organized by local government departments and was included on the list of Qingdao Green Supply Chain Management Enterprises in 2024. Adhering to the concept of green and low-carbon development, Qingdao Special Refrigerator has improved the greening level of the entire supply chain.

The Company and its subsidiaries have always been committed to integrating the green concept into all aspects of corporate development, actively practicing the principles of low carbon cycle, energy saving and consumption reduction, pollution reduction and efficiency enhancement in daily operations. Through consistent technological innovation and management optimization, we have contributed to achieving the goals of “carbon peaking” and “carbon neutrality”, with a view to building a beautiful home planet.

(IV) Measures taken during the Reporting Period to reduce its carbon emission and their effectiveness

Whether carbon reduction measures were implemented Yes

Reduction of carbon dioxide equivalent emission (unit: tonnes)

Types of carbon reduction measures (such as using clean energy for power generation, using carbon reduction techniques in the production process, developing and producing new products which help reduce carbon emission, etc.)

Taking carbon reduction in production as an entry point, the Company builds a green manufacturing system within its global operations, continuously optimises the energy structure, enhances resource efficiency, improves its emissions management and disposal, and reduces carbon emissions in the production process. The company improves its carbon reduction design, accelerates low-carbon product development, and continuously enhances product energy efficiency, reduces resource usage, and lowers pollutant emissions through innovative structural design, production processes, and raw material selection.

For details of the above-mentioned measures, please refer to relevant information in the 2024 Sustainability Report of Haier Smart Home Co., LTD. published on the same date of this report.

Specifications

☐ Applicable ☒ Not Applicable

II. PERFORMANCE OF SOCIAL RESPONSIBILITIES

(I) Whether the social responsibility report, sustainable development report or ESG report is disclosed individually

☒ Applicable ☐ Not Applicable

The Company adhered to the concept of “in the world, for the world” in its global operations. Leveraging the strengths of its products and innovations, the Company actively engaged in public welfare initiatives such as youth education, rural revitalisation, supporting the disadvantaged, disaster relief, and volunteer services. It was committed to creating social value, fulfilling its social responsibilities, and promoting synergistic development and shared prosperity between the Company and the community.

For details, please refer to the 2024 Sustainability Report of Haier Smart Home Co., LTD. published on the same date of this report.

(II) Details of social responsibility works

☒ Applicable ☐ Not Applicable

External donation, public welfare projects	Quantity/Content
Total Contribution (RMB0'000)	436.55
Among which: Funds (RMB0'000)	436.55

Specifications

☒ Applicable ☐ Not Applicable

For details, please refer to the 2024 Sustainability Report of Haier Smart Home Co., Ltd. disclosed on the date of this periodic report.

III. PARTICULARS ON THE EFFORTS TO CONSOLIDATE AND EXPAND ITS ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL AREA INVIGORATION

☒ Applicable ☐ Not Applicable

Poverty alleviation and rural revitalization projects	Quantity/Content
Total Contribution (RMB0'000)	47.17
Among which: Funds (RMB0'000)	47.17
Value of Goods (RMB0'000)	
Forms of assistance (such as poverty alleviation through industry development, poverty alleviation through employment, poverty alleviation through education, etc.)	Education and poverty alleviation

Specifications

☐ Applicable ☒ Not Applicable

Section VI Significant Events

I. FULFILLMENT STATUS OF UNDERTAKINGS

(I) The undertakings made by the ultimate controller, shareholders, related parties, acquirer as well as the Company and other relevant parties during or up to the reporting period

√ Applicable ☐ Not Applicable

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertaking related to significant reorganization	Eliminate the right defects in land property etc.	Haier Group Corporation	During the period from September 2006 to May 2007, the Company issued shares to Haier Group Corporation ("Haier Group") to purchase the controlling equity in its four subsidiaries, namely Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青岛海尔空调电子有限公司), Hefei Haier Air-conditioning Co., Limited (合肥海尔空调器有限公司), Wuhan Haier Electronics Holding Co., Ltd. (武汉海尔电器股份有限公司), Guizhou Haier Electronics Co., Ltd. (贵州海尔电器有限公司). With regard to the land and property required in the operation of three companies, namely Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青岛海尔空调电子有限公司), Hefei Haier Air-conditioning Co., Limited (合肥海尔空调器有限公司), Wuhan Haier Electronics Holding Co., Ltd. (武汉海尔电器股份有限公司) (the "Covenantees"), Haier Group made an undertaking (the "2006 Undertaking"). According to the content of 2006 Undertaking and current condition of each Covenantee, Haier Group will constantly assure that Covenantees will lease the land and property owned by Haier Group for free. Haier Group will make compensation in the event that the Covenantees suffer loss due to the unavailability of such land and property.	27 September 2006	Yes	Long-term	Yes
	Address peer competition	Haier Smart Home Co., Ltd.	Prior to the Transaction (hereinafter "the Transaction" refers to the transaction in relation to the privatization of Haier Electronics by Haier Smart Home), Haier Electric was a controlling subsidiary of the Company and did not have peer competition with the Company; after the completion of the Transaction, Haier Electric became a wholly-owned or controlling subsidiary of the Company and no new peer competition with the Company existed or will arise. There is no new peer competition or potential competition between the Company and other related parties controlled by the controlling shareholders or the de facto controller of the Company.	31 July 2020	Yes	Long-term	Yes

Section VI Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Address connected transactions	Haier Group Corporation	1. The Transaction constitutes a connected transaction and the connected transaction procedures performed under the Transaction are in compliance with the relevant regulations. The pricing of the connected transaction is fair and there are no circumstances under which the interests of the listed company and the non-connected shareholders are prejudiced. 2. Upon completion of the Transaction, the Company and its affiliates will take lawful and effective measures to minimize and regulate the connected transactions with the listed company, take the initiative to safeguard the interests of the listed company and all shareholders, and refrain from taking advantages of connected transactions for improper benefits. 3. Provided that there is no conflict with laws and regulations, if connected transactions between the Company and its affiliates and the listed company occur or exist which cannot be avoided or for which there are reasonable reasons, the Company and its affiliates will legally enter into a transaction agreement with the listed company to ensure strict compliance with the procedures of connected transactions required by the laws, regulations, regulatory documents and the articles of association of the Company, conduct transactions in accordance with the principles of marketability and fair prices to ensure the fairness and compliance of connected transactions, and refrain from taking advantages of such connected transactions to engage in any acts that are detrimental to the interests of the listed company or its minority shareholders, and at the same time, comply with the information disclosure obligations in accordance with relevant regulations.	29 July 2020	Yes	Long-term	Yes

Section VI Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Address peer competition	Haier Group Corporation	<p>1. The Company and its controlling subsidiary, Haier COSMO Co., Ltd., were principally engaged in investment business during the reporting period, and the Company and its controlling subsidiary, Haier COSMO Co., Ltd. (including its subsidiaries and entities with more than 30% shareholding), have no real or potential per competition with Haier Smart Home; 2. the domestic and overseas white goods businesses and assets held by the Company (including the Company's subsidiaries and entities with more than 30% shareholding) have been injected into Haier Smart Home through asset consolidation and equity transfer in accordance with the commitments made by the Company in January 2011 and the requirements for adjusting such commitments as considered and approved by Haier Smart Home at its 2014 annual general meeting; 3. Since the acquisition of 100% of Haier New Zealand Investment Holding Company Limited (which holds 100% of the shares in Fisher & Paykel Appliances Holdings Limited) by Haier Smart Home's offshore subsidiary, Haier Singapore Investment Holding Co., Ltd., following the completion in July 2018, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) and Haier Smart Home do not have any peer competing relationship in any business areas both within and outside the PRC. During the reporting period, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) did not have any new peer competition with Haier Smart Home; 4. Upon completion of the Transaction, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) and its affiliates do not have any new or potential peer competition with Haier Smart Home; 5. During the period when the company is the controlling shareholder of Haier Smart Home and the shares of Haier Smart Home are listed on the Hong Kong Stock Exchange, the company and its other subsidiaries and entities with more than 30% shareholding will not operate any business that competes with the business engaged by Haier Smart Home and will not engage in real or potential peer competition with Haier Smart Home.</p>	29 July 2020	Yes	Long-term	Yes

Section VI Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Others	Haier Group Corporation	Upon completion of the Transaction, the company will strictly comply with the Company Law, the Securities Law, the relevant regulations of the China Securities Regulatory Commission, the Shanghai Stock Exchange and the articles of association of Haier Smart Home, etc., fairly exercise shareholders' rights and fulfill shareholders' obligations, refrain from taking advantage of its shareholding position for improper benefits, ensure the listed company will continue to be completely separate from the company and other enterprises on which the company exercises control and exerts significant influence in terms of management, personnel, assets, finance, organization and business operations, and maintain the continued independence of the listed company in terms of management, personnel, assets, finance, organization and business operations. Upon completion of the Transaction, the company will comply with the provisions of the Notice on Several Issues concerning Regulating Fund Transactions between Listed Companies and Their Affiliates and the External Guarantee of Listed Companies and the Circular of China Securities Regulatory Commission and China Banking Regulatory Commission on Regulating the External Guaranties Provided by Listed Companies to regulate the external guarantees by listed companies and their subsidiaries, and will not misappropriate the funds of the listed company and their subsidiaries. The company undertakes to strictly fulfill the above commitments. In the event that the interests of the listed company are damaged as a result of any breach of the above commitments by the company and other enterprises on which the company exercises control and exerts significant influence, the company will legally bear the corresponding liability for damage.	29 July 2020	Yes	Long-term	Yes

Section VI Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Address connected transactions	HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	1. The Transaction constitutes a connected transaction and the connected transaction procedures performed under the Transaction are in compliance with the relevant regulations. The pricing of the connected transaction is fair and there are no circumstances under which the interests of the listed company and the non-connected shareholders are prejudiced. 2. Upon completion of the Transaction, the company and other enterprises on which the company exercises control will take lawful and effective measures to minimize and regulate the connected transactions with the listed company, take the initiative to safeguard the interests of the listed company and all shareholders, and refrain from taking advantages of connected transactions for improper benefits. 3. Provided that there is no conflict with laws and regulations, if connected transactions between the company and other enterprises on which the company exercise control and the listed company occur or exist which cannot be avoided or for which there are reasonable reasons, the company and other enterprises on which the company exercises control will legally enter into a transaction agreement with the listed company to ensure strict compliance with the procedures of connected transactions required by the laws, regulations, regulatory documents and the articles of association of the company, conduct transactions in accordance with the principles of marketability and fair prices, and refrain from taking advantages of such connected transactions to engage in any acts that are detrimental to the interests of the listed company or its minority shareholders, and at the same time, comply with the information disclosure obligations in accordance with relevant regulations. 4. Any covenants and arrangements between the company and other enterprises on which the company exercise control and the listed company in relation to connected transactions shall not prevent the other party from conducting business or dealing with any third party for its own benefit and on equal competitive terms in the market.	29 July 2020	Yes	Long-term	Yes

Section VI Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertaking related to refinancing	Eliminate the right defects in land property and etc.	Haier Group Corporation	Haier Group Corporation undertakes that it will assure Haier Smart Home and its subsidiaries of the constant, stable and unobstructed use of the leased property. In the event that Haier Smart Home or any of its subsidiaries suffers any economic loss due to the fact that leased property has no relevant ownership certificate, Haier Group Corporation will make compensation to impaired party in a timely and sufficient way and take all reasonable and practicable measures to support the impaired party to recover to normal operation before the occurrence of loss. Upon the expiration of relevant leasing period, Haier Group Corporation will grant or take practicable measures to assure Haier Smart Home and its subsidiaries of priority to continue to lease the property at a price not higher than the rent in comparable market at that time. Haier Group Corporation will assure Haier Smart Home and its subsidiaries of the constant, stable, free and unobstructed use of self-built property and land of the Group. In the event that Haier Smart Home or any of its subsidiaries fails to continue to use self-built property according to its own will or in original way due to the fact that self-built property has no relevant ownership certificate, Haier Group Corporation will take all reasonable and practicable measures to eliminate obstruction and impact, or will support Haier Smart Home or its affected subsidiary to obtain alternative property as soon as possible, if Haier Group Corporation anticipates it is unable to cope with or eliminate the external obstruction and impact with its reasonable effort. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (Lin 2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	24 December 2013	Yes	Long-term	Yes

Section VI Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertakings related to Equity incentive	Others	Haier Smart Home Co., Ltd.	The Company will not provide loans or any other forms of financial assistance, including guaranteeing their loans, to any incentive recipient for acquiring relevant stock options under this incentive plan.	15 September 2021/28 June 2022	Yes	The completion of equity incentive implementation	Yes
Other undertakings	Asset injection	Haier Group Corporation	Inject the assets of Haier Photoelectric to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2025. For more details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Changes of Some Commitments on Asset Injection (Lin 2020-024) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 30 April 2020.	December 2015	Yes	June 2025	Yes

(II) The Company's explanation on whether the earnings forecast on assets or projects was met and its reasons in the situation that earnings in the Company's assets or projects have a forecast, and the period of which includes the reporting period

☐ Reached ☐ Not Reached ☒ Not Applicable

(III) Completion of performance commitments and their impact on the impairment test of goodwill

☐ Applicable ☒ Not Applicable

II. NON-OPERATING UTILIZATION OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

☐ Applicable ☒ Not Applicable

III. INFORMATION ON NON-COMPLIANCE GUARANTEES

☐ Applicable ☒ Not Applicable

IV. EXPLANATION OF THE BOARD OF THE COMPANY ON THE 'NON-STANDARD AUDIT REPORT' ISSUED BY THE ACCOUNTING FIRM

☐ Applicable ☒ Not Applicable

V. EXPLANATION OF THE COMPANY'S ANALYSIS ON REASONS AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

(I) Explanation of the Company's analysis on reasons and effects of changes in accounting policies and accounting estimates

☒ Applicable ☐ Not Applicable

In accordance with the Interpretation No. 18 of Accounting Standards for Business Enterprises issued by the Ministry of Finance, provision for the guarantee-type quality assurance expenses of the Company are included in "Operating cost" instead of "Selling expenses".

The Company adopted the retrospective approach to adjust the data of financial statements for comparable periods accordingly, and the effects of the above changes in accounting policies on the consolidated income statement for the same period are as follows:

Statement Item	Adjustment
Operating cost	8,328,087,511.15
Selling expenses	-8,328,087,511.15

(II) Explanation of the Company's analysis on reasons and effects of correction of significant accounting errors

☐ Applicable ☒ Not Applicable

(III) Communication with former accounting firm

☐ Applicable ☒ Not Applicable

(IV) Approval processes and other explanations

☐ Applicable ☒ Not Applicable

Section VI Significant Events

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit and Currency: RMB0'000

Current appointment	
Name of domestic accounting firm	Hexin Certified Public Accountants LLP
Remuneration of domestic accounting firm	655
Audit period of domestic accounting firm	12 years
Names of certified public accountants of domestic accounting firm	Zuo Wei, Li Xiang Zhi
Number of accumulative years of audit services of certified public accountants in domestic accounting firms	1 year, 3 years
Name of overseas accounting firm	HLB Hodgson Impey Cheng Limited
Remuneration of overseas accounting firm	389
Audit period of overseas accounting firm	5 years

Name		Remuneration
Accounting firm for Internal control audit	Hexin Certified Public Accountants LLP	223

Explanation of appointment and dismissal of accounting firm

☐ Applicable ☒ Not Applicable

Explanation of change of accounting firm during the auditing period

☐ Applicable ☒ Not Applicable

Explanation of audit fees falling by more than 20% (inclusive) compared with the previous year

☐ Applicable ☒ Not Applicable

VII. POSSIBILITY OF DELISTING

(I) Reasons of warning for delisting risks

☐ Applicable ☒ Not Applicable

(II) Response measures to be taken by the Company

☐ Applicable ☒ Not Applicable

(III) Circumstances and reasons for termination of listing

☐ Applicable ☒ Not Applicable

VIII. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

☐ Applicable ☒ Not Applicable

IX. MATERIAL LITIGATION AND ARBITRATION MATTERS

☐ Material litigation and arbitration matters during the year

☒ No material litigation and arbitration matters during the year

X. PUNISHMENT AND CORRECTION ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS DUE TO SUSPECT OF LAW VIOLATIONS AND THE ISSUE OF RECTIFICATION

☐ Applicable ☒ Not Applicable

XI. EXPLANATION OF THE INTEGRITY STATUS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLER DURING THE REPORTING PERIOD

☐ Applicable ☒ Not Applicable

XII. SIGNIFICANT RELATED-PARTY TRANSACTIONS**(I) Related-party transactions from daily operation****1. Matters that have been disclosed in temporary announcements and with no subsequent progress or change**

☐ Applicable ☒ Not Applicable

2. Matters that have been disclosed in temporary announcements and with subsequent progress or change

☒ Applicable ☐ Not Applicable

Pursuant to, among others, the “Product and Materials Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation” (《海尔智家股份有限公司与海尔集团公司之产品及物料采购框架协议》) and the “Services Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation” (《海尔智家股份有限公司与海尔集团公司之服务采购框架协议》) considered and approved at the 28th meeting of the 10th session of the Board of Directors and the 2021 Annual General Meeting, and the “Resolution of Haier Smart Home Co., Ltd. on Renewing the Framework Agreement on Financial Services with Haier Group Corporation and Haier Group Finance Co., Ltd. and Estimated Amount of Connected Transactions” (《海尔智家股份有限公司关于与海尔集团公司、海尔集团财务有限责任公司续签〈金融服务框架协议〉暨预计关联交易额度的议案》) considered and approved at the 4th meeting of the 11th session of the Board of Directors and the 2022 Annual General Meeting, the Company has made estimation on the connected transactions for the next three years, as detailed in the aforesaid announcements regarding the resolutions of the meetings.

Section VI Significant Events

For the actual performance of the Company's connected transactions in the year of 2024, please refer to "XIII. Related parties and related-party transactions" under Section X – Financial and Accounting Report set out in this regular report.

3. Matters not disclosed in temporary announcements

☐ Applicable ☒ Not Applicable

(II) Related-party transactions regarding acquisition or disposal of assets/equity

1. Matter disclosed in temporary announcements and with no subsequent progress or change

☐ Applicable ☒ Not Applicable

2. Matters that have been disclosed in temporary announcements and with subsequent progress or change

☒ Applicable ☐ Not Applicable

Guanmei (Shanghai) Enterprise Management Co., Ltd. (贯美(上海)企业管理有限公司) (hereinafter referred to as "Guanmei"), a wholly-owned subsidiary of the Company, directly holds 45% of the equity interests in Youjin (Shanghai) Corporate Management Co., Ltd. (优瑾(上海)企业管理有限公司) (hereinafter referred to as "Youjin"), which is directly held as to 55% by Bingji (Shanghai) Enterprise Management Co., Ltd. (冰戟(上海)企业管理有限公司) (hereinafter referred to as "Bingji"), a related party of the Company. On 29 October 2024, Bingji entered into a voting rights entrustment with Guanmei, pursuant to which Bingji shall irrevocably entrust to Guanmei the exercise of the voting rights in respect of its 55% equity interests in Youjin (hereinafter referred to as the "Matter"). Upon completion of the Matter, Guanmei will effectively control 100% of the voting rights of Youjin, and Goodaymart (Shanghai) Investment Co., Ltd. (hereinafter referred to as "Goodaymart (Shanghai)"), Gooday Supply Chain Technologies Co., Ltd. (hereinafter referred to as "Gooday") and their controlled subsidiaries, which are both under the control of Youjin, will become entities under the effective control of the Company. Youjin, Goodaymart (Shanghai), Gooday and their controlled subsidiaries (hereinafter referred to as the "Consolidated Companies") will be included within the scope of the Company's consolidated statements. For details, please refer to the Announcement on Signing Entrustment of Voting Rights Agreement and Related-Party Transaction of Haier Smart Home Co., Ltd. (Announcement No.: Lin 2024-040) disclosed on 30 October 2024 by the Company and relevant announcement. As at the end of the reporting period, the Matter has completed the procedures of deliberation by the Board of Directors and the General Meeting of Shareholders of the Company, and the Company has completed the consolidation of the aforesaid Consolidated Companies.

3. Matters not disclosed in temporary announcements

☐ Applicable ☒ Not Applicable

4. If performance agreement is involved, the performance achieved during the reporting period shall be disclosed

☐ Applicable ☒ Not Applicable

(III) Significant related-party transactions of joint external investment

1. **Matters that have been disclosed in temporary announcements and with no subsequent progress or change**
☐ Applicable ☒ Not Applicable
2. **Matters that have been disclosed in temporary announcements and with subsequent progress or change**
☐ Applicable ☒ Not Applicable
3. **Matters not disclosed in temporary announcements**
☐ Applicable ☒ Not Applicable

(IV) Amounts due to or from related parties

1. **Matters that have been disclosed in temporary announcements and with no subsequent progress or change**
☐ Applicable ☒ Not Applicable
2. **Matters that have been disclosed in temporary announcement and with subsequent progress or change**
☐ Applicable ☒ Not Applicable
3. **Matters that haven't been disclosed in temporary announcements**
☐ Applicable ☒ Not Applicable

(V) Financial business between the Company and the finance company with which it has a related relationship, or it is the company's controlling finance company and related parties

☒ Applicable ☐ Not Applicable

1. Deposit business

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Maximum daily deposit limit	Range of deposit interest	Balance as at the beginning of the period	Changes of the period		Balance as at the end of the period
					Total amount deposited during the period	Total amount withdrawn during the period	
Haier Finance Co., Ltd.	Subsidiary of Haier Group	34 billion	0.00012% to 4.1%	33,656,348,914.68	534,999,293,526.47	534,704,123,310.34	33,951,519,130.81
Total	/	/	/	33,656,348,914.68	534,999,293,526.47	534,704,123,310.34	33,951,519,130.81

Section VI Significant Events

2. Lending business

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Loan limit	Range of loan interest	Balance as at the beginning of the period	Changes of the period		Balance as at the end of the period
					Total loan amount for the period	Total repayment amount for the period	
Haier Finance Co., Ltd.	Subsidiary of Haier Group	10 billion	4.4%-4.9%		196,209,983.66	9,800.00	196,200,183.66
Total	/	/	/		196,209,983.66	9,800.00	196,200,183.66

3. Credit business or other finance businesses

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Type of business	Total amount	Actual amount of occurrence
Haier Finance Co., Ltd.	Subsidiary of Haier Group	Foreign exchange derivatives products	5,500,000,000.00	400,132,613.78
Haier Finance Co., Ltd.	Subsidiary of Haier Group	Service charge	80,000,000.00	8,377,892.14

4. Other explanations

☐ Applicable ☒ Not Applicable

(VI) Others

☐ Applicable ☒ Not Applicable

XIII.SIGNIFICANT CONTRACTS AND THEIR EXECUTION

(I) Trusteeship, contracting and leasing

1. Trusteeship

☐ Applicable ☒ Not Applicable

During the reporting period, the Company had no material escrow matters. Up to now, the following entrusted assets that have been approved by the Company's shareholders' meeting are still in effect:

According to Haier Group's commitment in 2011 on further supporting the development of Qingdao Haier and resolving peer competition to reduce connected transactions, based on the fact that Qingdao Haier Optoelectronics Co., Ltd. (青岛海尔光电有限公司) and its subsidiaries, the main body of Haier Group engaging in the color television business, are

still in a period of transformation and integration, and their financial performance has not yet met the Company's expectations, Haier Group is unable to complete the transfer before the aforesaid commitment period. Haier Group intends to entrust the Company with the operation and management of the escrow assets and pay the Company an annual escrow fee of RMB1 million during the escrow period.

2. Contracting

☐ Applicable ☒ Not Applicable

3. Leasing

☐ Applicable ☒ Not Applicable

(II) Guarantee

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB0'000

External guarantees provided by the Company (excluding guarantees for subsidiaries)														Whether Related-party guarantee or not	Relationship
Guarantor	Relationship between the guarantor and the listed company	Secured party	Amount of guarantee	Date of occurrence of the guarantee (date of agreement)	Commencement date of guarantee	Expiration date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Overdue amount of the guarantee	Whether there is a counter-guarantee			
Total amount of guarantee occurred during the reporting period (excluding guarantees for subsidiaries)															
Total balance of guarantee at the end of the reporting period (A) (excluding guarantees for subsidiaries)															
Guarantees provided by the Company for subsidiaries															
Total amount of guarantees for subsidiaries occurred during the reporting period														1,885,559	
Total balance of guarantees for subsidiaries at the end of the reporting period (B)														1,280,383	
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)															
Total amount of guarantee (A + B)														1,280,383	
Ratio of total amount of guarantees to net assets of the Company (%)														11.5	
Including:															
Amount of guarantees for shareholders, ultimate controllers and their related parties (C)														0	
Amount of debt guarantees provided directly or indirectly for the secured party with asset-liability ratio exceeding 70% (D)														808,117	
The amount of total amount of guarantee in excess of 50% of net assets (E)														0	
Total amount of the above three guarantees (C + D + E)														808,117	
Explanation of possibly bearing related discharge duty for premature guarantees														Nil	
Explanation of guarantee status														Nil	

Section VI Significant Events

(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) Overall of entrusted wealth management

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Type	Sources of funds	Amount	Premature balance	Past due uncollected amount
Bank wealth management product	Self-owned funds	10,773,000,000.00	722,000,000.00	
Others	Self-owned funds (Asset management account for employee stock ownership)	22,210,902.22	22,210,902.22	

Others

☒ Applicable ☐ Not Applicable

By the end of the reporting period, the balance of the Company's entrusted wealth management amounted to RMB744 million, including two parts:①Temporarily-idle funds wealth management by certain subsidiaries of the Company: Under the premise of ensuring sufficient capital required by the principal operating activities and daily operations, some subsidiaries of the Company purchased some short-term principal-guaranteed wealth management products and structured deposits from major commercial banks to improve the yield of temporarily-idle funds and the return for shareholders within the authority of the president's office meeting and under the condition of ensuring fund safety. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB722 million; ②Idle funds in the asset management account of the Employee Stock Ownership Scheme: the asset management institution purchased cash products such as money funds according to the liquidity of the products with some idle funds in the asset management account of the Employee Stock Ownership Scheme of the Company. The balance of cash assets amounted to RMB22 million.

(2) Individual entrusted wealth management

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Commencement date of entrusted wealth management	Expiration date of entrusted wealth management	Sources of funds	Investment	Whether there are restrictions	Determination of return	Annualized yield	Expected return (if any)	Actual gains or losses	Undue amount	Past due uncollected amount	Whether approved by due process	Any future plan for entrusted wealth management	Amount of provision for impairment (if any)
Asset management account of Industrial Bank CO., LTD.	Bank wealth management product	22,210,902			Self-owned funds		NO							YES	NO	
Qingdao Sub-branch of China Merchants Bank	Bank wealth management product	30,000,000	2024/11/18	2025/1/27	Self-owned funds		NO		2.00%					YES	NO	
Qingdao Sub-branch of China Merchants Bank	Bank wealth management product	140,000,000	2024/12/3	2025/4/1	Self-owned funds		NO		2.40%					YES	NO	
Haier Road sub-branch of Construction Bank	Bank wealth management product	300,000,000	2024/9/30	2025/1/30	Self-owned funds		NO		2.25%					YES	NO	
Haier Road sub-branch of Construction Bank	Bank wealth management product	252,000,000	2024/12/9	2025/1/9	Self-owned funds		NO		2.30%					YES	NO	

Others

☐ Applicable ☒ Not Applicable

(3) Provisions for impairment of entrusted wealth management

☐ Applicable ☒ Not Applicable

2. Entrusted loans**(1) Overall entrusted loans**

☐ Applicable ☒ Not Applicable

Others

☐ Applicable ☒ Not Applicable

(2) Individual entrusted loans

☐ Applicable ☒ Not Applicable

Others

☐ Applicable ☒ Not Applicable

(3) Provisions for impairment of entrusted loans

☐ Applicable ☒ Not Applicable

Section VI Significant Events

3. Others

☐ Applicable ☒ Not Applicable

(IV) Other Major Contracts

☐ Applicable ☒ Not Applicable

XIV.EXPLANATION OF PROGRESS IN USE OF PROCEEDS

☐ Applicable ☒ Not Applicable

XV. EXPLANATION OF OTHER SIGNIFICANT MATTERS THAT HAVE A SIGNIFICANT IMPACT ON THE VALUE JUDGMENTS AND INVESTMENT DECISIONS OF INVESTORS

☐ Applicable ☒ Not Applicable

Section VII Changes in Shares and Information about Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in shares

1. Table of Changes in shares

Unit: share

	Prior to the change		Increase and decrease of the change (+, -)					After the change	
	Number	Percentage (%)	New shares issued	Bonus shares	Shares converted from reserve	Others	Subtotal	Number	Percentage (%)
I. Shares with selling restrictions									
1. Shares held by the state									
2. Shares held by the state-owned legal entities									
3. Shares held by other domestic investors									
Including:									
shares held by Domestic non-state-owned legal entities									
Shares held by domestic individuals									
4. Shares held by foreign investors									
Including:									
shares held by foreign legal entities									
Shares held by foreign individuals									
II. Tradable shares without selling restrictions	9,438,114,893	100.00				-55,201,559	-55,201,559	9,382,913,334	100.00
1. RMB ordinary shares	6,308,552,654	66.84				-54,051,559	-54,051,559	6,254,501,095	66.66
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	3,129,562,239	33.16				-1,150,000	-1,150,000	3,128,412,239	33.34
4. Others									
III. Total shares	9,438,114,893	100.00				-55,201,559	-55,201,559	9,382,913,334	100.00

Section VII Changes in Shares and Information about Shareholders

2. Statement on the changes in shares

√ Applicable ☐ Not Applicable

- (1) **Cancellation of repurchased A shares:** The Resolution on the Change of Use and Cancellation of Partial Repurchased Shares of Haier Smart Home Co., Ltd. was considered and approved by the Company at the 2023 Annual General Meeting, 2024 First A Share Class Meeting, 2024 First D Share Class Meeting, and 2024 First H Share Class Meeting held on 20 June 2024. The Company proposes to change the use of the repurchased shares under the Company's 2021 Annual Repurchase Plan from "for equity incentives/employee stock ownership plan" to "for cancellation to reduce registered capital", i.e., all 54,051,559 shares in the designated securities account under the 2021 Annual Repurchase Plan is proposed to be canceled and the registered capital of the Company is proposed to be reduced accordingly. This cancellation was completed on 10 September 2024. For details, please refer to the "Announcement on the Completion of Cancellation of Partial Repurchased Shares and Changes in Share Capital of Haier Smart Home Co., Ltd." (Announcement No.: Lin 2024-036) disclosed by the Company on 10 September 2024.
- (2) **Cancellation of repurchased H shares:** On 20 June 2024, the Resolution on Proposing the General Meeting to Grant the General Mandate to the Board of Directors to Repurchase not more than 10% of the Total Number of H shares of the Company in Issue of Haier Smart Home Co., Ltd. was considered and approved by the Company at the 2023 Annual General Meeting, 2024 First A Share Class Meeting, 2024 First D Share Class Meeting, and 2024 First H Share Class Meeting. The Company intends to repurchase H shares and cancel them within the agreed period. During the reporting period, the Company repurchased a total of 1,150,000 H shares, which have been cancelled. For details, please refer to the Announcement on Changes in Share Capital of Overseas Listed Foreign Shares (H Shares) of Haier Smart Home Co., Ltd. (No.: Lin 2024-042) disclosed by the Company on 2 November 2024.

Based on the above, during the reporting period, the share capital of the Company was changed from 9,438,114,893 shares at the beginning of the reporting period to 9,382,913,334 shares.

Section VII Changes in Shares and Information about Shareholders

3. Effect of changes in shares on the financial indicators such as earnings per share and net assets per share (if any) over the last year and the last reporting period

☒ Applicable ☐ Not Applicable

In 2024, the Company achieved net profit attributable to shareholders of the Parent Company of RMB18,741,120,122.93, equity attributable to owners of the Parent Company at the end of the reporting period of RMB111,366,118,999.17, in terms of total share capital of 9,438,114,893 shares at the beginning of the period, profit per share was RMB1.99 and net asset per share was RMB11.80 accordingly; in terms of total share capital of 9,382,913,334 shares at the end of the period, profit per share was RMB2.00 and net asset per share was RMB11.87 accordingly.

4. Other disclosure deemed necessary by the Company or required by securities regulatory authorities

☐ Applicable ☒ Not Applicable

(II) Changes in shares with selling restriction

☐ Applicable ☒ Not Applicable

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issuance of securities as of the reporting period

☐ Applicable ☒ Not Applicable

Details of issuance of securities as of the reporting period (please specify separately for bonds with different interest rates within the duration):

☐ Applicable ☒ Not Applicable

(II) Changes in total shares and shareholder structure as well as assets and liabilities structure of the Company

☒ Applicable ☐ Not Applicable

For the total number of ordinary shares of the Company and changes in shareholder structure, please refer to the relevant explanations in “I. Changes in share capital” and “III. Information on shareholder and ultimate controllers” in this section. For the impact of the aforesaid changes on “Paid-in capital (or share capital)” in the Company’s balance sheet and other items, please refer to the relevant content in “Section X Financial Report” of this report.

(III) Information on existing shares specifically issued for staff

☐ Applicable ☒ Not Applicable

Section VII Changes in Shares and Information about Shareholders

III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLERS

(I) Total number of shareholders

Total number of ordinary shareholders up to the end of the reporting period	135,677
Total number of ordinary shareholders as at the end of the last month prior to the disclosure day of the annual report	166,471
Total number of preferential shareholders with restoration of voting rights as at the end of the reporting period	N/A
Total number of preferential shareholders with restoration of voting rights as at the end of the last month prior to the disclosure day of the annual report	N/A

(II) Table of top ten shareholders, top ten common shareholders (or the shareholders not subject to selling restrictions) by the end of the reporting period

Unit: share

Name of shareholder (full name)	Shareholdings of top ten shareholders (excluding the lending of shares under refinancing)			Number of shares held with selling restrictions	Status of shares pledged, marked or frozen		Nature of shareholder
	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)		Status	Number	
HKSCC NOMINEES LIMITED		2,313,483,373	24.66		Unknown		Unknown
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)		1,258,684,824	13.41		None		Domestic non-state- owned legal entity
Haier Group Corporation		1,072,610,764	11.43		None		
Hong Kong Securities Clearing Co., Ltd.		672,563,440	7.17		None		Unknown
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED		538,560,000	5.74		Unknown		Unknown
China Securities Finance Corporation Limited		182,592,654	1.95		None		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询 有限公司)		172,252,560	1.84		None		Domestic non-state- owned legal entity
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管 理咨询企业(有限合伙))		133,791,058	1.43		None		
Industrial and Commercial Bank of China — Shanghai 50 Exchange-traded Open-End Index Securities Investment Fund (中国工商银行—上证 50交易型开放式指数证券投资 基金)		70,524,301	0.75		None		Unknown

Section VII Changes in Shares and Information about Shareholders

Shareholdings of top ten shareholders (excluding the lending of shares under refinancing)							
Name of shareholder (full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Status of shares pledged, marked or frozen		Nature of shareholder
					Status	Number	
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund (中国工商银行股份有 限公司—华泰柏瑞沪深300交 易型开放式指数证券投资基金)		64,708,528	0.69		None		Unknown

Shareholdings of top ten shareholders not subject to selling restrictions (excluding the lending of shares under refinancing)

Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,313,483,373	Overseas listed foreign shares	2,313,483,373
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限 公司)	1,258,684,824	RMB ordinary	1,258,684,824
Haier Group Corporation	1,072,610,764	RMB ordinary	1,072,610,764
Hong Kong Securities Clearing Co., Ltd.	672,563,440	RMB ordinary	672,563,440
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000
China Securities Finance Corporation Limited	182,592,654	RMB ordinary	182,592,654
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨 询有限公司)	172,252,560	RMB ordinary	172,252,560

Section VII Changes in Shares and Information about Shareholders

Shareholdings of top ten shareholders not subject to selling restrictions (excluding the lending of shares under refinancing)

Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares	
		Class	Number
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合伙))	133,791,058	RMB ordinary	133,791,058
Industrial and Commercial Bank of China — Shanghai 50 Exchange-traded Open-End Index Securities Investment Fund (中国工商银行—上证50交易型开放式指数证券投资基金)	70,524,301	RMB ordinary	70,524,301
Industrial and Commercial Bank of China Limited — Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund (中国工商银行股份有限公司—华泰柏瑞沪深300交易型开放式指数证券投资基金)	64,708,528	Overseas listed foreign shares	64,708,528
Explanation on repurchase account of top ten shareholders	As at the end of the reporting period, the Company's dedicated repurchase account held a total of 59,919,870 shares.		
Explanation on delegated voting rights, entrusted voting rights, abstained voting rights of the aforesaid shareholders	Nil		

Section VII Changes in Shares and Information about Shareholders

Shareholdings of top ten shareholders not subject to selling restrictions (excluding the lending of shares under refinancing)

Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares	
		Class	Number
Related parties or parties acting in concert among the aforesaid shareholders	(1) Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司) is a holding subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Each of Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司), HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED and Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合伙)) is a party acting in concert with Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.		
Explanation of preferential shareholders with restoration of voting rights and their shareholdings	Not Applicable		

Note: HKSCC NOMINEES LIMITED is the Banking Collection Account for the shareholders of the Company's H-shares, which is the original data provided by China Hong Kong securities registration agency to the Company after the merger according to local market practices and technical settings, not representing the ultimate shareholder.

Shareholders holding more than 5% of the shares, the top ten shareholders, and the top ten holders of tradable shares without selling restrictions who have participated in the lending of shares under the refinancing business

☐ Applicable ☒ Not Applicable

Changes in the top ten shareholders and the top ten holders of tradable shares without selling restrictions compared with the previous period due to the lending/returning of shares under the refinancing business

☐ Applicable ☒ Not Applicable

Number of shares held by the top ten shareholders with selling restrictions and their selling restrictions

☐ Applicable ☒ Not Applicable

Section VII Changes in Shares and Information about Shareholders

(III) Strategic investors or general legal persons who became the top ten shareholders due to placing of new shares

☐ Applicable ☒ Not Applicable

IV. CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

(I) Status of controlling shareholder

1. Legal person

☒ Applicable ☐ Not Applicable

Name	Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)
Person in charge of the Company or legal representative	Zhou Yunjie (周云杰)
Establishment date	1988-06-30
Principal business	Information technology integration and Internet of Things technology services: industrial automation technology research and development, technical consulting; research and development and manufacturing of electrical appliances, electronic products, mechanical products, communication equipment and related accessories, industrial automation control equipment, computer hardware and software and auxiliary equipment; import and export business (operated within the scope approved by MOFCOM); wholesale and retail: domestic commerce (except for merchandises prohibited by the state); investment in medical industry; investment advisory services; enterprise management consulting. (For projects subject to approval, business activities can only be carried out after the approval by relevant departments)
Shareholding of other controlling and participating domestic and overseas listed companies in the reporting period	Indirect/direct control of/participation in the Company: 'Qingdao Haier Biomedical Co., Ltd.' (青岛海尔生物医疗股份有限公司) (stock name: 'Haier Biomedical', stock code: 688139), Yingkang Life Technology Co., Ltd. (盈康生命科技股份有限公司) (stock name: 'Yingkang Life', stock code: 300143), 'Qingdao Bank Co., Ltd.' (青岛银行股份有限公司) (stock name: 'Bank of Qingdao', stock code: 002948 and 3866.HK), etc.
Other explanation	Nil

Section VII Changes in Shares and Information about Shareholders

2. Natural person

☐ Applicable ☒ Not Applicable

3. Explanation on the absence of controlling shareholders of the Company

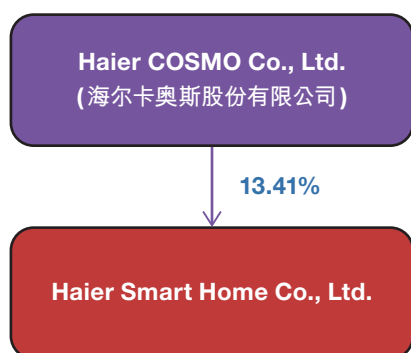
☐ Applicable ☒ Not Applicable

4. Explanation on the change in controlling shareholders during the reporting period

☐ Applicable ☒ Not Applicable

5. Framework of the ownership and controlling relationship between the Company and its controlling shareholder

☒ Applicable ☐ Not Applicable



(II) Status of the ultimate controller

1. Legal person

☒ Applicable ☐ Not Applicable

Name	Haier Group Corporation
Person in charge of the Company or legal representative	Zhou Yunjie (周云杰)
Establishment date	1980-03-24

Section VII Changes in Shares and Information about Shareholders

Principal business	Technology development, technology consultation, technology transfer and technology services (including industrial Internet, etc.); data processing; digital technology, intelligent technology, software technology; research and development, sales and after-sales service of robots and automation equipment products; logistics information service; research and development and sales of software technology for smart home products and solutions systems; manufacturing of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen utensils, industrial robots; wholesale and retail of domestic commerce (except for the national dangerous prohibition franchise exclusive control merchandises); import and export business (see the foreign trade enterprise finalized certification for details); economic and technological consultation; research and development and transfer of technological achievements; rental of owned properties. (For projects subject to approval, business activities can only be carried out after the approval by relevant departments)
Shareholding of other controlling and participating domestic and overseas listed companies in the reporting period	Indirect/direct control of/participation in the Company: 'Qingdao Haier Biomedical Co., Ltd.' (青岛海尔生物医疗股份有限公司) (stock name: 'Haier Biomedical', stock code: 688139), Yingkang Life Technology Co., Ltd. (盈康生命科技股份有限公司) (stock name: 'Yingkang Life', stock code: 300143), 'Qingdao Bank Co., Ltd.' (青岛银行股份有限公司) (stock name: 'Bank of Qingdao', stock code: 002948 and 3866.HK), China International Capital Corporation Limited' (stock name: 'CICC', stock code: 601995 and 3908.HK), 'Qingdao Thunderobot Technology. Co., Ltd.' (stock name: 'THUNDEROBOT', stock code: 872190), Shanghai Raas Blood Products Co.,Ltd (上海莱士血液制品股份有限公司) (stock name: 'Shanghai Raas', stock code: 002252), Zhongmiao Holdings (Qingdao) Co., Ltd. (stock name: 'Zhongmiao Holdings', stock code: 1471.HK), etc.
Other explanation	Nil

Section VII Changes in Shares and Information about Shareholders

2. Natural person

☐ Applicable ☒ Not Applicable

3. Explanation on the absence of ultimate controller of the Company

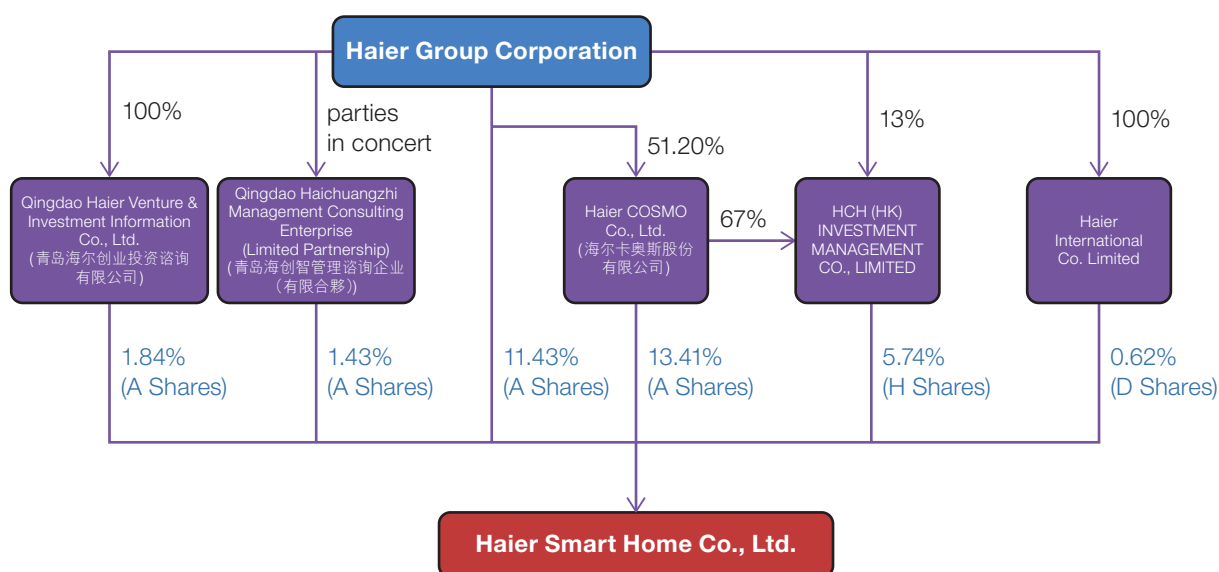
☐ Applicable ☒ Not Applicable

4. Explanation on the change in control over the Company during the reporting period

☐ Applicable ☒ Not Applicable

5. Framework of ownership and controlling relationship between the Company and the ultimate controllers

☒ Applicable ☐ Not Applicable



6. The ultimate controller controls the Company by way of Trust or other assets management

☐ Applicable ☒ Not Applicable

(III) Introduction of controlling shareholders and ultimate controllers

☒ Applicable ☐ Not Applicable

Haier Group Company is registered as a joint-stock enterprise. According to the statement issued by the State-owned Assets Management Office of Qingdao on 1 June 2002, it is believed that the enterprise nature of Haier Group Company is a collective owned enterprise.

Section VII Changes in Shares and Information about Shareholders

V. THE PROPORTION OF THE ACCUMULATED NUMBER OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER OF THE COMPANY, TOGETHER WITH THE PARTIES ACTING IN CONCERT WITH THEM, TO THE NUMBER OF SHARES OF THE COMPANY HELD BY THEM AMOUNTS TO MORE THAN 80%

☐ Applicable ☒ Not Applicable

VI. OTHER CORPORATE SHAREHOLDERS WITH A SHAREHOLDING PERCENTAGE OVER 10%

☐ Applicable ☒ Not Applicable

VII. EXPLANATION OF RESTRICTIONS ON SHAREHOLDING REDUCTION

☐ Applicable ☒ Not Applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name of share repurchase plan	Haier Smart Home Co., Ltd.'s public share proposal in relation to the partial repurchase of A Shares
Date of disclosure of the share repurchase plan	28 April 2023
Number of shares proposed to be repurchased and its percentage to the total share capital (%)	46.88 million shares to 93.75 million shares, 0.50 to 0.99
Proposed amount of repurchase	RMB1.5 billion to RMB3 billion
Proposed period of repurchase	28 April 2023 to 27 April 2024
Purpose of repurchase	Used for employee share ownership plans
Amount repurchased (share)	20,082,042
Repurchased amount as a percentage to the underlying shares covered by the equity incentive scheme (%) (if any)	Not Applicable
Progress of the Company's reduction of its holdings of repurchased shares by way of centralised bidding	Not Applicable

Note: During the reporting period, the Company also implemented the H-share repurchase scheme. For details, please refer to "2. Statement on the changes in shares" under "Section VII Changes in Shares and Information about Shareholders" of this report and the Announcement on the Changes in Shares of Overseas Listed Foreign Shares (H Shares) of Haier Smart Home Co., Ltd. (《海尔智家股份有限公司关于境外上市外资股(H股)股份变动情况的公告》) (No.: Lin 2024-042) disclosed by the Company on 2 November 2024.

Section VIII Relevant Information of Preference Shares

☐ Applicable ☒ Not Applicable

Section IX Relevant Information of Bonds

I. ENTERPRISE BOND (INCLUDING CORPORATE BOND) AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

☐ Applicable ☒ Not Applicable

II. CONVERTIBLE CORPORATE BOND

☐ Applicable ☒ Not Applicable

Section X Financial Report

I. AUDIT REPORT

☒ Applicable ☐ Not Applicable

Audit Report

He Xin Shen Zi. (2025) No.000286

To all shareholders of Haier Smart Home Co., Ltd.:

I. AUDIT OPINION

We have audited the financial statements of Haier Smart Home Co., Ltd. (hereinafter referred to as the 'Haier Smart Home Co.'), which comprise the Consolidated and the Company's Balance Sheet as at 31 December 2024, the Consolidated and the Company's Income Statement, the Consolidated and the Company's Cash Flow Statement, the Consolidated and the Company's Statement of Changes in Shareholders' Equity for the year 2024, and notes related to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Consolidated and the Company's financial position of the Haier Smart Home Co as at 31 December 2024, and the Consolidated and the Company's financial performance and cash flow for the year 2024 in accordance with the requirements of Accounting Standards for Business Enterprises.

II. BASIS OF OUR AUDIT OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in Auditor's responsibilities for the Audit of Financial Statements section of the report. We are independent of Haier Smart Home Co in accordance with the CICPA's Code of Ethics for Professional Accountants (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 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. We identify the following matters as the key audit matters that need to be communicated in the audit report:

Section X Financial Report

Key Audit Matters	Audit Response
(I) Provision for impairment of goodwill and intangible assets with indefinite useful lives	
<p>Relevant disclosures are included in Note V. 30 Other significant accounting policies and accounting estimates and Note V.20 Impairment of long-term assets to the financial statements.</p> <p>As of 31 December 2024, the book value of goodwill was RMB27.384 billion, and the book value of intangible assets with indefinite useful lives was RMB2.597 billion, without any provision for asset impairment. Whether the provision for impairment of long-term assets was sufficient had great influence to the financial statements.</p> <p>Significant management judgments are involved in calculation of asset group's recoverable amount, such as revenue growth rate, gross margin, discount rate, etc.</p> <p>Provision for impairment of goodwill and intangible assets with indefinite useful lives is considered as the key audit matter due to the significant amount and management judgement involved in calculation.</p>	<p>We mainly implemented the following audit procedures on the provisions for the impairment of goodwill and intangible assets with indefinite useful life:</p> <ol style="list-style-type: none"> (1) Compared the actual operating results of the related assets group with previous year's forecasted figures, to assess the reliability of the management forecast on cash flow; (2) Compared the input of cash flow forecast with historical data, approved budget and business plan; (3) Tested the calculation accuracy of the discounted cash flow model; (4) Assessed the appropriateness of parameters in the cash flow conversion model, such as the discount rate and the perpetual growth rate. The assessment is based our understanding of the Company's businesses and the industry.

Section X Financial Report

Key Audit Matters	Audit Response
(II) Provision for impairment of inventory	
<p>Relevant disclosures are included in Note VII.9 Inventory to the financial statements.</p> <p>The Company's inventories are measured at the lower of cost and net realizable value. As of 31 December 2024, the inventory balance was RMB44.717 billion, and the provision for impairment of inventory was RMB1.673 billion and the book value was RMB43.044 billion. Whether the provision for the impairment of inventories was sufficient and accurate had great influence to the financial statements.</p> <p>The Company determines the net realizable value of inventory based on the estimated selling price minus the estimated selling expenses and related taxes.</p> <p>Management estimates the selling price based on the status of inventory. The estimation process involves significant management judgments such as inventory status, repair rate, discount rate, etc.</p> <p>Provision for inventories is considered as the key audit matter due to the significant amount and management judgement involved in calculation.</p>	<p>We mainly implemented the following audit procedures on the provision for impairment of inventories:</p> <ol style="list-style-type: none"> (1) Obtained the calculation table for provision for impairment of inventory of the Company, and reviewed the conditions and aging of the products models stated in the table to see whether they are consistent with the information obtained through physical inventory on a sample basis; (2) Compared the major parameters estimated by management with historical data, and assessed the appropriateness; (3) Assessed the selling price estimated by the management, and checked the inventory against the actual selling price after the balance sheet date on a sample basis; (4) Assessed selling expenses and related tax estimated by management and compared with actual amounts incurred.

IV. OTHER INFORMATION

The management of Haier Smart Home Co (hereinafter referred to as the "Management") is responsible for other information. Other information includes the information covered in the 2024 annual report of Haier Smart Home Co, but does not include the financial statements and our audit reports.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the requirements as set out in the Accounting Standards for Business Enterprises, and for such internal control as 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 are responsible for assessing the ability of Haier Smart Home Co to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Haier Smart Home Co or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Haier Smart Home Co.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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 these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

- (I) 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 our 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.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used by the Management and the reasonableness of accounting estimates and related disclosures made by the Management.

Section X Financial Report

- (IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the ability of Haier Smart Home Co to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the auditing standards to draw attention in our audit report to the related disclosures in the financial statements or; if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Haier Smart Home Co to cease to continue as a going concern.
- (V) 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.
- (VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Haier Smart Home Co to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and therefore constitute the key audit matters. We describe these matters in our audit 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 our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hexin Certified Public Accountants LLP
Certified Public Accountant: Zuo Wei (Engagement Partner)
Certified Public Accountant: Li Xiang Zhi

Jinan, China
27 March 2025

Section X Financial Report

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

31 December 2024

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	31 December 2024	31 December 2023
Current assets:			
Monetary funds	VII.1	55,583,842,589.70	57,255,962,206.24
Provision of settlement fund			
Funds lent			
Financial assets held for trading	VII.2	1,236,017,839.53	956,995,543.83
Derivative financial assets	VII.3	142,709,716.91	67,565,829.44
Bills receivable	VII.4	12,118,681,244.14	8,790,151,269.91
Accounts receivable	VII.5	26,473,001,745.01	22,682,921,254.25
Financing receivables	VII.6	360,069,391.56	200,326,471.85
Prepayments	VII.7	2,382,805,400.24	1,391,536,213.26
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII.8	3,489,181,537.80	2,949,235,439.77
Including: Interest receivables		771,591,076.67	748,496,020.24
Dividends receivables			
Financial assets purchased under resale agreements			
Inventories	VII.9	43,044,414,227.38	39,524,006,616.33
Including: Data resources			
Contract assets	VII.10	987,669,298.29	260,939,408.73
Assets held for sale			
Non-current assets due in one year	VII.11	1,439,758,652.55	—
Other current assets	VII.12	4,431,384,633.61	4,833,636,680.17
Total current assets		151,689,536,276.72	138,913,276,933.78

Items	Notes	31 December 2024	31 December 2023
Non-current assets:			
Loans and advances granted			
Debt investments	VII.13	15,474,759,856.99	9,117,874,328.66
Other debt investments			
Long-term receivables		224,724,107.31	350,409,496.85
Long-term equity investments	VII.14	20,932,439,255.93	20,196,199,306.57
Investments in other equity instruments	VII.15	5,986,688,663.46	6,403,694,954.77
Other non-current financial assets			
Investment properties	VII.16	246,161,259.83	98,631,080.77
Fixed assets	VII.17	37,518,645,325.08	33,425,684,876.90
Construction in progress	VII.18	5,680,101,282.66	5,951,859,455.98
Biological assets for production			
Oil and gas assets			
Right-of-use assets	VII.19	5,841,869,564.36	4,776,765,275.90
Intangible assets	VII.20	14,034,674,912.54	12,454,321,237.18
Including: Data resources			
Development cost	VIII.2	267,267,592.92	266,490,235.10
Including: Data resources			
Goodwill	VII.21	27,384,007,599.06	24,482,559,414.46
Long-term prepaid expenses	VII.22	597,870,603.85	746,836,562.89
Deferred income tax assets	VII.23	2,477,206,492.36	1,849,094,792.40
Other non-current assets	VII.24	1,757,870,031.54	2,033,986,945.28
Total non-current assets		138,424,286,547.89	122,154,407,963.71
Total assets		290,113,822,824.61	261,067,684,897.49

Section X Financial Report

Items	Notes	31 December 2024	31 December 2023
Current liabilities:			
Short-term borrowings	VII.25	13,784,367,443.93	10,895,076,014.86
Borrowings from central bank			
Funds borrowed			
Financial liabilities held for trading			
Derivative financial liabilities	VII.26	71,011,310.01	168,625,004.97
Bills payable	VII.27	21,149,134,964.21	22,260,991,114.42
Accounts payables	VII.28	54,587,992,129.58	49,917,971,699.31
Receipts in advance			
Contract liabilities	VII.29	10,852,073,573.07	7,849,215,139.13
Disposal of repurchased financial assets			
Absorbing deposit and deposit in inter-bank market			
Customer deposits for trading in securities			
Amounts due to issuer for securities underwriting			
Payables for staff's remuneration	VII.30	5,040,549,927.87	5,151,708,664.19
Taxes payable	VII.31	3,915,081,920.18	2,941,772,155.37
Other payables	VII.32	21,744,240,823.50	18,921,220,225.78
Including: Interest payables			
Dividends payables		14,082,609.41	1,880,719.69
Fees and commissions payable			
Reinsurance Accounts payables			
Liabilities held for sale			
Non-current liabilities due within one year	VII.33	16,528,817,805.46	4,046,582,815.19
Other current liabilities	VII.34	1,898,104,621.95	1,661,115,570.16
Total current liabilities		149,571,374,519.76	123,814,278,403.38

Section X Financial Report

Items	Notes	31 December 2024	31 December 2023
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	VII.35	9,665,074,313.67	18,365,302,925.77
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII.36	4,480,895,997.36	3,429,765,203.81
Long-term payables	VII.37	188,220,056.59	57,113,422.78
Long-term payables for staff's remuneration	VII.38	2,561,647,446.35	1,085,454,839.18
Estimated liabilities	VII.39	2,386,261,752.92	1,935,014,042.24
Deferred income	VII.40	1,231,612,436.09	1,237,427,710.34
Deferred income tax liabilities	VII.23	1,541,697,550.83	1,527,665,985.75
Other non-current liabilities		98,073,333.45	2,085,322,390.90
Total non-current liabilities		22,153,482,887.26	29,723,066,520.77
Total liabilities		171,724,857,407.02	153,537,344,924.15
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.41	9,382,913,334.00	9,438,114,893.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII.42	20,115,358,921.93	21,514,544,884.54
Less: treasury stock	VII.43	3,510,728,776.44	5,034,065,107.42
Other comprehensive income	VII.44	793,828,357.47	1,969,365,062.65
Special reserve			
Surplus reserve	VII.45	5,296,602,892.45	4,842,338,543.80
General risk provisions			
Undistributed profits	VII.46	79,288,144,269.76	68,535,686,494.60
Total equity attributable to owners (or shareholders) of the Parent Company		111,366,118,999.17	101,265,984,771.17
Minority shareholders' interests		7,022,846,418.42	6,264,355,202.17
Total owners' equity (or shareholders' equity)		118,388,965,417.59	107,530,339,973.34
Total liabilities and owners' equity (or shareholders' equity)		290,113,822,824.61	261,067,684,897.49

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Section X Financial Report

Balance Sheet of the Parent Company

31 December 2024

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	31 December 2024	31 December 2023
Current Assets:			
Monetary funds		8,721,089,765.37	7,579,640,524.79
Financial assets held for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable	XIX.1	2,089,263,590.36	1,625,777,099.03
Financing receivables			
Prepayments		3,124,793.19	3,212,938.83
Other receivables	XIX.2	35,309,208,101.73	23,649,977,816.57
Including: Interest receivables		137,951,583.62	117,439,655.79
Dividends receivables		955,746,044.23	570,000,000.00
Inventories		9,092,410.78	5,400,498.27
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		1,105,291,666.67	
Other current assets		174,671,080.16	1,530,274,566.66
Total current assets		47,411,741,408.26	34,394,283,444.15

Items	Notes	31 December 2024	31 December 2023
Non-current assets:			
Debt investments		7,243,616,935.47	2,884,204,032.25
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX.3	62,193,654,756.17	55,828,696,006.06
Investments in other equity instruments		1,602,852,951.00	1,619,260,874.04
Other non-current financial assets			
Investment properties			
Fixed assets		131,874,644.27	154,588,551.47
Construction in progress		490,452.83	6,054.40
Biological assets for production			
Oil and gas assets			
Right-of-use assets			
Intangible assets		35,196,337.86	41,307,540.86
Including: Data resources			
Development cost			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		3,502,636.81	3,777,722.63
Deferred income tax assets			
Other non-current assets		1,738,121,667.23	1,501,734,455.48
Total non-current assets		72,949,310,381.64	62,033,575,237.19
Total assets		120,361,051,789.90	96,427,858,681.34
Current liabilities:			
Short-term borrowings		2,000,000,000.00	
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payables		1,526,611,034.49	1,120,671,258.40
Receipts in advance			
Contract liabilities		12,597,148.63	22,930,469.11
Payables for staff's remuneration		7,798,419.39	28,602,784.57
Taxes payable		884,572.31	5,590,668.41
Other payables		63,003,711,744.72	45,012,683,942.96
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,495,350,000.00	134,000,000.00
Other current liabilities		20,115,610.88	12,486,915.31
Total current liabilities		68,067,068,530.42	46,336,966,038.76

Section X Financial Report

Items	Notes	31 December 2024	31 December 2023
Non-current liabilities:			
Long-term borrowings		3,292,370,000.00	3,779,500,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payable			
Long-term payables for staff's remuneration			
Estimated liabilities			
Deferred income		14,265,249.50	12,973,300.00
Deferred income tax liabilities		394,292,088.98	420,053,312.58
Other non-current liabilities			
Total non-current liabilities		3,700,927,338.48	4,212,526,612.58
Total liabilities		71,767,995,868.90	50,549,492,651.34
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)		9,382,913,334.00	9,438,114,893.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		25,680,561,451.57	27,263,651,777.44
Less: treasury stock		1,467,523,464.56	3,175,293,942.36
Other comprehensive income		618,368,749.67	630,674,691.95
Special reserve			
Surplus reserve		4,691,456,667.00	4,237,192,318.35
Undistributed profits		9,687,279,183.32	7,484,026,291.62
Total owners' equity (or shareholders' equity)		48,593,055,921.00	45,878,366,030.00
Total liabilities and owners' equity (or shareholders' equity)		120,361,051,789.90	96,427,858,681.34

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Consolidated Profit Statement

January-December 2024

Unit and Currency: RMB

Items	Notes	2024	2023
I. Total operating revenue		285,981,225,203.93	274,204,520,847.97
Including: Operating revenue	VII.47	285,981,225,203.93	274,204,520,847.97
Interest income			
Insurance premiums earned			
Fee and commission income			
II. Total cost of operations		265,171,922,970.95	255,477,540,690.98
Including: Operating cost	VII.47	206,487,065,182.92	198,838,470,796.47
Interest expenses			
Fee and commission expenses			
Insurance withdrawal payment			
Net payment from indemnity			
Net provisions withdrew for insurance contract liability			
Insurance policy dividend paid			
Reinsurance cost			
Taxes and surcharges	VII.48	1,276,040,830.27	1,152,034,823.21
Selling expenses	VII.49	33,585,903,561.60	32,726,735,817.73
Administrative expenses	VII.50	12,110,235,915.35	11,874,420,922.31
R&D expenses	VII.51	10,740,112,353.47	10,380,219,803.05
Financial expenses	VII.52	972,565,127.34	505,658,528.21
Including: Interest expenses		2,726,955,697.10	2,165,467,567.74
Interest income		1,897,955,730.26	1,553,163,297.95
Add: Other income	VII.53	1,704,282,380.72	1,716,169,518.48
Investment income			
(losses are represented by '-')	VII.54	1,912,557,544.86	1,698,715,871.28
Including: investment income of associates and joint ventures		1,816,477,749.42	1,575,371,896.37
Income generated from the derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by '-')			

Section X Financial Report

Items	Notes	2024	2023
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')	VII.55	47,130,324.67	16,895,043.25
Loss on credit impairment (losses are represented by '-')	VII.56	-266,317,578.03	-253,401,373.48
Loss on assets impairment (losses are represented by '-')	VII.57	-1,283,980,232.53	-1,512,214,011.21
Gain from disposal of assets (losses are represented by '-')	VII.58	-11,258,612.64	-12,153,756.13
III. Operating profit (losses are represented by '-')		22,911,716,060.03	20,380,991,449.18
Add: non-operating income	VII.59	183,938,534.66	134,470,855.00
Less: non-operating expenses	VII.60	362,862,166.24	303,818,511.47
IV. Total profit (total losses are represented by '-')		22,732,792,428.45	20,211,643,792.71
Less: income tax expense	VII.61	3,157,179,926.77	3,123,163,218.75
V. Net profit (net losses are represented by '-')		19,575,612,501.68	17,088,480,573.96
(1) Classification by continuous operation			
1. Net profit from continuous operation (net losses are represented by '-')		19,575,612,501.68	17,088,480,573.96
2. Net profit from discontinued operation (net losses are represented by '-')			
(2) Classification by ownership of the equity			
1. Net profit attributable to shareholders of the Parent Company (net losses are represented by '-')		18,741,120,122.93	16,596,615,045.87
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')		834,492,378.75	491,865,528.09

Items	Notes	2024	2023
VI. Other comprehensive income, net of tax	VII.62	-1,173,713,256.17	-35,103,681.56
(I) Other comprehensive income attributable to owners of the Parent Company, net of tax		-1,175,640,971.05	-20,647,041.14
1. Other comprehensive income that cannot be reclassified into the profit or loss		-285,109,509.13	503,462,953.84
(1) Changes arising from re-measurement of defined benefit plans		-1,011,523.04	40,317,053.23
(2) Other comprehensive income that cannot be transferred into profit or loss under equity method			
(3) Changes in fair value of investments in other equity instruments		-284,097,986.09	463,145,900.61
(4) Changes in fair value of credit risks of the enterprise			
2. Other comprehensive income to be reclassified into the profit or loss		-890,531,461.92	-524,109,994.98
(1) Other comprehensive income that can be transferred into profit or loss under equity method		-16,560,814.12	-104,019,712.68
(2) Changes in fair value of other debt Investments			
(3) Reclassified financial assets that are credited to other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Reserve for cash flow hedging		-27,453,055.10	-98,556,869.01
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-846,517,592.70	-321,533,413.29
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		1,927,714.88	-14,456,640.42

Section X Financial Report

Items	Notes	2024	2023
VII.Total comprehensive income		18,401,899,245.51	17,053,376,892.40
(I) Total comprehensive income attributable to the owners of Parent Company		17,565,479,151.88	16,575,968,004.73
(II) Total comprehensive income attributable to the minority shareholders		836,420,093.63	477,408,887.67
VIII.Earnings per share:			
(I) Basic earnings per share (RMB/share)	XXI.1	2.02	1.79
(II) Diluted earnings per share (RMB/share)	XXI.1	2.02	1.78

For business combination under common control occurring in the current period, the net profit of the acquiree before the combination was RMB0, and the net profit of the acquiree for the previous period was RMB-2,581,701.76.

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Profit Statement of the Parent Company

January-December 2024

Unit and Currency: RMB

Items	Notes	2024	2023
I. Operating income		494,626,718.01	720,992,484.07
Less: operating cost	XIX.4	435,635,653.30	626,285,718.42
Taxes and surcharges		4,150,024.06	5,260,953.75
Selling expenses		9,832,864.30	14,931,713.80
Administration expenses		582,561,636.48	629,589,430.69
R&D expenses		13,959,129.62	20,148,355.05
Financial expenses		-345,610,897.81	-194,423,911.53
Including: interest expenses		119,101,225.24	81,607,850.71
Interest income		429,448,235.99	287,121,435.40
Add: other income		3,266,837.73	10,186,535.00
Investment income (losses are represented by '-')	XIX.5	10,349,967,347.91	8,651,024,353.84
Including: investment income of associates and joint ventures		330,033,883.50	147,523,868.11
Derecognition income on financial assets measured at amortized cost			
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')			
Loss on credit impairment (losses are represented by '-')		-1,138.93	74,824.58
Loss on assets impairment (losses are represented by '-')			
Gain from disposal of assets (losses are represented by '-')		6,653.71	34,882.70
II. Operating profit (losses are represented by '-')		10,147,338,008.48	8,280,520,820.01
Add: non-operating income		3,053,172.00	99,051.41
Less: non-operating expenses		566,088.28	78,702.83
III. Total profit (total losses are represented by '-')		10,149,825,092.20	8,280,541,168.59
Less: income tax expenses		-21,659,242.84	-938,036.98
IV. Net profit (net losses are represented by '-')		10,171,484,335.04	8,281,479,205.57
(I) Net profit from continuous operations (net losses are represented by '-')		10,171,484,335.04	8,281,479,205.57

Section X Financial Report

Items	Notes	2024	2023
(II) Net profit from discontinued operations (net losses are represented by '-')			
V. Other comprehensive income, net of tax		-12,305,942.28	28,583,342.21
(I) Other comprehensive income that cannot be reclassified into the profit or loss		-12,305,942.28	560,863.17
1. Changes arising from re- measurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred into profit or loss under equity method			
3. Changes in fair value of investments in other equity instruments		-12,305,942.28	560,863.17
4. Changes in fair value of credit risks of the enterprise			
(II) Other comprehensive income to be reclassified into the profit or loss			28,022,479.04
1. Other comprehensive income that can be transferred into profit or loss under equity method			28,022,479.04
2. Changes in fair value of other debt investments			
3. Reclassified financial assets that are credited to other comprehensive income			
4. Credit impairment provision for other debt investments			
5. Reserve for cash flow hedging			
6. Exchange differences on translation of financial statements denominated in foreign currencies			
7. Others			
VI. Total comprehensive income		10,159,178,392.76	8,310,062,547.78
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Person in charge of the Company: Li Huagang
 Person in charge of accounting function: Gong Wei
 Person in charge of accounting department: Ying Ke

Consolidated Cash Flow Statement

January-December 2024

Unit and Currency: RMB

Items	Notes	2024	2023
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering services		306,799,219,762.12	289,485,600,146.01
Net increase in distributor and inter-bank deposits			
Net increase in borrowing from the central bank			
Net cash increase in borrowing from other financial institutes			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investment			
Cash received from interest, fee and commissions			
Net increase in cash borrowed			
Net increase in cash received from repurchase operation			
Net cash received from customer deposits for trading in securities			
Refunds of taxes		1,906,821,720.29	1,863,779,679.64
Cash received from other related operating activities	VII.63	2,789,234,773.24	2,890,574,427.22
Sub-total of cash inflows from operating activities		311,495,276,255.65	294,239,954,252.87
Cash paid on purchase of goods and services		211,638,020,104.71	196,599,208,044.16
Net increase in loans and advances of distributors			
Net increase in deposits in the PBOC and inter bank			
Cash paid for compensation payments under original insurance contract			
Net increase in cash lent			
Cash paid for interest, bank charges and commissions			
Cash paid for insurance policy dividend			
Cash paid to and on behalf of employees		31,533,130,822.65	29,658,260,579.04

Section X Financial Report

Items	Notes	2024	2023
Cash paid for all types of taxes		16,325,590,236.08	15,293,845,486.63
Cash paid to other operation related activities	VII.63	25,455,453,180.25	26,152,859,574.68
Sub-total of cash outflows from operating activities		284,952,194,343.69	267,704,173,684.51
Net cash flow from operating activities	VII.64	26,543,081,911.96	26,535,780,568.36
II. Cash flow from investing activities:			
Cash received from recovery of investments		17,220,575,654.67	9,445,029,555.85
Cash received from return on investments		765,484,396.51	828,595,098.73
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		42,340,809.10	170,521,170.92
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities			
Sub-total of cash inflows from investing activities		18,028,400,860.28	10,444,145,825.50
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		10,071,556,473.54	10,541,562,038.81
Cash paid for investments		23,621,681,494.71	17,086,481,212.21
Net increase in secured loans			
Net cash paid on acquisition of subsidiaries and other operating entities	VII.64	4,409,336,291.58	156,312,111.87
Other cash paid on investment activities	VII.63	178,409.27	
Sub-total of cash outflows from investing activities		38,102,752,669.10	27,784,355,362.89
Net cash flow from investing activities		-20,074,351,808.82	-17,340,209,537.39
III. Cash flow from financing activities:			
Cash received from capital contributions		268,823,131.22	945,821,071.73
Including: cash received from capital contributions by minority shareholders of subsidiaries			
Cash received from borrowings		13,648,752,061.24	20,942,089,528.60
Other cash received from financing activities			
Sub-total of cash inflows from financing activities		13,917,575,192.46	21,887,910,600.33
Cash paid on repayment of loans		9,568,987,868.67	18,853,901,331.62
Cash paid on distribution of dividends, profits or repayment of interest expenses		9,981,640,214.86	7,256,095,863.08
Including: dividend and profit paid to minority shareholders by subsidiaries			
Other cash paid to financing activities	VII.63	2,280,851,201.59	3,698,540,779.10
Sub-total of cash outflows from financing activities		21,831,479,285.12	29,808,537,973.80

Items	Notes	2024	2023
Net cash flow from financing activities		-7,913,904,092.66	-7,920,627,373.47
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-256,948,972.75	250,797,230.85
V. Net increase in cash and cash equivalents		-1,702,122,962.27	1,525,740,888.35
Add: balance of cash and cash equivalents at the beginning of the period	VII.64	56,683,006,209.32	55,157,265,320.97
VI. Balance of cash and cash equivalents at the end of the period	VII.64	54,980,883,247.05	56,683,006,209.32

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Section X Financial Report

Cash Flow Statement of the Parent Company

January-December 2024

Unit and Currency: RMB

Items	Notes	2024	2023
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering of services		79,770,736.65	87,985,716.98
Refunds of taxes			
Other cash received from operating activities		242,684,813.63	161,504,582.95
Sub-total of cash inflows from operating activities		322,455,550.28	249,490,299.93
Cash paid on purchase of goods and services		11,757,139.14	1,410,519.44
Cash paid to and on behalf of employees		59,924,608.57	33,473,832.54
Cash paid for all types of taxes		15,354,015.14	23,469,049.21
Other cash paid to operation activities		331,913,231.15	166,310,707.28
Sub-total of cash outflows from operating activities		418,948,994.00	224,664,108.47
Net cash flow from operating activities		-96,493,443.72	24,826,191.46
II. Cash flow from investing activities:			
Cash received from recovery of investments		15,046,000,000.00	7,310,000,000.00
Cash received from return on investments		9,817,956,966.61	9,221,548,256.67
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		74,850.43	
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities		417,440,719.28	38,509,682.22
Sub-total of cash inflows from investing activities		25,281,472,536.32	16,570,057,938.89
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		4,791,247.35	11,225,015.05
Cash paid for investments		25,143,152,357.00	12,184,423,958.00
Net cash paid on acquisition of subsidiaries and other operating entities			

Items	Notes	2024	2023
Other cash paid on investment activities		30,000,000.00	1,228,069,045.00
Sub-total of cash outflows from investing activities		25,177,943,604.35	13,423,718,018.05
Net cash flow from investing activities		103,528,931.97	3,146,339,920.84
III.Cash flow from financing activities:			
Cash received from capital injections			
Cash received from borrowings		2,940,000,000.00	1,938,000,000.00
Other cash received from financing activities		6,347,134,479.62	3,933,896,501.13
Sub-total of cash inflows from financing activities		9,287,134,479.62	5,871,896,501.13
Cash paid on repayment of borrowings		65,780,000.00	219,500,000.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		7,631,548,707.92	5,383,785,133.91
Other cash paid on financing activities		491,581,396.89	1,614,517,322.60
Sub-total of cash outflows from financing activities		8,188,910,104.81	7,217,802,456.51
Net cash flow from financing activities		1,098,224,374.81	-1,345,905,955.38
IV.Effect of fluctuations in exchange rates on cash and cash equivalents		36,189,377.52	7,023,776.68
V. Net increase in cash and cash equivalents		1,141,449,240.58	1,832,283,933.60
Add: balance of cash and cash equivalents at the beginning of the period		7,579,640,524.79	5,747,356,591.19
VI.Balance of cash and cash equivalents at the end of the period		8,721,089,765.37	7,579,640,524.79

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

Consolidated Statement of Changes in Owner's Equity

January-December 2024

Unit and Currency: RMB

2024															
Equity attributable to owners of the Parent Company															
Other equity instruments				Equity attributable to owners of the Parent Company											
Items	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority shareholders' interests	Total owners' equity
I. Closing balance for the previous year	9,438,114,830.00				23,762,354,694.05	5,034,065,107.42	1,960,724,027.01		4,842,338,543.80		68,535,686,494.80	103,514,153,535.04	2,397,369,814.47		105,911,743,349.51
Add: changes in accounting policies															
Error correction for prior period															
Business contribution under common control					-2,247,839,795.51		-653,954.36								
Other															
II. Opening balance for the current year	9,438,114,830.00				21,514,544,894.54	5,034,065,107.42	1,960,365,082.65		4,842,338,543.80		68,535,686,494.80	101,265,984,771.17	6,284,355,202.17		107,330,339,973.34
III. Increase/decrease for the current period (decrease is represented by "-")															
(I) Total comprehensive income	-55,201,550.00				-1,399,185,982.61	-1,523,336,330.98	-1,175,536,705.18		454,264,348.65		10,752,457,775.16	10,100,134,228.00	738,491,216.25		10,858,825,444.25
(II) Capital injection and reduction by owners							-1,175,640,971.05				18,741,120,122.93	17,566,479,151.88	836,420,093.63		18,401,899,245.51
(III) Capital injection and reduction by owners	-55,201,550.00				-1,399,091,698.74	-1,523,336,330.98						69,053,075.24	31,960,403.41		10,013,078.65
1. Ordinary shares invested by owners															
2. Capital contribution by holders of other equity instruments													31,960,403.41		31,960,403.41
3. Share-based payment included in owners' equity															
4. Others															
(III) Profit distribution	-55,201,550.00				-1,773,149,070.78	-1,523,336,330.98									
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution to owners (for shareholders)															
4. Others															
(III) Internal transfer of owner's equity															
1. Transfer of capital reserves into capital (for share capital)															
2. Transfer of surplus reserves into capital (for share capital)															
3. Surplus reserves used for redeeming bonds															
4. Changes in defined benefit plans carried forward to related earnings															
5. Other comprehensive income carried forward to related earnings															
6. Others															
(IV) Special reserve															
1. Withdrawal for the period															
2. Utilization for the period															
(V) Others															
1. Closing balance for the period	9,382,913,334.00				-104,256.87	3,510,728,776.44	104,256.87		5,236,602,892.45		-40,038,997.53	-60,003,697.53	-2,252,327.41		-92,261,924.94
2. Closing balance for the period					20,115,939,921.93		783,828,357.47				79,288,144,269.76	111,366,118,999.17	7,022,846,416.42		118,388,865,417.59

2023															
Equity attributable to owners of the Parent Company															
Other equity instruments															
Items	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority shareholders' interests	Total owners' equity
I. Closing balance for the previous year	9,446,538,493.00				23,882,037,324.76	3,857,807,196.38	1,930,683,498.45	4,014,190,623.24	57,983,734,859.37				93,459,437,602.44	1,230,885,044.45	94,750,332,646.89
Add: changes in accounting policies															-
Error correction for prior period															-
Business combination under common control					-2,225,555,632.23		-671,394.66		-2,226,227,026.89						
Other															
II. Opening balance for the current year	9,446,538,493.00				21,656,481,692.53	3,857,807,196.38	1,930,012,103.79	4,014,190,623.24	57,983,734,859.37				91,233,210,575.55	3,584,138,376.90	1,357,911,350.01
III. Increase/decrease for the current period (decrease is represented by '-')	-8,483,600.00				-141,395,807.99	1,176,257,911.04	-20,647,041.14		828,147,920.56				10,032,774,193.62	1,389,321,780.62	11,422,085,976.44
(I) Total comprehensive income									828,147,920.56				16,575,986,004.73	477,408,887.67	17,063,376,892.40
(II) Capital injection and reduction by owners	-8,483,600.00				-141,395,807.99	1,176,257,911.04							-1,326,678,319.03	936,624,687.15	-390,033,421.88
1. Ordinary shares invested by owners														936,624,687.15	
2. Capital contribution by holders of other equity instruments														936,624,687.15	936,624,687.15
3. Share-based payment included in owners' equity															
4. Others															
(III) Profit distribution	-8,483,600.00														
1. Withdrawal of surplus reserves									828,147,920.56						
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Internal transfer of owner's equity															
1. Transfer of capital reserves into capital (or share capital)															
2. Transfer of surplus reserves into capital (or share capital)															
3. Surplus reserves used for remedying loss															
4. Changes in defined benefit plans carried toward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdrawal for the period															
2. Utilization for the period															
(VI) Others															
W. Ending balance for the period	9,438,114,893.00				21,514,594,884.54	5,034,065,107.42	1,969,366,062.65	4,842,388,549.80	37,920,637.14				37,920,637.14	6,264,365,202.17	37,920,637.14

Legal representative of the Company:	Person in charge of accounting function:	Person in charge of accounting department:
Li Huagang	Gong Wei	Ying Ke

Statement of Changes in Owners' Equity of the Parent Company

January-December 2024

Unit and Currency: RMB

Items	Paid-in capital (or share capital)	Other equity instruments			2024		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock					
I. Closing balance for the previous year	9,438,114,893.00				27,263,651,777.44	3,175,293,942.36	630,674,691.95		4,237,192,318.35	7,484,026,291.62	45,878,366,030.00
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	9,438,114,893.00				27,263,651,777.44	3,175,293,942.36	630,674,691.95		4,237,192,318.35	7,484,026,291.62	45,878,366,030.00
III. Increase/decrease for the current period (decrease is represented by "-")	-55,201,558.00				-1,583,090,325.87	-1,707,770,477.80	-12,305,942.28		454,264,348.65	2,203,252,891.70	2,714,689,891.00
(I) Total comprehensive income	—						-12,305,942.28			10,171,484,335.04	10,159,178,392.76
(II) Capital injection and reduction by owners	-55,201,558.00				-1,583,090,325.87	-1,707,770,477.80					69,478,592.93
1. Ordinary shares invested by owners											
2. Capital contribution by holders of other equity instruments											
3. Share-based payment included in owners' equity					389,757,180.67						389,757,180.67
4. Others	-55,201,558.00				-1,972,847,506.54	-1,707,770,477.80					-320,278,587.74
(III) Profit distribution									454,264,348.65	-7,968,231,443.34	-7,513,967,094.69
1. Withdrawal of surplus reserves									454,264,348.65	-454,264,348.65	
2. Distribution to owners (or shareholders)										-7,513,967,094.69	-7,513,967,094.69
3. Others											
(IV) Internal transfer of owner's equity											
1. Transfer of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves into capital (or share capital)											
3. Surplus reserves used for remedying loss											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others											
IV. Closing balance for the period	9,382,913,334.00				25,680,561,451.57	1,467,523,464.56	618,368,749.67		4,691,456,667.00	9,687,279,183.32	48,593,055,921.00

Section X Financial Report

Items	2023										
	Other equity instruments					Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve						
I. Closing balance for the previous year	9,446,598,493.00				27,300,899,019.76	2,308,138,558.42	602,091,349.74		3,409,044,397.79	5,328,311,799.62	43,778,806,501.49
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	9,446,598,493.00				27,300,899,019.76	2,308,138,558.42	602,091,349.74		3,409,044,397.79	5,328,311,799.62	43,778,806,501.49
III. Increase/ decrease for the current period (decrease is represented by "-")	-8,483,600.00				-37,247,242.32	867,155,383.94	28,583,342.21		828,147,920.56	2,155,714,492.00	2,099,559,528.51
(I) Total comprehensive income							28,583,342.21			8,281,479,205.57	8,310,062,547.78
(II) Capital injection and reduction by owners	-8,483,600.00				-37,247,242.32	867,155,383.94					-912,886,226.26
1. Ordinary shares invested by owners											
2. Capital contribution by holders of other equity instruments											
3. Share-based payment included in owners' equity					135,995,049.35						135,995,049.35
4. Others	-8,483,600.00				-173,242,291.67	867,155,383.94					-1,048,881,275.61
(III) Profit distribution									828,147,920.56	-6,125,764,713.57	-5,297,616,793.01
1. Withdrawal of surplus reserves									828,147,920.56	-828,147,920.56	
2. Distribution to owners (or shareholders)										-5,297,616,793.01	-5,297,616,793.01
3. Others											
(IV) Internal transfer of owner's equity											
1. Transfer of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves into capital (or share capital)											
3. Surplus reserves used for remedying loss											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others											
IV. Closing balance for the period	9,438,114,893.00				27,263,651,777.44	3,175,293,942.36	630,674,691.95		4,237,192,318.35	7,484,026,291.62	45,878,366,030.00

Legal representative of the Company:

Li Huangang

Person in charge of accounting

function: Gong Wei

Person in charge of accounting

department: Ying Ke

III. GENERAL INFORMATION OF THE COMPANY

1. Overview of the Company

☒ Applicable ☐ Not Applicable

The predecessor of Haier Smart Home Co., Ltd (hereinafter referred to as the Company) was Qingdao Refrigerator Factory, which was established in 1984. As permitted to offering by People's Bank of China, Qingdao Branch on 16 December 1989, with the document of Qing Ti Gai [1989] No. 3 issued on 24 March 1989, based on the reconstruction of the original Qingdao Refrigerator Factory, a limited company was set up by directional fund raising of RMB150 million. In March and September 1993, as approved by the document of Qing Gu Ling Zi [1993] No. 2 and No. 9 issued by the pilot leading team of Qingdao joint stock company, the Company was converted from a directional offering company to a public subscription company and issued additional 50 million shares to the public and listed with trading on Shanghai Stock Exchange in November 1993. In October 2018, D-shares in issue of the Company were listed on the China Europe International Exchange AG. In December 2020, H-shares in issue of the Company were listed on the Stock Exchange of Hong Kong Limited by way of introduction.

The Company's registered office is located at the Haier Science and Technology Innovation Ecological Park of Laoshan District, Qingdao, Shandong Province, and the headquarters is located at the Haier Science and Technology Innovation Ecological Park of Laoshan District, Qingdao, Shandong Province.

The Company is mainly engaged in research and development, manufacturing and sales of home appliances including refrigerators/freezers, kitchen appliances, air-conditioners, laundry appliances and water appliances, and other smart home business, as well as providing smart home packaged solutions.

The ultimate controlling parent company of the Company is Haier Group Corporation.

These financial statements have been approved for publication by the Board of the Company on 27 March 2025.

2. Scope of consolidated statements

For details of changes in the scope of consolidated financial statements for the current period, please refer to "IX. Changes in Consolidation Scope" and "X. Interest in Other Entities" of this note.

IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Company were prepared on the going concern basis according to the transactions and matters actually occurred, in accordance with the Accounting Standards for Enterprises — Basic Standards published by the Ministry of Finance, specific accounting standards, and guidance on application of accounting standards for enterprises, interpretations to accounting standards for enterprises and other relevant requirements (hereinafter collectively referred to as the “Accounting Standards for Enterprises”) which issued subsequently, and in combination with the disclosure provisions of the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No. 15: General Provisions for Financial Report (Revised in 2023) of CSRC as well as the following significant accounting policies and accounting estimation.

2. Going Concern

☒ Applicable ☐ Not Applicable

The Company has ability to continue its operation for at least 12 months since the end of the reporting period and there are no significant events affecting its ability to continue as a going concern.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates:

☒ Applicable ☐ Not Applicable

According to the characteristics of its production and operation, the Company formulated a series of specific accounting policies and accounting estimates, including the provisions for impairment for accounts receivable (Note V.11); the measurement of inventories (Note V.12); the depreciation and amortization of the investment properties (Note V.15); the depreciation of fixed assets (Note V.16), the amortization of intangible assets (Note V.19), the criterion for determining of long-term assets impairment (Note V.20); and the date of revenue recognition (Note V.26), etc.

1. Statement of compliance with Accounting Standards for Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Enterprises, which accurately and completely reflected information relating to the financial position, results of operations, changes in shareholders' equity and cash flows of the Company.

2. Accounting period

The accounting year of the Company is from 1 January each year to 31 December of the same year in solar calendar.

3. Operating period

√ Applicable ☐ Not Applicable

The Company takes the period from the acquisition of assets for processing to the ultimate realization of cash or cash equivalents as a normal operating cycle. The Company takes 12 months as an operating period, which is also the classification basis for the liquidity of its assets and liabilities.

4. Recording currency

Renminbi is the recording currency of the Company.

5. Materiality criteria determination method and selection basis

√ Applicable ☐ Not Applicable

Case	Materiality criteria
Material receivables for which bad debt provision is individually assessed	The amount of provision on an individual basis accounts for more than 10% of the total bad debt provisions for various types of receivables and is greater than RMB100 million
Material receivables and bad debt provisions which are recovered or reversed	The amount of recovery or reversal on an individual basis accounts for more than 10% of the total amount of various types of receivables and is greater than RMB100 million
Actual write-off of material accounts receivable	The amount of write-off on an individual basis accounts for more than 10% of the total bad debt provisions of various types of receivables and is greater than RMB100 million
Material prepayments aged more than one year	Prepayment aged more than 1 year on an individual basis accounts for more than 10% of the total prepayments and is greater than RMB100 million
Material projects under construction	The ending balance of a project on an individual basis is greater than RMB100 million
Material capitalized R&D projects	The ending balance of a project on an individual basis accounts for more than 10% of the ending balance of development expenditure and is greater than RMB100 million
Material accounts payable and other payables aged more than one year	Accounts payable/other payables with aged more than 1 year on an individual basis account for more than 10% of the total accounts payable/other payables and are greater than RMB100 million
Material contract liabilities aged more than one year	Contract liabilities aged more than 1 year on an individual basis account for more than 10% of the total contract liabilities and are greater than RMB100 million
Material non-wholly owned subsidiaries	The net assets of the subsidiaries account for more than 5% of the Company's net assets or the net profits and losses of the subsidiaries account for more than 10% of the Company's consolidated net profit
Material joint ventures or associates	The book value of long-term equity investment in an individual invested unit accounts for more than 5% of the Company's net assets or the investment profits and losses under the long-term equity investment equity method account for more than 10% of the Company's consolidated net profit

6. Accounting methods of business combinations under common control and not under common control

√ Applicable ☐ Not Applicable

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

(1) Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For business combination under common control, the party that obtains the control over the other parties on the combination date is the acquirer, and other parties involving in the business combination are the transferors. The combination date is the date on which the acquiring party effectively obtains the control over the party being acquired.

For business combination under common control, the transferor's assets and liabilities obtained by the Company (as the acquirer) in a business combination are accounted for at the carrying amount of the transferor in the ultimate controller's consolidated financial statements as at the date of combination, except for adjustments due to differences in accounting policies. The difference between the carrying amount of the combination consideration paid by the Company (or the aggregate nominal value of shares issued) and the carrying amount of net assets obtained in a business combination shall be adjusted to capital reserve, in case the capital reserve is insufficient for the elimination, the retained earnings shall be adjusted.

Intermediary fees (such as audit, legal services and valuation consultancy) and other relevant management fees incurred in the business combination by the Company (as the acquirer) are credited in profit or loss in the period when they occurred. Trading expenses in direct relation to the issuance of equity instrument as the consideration for the combination is written down to the capital reserve (share premium), where the capital reserve (share premium) is insufficient, and to surplus reserves and undistributed profits in order. Trading expenses in direct relation to the issuance of debt instrument as the consideration for the combination is included in the initial recognition amount of the debt instrument.

(2) Business combinations involving entities not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For business combination not under common control, the party that obtains the control of the other parties at the combination date is the acquirer; other parties involving in the business combination are the transferors. The combination date is the date on which the acquirer effectively obtains control of the transferors.

In business combination involving entities not under common control, the cost of combination of the Company (as the acquirer) shall be the sum of the assets paid, obligations incurred or assumed and the fair value of the equity securities issued by the Company for obtaining control of the transferor at the date of acquisition. Intermediary fees (such as audit, legal services and valuation consultancy) and other relevant management fees incurred by the Company for the purpose of business combination are credited in profit or loss in the period when they occurred. Transaction fees for the equity instruments or debt instruments issued by the Company as combination consideration is included in the initial recognition amount of such equity instruments or debt instruments. Contingent consideration involved shall be recorded as the combination cost based on its fair value on the acquisition date. Should any new or further evidence arise within 12 months after the acquisition date and makes it necessary to adjust the contingent consideration on the acquisition date, the goodwill arising from the business combination shall be amended accordingly.

The cost of combination and identifiable net assets obtained by the Company (as the acquirer) in a business combination involving entities not under common control are measured at fair value on the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the transferor's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the transferor's identifiable net assets, the difference is initially recognized in profit or loss for the current year after the Company conducted a review of computation for the identifiable assets, liabilities or fair value of contingent liabilities and combination cost, and where the combination cost is still lower than the fair value of the identifiable net assets of the transferor obtained during the course of combination, then the difference is recorded in the profit and loss.

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

√ Applicable ☐ Not Applicable

Judgement Criteria for Control:

The scope of consolidation of consolidated financial statements is on the basis of control. Control means that the Company has the power over the investee, enjoys variable returns by participating in relevant activities of the investee, and has the ability to use its power over the investee to influence the amount of its return. Control refers to the Company's right over the investee to enjoy variable returns through involvement in the investee and have the ability to exert the right to affect those returns. The Company will reassess when changes in relevant facts and circumstances result in changes in the relevant elements involved in the definition of control.

Preparation method of consolidated statements:

(1) *Scope of consolidated financial statements*

The Company incorporated all subsidiaries under its control (including the separate entities controlled by the Company) into the scope of consolidation financial statements, including the enterprises under the Company's control, divisible part in the investees and structured entities. Control refers to the Company having power over the investee and is entitled to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of those return.

(2) *To unify the accounting policies, balance sheets date and accounting periods of the Company and subsidiaries*

When preparing consolidated financial statements, adjustments are made if subsidiaries' accounting policies or accounting periods are different from that of the Company, in accordance with the Company's accounting policies and accounting periods.

(3) *Offset matters in the consolidated financial statements*

The consolidated financial statements shall be prepared by the Company on the basis of the financial statements of the Company and subsidiaries and based on other relevant information. In preparing the consolidated financial statements, all significant balances, transactions and unrealized profits between the Company and subsidiaries and among subsidiaries are eliminated. In preparing the consolidated financial statements, the Company treats the entire enterprise group as one accounting entity and reflects the overall financial position, operating results and cash flows of the Group in accordance with the requirements for recognition, measurement and presentation of relevant accounting standards for enterprises and consistent accounting policies. The owner's equity of the subsidiaries not attributable to the Company shall be presented separately as 'minority equity' under the owner's equity item in the consolidated balance sheet. The minority equity attributable to net profit or loss of subsidiaries in the current period shall be presented as 'minority interest' under the 'net profit' item in the consolidated profit statement. Where the amount of loss of a subsidiary attributable to the minority shareholders exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority equity. The long-term equity investment of the Company held by the subsidiaries, deemed as treasury stock of the corporate group as well as the reduction of owners' equity, shall be presented as 'Less: Treasury stock' under the owner's equity item in the consolidated balance sheet.

(4) *Accounting treatment of subsidiaries acquired from combination*

For subsidiaries acquired from business combination under common control of the Company, the opening amount of the consolidated balance sheet is adjusted, as if the business combination has taken place since the ultimate controller began its control. The income, expenses and profits of subsidiaries or business combinations from the beginning of the current period to the end of the reporting period are included in the consolidated profit statement. The cash flows from the beginning of the current period to the end of the reporting period of a subsidiary or business combination are included in the consolidated cash flow statement, and the related items in the comparative statements are adjusted. Where control can be exercised over the investee under the same control due to additional investment and other reasons, the Company shall deem the parties participating in the business combination to have made adjustments in their current status when the ultimate controller began its control. Equity investments held by the Company before control of the transferor are recognised for profit or loss, other comprehensive income and other changes in net assets between the later of the date on which the original equity interest is acquired and the date on which the Company and the transferor are under the same control and the date of combination, which are offset against the opening retained earnings or current profit or loss, respectively, in the period of the comparative statements.

For subsidiaries acquired from business combination under non-common control, the opening amount of the consolidated balance sheet is not adjusted. The income, expenses and profits of the subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated profit statement. The cash flows of the subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated statement of cash flows. Where control can be exercised over an investee that is not under the same control due to additional investment or other reasons, the Company remeasures the equity interest of the investee held before the purchase date based on the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying amount is included in the current investment income. Where the equity interest in the transferor held before the purchase date relates to other comprehensive income under the equity method and other changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution, other comprehensive income and other changes in owner's equity relating thereto are transferred to investment income of the current period as at the purchase date, except for other comprehensive income arising from the remeasurement of net liabilities or changes in net assets of defined benefit plans by the investee.

(5) *Dispose of equity interests in subsidiaries achieved in stages until losing control*

① General treatment

During the reporting period, when the Company disposes of a subsidiary or business, the income, expenses and profits of that subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated income statement of the Company; The cash flows from the beginning of the period to the disposal date of the subsidiary or operation are included in the consolidated statement of cash flows of the Company.

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company remeasures the remaining equity investment after disposal at its fair value at the date when control is lost. The difference between the sum of the consideration obtained on disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated by the Company based on the original shareholding ratio and goodwill calculated on a continuing basis from the date of purchase or consolidation, is included in investment income in the period in which control is lost and goodwill is written off. The Company converts other comprehensive income relating to the equity investment in the original subsidiary, etc to investment income in the current period when control is lost.

② Disposal of subsidiaries step by step

Where the Company disposed of equity investment in a subsidiary step by step through multiple transactions until control is lost, for example, the terms, conditions and economic impact of each transaction that disposes of the equity investment in a subsidiary meet one or more of the following conditions, the Company accounts for multiple transactions as a single transaction:

- i. The transactions were entered into simultaneously or with mutual influence in mind;
- ii. The transactions as a whole are capable of achieving a complete commercial outcome;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. The transaction is uneconomical by itself but economic when considered in conjunction with other transactions.

Where each transaction that disposes of an equity investment in a subsidiary until control is lost is a blanket transaction, the Company accounts for each transaction as a transaction that disposes of the subsidiary and loses control; However, the Company recognises the difference between each disposal price before the loss of control and the share of net assets of the subsidiary corresponding to the disposal of the investment as other comprehensive income in the consolidated financial statements and is transferred to profit or loss in the period in which control is lost when control is lost.

Where each transaction that disposes of an equity investment in a subsidiary until the loss of control is not a blanket transaction, the relevant policy for partial disposal of an equity investment in a subsidiary without loss of control is accounted for before the loss of control by the Company; When control is lost, accounting is performed in the same manner as would be done for a disposal subsidiary.

(6) Purchase of minority interests in subsidiaries

The difference between the Company's costs of newly acquired long-term equity investment resulting from the purchase of minority interests and the share of net assets attributable to the subsidiary calculated on an ongoing basis from the date of purchase (or the date of combination) based on the newly increased shareholding ratio, the equity premium in the capital reserve in the consolidated balance sheet is adjusted, and if the equity premium in the capital reserve is insufficient to offset, the retained earnings is adjusted.

(7) Partial disposal of equity investments in subsidiaries without loss of control

The Company adjusts the equity premium in the capital reserve in the consolidated balance sheet for the difference between the disposal price obtained from the partial disposal of the long-term equity investment in the subsidiary without loss of control and the share of the net assets of the subsidiary that would continue to be calculated from the purchase date or the combination date corresponding to the disposal of the long-term equity investment, or adjust the retained earnings if the equity premium in the capital reserve is insufficient to offset.

8. Classification of joint arrangement and accounting methods of joint operations

☒ Applicable ☐ Not Applicable

A joint arrangement refers to an arrangement jointly controlled by two or more parties. In accordance with the Company's rights and obligations under a joint arrangement, the Company classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

Joint operations refer to a joint arrangement in which the Company is a party and is entitled to relevant assets and obligations of this arrangement.

The Company recognizes the following items in relation to its interest in a joint operation, and accounts the same in accordance with relevant accounting standards for business enterprises: ① recognize the assets held solely by the Company, and recognize assets held jointly by the Company in appropriation to the share of the Company; ② recognize the obligations assumed solely by the Company, and recognize obligations assumed jointly by the Company in appropriation to the share of the Company; ③ recognize revenue from disposal of joint operations in appropriation to the share of the Company; ④ recognize revenue from disposal of joint operations in appropriation to the share of the Company; ⑤ recognize fees solely occurred by the Company and recognize fees from joint operations in appropriation to the share of the Company.

When the Company, as a joint venture, invests or sells assets to or purchase assets (the assets do not constitute a business, the same below) from joint operations, the Company shall only recognize the part of profit or lost from this transaction attributable to other parties of joint operations before these assets are sold to a third party. In case of an impairment loss incurred on these assets which meets the requirements as set out in Accounting Standards for Business Enterprises No. 8 — Asset Impairment, the Company shall full recognize the amount of this loss in relation to its investment in or sale of assets to joint operations or recognize the loss according to the Company's share of commitment in relation to the its purchase of assets from joint operations.

(2) Joint ventures

Joint ventures refer to a joint arrangement during which the Company only is entitled to net assets of this arrangement. Investment in joint venture is accounted for using the equity method according to the accounting policies referred to under "14. Long-term equity investment" of Note V.

9. Recognition standard for cash and cash equivalents

Cash recognized in the cash flow statements represents the cash on hand and deposits available for payment of the Company at any time.

Cash equivalents recognized in the cash flow statements refer to short-term, highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk on change in value.

10. Foreign currency businesses and translation of foreign currency statements

☒ Applicable ☐ Not Applicable

(1) Foreign currency transactions

If foreign currency transactions occur, they are translated into the amount of functional currency by applying the exchange rate at the transaction date.

Monetary items denominated in foreign currencies are translated by the Company into functional currencies at the rates of exchange ruling at the balance sheet date. All foreign exchange difference are credited in the profit or loss of the current period, except those arising from the funds denominated in foreign currency specially borrowed for the establishment of the qualifying assets are treated based on the principal of capitalization of borrowing costs.

Non-monetary items in foreign currency measured at historical cost are translated by the Company using the spot exchange rate prevailing on the date when transaction occurred and its functional currency shall remain unchanged. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences between the translated and original amounts of functional currencies are recognized in the statement of profit or loss or other comprehensive income as changes in fair value (including changes in exchange rate).

(2) Translation of foreign currency financial statements

If the functional currencies used as the bookkeeping base currency by the subsidiaries, joint ventures and associates under the control of the Company are different from that of the Company, their financial statements denominated in foreign currencies shall be translated to perform accounting and prepare the consolidated financial statements.

The assets and liabilities of the foreign currency balance sheet of the Company are translated using the spot exchange rate at the balance sheet date; all items except for 'undistributed profits' of the owner's equity are translated at the spot exchange rate on the transaction date. The revenue and expenses in the foreign currency income statement of the Company are translated using the approximate rate of the spot exchange rate on the transaction date. Exchange differences on translation of financial statements denominated in foreign currencies are presented as the 'other comprehensive income' in the owner's equity of the balance sheet.

Foreign currency cash flow and cash flows of a foreign subsidiary of the Company is translated using the approximate rate of the spot exchange rate on the date of the cash flows. The impact of exchange rate changes on cash amount is regarded as a reconciliation item and reflected separately in the cash flow.

When disposing overseas operations, the translation difference in the foreign currency financial statements as shown in the owner's equity of the balance sheet and related to the overseas operation shall be transferred from owner's equity to profit or loss in the current period of disposal. If part of the overseas operations is disposed of, the translation difference in the foreign currency financial statements of the disposal part shall be calculated based on the proportion of the disposal and transferred to profit or loss in the current period of disposal.

11. Financial instruments

☒ Applicable ☐ Not Applicable

A financial instrument refers to any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or financial liability and equity instrument is recognized when the Company becomes a party to the contract of a financial instrument.

(1) Classification, recognition and measurement of financial assets

On initial recognition of a financial asset, according to the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: Financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss of the current period.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit and loss of the current period, related transaction costs are directly included in profit and loss of the current period; for other types of financial assets, related transaction costs are included in their initial recognized amounts. For the accounts receivable or bills receivable arising from the sale of products or the provision of labor services that do not contain or consider the significant financing components, etc, the Company shall take the consideration amount entitled to be received as the initial recognized amount.

1) ***The debt instruments held by the Company:***

① Financial assets measured at amortized cost

The Company's business model for managing such financial assets is: With the aim of obtaining contractual cash flow, the contractual cash flow characteristics of such financial assets shall be consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment for the principal and the interest based on the outstanding principal amount. For such financial assets, the Company recognizes the interest income in accordance with the effective interest method. Such financial assets are subsequently measured at amortised cost. The gains or losses arising from amortisation or impairment are recognised in profit or loss of the current period. Such financial assets of the Company mainly include cash and cash equivalents, bills receivable, accounts receivable, other receivables, creditor's right investment and long-term receivables. The Company lists the creditor's rights investments and long-term receivables matured within one year (including one year) from the balance sheet date as non-current assets matured within one year; the creditor's rights investments matured within one year (including one year) when being obtained are listed as other current assets.

② Financial assets measured at fair value through other comprehensive income

The Company's business mode for managing such financial assets is: With the aim of obtaining contractual cash flow and selling the financial assets, the contractual cash flow characteristics of such financial assets shall be consistent with the basic lending arrangements. Such financial assets are measured at fair value through other comprehensive income, but impairment gains and losses, exchange gains and losses, and interest income calculated by the effective interest method are included in profit and loss of the current period. Such financial assets of the Company mainly include financing receivables and other creditor's rights investments. The Company lists other creditor's rights investments matured within one year (including one year) from the balance sheet date as non-current assets matured within one year; other creditor's rights investments matured within one year (including one year) when being obtained are listed as other current assets.

③ Financial assets measured at fair value through profit or loss of the current period

The Company classifies financial assets other than those above measured at amortized cost and those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss of the current period. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designated some financial assets as financial assets measured at fair value through profit or loss of the current period. Such financial assets are subsequently measured at fair value and changes in fair value are included in profit or loss of the current period. Such financial assets that are matured more than one year and are expected to be held for more than one year from the balance sheet date are listed as other non-current financial assets.

2) *Equity instrument investments of the Company:*

The Company classifies equity instrument investments that have no control, joint control and significant influence on itself as financial assets measured at fair value through profit or loss of the current period; investments that are expected to be held for more than one year from the balance sheet date are listed as other non-current financial assets.

In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, which are listed as other equity instrument investments. Such designation cannot be revoked once made. The Company includes the relevant dividends and interest income of such financial assets in profit and loss of the current period, and changes in fair value are included in other comprehensive income. When the financial asset is derecognised, the Company transfers the cumulative gain or loss previously included in other comprehensive income directly to retained earnings and is not included in profit or loss of the current period.

(2) *Classification, recognition and measurement of financial liabilities*

On initial recognition, financial instruments or their components issued by the Company are classified into financial liabilities or equity instruments based on the contractual terms of the financial instruments and the economic nature, rather than solely on its legal form, together with the definition of financial liability and equity instruments.

The Company classifies financial liabilities as financial liabilities at fair value through profit and loss of the current period and other financial liabilities at initial recognition.

Financial liabilities at fair value through profit and loss of the current period are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any interest expenses related to the financial liabilities are recognized in profit or loss of the current period. The financial liabilities at fair value through profit and loss of the current period of the Company mainly consist of financial liabilities held for trading.

Other financial liabilities are subsequently measured at amortized costs using effective interest method. Other financial liabilities of the Company are financial liabilities measured at amortized cost, including bills payable, accounts payable, other payables, borrowings, bonds payable, etc. Such financial liabilities are recognized initially at fair value less transaction costs and subsequently measured using the effective interest method. Financial liabilities with a maturity of less than one year (including one year) are listed as current liabilities; those with maturity of more than one year but are mature within one year from the balance sheet date (including one year) are listed as non-current liabilities due within one year; the rest are presented as non-current liabilities.

(3) Classification and treatment of financial liabilities and equity instruments

The Company classifies financial liabilities and equity instruments on the following principles: (1) Where the Company is unable to unconditionally avoid delivering cash or another financial asset to fulfil a contractual obligation, the contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly include the terms and conditions imposing the contractual obligation to deliver cash or another financial asset, they may indirectly give rise to the contractual obligation through other terms and conditions. (2) Where a financial instrument shall or may be settled in the Company's own equity instrument, consideration shall be given to whether the Company's own equity instrument as used to settle the instrument is a substitute of cash or another financial asset or the residual interest in the assets of the Company after deducting all of its liabilities. In the former case, the instrument shall be the Company's financial liability; in the latter case, the instrument shall be the equity instrument of the Company. Under certain circumstances whereby a financial instrument contract stipulates that the Company shall or may use its own equity instrument to settle the financial instrument, and the amount of the contractual right or obligation equal to the number of its own equity instruments to be received or delivered multiplied by their fair value at the time of settlement, the contract shall be classified as a financial liability, regardless of whether the amount of the contractual right or obligation is fixed, or fluctuates in full or in partly in response to changes in a variable other than the market price of the Company's own equity instruments (for example an interest rate, a commodity price or a financial instrument price).

When classifying a financial instrument (or a component thereof) in consolidated financial statements, the Company shall consider all terms and conditions agreed between members of the Group and the holders of the financial instrument. If the Group as a whole has an obligation in respect of the instrument to settle it by delivering cash or another financial asset or in such a way that it would be a financial liability, such instrument shall be classified as a financial liability.

If the financial instrument or its component is attributable to the financial liability, the relevant interests, dividends, gains or losses, and gains or losses arising from redemption or refinancing, shall be recorded in the profit or loss of the current period.

If the financial instrument or its component is attributable to equity instrument, the Company treats it as change in equity when it is issued (including refinanced), repurchased, sold or cancelled. Changes in fair value of equity instrument is not recognized by the Company. Transaction costs related to equity transactions are deducted from equity. The Company recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

(4) Recognition and measurement on transfer of financial assets

A financial asset shall be de-recognized when one of the following conditions is met: ① the contractual right for receiving cash flows from the financial asset is terminated; ② the financial asset is transferred, and the risk and rewards of ownership of the financial asset have been substantially transferred to the transferee; and ③ the financial asset is transferred; the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but ceases the control over the financial asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the control over the financial asset is not ceased, the financial asset and the related financial liabilities should be recognized based on the degree of continuing involvement. The degree of continuing involvement means the level of risks borne by the Company resulting from the change in value of the financial asset.

On de-recognition of other equity instruments investment, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in other comprehensive income is recognized in the retained earnings. On de-recognition of other financial assets, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in other comprehensive income is recognized in current profit or loss.

For financial assets that are sold with recourse or endorsement, the Company needs to determine whether the risk and rewards of ownership of the financial asset have been substantially transferred. If the risk and rewards of ownership of the financial asset have been substantially transferred, the financial asset shall be derecognized. If the risk and rewards of ownership of the financial asset have been substantially retained, the financial asset shall not be de-recognized. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Company shall assess whether the control over the financial asset is retained, and the financial assets shall be accounted for according to the above paragraphs.

(5) Derecognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the Company derecognizes the financial liability (or part of the financial liability). The Company (borrower) enters into an agreement with the lender to replace the original financial liability in the form of a new financial liability, and if the new financial liability is substantially different from the original financial liability, the original financial liability is derecognized and the new financial liability is recognized. If the Company makes substantial changes to the contractual terms of the original financial liability (or a part thereof), the original financial liability is derecognized and the new financial liability is recognized in accordance with the revised terms.

If the financial liability (or a part thereof) is derecognized, the difference between the carrying amount and the consideration paid (including the transferred non-cash assets or liabilities assumed) is recognized in current profit or loss.

(6) Offsetting financial assets and financial liabilities

When the Company has the legal right to offset recognized financial assets and financial liabilities, and the legal right can be executed at present, and the Company has a plan to settle the financial assets and financial liabilities at the same time or at net amount, the financial assets and financial liabilities can be presented in the balance sheet at net amount after offsetting. Except for the above circumstances, financial assets and financial liabilities cannot be offset and shall be presented separately in the balance sheet.

(7) Determination of fair value of financial assets and financial liabilities

Fair value is the amount at which an asset could be sold or a liability could be transferred between willing parties in an orderly transaction on a measurement date. The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. Quoted price in the active market represents quoted price which can be easily obtained periodically from exchange market, brokers, industry associations or pricing services agency, etc., which is the transactions amount in arm's length transactions. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, discounted cash flow analysis and option pricing models, etc. During the valuation, the Company adopts an applicable valuation technique under current conditions and there are enough available data and other information to support. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability, and the Company should maximize the use of relevant observable inputs. When related observable inputs can't be acquired or are not feasible to be acquired, then use unobservable inputs.

In summary, the Company categorizes inputs for fair value measurement into three levels and uses the inputs by the order of Level 1, Level 2 and Level 3. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: unobservable inputs for the asset or liability.

(8) Impairment of financial assets

For financial assets measured at amortized cost and debt instrument investments measured at fair value through other comprehensive income, contract assets and financial guarantee contracts, the Company recognizes the loss provision based on the expected credit losses.

The Company considers reasonable and reliable information about past events, current conditions and forecasts of future economic conditions, and takes the risk of default as a weight, and calculates the probability-weighted amount of the present value of the difference between the cash flow receivable and the cash flow expected to be received of the contract to confirm the expected credit losses.

On each balance sheet date, the Company measures the expected credit losses of financial instruments in different phases. If the credit risk has not increased significantly since the initial recognition, the financial instruments are in the first phase. The Company measures the loss provision according to the expected credit losses in the next 12 months; if credit risk has increased significantly but credit impairment has not yet occurred since the initial recognition, the financial instruments are in the second phase. The Company measures the loss provision according to the expected credit losses of the instruments during the entire duration; if credit impairment has occurred since the initial recognition, the financial instruments are in the third phase. The Company measures the loss provision according to the expected credit losses of the instruments during the entire duration.

For financial instruments with lower credit risk on the balance sheet date, the Company measures the loss provision according to the expected credit losses in the next 12 months, assuming that its credit risk has not increased significantly since the initial recognition.

For financial instruments in the first phase and second phase and financial instruments with relatively lower credit risk, the Company calculates interest income based on their book balance before the deduction of provisions and effective interest rate. For financial instruments in the third phase, the Company calculates interest income based on their amortized cost after the impairment provision has been deducted from the book balance and effective interest rate.

For bills receivable, accounts receivable and contract assets, whether there exist significant financing components, the Company measures loss provision based on expected credit loss over the entire duration.

The Company classifies accounts receivable into groups on the basis of shared credit risk characteristics, and calculates the expected credit losses on groups, the bases of group determination are as follows:

For each group of bills receivable, the Company applies exposure at default and expected credit losses rate over the entire duration to calculate the expected credit losses by taking into account the historical credit losses experience, the existing conditions and forecast of future economic conditions.

For each group of accounts receivable, the Company makes the comparison of expected credit losses rates of accounts receivable in overdue days and over the entire duration to calculate the expected credit losses by taking into account the historical credit losses experience, the existing conditions and forecast of future economic conditions.

For each group of other accounts receivable, the Company applies exposure at default and expected credit losses rate within the next 12 months or over the entire duration to calculate the expected credit losses by taking into account the historical credit losses experience, the existing conditions and forecast of future economic conditions.

The Company recognizes the loss impairment provision or reversed in profit or loss of the current period. For held debt instruments at fair value through other comprehensive income, the Company recognizes loss/gain on impairment in profit or loss of the current period, and adjusts other comprehensive income at the same time.

12. Inventory

☒ Applicable ☐ Not Applicable

(1) Classification of inventory

☒ Applicable ☐ Not Applicable

Inventory refers to finished products and commodities held by the Company in daily activities for sale, products in progress, materials and supplies consumed in the process of production or provision of labour services, including mainly raw materials, turnover materials, materials for commissioned processing work, packaging materials, products in progress, semi-finished products through in-house manufacturing, finished products (products in stock) and project construction, among others.

(2) Pricing of dispatch of inventory

☒ Applicable ☐ Not Applicable

The actual cost of inventories upon delivery is calculated using the weighted average method.

(3) Impairment provision for inventory

At the balance sheet date, inventory is measured at the lower of cost and net realisable value.

The net realisable value of inventories that can be directly put to sale, including finished products, commodities and materials for sale is determined as the estimated selling price of such inventory less estimated selling expenses and related tax expenses; the net realisable value of or inventories held for production, is determined as the estimated selling price of finished products manufactured less estimated cost incurred upon completion, estimated selling expenses and related tax expenses; the net realisable value of inventory held for the execution of sales contract or labour contract is computed on the basis of the contract price. If the quantity of inventories held by the Company is more than the quantity ordered under a sales contract, the net realisable value of the inventories in excess is computed on the basis of the general selling price.

Inventory impairment provision is made on the basis of individual inventory items, provided that if certain inventories are related to a series of products manufactured and sold in the same region with identical or similar end uses or purposes and are difficult to measure separately with other items, their cost and net realisable value may be measured on an aggregate basis. Inventories The cost and net realizable value of inventories in large quantity with low unit prices are measured according to inventory types.

At the balance sheet date, if the cost of inventory of the Company is higher than its net realisable value, impairment provision is made and charged to current profit or loss. If the factor causing the write-down of inventory value has been removed, the amount of write-down should be reversed and transferred out of the previous inventory impairment provision amount. The reversed amount is included in current profit or loss.

(4) Inventory system

The Company adopts the perpetual inventory system as its inventory system.

(5) Amortisation of low-value consumables and packaging materials

The Company adopts one-off amortisation of its low-value consumables and packaging materials.

13. Contract assets

☒ Applicable ☐ Not Applicable

The Company presents the right of the Company to charge consideration from the customer unconditionally (i.e. only depends on the passage of time) as a receivable, while the consideration that the Company has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is presented as a contract assets. If the Company sells two clearly distinguishable goods to the customer, and it has the right to receive payment because one of the goods has been delivered, but the receipt of such payment is conditioned on the delivery of another goods, the Company shall recognise such right to receive payment as contract asset.

For the determination and accounting treatment methods of the expected credit loss of contract assets, please see note V.11 "Impairment of financial assets".

14. Long-term equity investments

☒ Applicable ☐ Not Applicable

Long-term equity investments hereunder refer long-term equity investments in which the Company exercises control, joint control or significant influence over the investee.

(1) Determination of initial investment cost

- ① The initial cost of long-term equity investments acquired through business combination involving parties under common control should be recognised as the share of the carrying value of the owner's equity of the acquired party; the initial cost of long-term equity investments acquired through business combination involving parties not under common control should be recognised as the combination costs determined at the date of acquisition;

- ② The Company invested in other equity investment other than long-term equity investments acquired through combination, the initial investment cost of long-term equity investments acquired with cash payment is the acquisition price actually paid; the initial investment cost of long-term equity investments acquired with the issuance of equity-based securities is represented by the fair value of equity-based securities; the initial investment cost of long-term equity investments acquired through debt restructuring is determined in accordance with relevant provisions under “Accounting Standards for Business Enterprises No.12 — Debt Restructuring”; the initial investment cost acquired in exchange for non-monetary assets shall be determined in accordance with relevant provisions of the standard.

(2) Subsequent measurement and recognition of profit or loss

① **Cost method**

Long-term equity investments in which the Company is able to exercise control over the investee is accounted for using the cost method. Under the cost method, the carrying value of long-term equity investments, other than additional investment or recouped investment, shall remain constant. The Company declared the distribution of profit or cash dividend to the investee and calculated the portion of entitlement, which is recognised as investment income.

② **Equity method**

The equity method is used by the Company to account for long-term equity investments in associates and joint ventures. Under the equity method, the initial investment cost is not adjusted for any excess of the initial investment cost over the share of the net fair value of the investee’s identifiable assets. When the initial investment cost is less than the share of the fair value of the investment’s identifiable net assets, the difference is recognised in current profit or loss and the cost of long-term equity investment is adjusted accordingly.

Under the equity method, share of net profit or losses and other comprehensive income of the investee are recognised by the Company as investment income and other comprehensive income, respectively, and the carrying amount of the long-term equity investment is adjusted accordingly. Share of profit or cash dividend declared by the investee is charged against the carrying value of the long-term equity investment; changes in owners’ equity of the investee other than net profit or loss, other comprehensive income and profit distribution are adjusted against the carrying value of long-term equity investment and included in capital reserve. Share of net profit or loss of the investee is recognised by the Company on the basis of the fair value of the identifiable assets of the investee when the investment is acquired and adjusted against the net profit of the investee. If the accounting policy and accounting period of the investee are inconsistent with those of the Company, the financial statements of the investee is adjusted to align with the accounting policy and accounting period of the Company, and investment income and other comprehensive income is recognised accordingly.

Net losses of the investee is recognised by the Company by deducting the carrying value of the long-term equity investment together with long-term equity that in substance forms part of the net investment in the investee until it reaches zero. Moreover, if the Company has incurred obligations to assume additional losses of the investee, estimated liabilities are recognised according to the obligation expected to be assumed and charged to current investment loss. If the investee records net profit in future periods, the Company shall recognise its share of gains after applying such share of gains to make up for the unrecognised share of loss.

(3) Change of accounting method for long-term equity investment

- ① Change from fair value measurement to the equity method: If an equity investment in the investee not previously affording control, joint control or significant influence and accounted for in accordance with the standard for recognition and measurement of financial instruments becomes capable of affording joint control or significant influence over the investee as a result of increased shareholding following additional investment, the accounting method should be changed to the equity method, and the fair value of the original equity investment determined according to the standard for recognition and measurement of financial instruments plus the fair value of consideration paid for the acquisition of the new investment shall be changed the initial investment cost under the equity method.
- ② Change from fair value measurement or equity method to cost method: if an equity investment previously held in the investee not previously affording control, joint control or significant influence and accounted for in accordance with the standard for recognition and measurement of financial instruments, or a long-term equity investment previously held in associates or joint ventures becomes capable of affording control over the investee, it is accounted for long-term equity investment formed through business combination.
- ③ Change from equity method to fair value measurement: if a long-term equity investment previously held in the investee affording joint control or significant influence ceases to afford joint control or significant influence as a result of decrease in shareholding percentage following partial disposal, the remaining equity investment is recognised in accordance with the standard for recognition and measurement of financial instruments, and the difference between the fair value at the date of loss of joint control or significant influence and the carrying value is included in current profit or loss.

- ④ Change from cost method to equity method or fair value measurement: when preparing separate financial statements, if the Company loses control over an investee due to disposal of some equity-based investment and other reasons, the Company accounts for the remaining equity affording joint control or significant influence over an investee as a result of disposal based on the equity method, and the remaining equity will be adjusted as if it is accounted for using the equity method from the date of acquisition; for the remaining equity not affording joint control or significant influence over an investee as a result of disposal, it is accounted for in accordance with relevant requirements of Accounting Standards for Business Enterprises No. 22— Recognition and measurement of financial assets, and the differences between the fair value and book value on the date when control is lost are included in profit or loss. When preparing consolidated financial statements, it shall be accounted for in accordance with relevant requirements of Accounting Standards for Business Enterprises No.33— Consolidated financial statements.

(4) Bases for determining joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control over an arrangement, which relevant activities of such arrangement must be decided by unanimous agreement from parties who share control. If all the parties or a group of parties must act in concert to decide on the relevant activities of certain arrangement, it can be considered that all parties or a group of parties have collective control over the arrangement. When determining if there is any joint control, it should first be determined if the arrangement is controlled collectively by all parties or a combination of parties, and then determined whether decisions about activities related to the arrangement must be made by the unanimous agreement of those parties who have collective control over the arrangement. If there are two or more party groups that can collectively control certain arrangement, it does not constitute joint control. When determining if there is any joint control, the relevant protection rights will not be taken into account.

Significant influence is the power of the investor to participate in the decision-making of an investee's financial and operational policies, but neither control nor jointly control the formulation of such policies with other parties. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held directly or indirectly and the potential voting rights held by the Company and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account by the Company.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) to 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in the production and operational decisions of the investee and cannot pose significant influence in this situation.

The Company usually determines whether there is significant influence on the investee through the following one or several circumstances:

- ① Representation at the board or similar authority of the investee.
- ② Participation in the decision-making process of the investee's financial and operational policies.
- ③ Having important transactions with the investee.
- ④ Posting of management personnel at the investee.
- ⑤ Providing key technical data to the investee.

Having one or several of the above circumstances does not mean that the Company must have significant influence on the investee. The Company needs to comprehensively consider all the facts and circumstances to make an appropriate judgment.

(5) Methods for impairment test and impairment provision

At the balance sheet date, the Company inspects whether there are indications of possible impairment of a long-term equity investment. If there are indications of impairment, an impairment test should be performed to ascertain its recoverable amount, and an impairment provision equivalent to the margin by which the recoverable amount is lower than the carrying value should be made. Once recognised, impairment loss will not be reversed in subsequent accounting periods. The recoverable amount is determined as the higher of net fair value of the long-term equity investment on disposal and present value of estimated future cash flow.

(6) Disposal of long-term equity investments

Upon the Company's disposal of long-term equity investments, the difference between the carrying value and consideration actually acquired is included in current profit or loss. Upon disposal of long-term equity investment, the portion previously included in other comprehensive income is accounted for according to the relevant percentage on the same basis adopted in the direct disposal of the relevant assets or liabilities by the investee.

15. Investment properties

(1) Types and measurement models of investment properties

The Company's investment properties include the following types: leased land-use rights and leased buildings.

The Company's investment properties are initially measured at cost and subsequently on a cost basis.

(2) Adoption of cost model as accounting policy

Among the Company's investment properties, leased buildings are subject to depreciation on a straight-line basis in accordance with accounting policies identical with accounting policies for fixed assets. Leased land-use rights and land-use rights held for disposal after appreciation land-use rights in investment properties are amortised using the straight-line method in accordance with accounting policies identical with fixed asset accounting policies for intangible assets.

At the balance sheet date, the Company inspects whether there are indications of possible impairment of an investment property. If there are indications of impairment, an impairment test should be performed to ascertain its recoverable amount, and an impairment provision equivalent to the margin by which the recoverable amount is lower than the carrying value should be made. Once recognised, impairment loss will not be reversed in subsequent accounting periods.

Where the investment properties are sold, transferred, retired or damaged, the differences from disposal after deducting the carrying amount and related taxes are recognised in profit or loss for the current period by the Company. When the Company has evidence indicating the self-occupied houses and buildings are converted to leasing or leasing out its properties held for sale under operating leases, the carrying amount of such fixed assets, intangible assets or inventories before the conversion are transferred to investment properties. When the Company has evidence indicating the property held to earn rentals or for capital appreciation are converted to self-occupation or the property intended for operating lease purpose are open for sale, the carrying amount of such properties before the conversion are transferred to fixed assets, intangible asset or inventories.

16. Fixed assets

(1) Recognition criteria and measurement of fixed assets

☒ Applicable ☐ Not Applicable

Fixed assets of the Company refer to tangible assets held for the production of commodities, provision of labour services, lease or operational management with a useful life of more than one accounting year. Fixed assets are recognised if all of the following conditions are met:

- ① Economic benefits relating to such fixed assets are likely to flow into the Company;
- ② The cost of the fixed assets can be reliably measured.

Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditure shall be recognised in profit or loss for the period in which it is incurred.

Fixed assets of the Company are initially measured at cost. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use, such as transportation costs and installation expenses. If the payment for a purchased fixed asset is deferred beyond the normal credit terms, the cost of the fixed asset shall be determined based on the present value of the instalment payments. The difference between the actual payment and the present value of the purchase price is recognised in profit or loss over the credit period, except for such difference that is capitalised according to Accounting Standard for Business Enterprises No. 17 — Borrowing Costs.

(2) Classification and depreciation of fixed assets

☒ Applicable ☐ Not Applicable

The Company's fixed assets are mainly classified into: buildings, machinery equipment, transportation equipment and office and other equipment; depreciation is conducted on a straight-line basis. The useful life and estimated net residual value of fixed assets are determined based on the nature and use of the fixed assets. At the end of the year, the useful life and estimated residual value of and depreciation method for fixed assets are reviewed, and adjustment is made for any difference with the original estimated amount. Other than fully depreciated fixed assets which remain in use and the land which is separately priced and recorded, the Company measures depreciation for all fixed assets.

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The type, depreciation method, estimated useful lives, estimated residual values and yearly depreciation of the Company's fixed assets are as follows:

Type	Depreciation method	Depreciation life (years)	Residual values
Buildings	Life average method	8-40	0-5%
Machinery equipment	Life average method	4-20	0-5%
Transportation equipment	Life average method	5-10	0-5%
Office and other equipment	Life average method	3-10	0-5%

(3) Methods for impairment test and impairment provision for fixed assets

At the balance sheet date, the Company inspects whether there are indications of possible impairment of fixed assets. If there are indications of impairment, an impairment test should be performed to ascertain its recoverable amount, and an impairment provision equivalent to the margin by which the recoverable amount is lower than the carrying value should be made. Once recognised, impairment loss will not be reversed in subsequent accounting periods.

(4) Disposal of fixed assets

Fixed assets are derecognised upon disposal, or when no economic benefits are expected from use or disposal. The difference between gains on disposal, transfer, retirement or damage of fixed assets, net of their book value and related taxes, are included in profit and loss.

17. Construction in progress

☒ Applicable ☐ Not Applicable

(1) Measurement of construction in progress

The cost of the Company's construction in progress is recognised at actual construction expenses, including all necessary construction expenses incurred during the construction, and borrowing costs capitalized before the work reaches the expected conditions for use and other related costs.

(2) Criteria for and timing of the transfer of construction in progress to fixed assets

The Company's construction in progress is transferred to fixed assets when the work is completed and reaches the expected conditions for use. The criteria for judgement of expected conditions for use should meet one of the following:

- ① The physical construction (including installation) of fixed assets has been completed in full or substantially completed in full;

- ② Trial production or operation has commenced and the result indicates that the asset can operate normally or can manufacture compliant products in a consistent manner, or the trial operation indicates that it can operate or conduct business normally;
- ③ The amount of fixed asset expenditure of the construction is minimal or almost certain not be further incurred;
- ④ Fixed assets acquired have reached design or contractual requirements, or are essentially consistent with design and contractual requirements.

(3) Methods for impairment test and impairment provision for construction in progress

At the balance sheet date, the Company inspects whether there are indications of possible impairment of construction in progress. If there are indications of impairment, an impairment test should be performed to ascertain its recoverable amount, and an impairment provision equivalent to the margin by which the recoverable amount is lower than the carrying value should be made. Once recognised, impairment loss will not be reversed in subsequent accounting periods.

The recoverable amount is determined as the higher of net fair value of the asset less disposal cost and the present value of estimated future cash flow.

18. Borrowing costs

☒ Applicable ☐ Not Applicable

(1) Principle for recognition of capitalisation of borrowing cost

Borrowing costs incurred by the Company that can be directly attributed to the acquisition or production of assets qualified for capitalisation are capitalised and included in relevant asset costs; other borrowing costs are recognised as cost at the amount incurred at the time of incurrence and charged to current profit or loss. Assets qualified for capitalisation refer to fixed assets, investment properties and inventory that require a considerably long period of acquisition or production activities to reach the expected conditions for use or sale.

(2) Computation of capitalised amounts

Capitalisation period: from the point of time at which the capitalisation of borrowing costs begins to the point of time at which capitalisation ceases. The period of suspension of capitalisation of borrowing costs is not included.

Period of suspension of capitalisation: In case of abnormal disruption during the acquisition or production process for a consecutive period of more than 3 months, the capitalisation period for borrowing costs should be suspended.

Computation of capitalised amount: ① For specific borrowings, the amount is determined as interest expense incurred for the period in respect of the specific borrowing less interest income received through the deposit of unutilised borrowed funds or investment gains received through provisional investments; ② For general borrowings utilised, the amount is determined as the weighted average amount of the portion of cumulative asset expenses in excess of the asset expense of specific borrowings multiplied by the capitalisation rate for the general borrowings utilised, where the capitalisation rate is the weighted average interest rate of general borrowings; ③ where there is a discount or premium in the borrowings, the amortisation of such discount or premium for each accounting period is determined according to the effective interest rate and the interest amount for each period is adjusted accordingly.

19. Intangible assets

Intangible assets are the identifiable non-monetary assets which have no physical form and are possessed or controlled by the Company, and are recognized when the following conditions are met:

- ① it is probable that economic benefits attributable to the intangible assets will flow into the Company;
- ② the costs of the intangible assets can be measured reliably.

(1) Measurement of intangible assets

Intangible assets of the Company are initially recognized at costs. The actual costs of purchased intangible assets include the consideration and relevant expenses actually paid. For intangible assets contributed by investors, relevant actual costs are determined based on the value agreed in the investment contract or agreement. But if the value agreed in the investment contract or agreement is not a fair value, the actual costs should be determined based on the fair value. The cost of a self-developed intangible asset is the total expenditure incurred in bringing the asset to its intended use. Intangible assets acquired in a business combination not under common control that are owned by the acquiree but not recognised in its financial statements are recognised as intangible assets at fair value on initial recognition of the acquiree's assets.

Subsequent measurement of intangible assets of the Company: ①Intangible assets with finite useful lives are amortized on a straight-line basis; their useful lives and amortization methods are reviewed at the end of each year, and adjusted accordingly if there is any variance with the previous estimates; ②Intangible assets with indefinite useful lives are not amortized and their useful lives are reviewed at the end of each year. If there is an objective evidence that the useful life of an intangible asset is finite, an estimation should be made on the useful life and the intangible asset should be amortized using the straight-line method.

(2) Criterion of determining indefinite useful life

√ Applicable ☐ Not Applicable

The useful life of an intangible asset is indefinite if the period in which the asset brings economic benefits for the Company is unforeseeable, or the useful life could not be ascertained.

Criterion of determining indefinite useful lives: ① the period is derived from contractual rights or other legal rights and there are no explicit years of use stipulated in the contract or laws and regulations; ② the period in which the intangible assets generate benefits for the Company still could not be estimated after considering the industrial practice or relevant expert opinions.

At the end of each year, the Company reviews the useful lives of the intangible assets with indefinite useful lives. The assessment is primarily reviewed by relevant departments that use the intangible assets, using the down-to-top approach, to determine if there are changes to the determination basis of indefinite useful lives.

(3) Methods of test and provision for impairment of intangible assets

At the balance sheet date, the Company reviews intangible assets to check whether there is any sign of impairment. If yes, the recoverable amount is recognized through an impairment test and provision for impairment is made based on the difference between the carrying value and the recoverable amount.

Impairment loss will not be reversed in subsequent accounting periods once provision is made for it. The recoverable amount of intangible assets should be based on the higher of the net fair value of the assets less the disposal expense and the present value of estimated future cash flow of the assets.

(4) Basis for research and development phases for internal research and development project and basis for capitalization of expenditure incurred in development stage

As for an internal research and development project, expenditure incurred in the research stage is recognized in the profit or loss as incurred. Expenses incurred in the development stage are capitalized only if all of the following conditions are met: ① the technical feasibility of completing the intangible assets so that they will be available for use or for sale; ② the intention to complete the intangible assets for use or for sale; ③ how the intangible assets will generate economic benefits, including there is evidence that the products produced by the intangible assets has a market or the intangible assets themselves have a market; if the intangible assets are for internal use, there is evidence that there exists usage for the intangible assets; ④ the availability of adequate technical, financial and other resources to complete the development and gain the ability to use or sell the intangible assets; ⑤ the capability to reliably measure the expenditures attributable to the development stage of the intangible assets.

Specific standards for distinguishing research stage and development stage of an internal research and development project: the Company refers to the research stage as the stage of planned investigation and search for obtaining new technology and knowledge, which features planning and exploration; before commercial production or other uses, the Company regards the stage of applying the research achievements and other knowledge in a plan or design to produce new or substantially improved materials, equipment and products as development stage, which features pertinence and is very likely to form results.

All the expenditures incurred on research and development which cannot be distinguished between research stage and development stage are recognized in the profit or loss.

20. Impairment of long-term assets

☒ Applicable ☐ Not Applicable

Long-term equity investment, investment properties measured based on cost model, fixed assets, construction in progress, intangible assets and other long-term assets are tested for impairment if there is any sign of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the assets is less than the carrying amount, a provision for impairment will be made based on the difference and will be recorded in impairment loss. The recoverable amount is the higher of the net fair value of the assets less the disposal expense and the present value of estimated future cash flow of the assets. Provision for asset impairment is calculated and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest asset portfolio that can generate cash inflows independently.

Goodwill arising from a business combination and an intangible asset with an indefinite useful life is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

When the Company carries out impairment test of the goodwill, the carrying amount of the goodwill, arising from business combination, shall be allocated to the related asset groups on reasonable basis since the acquisition date, or to the related asset group portfolios if it is difficult to be allocated to the related asset groups. When the carrying amount of the goodwill is allocated to the related asset groups or asset group portfolios, it shall be allocated in the proportion of the fair value of each asset group or asset group portfolio against the total fair value of related asset groups or asset group portfolios. If it is difficult to measure the fair value reliably, it shall be allocated in the proportion of the carrying amount of each asset group or asset group portfolio against the total carrying amount of related asset groups or asset group portfolios.

When impairment test is made by the Company to the related asset groups or asset group portfolios including goodwill, if there is a sign that the related asset groups or asset group portfolios are prone to impair, the Company shall first conduct impairment test on the asset groups or asset group portfolios excluding goodwill, calculate the recoverable amount and recognize the corresponding impairment loss by comparing with its carrying amount. The Company shall then conduct impairment test on the asset groups or asset group portfolios including goodwill and compare the carrying amount (including the carrying amount of allocated goodwill) of related asset groups or asset group portfolios with the recoverable amount thereof. Impairment loss shall be recognized in accordance with the differences when the recoverable amount of the related asset groups or asset group portfolios is lower than the carrying amount thereof. The amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the above impairment loss on assets is recognized, it shall not be reversed by the Company in any subsequent accounting period.

21. Long-term prepaid expense

☒ Applicable ☐ Not Applicable

Long-term prepaid expenses of the Company are expenditures which have incurred but the benefit period of which is more than one year (exclusive). They are amortized by installments over the benefit period based on each item under the expenses. If items under the long-term pre-paid expenses are no longer beneficial to the subsequent accounting periods, the amortized value of such unamortized items is then fully transferred to the profit or loss.

22. Contract liabilities

☒ Applicable ☐ Not Applicable

A contract liability represents the Company's obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer has already paid the contract consideration before the Company transfers goods to the customer or the Company has obtained the unconditional collection right, the Company will recognise such amount received or receivable as contract liabilities at earlier of the actual payment by the customer or the amount payable becoming due. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

23. Staff's remuneration

Staff's remunerations are all forms of compensation and other relevant expenditure given by the Company in exchange for services rendered by employees, including short-term remunerations, post-employment benefits, termination benefits and other long-term benefits.

(1) Accounting treatment of short-term remunerations

☒ Applicable ☐ Not Applicable

Short-term remunerations provided by the Company include short-term salaries, bonus, allowance, subsidies, employee welfare, housing provident fund, labor union fee and education fee, medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, short-term compensated leave, short-term profit-sharing plans, etc. During the accounting period when employees render services, the Company shall recognize short-term remunerations that actually incurred as liabilities and credited into the current profit or loss or the cost of relevant assets on an accrual basis by the benefit objects.

(2) Accounting treatment of post-employment benefits

☒ Applicable ☐ Not Applicable

Post-employment benefits mainly include the basic pension insurance, enterprise annuity, etc., In accordance with the risks and obligations undertaken by the Company, the post-employment benefits are classified as defined contribution plans and defined benefit plans.

Defined contribution plans: the Company shall recognize the sinking funds paid on the balance sheet date to individual entities in exchange for services from employees in the accounting period as liabilities, and shall credit such funds into the profit or loss or the cost of relevant assets in accordance with the benefit objects.

Defined benefit plans: the Company determines the cost for providing benefits using the expected cumulative welfare unit method, with actuarial valuations being carried out by independent actuary at the interim and annual balance sheet date. The costs for staff's remunerations incurred by the defined benefit plans of the Group are categorized as follows: (1) service cost, including current period service cost, past service cost and settlement profit or loss. Specifically, current period service cost means the increase of the present value of defined benefit obligations resulted from the current period services offered by employees. Past service cost means the increase or decrease of the present value of defined benefit obligations resulted from the revision of the defined benefit plans related to the prior period services offered by employees; (2) interest expenses of defined benefit plans; (3) changes caused by the remeasurement of liabilities for defined benefit plans. Unless other accounting standards require or permit the credit of the costs for employee welfare into the cost of assets, the Company will credit (1) and (2) above into the profit or loss; and recognize (3) above as other comprehensive income and will not transfer it back to the profit or loss in subsequent accounting periods.

(3) Accounting treatment of termination benefits√ Applicable ☐ Not Applicable

Termination benefits are the indemnity proposal provided by the Company for employees for the purpose of terminating labor relations with employees before expiry of the labor contracts or encouraging employees to accept downsizing voluntarily. When the Company could not unilaterally withdraw the termination benefits provided as a result of plan for termination of labor relations or the redundancy offer, or upon recognition of costs or expenses related to a restructuring involving the payment of termination benefits, whichever is earlier, the staff's remuneration liabilities arising from such termination benefits are recognized and included in current profit or loss.

24. Estimated liability√ Applicable ☐ Not Applicable**(1) Criterion for determining of estimated liability**

If an obligation in relation to contingencies such as external guarantees, discounting of commercial acceptance bills, pending litigation or arbitration and product quality assurance is the present obligation of the Company and the performance of such obligation is likely to lead to an outflow of economic interests and its amount can be reliably measured, such obligation shall be recognized as an estimated liability.

(2) Measurement of estimated liability

The estimated liability shall be initially measured according to the best estimate of the necessary expenses for the performance of the present obligation. If there is a continuous range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined according to the middle estimate within the range.; if there are multiple items involved, the best estimate should be determined according to all possible outcomes and relevant probabilities.

At the balance sheet date, the carrying value of estimated liabilities should be reviewed. If there is objective evidence that the carrying value could not reflect in the current best estimate, the carrying value shall be adjusted to reflect the current best estimate.

If all or part of the expense necessary for settling the provisions is expected to be compensated by the third party, the amount of compensation is separately recognized as an asset when it is basically determined to be recoverable, and the recognized amount of the compensation shall not exceed the carrying amount of the provisions.

25. Share-based payments

☒ Applicable ☐ Not Applicable

Share-based payments of the Company are transactions in which equity instruments are granted to employees in exchange for services rendered by employees or for the assumption of liabilities based on equity instruments. Share-based payments of the Company are equity-settled share-based payments and cash-settled share-based payments.

For equity-settled share-based payment transaction in return for services from employees, it shall be measured at the fair value of equity instruments granted to the employees at the date of grant by the Company. On each balance sheet date within the vesting period, the Company makes the best estimation of the number of vested equity instruments based on subsequent information such as the updated changes in the number of employees who are granted to vest and the achievement of specified performance conditions. Based on the above results, the services received in the current period are included in the relevant cost or expenses based on the fair value on the date of grant, with the increase in the capital reserve accordingly. The recognized relevant cost or expenses and the total amount of owners' interest shall no longer be adjusted after the vesting date. However, equity instruments vested immediately after the date of grant shall be included in the relevant cost or expenses based on its fair value on the date of grant, with the increase in the capital reserve accordingly.

The cash-settled share-based payment shall be measured at the fair value of liability assumed by the Company, which is determined based on the shares or other equity instruments. For the cash-settled share-based payment that may be exercised immediately after the grant, the fair value of the liability assumed by the Company shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For cash-settled share-based payment that may be exercised if services are fulfilled during the vesting period or the specified performance condition is achieved, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of exercise, be recognized in relevant costs or expenses at the fair value of the liability assumed by the Company, and the liabilities shall be adjusted correspondingly. At each balanced sheet date and the settlement date prior to the settlement of liabilities, the fair value of the liability is re-measured with its change consolidated in profit/loss.

When there is changes to the Company's share-based payment plans, if the modification increases the fair value of the equity instruments granted, corresponding recognition of service increase in accordance with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the increase in fair value of the equity instruments is recognized as a corresponding increase in service achieved. Increase in the fair value of equity instruments refer to the difference between the fair values of the equity instrument on the modified date before or after the modification. If the Company modifies the vesting conditions in such manner conducive to the employees, including the shortening of the vesting period, change or cancellation of the performance conditions (rather than market conditions), the modified vesting conditions are considered upon the disposal of vesting conditions. If the modification reduces the total fair value of shares paid or the Company uses other methods not conducive to employees to modify the terms and conditions of share-based payment plans, the Company will continue to be accounted for the services obtained in the accounting treatment, as if the change had not occurred, unless the Company cancelled some or all of the equity instruments granted.

During the vesting period, if the Company cancel equity instruments granted which will be treated as accelerating the exercise of rights and any amount to be charged over the remaining vesting period should be recognized immediately in the profit or loss, while at the same time recognize the capital reserve. Employees or other parties can choose to meet non-vesting conditions, but for those that are not met in the vesting period, the Company will treat it as cancellation of equity instruments granted.

26. Revenue

☒ Applicable ☐ Not Applicable

Revenue is the total inflow of economic benefits formed by the Company and its subsidiaries during day-to-day operations which might lead to increase of shareholders' equity and be irrelevant to capital invested by shareholders.

The Company and its subsidiaries performed performance obligations stated in the contract, i.e., recognized revenue when the client obtains the control right of relevant goods or services.

Where the contract includes two or more performance obligations, during the starting date of the contract, the Company and its subsidiaries allocate transaction price to various single performance obligation in accordance with the relevant proportion of separate selling price of goods or services promised by various single performance obligation, and measure revenue in accordance with transaction price allocated to various single performance obligation.

Transaction price is the amount of consideration that the Company and its subsidiaries are expected to be entitled to collect due to transfer of goods and services transferred to the client, excluding the amount collected for third parties. The transaction price recognized by the Company and its subsidiaries does not exceed the amount of recognized revenue when relevant uncertainties are eliminated and might not incur material carrying back. The amount that is expected to be returned to the client is taken as liability of returned goods and is not recorded in transaction price.

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When one of the following conditions is met, the Company and its subsidiaries perform performance obligations during a certain time horizon, otherwise, it belongs to fulfilling performance obligations at a certain time point:

- ① The client simultaneously obtains and consumes economic benefits as the Company and its subsidiaries perform the contract;
- ② The client is able to control goods under construction during the process of performance of the Company and its subsidiaries;
- ③ Goods produced by the Company and its subsidiaries during the process of performance have no alternative use, and the Company and its subsidiaries are entitled to collect the amount for the cumulative completed and performed portion to date during the entire contractual period.

For the performance obligations performed during a certain time horizon, the Company and its subsidiaries recognize revenue in accordance with the schedule of performance during such time horizon. When the schedule of performance can't be reasonably recognized, where the costs that have been incurred by the Company and its subsidiaries are estimated to be compensated, revenue shall be recognized in accordance with the amount of costs that has been incurred until the schedule of performance can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company and its subsidiaries recognize revenue at the time point when the client obtains the control right of relevant goods or services. When judging whether the client has obtained control right over goods or services, the Company and its subsidiaries will consider the following signs:

- ① The Company and its subsidiaries enjoy the right of instant collection over such goods and services;
- ② The Company and its subsidiaries have transferred the material objects of such goods to the client;
- ③ The Company and its subsidiaries have transferred statutory ownership right of the goods or major risks and rewards of the ownership to the client;
- ④ The client has accepted such goods or service.

The right that the Company and its subsidiaries are entitled to collect the consideration for having transferred goods or services to the client (and such right depends on other factors other than time lapse) is presented as contract asset, and contract asset is provisioned impairment on the basis of expected credit losses. The right owned by and unconditionally collected from the client by the Company and its subsidiaries (only depend on time lapse) shall be presented as accounts receivable. Obligations that the Company and its subsidiaries have collected or shall collect consideration from the client and shall transfer goods or services to the client are presented as contractual obligations.

Specific accounting policies relating to major activities that the Company and its subsidiaries obtain revenue are described as follows:

(1) Sale of goods

Generally, contracts for sale of goods between the Company and its clients only include performance obligation of transferring the whole machine of home appliance. Generally, on the basis of taking into account the following factors comprehensively, the Company recognizes the revenue at the time point of transfer of control right of goods: the right of instant collection for obtaining goods, transfer of major risks and rewards on ownership of goods, transfer of statutory ownership of goods, transfer of assets of material objects of goods, the client's acceptance of such goods.

(2) Construction contract income

Construction contract between the Company and the client generally includes performance obligations of construction and installation of commercial air-conditioner and smart home, because the client is able to control goods under construction during the Company's performance process, the Company takes them as performance obligations performed during a certain time horizon, and recognizes revenue in accordance with the schedule of performance, and it is an exemption when the schedule of performance can't be reasonably confirmed. The Company confirms the schedule of performance of services provided in accordance with the input method. When the schedule of performance can't be reasonably confirmed, where the costs that have been incurred by the Company are estimated to be compensated, the revenue will be recognized in accordance with the amount of costs that has been incurred until the schedule of performance can be reasonably confirmed.

(3) Warranty obligations

According to contractual agreement and regulations of laws, the Company provides quality assurance for goods sold and project constructed. For guarantee-type quality assurance in order to ensure the client that goods sold comply with existing standards, the Company conducts accounting treatment in accordance with estimated liabilities. For service-type quality assurance in order to ensure the client that we also provide a separate service other than that the goods sold comply with existing standards, the Company takes it as a separate performance obligation, and allocates partial transaction price to service-type quality assurance in accordance with the relevant proportion of separate selling price of goods and service-type quality assurance, and recognizes revenue when the client obtains control right over services. When assessing whether quality assurance provides a separate service other than ensuring the client that the goods sold comply with existing standards, the Company shall consider factors such as whether such quality assurance is under statutory requirements or industrial practices, the term of quality assurance and the nature of the Company's commitment to perform the tasks.

27. Government grants

√ Applicable ☐ Not Applicable

(1) Types of government grants

Government grants refer to the gratuitous monetary assets or non-monetary assets obtained by the Company from the government, excluding the capital invested by the government as an owner. The government grants are mainly divided into asset-related government grants and revenue-related government grants.

(2) Accounting treatment of government grants

Asset-related government grants shall be recognized as deferred income in current profit or loss on an even basis over the useful life of relevant assets; government grants measured at nominal amount shall be recognized directly in current profit or loss. Revenue-related government grants shall be treated as follows: ①those used to compensate relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognized as deferred income and recorded in current profit or loss when such expenses are recognized; ②those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in current profit or loss.

(3) Basis for determination of asset-related government grant and revenue-related government grant

If the government grant received by the Company is used for purchase, construction or other project that forms a long-term asset, it is recognized as asset-related government grant.

If the government grant received by the Company is not asset-related, it is recognized as revenue-related government grant.

Government grant received without clear objective shall be classified as asset-related government grant or revenue-related government grant by:

- ① Government grant subject to a certain project shall be separated according to the proportion of expenditure budget and capitalization budget, and the proportion shall be reviewed and modified if necessary on each balance sheet date;
- ② Government grant shall be categorized as revenue-related if its usage is described in general statement and no specific project is specified in the relevant government document.

(4) Amortization method and determination of amortization period of deferred revenue related to government grants

Asset-related government grant received by the Company is recognized as deferred revenue and is evenly amortized to the profit or loss in the current period over the estimated useful life of the relevant asset starting from the date when the asset is available for use.

(5) Recognition of government grants

Government grant measured at the amounts receivable is recognized at the end of the period when there is clear evidence that the relevant conditions set out in the financial subsidy policies and regulations are fulfilled and the receipt of such financial subsidy is assured.

Other government grants other than those measured at the account receivable is recognized upon actual receipt of such subsidies.

28. Deferred tax assets/deferred tax liabilities

☒ Applicable ☐ Not Applicable

Deferred income tax assets and deferred income tax liabilities of the Company are calculated and recognized based on the differences between the tax bases and the carrying amounts of assets and liabilities (temporary differences).

- (1) Deferred income tax assets are recognized by the Company to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred income tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits. Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary differences.
- (2) Deferred income tax asset of the Company is recognized to the extent that there is enough taxable income for the deduction of the deductible temporary difference. At the balance sheet date, if there is sufficient evidence that there will be enough taxable income in the future for the deduction of the deductible temporary difference, the deferred income tax asset not recognized in previous accounting period is recognized. If there is no sufficient evidence that there will be enough taxable income in the future for the deduction of the deferred income tax asset, the carrying value of the deferred income tax asset is reduced.
- (3) The Company recognizes deferred income tax liability for taxable temporary difference arising from investments in subsidiaries and associated companies, unless the Company could control the time of reversal of the temporary differences and the temporary differences would not be probably reversed in the foreseeable future. The Company recognizes deferred income tax asset for deductible temporary differences arising from investments in subsidiaries and associated companies, if the temporary difference will be very probably reversed in the foreseeable future and it is highly probable that taxable income will be available in the future to deduct the deductible temporary difference.

- (4) The Company does not recognize deferred income tax liability for a temporary difference arising from the initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable income (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities of the Company are measured at the tax rates that apply to the period when the asset is expected to be recovered or the liability is expected to be settled.
- (5) Deferred income tax assets and deferred income tax liabilities are offset when:
- 1) deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity within the Company; and
 - 2) such taxable entity within the Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis.

29. Leases

☒ Applicable ☐ Not Applicable

Lease is a contract in which the Company transfers or obtains the right of use of an identified asset or several identified assets under control for the exchange or payment of consideration within a certain period of time. On the commencement date of a contract, the Company assesses whether a contract is, or contains, a lease.

(1) The Company as the lessee

☒ Applicable ☐ Not Applicable

1) *Initial measurement*

On the commencement date of the lease term, the Company recognizes its right to use leased assets over the lease term as right-of-use assets and recognizes the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value leases. The lease payments are discounted using the implicit interest rate in the lease when calculating the present value of the lease payments. If that rate cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate.

Right-of-use assets shall be initially measured at costs. The costs include:

- a. initial measurement amount of the lease liabilities;
- b. a lease payment paid on or before the date of commencement of the lease term, where there were lease incentives, such incentives received shall be deducted;

- c. initial direct costs incurred by the lessee;
- d. costs expected to be incurred by the Company for demolition and removal of leased assets, restoration of the premises where the leased assets are located, or restoration of the leased assets to the conditions of the lease terms.

2) Subsequent measurement

If the Company accrues depreciation for right-of-use assets by reference to the depreciation policy for fixed assets (see this Note V.16, "Fixed assets" for details), and can reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the Company shall depreciate the leased asset within its remaining useful life. If the Company cannot reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the Company shall depreciate the leased asset within the lease term or its remaining useful life, whichever is shorter. For lease liabilities, the Company shall calculate the interest expenses for each period over the lease term at the fixed periodic interest rate, and recognize it in current profit or loss or the cost of relevant assets. Variable lease payments that are not included in the measurement of lease liabilities are recognized in current profit or loss or the cost of relevant assets when they are actually incurred. After the commencement date of the lease term, in the event that there is a change in the substantive fixed payments, a change in expected payment under a guaranteed residual value, a change in an index or rate used in determining the lease payments, or a change in the evaluation result or actual exercise of purchase option, extension option or termination option, the Company remeasures the lease liabilities based on the present value of the lease payments after the change and adjusts the carrying value of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, but a further reduction in the measurement of the lease liabilities is still warranted, the Company recognizes the remaining amount of the remeasurement in current profit or loss.

3) Short-term leases and leases of low-value assets

For short-term leases (leases with a term of less than 12 months as of the lease commencement date) and leases of low-value assets, the Company adopts a simplified approach by not recognizing the right-of-use assets and lease liabilities, and instead recognizes the cost of relevant assets or current profit or loss on a straight-line basis for each period over the lease term.

(2) The Company as the lessor

☒ Applicable ☐ Not Applicable

The Company classifies leases into finance leases and operating leases based on the substance of the transaction on the commencement date of the lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset. An operating lease is a lease other than a finance lease.

1) *Operating leases*

The Company uses the straight-line method to recognize lease receipts under operating leases as rental income for each period during the lease term. Variable lease payments relating to operating leases that are not recognized as lease receipts are recognized in current profit or loss when they are actually incurred.

2) *Finance leases*

On the commencement date of the lease term, the Company recognizes finance lease receivables and derecognizes finance lease assets. Finance lease receivables are initially measured at the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the commencement date of the lease term discounted at the interest rate embedded in the lease), and interest income is recognized over the lease term calculated at a fixed periodic interest rate. Variable lease payments acquired by the Company that are not included in the measurement of the net investment in the lease are recognized in current profit or loss when they are actually incurred.

30. Other significant accounting policies and accounting estimates

☒ Applicable ☐ Not Applicable

(1) **Asset securitisation**

The Company has securitised certain receivables to entrust the assets to specific-purpose entities which would issue such securities to investors. As asset service provider, the Company is responsible for the provision of maintenance and daily management of the assets, formulation of annual asset disposal plans, formulation and implementation of asset disposal plan, signing of relevant asset disposal agreements and preparation asset service reports on a regular basis.

In applying the accounting policy for the securitisation of financial assets, the Company has considered the extent to which the risk and reward of the assets have been transferred to other entities, and the extent to which the Company exercises control over the entity:

- ① When the Company has transferred substantially all risk and reward relating to the ownership of a financial asset, such financial asset is derecognised;
- ② When the Company retains substantially all risk and reward relating to the ownership of a financial asset, the Company continues to recognise such financial asset;

- ③ If the Company neither transfers nor retains substantially all risk and reward relating to the ownership of a financial asset, the Company considers whether it has control over the financial asset. If the Company does not retain control, the financial asset is derecognised, and the rights and obligations arising from or retained the transfer are recognised as assets and liabilities, respectively. If the Company retains control, the financial asset is recognised according to the extent of continued involvement in the financial assets.

(2) Hedge accounting

Hedge refers, in respect of the risk exposure arising from the company's management of specific risks such as foreign exchange risks, interest rate risks, price risks and credit risks, to risk management activity of designating financial instruments as hedging instruments such that the change in the fair value or cash flow of the hedging instruments can be expected to set off the change in the fair value or cash flow of the hedged item.

The hedged item refers to an item designated for hedge against the risk of change in fair value or cash flow that can be reliably measured.

Hedging instruments are financial instruments designated for hedge, the change in fair value or cash flow of which is expected to set off the change in the fair value or cash flow of the hedged item.

The Company assesses whether the hedge relationship fulfills the requirement for hedge effectiveness on the commencement date of the hedge and continuously in subsequent periods. The effectiveness of hedge refers to the extent to which the change in the fair value or cash flow of the hedging instruments can offset the change in the fair value or cash flow of the hedged item caused by the risk against which the hedge is made. The change in the fair value or cash flow of a hedging instrument in excess or shortfall of the change in the fair value or cash flow of the hedging instruments can offset the change in the fair value or cash flow of the hedged item represents the ineffective portion of the hedge.

(3) Significant accounting estimates

In the course of applying accounting policies, the Company is required to make judgements, estimations and assumptions on the carrying values of statement items that cannot be accurately measured owing to uncertainties to which operating activities are subject. Such judgements, estimations and assumptions are made based on the past experience of the management and taking into consideration of other relevant factors. Such judgements, estimations and assumptions affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities as at the balance sheet date. However, the actual outcome resulting from the uncertainty of such estimates could be different from the current estimates of the management, thereby resulting in significant adjustments to the carrying value of the future assets or liabilities affected. The Company regularly reviews such judgements, estimations and assumptions on a going concern basis. If the change in accounting estimates affects only the current period in which the change occurs, the affected amount is recognized for the period in which the change occurs; if both the current period and future periods are affected, the affected amount is recognised for the current period and the future periods.

At the balance sheet date, important aspects in which the Company is required to make judgements, estimations and assumptions on the amount of items on the financial statements are as follows:

① ***Estimated liabilities***

The Company estimates and makes provision for product warranty and estimated contract loss according to contract terms, existing knowledge and historical experience. When such contingencies have given rise to a present obligation, and the performance of such present obligation is likely to result in the outflow of economic benefit from the Company, the Company recognises estimated liabilities for the contingencies based on the best estimates of expenses required for the performance of relevant present obligations. The recognition and measurement of estimated liabilities is dependent to a large extent on management judgement. In the course of judgement, the Company is required to assess factors such as risks, uncertainties and the time value of currency relating to such contingencies. In particular, the Company recognises estimated liabilities in respect of after-sales undertaking to customers for return and replacement, maintenance and installation of goods sold. The recognition of estimated liabilities has taken into account the maintenance experience and data of the Company for recent years, although past experience in maintenance may not reflect maintenance in the future. Any increase or decrease in this provision might affect the profit or loss of future years.

② ***Provision for ECL***

The Company measures ECL through default risk exposure and the ECL rate, which is determined based on the default probability rate and default loss rate. In determining the ECL rate, the Company uses data such as internal historic credit loss experience and adjusts the historic data taking into consideration current conditions and prospective information. When considering prospective information, indicators adopted by the Company include the risk of economic downside, expected growth in unemployment rate, and changes in external market conditions, technical conditions and customer conditions. The Company monitors and reviews the assumptions relating to ECL computation on a regular basis. There was no significant change to aforesaid estimation technique and key assumptions during the year.

③ ***Impairment provisions for inventory***

The Company makes impairment provisions for inventory of which cost is higher than net realisable value and obsolete and slow-moving inventory based on the lower of cost and net realisable value according to its inventory accounting policy. The impairment of inventory to its net realisable value is based on assessment of the sellability of inventory and its net realisable value. The authentication of inventory impairment requires the management to obtain conclusive evidence and make judgment and estimates taking into consideration factors such as the purpose of inventory and post-balance sheet date events. Any difference between the actual outcome and the previous estimate will affect the carrying value of inventory and the charge or reversal of impairment provisions for inventory during the period in which the estimates are modified.

④ ***Fair value of financial instruments***

For financial instruments without an active trading market, the Company determines its fair value using valuation techniques. Such valuation techniques include discounted cash flow model analysis and others. During the assessment, the Company is required to make estimates on future cashflow, credit risk, market volatility rate and relevance and select an appropriate discount rate. Such relevant assumptions are subject to uncertainty, and any change will affect the fair value of financial instruments.

⑤ ***Impairment of other equity instrument investments***

The Company's determination of impairment for other equity instrument investments is largely dependent on the management's judgment and assumptions to determine whether impairment should be recognised. In the course of making judgments and assumptions, the Company is required to assess the extent and duration of the fair value of the investment being lower than cost, as well as the financial conditions and short-term business prospects of the investee, including industry conditions, technological revolution, credit rating, default rate and counterparty risks.

⑥ ***Impairment provision for long-term assets***

At the balance sheet date, the Company assesses whether there are indications of possible impairment of non-current assets other than financial assets. In addition to the annual impairment test, intangible assets with indefinite useful life are also tested for impairment when there are indications of the same. Impairment tests on non-current assets other than financial assets are conducted when there are indications that its carrying value may not be recoverable. An impairment has occurred when the carrying value of an asset or asset group is higher than the recoverable amount (the higher of net fair value less disposal cost and the present value of estimated future cash flow). The net fair value less disposal cost is determined with reference to the agreed selling price of similar assets in a fair transaction or observable market prices less incremental costs attributable directly to the disposal of such asset. In estimating the present value of future cashflow, significant judgement is required to be made in respect of the production volume and selling price of the asset or (asset group), relevant operating cost and discount rate for the computation of present value. The Company takes into consideration all available relevant information when making estimates on the recoverable amount, including forecasts on production volume, selling price and relevant operating costs based on reasonable and justifiable assumptions. The Company conducts goodwill impairment tests at least annually. This requires estimates on the present value of future cashflow of asset group or portfolio of asset groups to which goodwill has been allocated. When making estimates on the present value of future cashflow, the Company is required to make estimates on cashflow generated from future asset group or portfolio of asset groups, and at the same time select an appropriate discount rate to determine the present value of future cashflow.

⑦ **Depreciation and amortisation**

Depreciation and amortisation of investment properties, fixed assets and intangible assets is charged on a straight-line basis over their useful life after taking their residual values into account. The Company reviews the useful life on a regular basis to determine the amount of depreciation and amortisation charge to be allocated to each reporting period. The useful life is determined based on past experience relating to similar assets taking into consideration expected technological upgrades. If there are significant changes in previous estimates, the depreciation and amortisation charge for future periods will be adjusted.

⑧ **Deferred income tax assets**

The Company recognises deferred income tax assets in respect of all unutilised tax losses, to the extent that it is probable that sufficient taxable profit will be available to offset the loss. This requires the exercise of significant judgement by the Company's management to estimate the timing and amount of future taxable profit, taking into account its tax planning strategy, to determine the amount of deferred income tax assets to be recognised.

⑨ **Income tax**

In the Company's usual operating activities, the final tax treatment and computation of certain transactions are subject to uncertainty. Whether certain items can be presented on a pretax basis is subject to approval of the competent taxation authority. If the final confirmed outcome of such taxation matters is different from the amount of the initial estimates, such difference will affect the current income tax and deferred income tax for the period of final confirmation.

⑩ **Provision for sales rebate**

The Company and its subsidiaries adopt a sales rebate policy for sales agent customers. Based on relevant provisions of the sales agreements, vetting of specific transactions, market conditions, channel inventory level and past experience with reference to the status of completion of agreed appraisal indicators by sales agent customers, the Company and its subsidiaries makes estimates on and provision for sales rebate on a regular basis. The provision of sales rebate involves judgment and estimation by the management. In the event of any material change in previous estimates, the aforesaid difference will affect the sales rebate for the period for which the estimates are changed.

31. Changes in major accounting policies

√ Applicable ☐ Not Applicable

In accordance with the provisions of the Accounting Standards for Business Enterprises Interpretation No. 18 issued by the MOF, the warranty-type quality assurance expenses provided by the Company shall be included in “operating cost” and are no longer included in “selling expenses”.

The Company has adopted the retrospective adjustment method to make corresponding adjustments to the financial statements for the comparable periods. The impacts of the aforesaid change in accounting policy on the consolidated profit statement for the corresponding period are as follows:

Statement item	Adjustment
Operating cost	8,328,087,511.15
Selling expenses	-8,328,087,511.15

VI. TAXATION

1. Main tax categories and rates

Main tax categories and rates

√ Applicable ☐ Not Applicable

Tax types	Basis of taxation	Tax rate
Value-added tax	Taxable revenue from sales of goods and rendering services	6%, 9%, 13%
City maintenance and construction tax	Circulation tax payable	7%
(Local) education surcharge	Circulation tax payable	1%, 2%, 3%
EIT	Taxable income	Statutory tax rate or preferential rates as follows

2. Preferential tax

√ Applicable ☐ Not Applicable

Companies subjected to preferential tax and preferential tax rate:

Company	Tax rate	Preferential tax
Qingdao Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Special Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Dishwasher Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Special Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Intelligent Home Appliance Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Electronics Holding Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

Company	Tax rate	Preferential tax
Hefei Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Air Conditioner Gen Corp., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Air-conditioning Co., Limited	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Zhengzhou Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shenyang Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Meier Plastic Powder Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Hai Gao Design and Manufacture Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Hairi High Technology Co., Ltd	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Intelligent Technology Development Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Haier Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Central Air Conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

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Company	Tax rate	Preferential tax
Qingdao Haier Electronic Plastic Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Wei Xi Intelligent Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Kitchen Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Air Conditioning Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shanghai Haier Medical Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shanghai Haier Smart Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Yunshang Yuyi IOT Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier (Shanghai) Home Appliance Research and Development Center Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier (Shenzhen) R&D Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Laiyang Haier Smart Kitchen Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Guangdong Haier Intelligent Technology Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Dalian Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Jijia Cloud Intelligent Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

Company	Tax rate	Preferential tax
Hefei Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Laundry Appliances Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Shunde Haier Electric Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Tianjin Haier Cleaning Electrical Appliances Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Economic and Technological Development Zone Haier Water Heater Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Water Heater Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Zhengzhou Haier New Energy Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Haier Drum Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Strauss Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier New Energy Electric Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Washing Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Lexin Cloud Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Drum Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

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Company	Tax rate	Preferential tax
Qingdao Haier Smart Electrics Equipment Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Living Appliance Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao RRS Lejia IoT Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Tongfang Energy Technology Development Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Jiangxi Haier Medical Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Electrical Appliance Sales Co., Ltd. and some Western companies	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Refrigeration Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Guizhou Haier Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Hairishun Home Appliance Sales Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC

Company	Tax rate	Preferential tax
Chongqing Haier Water Heater Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Drum Washing Machine Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Guizhou Peiji Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Central Asia Baofeng International Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Central Asia Baofeng International Logistics Co., Ltd. Xi'an Branch	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Shenzhen Furunde Supply Chain Management Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Gooday Supply Chain Technologies Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier Robotics Technology (Qingdao) Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Guiyang Ririshun Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Xi'an Gooday Smart Supply Chain Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Gooday Supply Chain Management Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC

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Company	Tax rate	Preferential tax
Qusong Tonghai Energy Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Linzhou Tonghai Energy Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Qingdao Haier Technology Co., Ltd.	10.00%	entitled to the preferential taxation policies as a key software enterprise

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VII. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise specified, the following closing balances represent the amount as at 31 December 2024 and opening balances represent the amount as at 31 December 2023; amount for the period represents the amount from 1 January to 31 December 2024 and amount for the previous period represents the amount from 1 January to 31 December 2023.

1. Monetary funds

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	560,953.91	541,712.70
Cash in bank	54,242,293,247.72	56,229,872,824.79
Other cash balances	1,340,988,388.07	1,025,547,668.75
Total	55,583,842,589.70	57,255,962,206.24
Include: total amount of overseas deposits	21,113,746,333.40	15,931,149,416.11
Deposit in Finance Company	20,565,469,130.81	26,278,848,914.68

Other explanations:

Other monetary funds mainly included investment fund, deposit on third party payment platforms, guarantees and other restricted fund, etc.

2. Financial assets held for trading

Items	Closing balance	Opening balance
Short-term wealth management products	746,436,121.40	490,968,101.81
Investments in other equity instruments	195,177,368.77	243,224,439.64
Investment funds	294,404,349.36	222,803,002.38
Total	1,236,017,839.53	956,995,543.83

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3. Derivative financial assets

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	138,404,575.66	67,565,829.44
Cross-currency interest rate swaps	4,254,681.44	
Forward commodity contracts	50,459.81	
Total	142,709,716.91	67,565,829.44

4. Bills receivable

(1) Bills receivable presented by types

Items	Closing balance	Opening balance
Bank acceptance notes	10,320,913,982.40	8,614,523,632.63
Commercially acceptance notes	1,798,754,865.96	181,293,140.94
Balance of bills receivable	12,119,668,848.36	8,795,816,773.57
Allowance for bad debts	987,604.22	5,665,503.66
Bills receivable, net	12,118,681,244.14	8,790,151,269.91

(2) Changes in allowance for bad debts of bills receivable in the current period:

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Allowance for bad debts	5,665,503.66	31,201.38		4,709,100.82		987,604.22
Total	5,665,503.66	31,201.38		4,709,100.82		987,604.22

The Company's bills receivables were mainly generated from daily operation activities such as sales of commodity, provision of labor, etc., and the allowance for bad debts was measured based on expected credit loss over the entire duration whether there exist significant financing components.

The bills receivable pledged by the Company at the end of the period was RMB5,115,222,700.13 (amount at the beginning of the period RMB4,389,991,243.14).

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5. Accounts receivable

(1) Accounts receivable are disclosed by aging as follow:

Aging	Closing balance	Opening balance
Within one year	26,216,927,940.92	22,427,202,887.23
1-2 years	672,013,189.07	893,998,152.18
2-3 years	387,632,769.92	515,974,118.90
Over 3 years	251,771,355.77	314,497,935.82
Balance of accounts receivable	27,528,345,255.68	24,151,673,094.13
Allowance for bad debts	1,055,343,510.67	1,468,751,839.88
Accounts receivable, net	26,473,001,745.01	22,682,921,254.25

(2) By method of provision of allowance for bad debts

Categories	Book balance		Closing balance		Carrying value
	Amount	Percentage	Allowance for bad debts		
			Amount	Percentage	
				of provision	
	Amount	(%)	Amount	(%)	
Account receivables subject to provision for bad debts on a separate basis	381,087,498.62	1.38	373,559,289.69	98.02	7,528,208.93
Account receivables subject to provision for bad debts on a collective basis	27,147,257,757.06	98.62	681,784,220.98	2.51	26,465,473,536.08
Total	27,528,345,255.68	100.00	1,055,343,510.67	3.83	26,473,001,745.01

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(continued)

Categories	Book balance		Opening balance		Carrying value
	Amount	Percentage	Amount	Percentage of provision	
		(%)		(%)	
Account receivables subject to provision for bad debts on a separate basis	893,766,546.47	3.70	891,454,689.41	99.74	2,311,857.06
Account receivables subject to provision for bad debts on a collective basis	23,257,906,547.66	96.30	577,297,150.47	2.48	22,680,609,397.19
Total	24,151,673,094.13	100.00	1,468,751,839.88	6.08	22,682,921,254.25

(3) Account receivables subject to provision for bad debts on a separate basis at the end of the period

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name	Closing balance			Reason for provision
	Book balance	Allowance for bad debts	Percentage of provision (%)	
53 customers in total	381,087,498.62	373,559,289.69	98.02	The obligors were in significant financial difficulty
Total	381,087,498.62	373,559,289.69	98.02	

Explanation of provision for bad debts on a separate basis:

☒ Applicable ☐ Not Applicable

The account receivables of significant individual amount and subject to provision for bad debts on a separate basis at the end of the period was RMB195,473,905.66 (amount at the beginning of the period RMB726,379,640.82).

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(4) Account receivables subject to provision for bad debts on a collective basis

√ Applicable □ Not Applicable

Aging	Closing balance		Percentage of provision (%)
	Book balance	Allowance for bad debts	
Within 1 year	26,099,988,338.37	388,387,571.71	1.49
1-2 years	652,850,246.49	99,745,518.32	15.28
2-3 years	180,573,436.50	60,603,223.89	33.56
Over 3 years	213,845,735.70	133,047,907.06	62.22
Total	27,147,257,757.06	681,784,220.98	2.51

(continued)

Aging	Opening balance		Percentage of provision (%)
	Book balance	Allowance for bad debts	
Within 1 year	22,396,592,487.53	307,174,739.10	1.37
1-2 years	481,720,399.36	68,901,595.86	14.30
2-3 years	198,138,057.89	76,046,328.80	38.38
Over 3 years	181,455,602.88	125,174,486.71	68.98
Total	23,257,906,547.66	577,297,150.47	2.48

(5) Changes in allowance for bad debts of accounts receivable in the current period:

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Allowance for bad debts	1,468,751,839.88	777,647,482.69		467,171,673.98	723,884,137.92	1,055,343,510.67

- (6) The aggregate amount of the top 5 account receivables and contract assets as at the end of the period was RMB6,775,144,962.81 (amount at the beginning of the period: RMB5,525,018,986.65), accounting for 23.68% (at the beginning of the period: 22.57%) of the book balance of account receivables and contract assets, and the amount of provision for bad debts was RMB18,226,518.24 (amount at the beginning of the period: RMB604,983,462.26).

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(7) Actual write-off of accounts receivable in the current period

The amount of accounts receivable actually written off in the current period was RMB713,599,798.71 (amount for the corresponding period: RMB98,653,261.10) and there was a significant bad debt write-off of accounts receivable amounting to RMB532,621,082.38.

(8) The Company's accounts receivable that were terminated due to the transfer of financial assets in the current period

The amount of accounts receivable that the company terminated at the end of the period due to the transfer of financial assets was RMB6,095,179,589.77 (amount at the beginning of the period: RMB6,411,839,897.28) and the transfer method was outright sale factoring/ asset securitization.

(9) Restricted accounts receivable in the current period

The amount of accounts receivable restricted at the end of the period is RMB0.00 (amount at the beginning of the period: RMB1,255,120.80).

6. Financing receivables

(1) Presentation of financing receivables by category

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Bills receivable	182,877,006.03	159,043,672.58
Accounts receivable	177,192,385.53	41,282,799.27
Total	360,069,391.56	200,326,471.85

(2) The Company's pledged financing receivables at the end of the period

☐ Applicable ☒ Not Applicable

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(3) Financing receivables at the end of the period that had been endorsed or discounted by the Company and were not yet due at the balance sheet date

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amounts derecognized at the end of the period	Amounts not derecognized at the end of the period
Bills receivable	243,441,635.91	
Total	243,441,635.91	

(4) No provision for bad debts has been made for financing receivables during the period.

(5) There were no financing receivables written off during the period.

7. Prepayments

(1) Prepayments are presented by aging:

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within one year	2,323,736,109.06	97.16%	1,313,132,280.63	93.67%
1-2 years	43,056,825.13	1.80%	64,461,541.56	4.60%
2-3 years	8,098,753.24	0.34%	9,803,629.27	0.70%
Over 3 years	16,669,039.88	0.70%	14,389,100.02	1.03%
Balance of prepayments	2,391,560,727.31	100.00%	1,401,786,551.48	100.00%
Provision for impairment of prepayments	8,755,327.07		10,250,338.22	
Net prepayments	2,382,805,400.24		1,391,536,213.26	

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(2) Provision for impairment

Items	Increase for the current period		Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement
Provision for impairment	10,250,338.22	450.00		1,495,461.15	8,755,327.07
Total	10,250,338.22	450.00		1,495,461.15	8,755,327.07

(3) The total amount of the top 5 in the prepayments at the end of the period was RMB974,866,936.72, accounting for 40.76% of the book balance of prepayment (amount at the beginning of the period: RMB214,815,987.16, accounting for 15.32%).

(4) There was no significant prepayment aged over 1 year at the end of the period.

8. Other receivables

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	771,591,076.67	748,496,020.24
Other receivables	2,717,590,461.13	2,200,739,419.53
Total	3,489,181,537.80	2,949,235,439.77

Interest receivable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Within one year	374,172,658.71	473,678,991.02
1-2 years	316,667,022.35	199,801,995.25
2-3 years	80,000,932.60	70,063,170.96
Over 3 years	750,463.01	4,951,863.01
Total	771,591,076.67	748,496,020.24

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Other receivables

① *Other receivables are disclosed by aging as follows:*

Aging	Closing balance	Opening balance
Within one year	2,141,649,731.45	1,624,778,228.56
1–2 years	159,124,600.82	135,651,949.25
2–3 years	73,549,505.88	228,571,280.41
Over 3 years	392,681,572.53	309,547,157.86
Balance of other receivables	2,767,005,410.68	2,298,548,616.08
Allowance for bad debts	49,414,949.55	97,809,196.55
Other receivables, net	2,717,590,461.13	2,200,739,419.53

② *Provision of allowance for bad debts based on the general model of expected credit losses*

Allowance for bad debts	Stage 1 Expected credit losses for the coming 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Opening balance	90,287,637.41		7,521,559.14	97,809,196.55
Provision for the current period	30,272,592.94		2,650,774.91	32,923,367.85
Reversal for the current period	72,403,699.09			72,403,699.09
Write-off and others for the current period	8,913,915.76			8,913,915.76
Closing balance	39,242,615.50		10,172,334.05	49,414,949.55

③ *Changes in allowance for bad debt provision of other receivables in the current period*

Items	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/other movement	Closing balance
Allowance for bad debts	97,809,196.55	32,923,367.85		72,403,699.09	8,913,915.76	49,414,949.55

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- ④ The total amount of the top 5 other receivables at the end of the period was RMB1,038,763,021.83 (amount at the beginning of the period: RMB671,641,747.67), accounting for 37.54% of the book balance of other receivables (at the beginning of the period: 29.22%), and the amount of provision for bad debts was RMB0.00 (amount at the beginning of the period: RMB3,359,976.38).
- ⑤ **Other receivables written off during the period**
The amount of other receivables actually written off in the current period was RMB9,318,523.34 (amount for the corresponding period: RMB22,976,816.47) and no significant other receivables were written off for bad debts.
- ⑥ Other receivables mainly included deposits, quality guarantees, employee loans, tax refunds, and advance payments, etc.

9. Inventories

(1) Category of inventories

Items	Closing Balance		
	Book balance	Impairment Provision of inventories	Carrying value
Raw materials	6,898,376,954.19	206,532,089.32	6,691,844,864.87
Work in progress	222,237,024.07		222,237,024.07
Finished goods	37,596,787,128.82	1,466,454,790.38	36,130,332,338.44
Total	44,717,401,107.08	1,672,986,879.70	43,044,414,227.38

(continued)

Items	Opening Balance		
	Book balance	Impairment Provision of inventories	Carrying value
Raw materials	5,873,703,173.53	208,533,811.42	5,665,169,362.11
Work in progress	47,535,985.86		47,535,985.86
Finished goods	35,084,012,597.82	1,272,711,329.46	33,811,301,268.36
Total	41,005,251,757.21	1,481,245,140.88	39,524,006,616.33

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(2) Impairment provision of inventories

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/other movement	
Raw materials	208,533,811.42	78,559,353.33			80,561,075.43	206,532,089.32
Work in progress						
Finished goods	1,272,711,329.46	879,931,397.48			686,187,936.56	1,466,454,790.38
Total	1,481,245,140.88	958,490,750.81			766,749,011.99	1,672,986,879.70

(3) Details of impairment provision of inventories are as follows

Items	Specific basis for determining net realizable value	Reason for reversing or writing off the impairment provision of inventories
Raw materials	Measurement at the lower of cost and net realizable value	Production, use or sales
Finished goods	Measurement at the lower of cost and net realizable value	sales

10. Contract assets

(1) Contract assets

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance			Opening Balance		
	Book balance	Allowance for bad debts	Carrying Value	Book balance	Allowance for bad debts	Carrying Value
Relating to construction						
service contract	1,079,073,650.43	91,404,352.14	987,669,298.29	327,870,850.30	66,931,441.57	260,939,408.73
Total	1,079,073,650.43	91,404,352.14	987,669,298.29	327,870,850.30	66,931,441.57	260,939,408.73

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(2) Classification by method of provision for bad debts

Categories	Book balance		Closing balance		Carrying value
	Allowance for bad debts		Allowance for bad debts		
	Percentage		Percentage		
	Amount	(%)	Amount	of provision (%)	
Contract assets subject to provision for bad debts on a separate basis	55,755,776.06	5.17	55,755,776.06	100.00	
Contract assets subject to provision for bad debts on a collective basis	1,023,317,874.37	94.83	35,648,576.08	3.48	987,669,298.29
Total	1,079,073,650.43	100.00	91,404,352.14	8.47	987,669,298.29

(continued)

Categories	Book balance		Opening balance		Carrying value
	Allowance for bad debts		Allowance for bad debts		
	Percentage		Percentage		
	Amount	(%)	Amount	(%)	
Contract assets subject to provision for bad debts on a separate basis	58,419,039.53	17.82	58,419,039.53	100.00	
Contract assets subject to provision for bad debts on a collective basis	269,451,810.77	82.18	8,512,402.04	3.16	260,939,408.73
Total	327,870,850.30	100.00	66,931,441.57	20.41	260,939,408.73

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(3) Contract assets subject to provision for bad debts on a separate basis at the end of the period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name	Closing balance			Reason for provision
	Book balance	Allowance for bad debts	Percentage of provision (%)	
7 customers in total	55,755,776.06	55,755,776.06	100.00	The obligors were in significant financial difficulty
Total	55,755,776.06	55,755,776.06	100.00	

(4) Contract assets subject to provision for bad debts on a collective basis at the end of the period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name	Closing balance		Percentage of provision (%)
	Contract assets	Allowance for bad debts	
Relating to construction service contract	1,023,317,874.37	35,648,576.08	3.48
Total	1,023,317,874.37	35,648,576.08	3.48

(5) Provision for bad debts on contract assets during the current period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Changes in amount for the current period					Closing balance
	Opening balance	Provision for the current period	Recovery or reversal for the current period	Write-off/cancellation for the current period	Other movement	
Relating to construction service contract	66,931,441.57	24,472,910.57				91,404,352.14
Total	66,931,441.57	24,472,910.57				91,404,352.14

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11. Non-current assets due within one year

Items	Closing balance	Opening balance
Debt investments due within one year	1,439,758,652.55	
Total	1,439,758,652.55	
Including: time deposit in finance company	334,466,985.88	

12. Other current assets

(1) Details

Items	Closing Balance		Opening Balance	
	Book balance	Impairment Provision	Book balance	Impairment Provision
Deductible taxes products	3,606,518,536.87		2,856,635,351.76	
Short-term financial products and deposits	491,724,709.59		1,530,274,566.66	
Returns cost receivables	566,481,435.22	281,079,517.50	670,702,791.81	325,055,055.98
Others	47,739,469.43		101,079,025.92	
Total	4,712,464,151.11	281,079,517.50	5,158,691,736.15	325,055,055.98

(2) Impairment Provision

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Returns cost receivables	325,055,055.98	281,079,517.50			325,055,055.98	281,079,517.50
Total	325,055,055.98	281,079,517.50			325,055,055.98	281,079,517.50

(3) Time deposit in finance company was RMB458,892,056.45 at the end of the period.

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13. Debt investments

Items	Closing balance		Opening balance	
	Principal	Interest	Principal	Interest
Time deposit -long term	16,292,500,000.00	622,018,509.54	8,947,500,000.00	170,374,328.66
Less: Debt investments due within one year	1,327,500,000.00	112,258,652.55		
Total	14,965,000,000.00	509,759,856.99	8,947,500,000.00	170,374,328.66
Include: time deposit in Finance Company	12,605,000,000.00	448,060,172.04	7,377,500,000.00	86,374,745.33

14. Long-term equity investments

Investees	Increase/decrease for the current period					
	Opening balance	Investment increase	Investment profit recognized under equity method	Adjustment in other comprehensive income	Other changes in equity	Declaration of cash dividends or profits
Associate :						
Haier Group Finance Co., Ltd.	7,910,945,697.72		543,550,675.22	2,464.93		-235,200,000.00
Bank of Qingdao Co., Ltd.	3,200,132,708.75		349,318,326.56		0.10	-76,288,906.55
Wolong Electric (Jinan) Motor Co., Ltd.	177,662,547.04		20,805,084.62			
Qingdao Hegang New Material Technology Co., Ltd.	329,713,566.36		15,832,935.36			-3,231,156.20
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	206,764,442.76		1,746,626.13			-17,234,474.03
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	663,804,966.31		148,581,027.30			-113,540,000.00
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	412,107,471.53		5,470,343.29			
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00					
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方能源科技有限公司)	30,326,966.78		805,476.98			
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	98,000,000.00		642,245.31	-81,664.30		
Zhejiang Futeng Fluid Technology Co., Ltd.	77,584,161.99		-4,123,612.88			
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	4,265,965.73	3,000,000.00	-801,579.47			
Beijing ASU Tech Co., Ltd.	7,919,009.51		-7,919,009.51			
Qingdao Haimu Investment Management Co., Ltd.	2,609,456.57		83,298.43			

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Investees	Increase/decrease for the current period					
	Opening balance	Investment increase	Investment profit recognized under equity method	Adjustment in other comprehensive income	Other changes in equity	Declaration of cash dividends or profits
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	57,989,007.18		-1,239,966.39			
Haineng Wanjia (Shanghai) Technology Development Co., Ltd.	606,029.71					
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.	38,574,227.53		2,346,186.01			
Guangzhou Heying Investment Partnership (Limited Partnership)	194,416,881.32	17,961,049.12		-79,757,835.91		
Qingdao Home Wow Cloud Network Technology Co., Ltd.	2,192,669.49		-1,108,987.02			
Bingji (Shanghai) Corporate Management Co., Ltd.	1,056,245,062.87		43,668,374.42		-4,463,430.14	
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	58,446,674.35		504,858.85		-10,206.14	
Haier Best Water Technology Co., Ltd.	148,369,638.40					
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	238,175,637.03			-24,847,187.69		
Qingdao Ririshun Huizhi Investment Co., Ltd.	4,083,482.78					
Qingdao Xiaoshuai Intelligent Technology Co., Ltd.			9,578,046.65			
Qingdao Xinchenghui Technology Co., Ltd.	10,005,915.15		1,359,312.06			
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)		3,500,000.00	224,499.78			
Orygin LLC	22,296,931.04					
Konan Electronic Co., Ltd.	64,378,952.07		343,619.30	-5,094,655.48		-212,850.00
HNR (Private) Company Limited	111,225,806.51		28,804,194.49	500,746.42		
HPZ LIMITED	3,483,576.50		1,155,070.72	6,564,610.55		
Controladora Mabe, S.A. de C.V.	5,078,418,321.53		649,490,187.56	59,857,980.24	-5,145,711.23	-144,141,910.33
Middle East Air conditioning Company, Limited	7,299,166.60		-46,571.55	137,395.86		
Total	20,306,344,941.11	24,461,049.12	1,809,070,662.22	-42,718,145.38	-9,619,347.41	-589,849,297.11

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(continued)

Investees	Increase/decrease for the current period		Closing balance	Impairment Provision Closing Balance
	Other movement	The disposal of the investment		
Associate :				
Haier Group Finance Co., Ltd.			8,219,298,837.87	
Bank of Qingdao Co., Ltd.			3,473,162,128.86	
Wolong Electric (Jinan) Motor Co., Ltd.			198,467,631.66	
Qingdao Hegang New Material Technology Co., Ltd.			342,315,345.52	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)			191,276,594.86	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.			698,845,993.61	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.		-417,577,814.82		
Qingdao Haier Multimedia Co., Ltd.			88,300,000.00	-88,300,000.00
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方 能源科技有限公司)			31,132,443.76	
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)			98,560,581.01	
Zhejiang Futeng Fluid Technology Co., Ltd.			73,460,549.11	
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境 技术(广州)有限公司)			6,464,386.26	
Beijing ASU Tech Co., Ltd.				
Qingdao Haimu Investment Management Co., Ltd.			2,692,755.00	
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)			56,749,040.79	
Haineng Wanjia (Shanghai) Technology Development Co., Ltd.		-606,029.71		
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.			40,920,413.54	
Guangzhou Heying Investment Partnership (Limited Partnership)			132,620,094.53	

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Investees	Increase/decrease for the current period		Closing balance	Impairment Provision Closing Balance
	Other movement	The disposal of the investment		
Qingdao Home Wow Cloud Network Technology Co., Ltd.			1,083,682.47	
Bingji (Shanghai) Corporate Management Co., Ltd.			1,095,450,007.15	
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流 (济南)有限公司)			58,941,327.06	
Haier Best Water Technology Co., Ltd.			148,369,638.40	
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)		-24,420,938.74	188,907,510.60	
Qingdao Ririshun Huizhi Investment Co., Ltd.			4,083,482.78	
Qingdao Xiaoshuai Intelligent Technology Co., Ltd.			9,578,046.65	
Qingdao Xinshenghui Technology Co., Ltd.			11,365,227.21	
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限 公司)			3,724,499.78	
Orygin LLC		-22,296,931.04		
Konan Electronic Co., Ltd.			59,415,065.89	
HNR (Private) Company Limited			140,530,747.42	
HPZ LIMITED			11,203,257.77	-11,203,257.77
Controladora Mabe, S.A. de C.V.			5,638,478,867.77	
Middle East Air conditioning Company, Limited			7,389,990.91	-845,634.54
Total		-464,901,714.31	21,032,788,148.24	-100,348,892.31

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15. Investments in other equity instruments

(1) Details of investments in other equity instruments at the end of the period:

Items	Closing balance	Opening balance
SINOPEC Fuel Oil Sales Corporation Limited	1,674,427,670.51	1,986,156,165.17
Haier COSMO IOT Ecosystem Technology Co., Ltd.	2,786,307,000.00	2,817,408,000.00
Other	1,525,953,992.95	1,600,130,789.60
Total	5,986,688,663.46	6,403,694,954.77

(2) Dividends from investment in other equity instruments during the current period:

Items	Amount for the current period
SINOPEC Fuel Oil Sales Corporation Limited	36,674,287.52
Other	17,758,679.66
Total	54,432,967.18

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16. Investment properties

(1) The changes in investment properties measured at cost this year are as follows:

Items	Houses and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	93,701,271.11	29,370,397.68	123,071,668.79
2. Increase for the period			
(1) External acquisition			
(2) Intangible asset/fixed assets/construction in progress transferred in	95,572,599.63	79,529,678.08	175,102,277.71
(3) Increase in business combinations			
3. Decrease for the period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out	26,634,424.87		26,634,424.87
4. Change in foreign exchange rate and others	61,273.04		61,273.04
5. Closing balance	162,700,718.91	108,900,075.76	271,600,794.67
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	21,095,536.78	3,345,051.24	24,440,588.02
2. Increase for the period			
(1) Provision or amortization	6,659,895.88	1,777,561.56	8,437,457.44
(2) Intangible asset/fixed assets/construction in progress transferred in		1,058,132.70	1,058,132.70
3. Decrease for the period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out	8,516,659.18		8,516,659.18
4. Change in foreign exchange rate and others	20,015.86		20,015.86
5. Closing balance	19,258,789.34	6,180,745.50	25,439,534.84
III. Provision for impairment			
1. Opening balance			
2. Increase for the period			
(1) Provision			
3. Decrease for the period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book value			
1. Closing book value	143,441,929.57	102,719,330.26	246,161,259.83
2. Opening book value	72,605,734.33	26,025,346.44	98,631,080.77

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- (2) The depreciation and amortization amount charge for the period is RMB8,437,457.44 (amount for the corresponding period: RMB4,654,288.22).
- (3) The recoverable amount of the investment real estate of the Company at the end of the period is not less than its book value, so no provision for impairment is made.

17. Fixed assets

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	37,518,645,325.08	33,425,684,876.90
Total	37,518,645,325.08	33,425,684,876.90

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(1) Fixed assets:

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	20,205,787,759.21	35,819,966,814.36	244,560,469.60
2. Increase for the period			
(1) Acquisition	294,716,925.19	1,580,424,818.37	28,049,735.69
(2) Construction in progress transferred in	2,776,425,780.96	3,082,467,917.59	24,215,098.11
(3) Increase in business combinations	595,230,466.94	390,716,596.41	14,997,168.18
(4) Investment properties transferred in	26,634,424.87		
3. Decrease for the period			
(1) Disposal or write-off	74,548,173.08	920,826,843.87	24,067,113.20
(2) Disposal of subsidiaries			260,017.70
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-259,962,091.67	-320,672,263.63	-7,668,619.44
5. Closing balance	23,564,285,092.42	39,632,077,039.23	279,826,721.24
II. Accumulated depreciation			
1. Opening balance	6,136,755,668.17	18,385,208,823.46	153,620,804.45
2. Increase for the period			
(1) Provision	1,019,753,910.40	3,126,033,296.99	26,730,335.25
(2) Investment properties transferred in	8,516,659.18		
3. Decrease for the period			
(1) Disposal or write-off	17,678,488.60	725,976,914.43	17,773,912.30
(2) Disposal of subsidiaries			82,335.70
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-69,720,343.71	26,909,533.73	-3,105,575.45
5. Closing balance	7,077,627,405.44	20,812,174,739.75	159,389,316.25
III. Provision for impairment			
1. Opening balance	27,599,976.42	17,285,684.25	108,327.40
2. Increase for the period			
(1) Provision	294,934.43	5,893,725.09	
(2) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off		5,468,976.68	455.06
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-1,554,951.00	-85,512.83	-2,770.56
5. Closing balance	26,339,959.85	17,624,919.83	105,101.78
IV. Book value			
1. Closing book value	16,460,317,727.13	18,802,277,379.65	120,332,303.21
2. Opening book value	14,041,432,114.62	17,417,472,306.65	90,831,337.75

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(continued)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	1,529,695,668.35	3,298,744,338.08	61,098,755,049.60
2. Increase for the period			
(1) Acquisition	131,660,964.49	34,441,004.10	2,069,293,447.84
(2) Construction in progress transferred in	244,772,250.66	417,861,057.64	6,545,742,104.96
(3) Increase in business combinations	39,152,285.66	5,213,698.99	1,045,310,216.18
(4) Investment properties transferred in			26,634,424.87
3. Decrease for the period			
(1) Disposal or write-off	109,473,196.84	118,934,495.93	1,247,849,822.92
(2) Disposal of subsidiary	112,851.77	269,174.26	642,043.73
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	21,755,734.00	-72,296,826.75	-638,844,067.49
5. Closing balance	1,857,450,854.55	3,564,759,601.87	68,898,399,309.31
II. Accumulated depreciation			
1. Opening Balance	952,113,705.93	1,997,869,134.83	27,625,568,136.84
2. Increase for the period			
(1) Provision	204,403,412.90	324,681,985.25	4,701,602,940.79
(2) Investment properties transferred in			8,516,659.18
3. Decrease for the period			
(1) Disposal or write-off	100,232,268.99	77,062,189.34	938,723,773.66
(2) Disposal of subsidiary	88,013.33	122,374.63	292,723.66
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	29,303,205.94	-46,823,210.15	-63,436,389.64
5. Closing Balance	1,085,500,042.45	2,198,543,345.96	31,333,234,849.85
III. Provision for impairment			
1. Opening balance	237,957.13	2,270,090.66	47,502,035.86
2. Increase for the period			
(1) Provision			6,188,659.52
(2) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	11,423.76		5,480,855.50
(2) Disposal of subsidiary			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-17,006.23	-30,464.88	-1,690,705.50
5. Closing balance	209,527.14	2,239,625.78	46,519,134.38
IV. Book value			
1. Closing book value	771,741,284.96	1,363,976,630.13	37,518,645,325.08
2. Opening book value	577,344,005.29	1,298,605,112.59	33,425,684,876.90

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- (2) In the current period, the balance of the construction in progress transferred to the original value of the fixed assets in a total of RMB6,545,742,104.96 (amount for the corresponding period: RMB5,384,593,708.10).
- (3) As at 31 December 2024, the net book value of the buildings for which the Company has not yet obtained certificates of title was RMB396 million (amount at the beginning of the period RMB408 million), and the relevant certificates of title were being processed. The Company can legally and effectively occupy and operate the above-mentioned buildings for which no certificates of title have been obtained.
- (4) There was no mortgage secured by the fixed assets mortgage at the end of the period, and there was no mortgage secured by the fixed assets mortgage at the beginning of the period.

18. Construction in progress

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Construction in progress	5,680,101,282.66	5,951,859,455.98
Total	5,680,101,282.66	5,951,859,455.98

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Construction in progress

(1) Construction in progress

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Projects	Closing Balance		Opening Balance			
	Book balance	Impairment Provision	Book Value	Book balance	Impairment provision	Book Value
Qingdao Water Ecology Technology Project	1,066,513,889.60		1,066,513,889.60	529,949,339.20		529,949,339.20
Qingdao HVAC Project	723,210,085.38		723,210,085.38	530,979,038.43		530,979,038.43
Qingdao Refrigeration Appliance Project	598,424,118.21		598,424,118.21	914,078,742.21		914,078,742.21
New Zealand FPA Project	404,446,522.30		404,446,522.30	200,943,871.90		200,943,871.90
RRS Shanghai Project	321,856,664.58		321,856,664.58	548,389,859.22		548,389,859.22
America GE Appliances Project	255,332,644.93	24,814,364.49	230,518,280.44	343,482,203.73	22,622,250.04	320,859,953.69
Europe Candy Project	195,308,817.72		195,308,817.72	1,092,171,521.23		1,092,171,521.23
Eastern European Project	134,970,342.86	1,890,763.38	133,079,579.48	148,106,777.45		148,106,777.45
Others	2,007,581,060.80	837,735.85	2,006,743,324.95	1,667,477,441.25	1,097,088.60	1,666,380,352.65
Total	5,707,644,146.38	27,542,863.72	5,680,101,282.66	5,975,578,794.62	23,719,338.64	5,951,859,455.98

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(2) Details of significant changes of construction in progress for the period

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Transfer to investment properties	Change in foreign exchange rate and others	Closing balance	Source of fund
Qingdao Water Ecology Technology Project	529,949,339.20	549,852,465.99	13,287,915.59			1,066,513,889.60	Self-funding
Qingdao HVAC Project	530,979,038.43	196,773,080.18	4,542,033.23			723,210,085.38	Self-funding
Qingdao Refrigeration Appliance Project	914,078,742.21	1,386,740,227.69	1,702,394,851.69			598,424,118.21	Self-funding
New Zealand FPA Project	200,943,871.90	434,764,213.29	207,347,988.48		-23,913,574.41	404,446,522.30	Self-funding
RRS Shanghai Project	548,389,859.22	374,389,605.93	600,922,800.57			321,856,664.58	Self-funding
America GE Appliances Project	343,482,203.73	492,531,006.22	584,839,651.53		4,159,086.51	255,332,644.93	Self-funding
Europe Candy Project	1,092,171,521.23	58,737,277.16	1,013,136,719.46		57,536,738.79	195,308,817.72	Self-funding
Eastern European Project	148,106,777.45	392,076,195.03	373,676,828.91		-31,535,800.71	134,970,342.86	Self-funding
Others	1,667,477,441.25	2,477,460,729.09	2,045,855,030.48	95,572,599.63	4,070,520.57	2,007,581,060.80	Self-funding
Total	5,975,578,794.62	6,363,324,800.58	6,546,003,819.94	95,572,599.63	10,316,970.75	5,707,644,146.38	

(3) Impairment provision of construction in progress

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Other decrease	Change in foreign exchange rate and others	Closing balance
America GE Appliance Project	22,622,250.04	1,835,282.46			356,831.99	24,814,364.49
Eastern European Project		2,204,865.05			-314,101.67	1,890,763.38
Lejia IOT Project	837,735.85					837,735.85
Others	259,352.75		261,714.98		2,362.23	
Total	23,719,338.64	4,040,147.51	261,714.98		45,092.55	27,542,863.72

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19. Right-of-use assets

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	6,193,009,150.65	299,296,129.76	272,631,734.00
2. Increase for the current period			
(1) Acquisition	2,262,181,085.11	15,588,281.85	94,347,135.09
(2) Increase in business combinations	261,329,285.46	150,889,823.61	
3. Decrease for the current period			
(1) Disposal	1,220,501,007.69	46,566,316.59	58,234,818.39
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	-81,693,328.67	5,127,561.64	-20,949,675.04
5. Closing balance	7,414,325,184.86	424,335,480.27	287,794,375.66
II. Accumulated depreciation			
1. Opening balance	2,519,692,318.04	37,365,343.09	133,592,322.52
2. Increase for the current period			
(1) Provision	1,226,001,005.33	44,251,638.74	78,794,289.40
3. Decrease for the current period			
(1) Disposal	993,213,137.54	9,343,956.75	56,450,194.27
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	-24,373,985.04	27,534.22	-14,663,063.86
5. Closing balance	2,728,106,200.79	72,300,559.30	141,273,353.79
III. Impairment provision			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	4,686,218,984.07	352,034,920.97	146,521,021.87
2. Opening book balance	3,673,316,832.61	261,930,786.67	139,039,411.48

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(continued)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	415,131,711.53	539,051,832.40	7,719,120,558.34
2. Increase for the current period			
(1) Acquisition	14,723,124.93	84,010,782.19	2,470,850,409.17
(2) Increase in business combinations			412,219,109.07
3. Decrease for the current period			
(1) Disposal	2,664,029.09	7,028,433.41	1,334,994,605.17
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	-19,770,673.33	8,807,250.72	-108,478,864.68
5. Closing balance	407,420,134.04	624,841,431.90	9,158,716,606.73
II. Accumulated depreciation			
1. Opening balance	50,526,926.52	201,178,372.27	2,942,355,282.44
2. Increase for the current period			
(1) Provision	43,328,435.62	108,569,478.06	1,500,944,847.15
3. Decrease for the current period			
(1) Disposal	2,664,029.09	4,541,595.18	1,066,212,912.83
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	-25,289,689.19	4,059,029.48	-60,240,174.39
5. Closing balance	65,901,643.86	309,265,284.63	3,316,847,042.37
III. Impairment provision			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	341,518,490.18	315,576,147.27	5,841,869,564.36
2. Opening book balance	364,604,785.01	337,873,460.13	4,776,765,275.90

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20. Intangible assets

(1) Intangible assets:

Items	Proprietary technology	Licences	Land use rights
I. Original book value			
1. Opening balance	2,212,581,138.65	4,840,851,378.40	3,824,946,518.91
2. Increase for the current period			
(1) Purchase		22,164,271.12	175,600,520.59
(2) Internal research and development	129,337,714.48		
(3) Increase in business combination			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
(3) Transfer to Investment properties			79,529,678.08
4. Change in foreign exchange rate and others	-108,080,161.91	182,274,481.71	-24,266,983.66
5. Closing balance	2,233,838,691.22	5,045,290,131.23	3,896,750,377.76
II. Accumulated amortization			
1. Opening balance	1,399,798,673.12	1,199,637,889.22	529,430,385.93
2. Increase for the current period			
(1) Provision	201,869,853.26	185,303,692.92	83,274,750.93
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
(3) Transfer to Investment properties			1,058,132.70
4. Change in foreign exchange rate and others	-57,156,754.05	-5,141,961.25	-142,496.95
5. Closing balance	1,544,511,772.33	1,379,799,620.89	611,504,507.21
III. Impairment provision			
1. Opening balance		66,630,354.13	
2. Increase for the current period			
(1) Provision			
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
(3) Transfer to Investment properties			
4. Change in foreign exchange rate and others		957,873.20	
5. Closing balance		67,588,227.33	
IV. Book Value			
1. Closing book balance	689,326,918.89	3,597,902,283.01	3,285,245,870.55
2. Opening book balance	812,782,465.53	3,574,583,135.05	3,295,516,132.98

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(continued)

Items	Trademark rights	Customer Relationship	Application management software and others	Total
I. Original book value				
1. Opening balance	2,747,290,392.78	189,756,322.27	6,043,711,061.94	19,859,136,812.95
2. Increase for the current period				
(1) Purchase			639,118,792.33	836,883,584.04
(2) Internal research and development			434,701,160.56	564,038,875.04
(3) Increase in business combination	119,238,108.51	1,518,023,231.14	257,436,729.63	1,894,698,069.28
3. Decrease for the current period				
(1) Disposal			23,706,512.53	23,706,512.53
(2) Disposal of subsidiary				
(3) Transfer to Investment properties				79,529,678.08
4. Change in foreign exchange rate and others	-95,020,603.90	-72,223,993.08	-180,828,665.77	-298,145,926.61
5. Closing balance	2,771,507,897.39	1,635,555,560.33	7,170,432,566.16	22,753,375,224.09
II. Accumulated amortization				
1. Opening balance	26,594,701.49	176,130,128.10	3,982,949,777.45	7,314,541,555.31
2. Increase for the current period				
(1) Provision	6,588,115.37	23,958,467.01	901,375,011.62	1,402,369,891.11
(2) Increase in business combination				
3. Decrease for the current period				
(1) Disposal			11,551,728.27	11,551,728.27
(2) Disposal of subsidiary				
(3) Transfer to Investment properties				1,058,132.70
4. Change in foreign exchange rate and others	1,052,349.81	-15,715,839.38	271,534.26	-76,833,167.56
5. Closing balance	34,235,166.67	184,372,755.73	4,873,044,595.06	8,627,468,417.89
III. Impairment provision				
1. Opening balance			23,643,666.33	90,274,020.46
2. Increase for the current period				
(1) Provision				
(2) Increase in business combination				
3. Decrease for the current period				
(1) Disposal				
(2) Disposal of subsidiary				
(3) Transfer to Investment properties				
4. Change in foreign exchange rate and others				957,873.20
5. Closing balance			23,643,666.33	91,231,893.66
IV. Book Value				
1. Closing book balance	2,737,272,730.72	1,451,182,804.60	2,273,744,304.77	14,034,674,912.54
2. Opening book balance	2,720,695,691.29	13,626,194.17	2,037,117,618.16	12,454,321,237.18

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- (2) At the end of the period, the intangible assets developed through the Company accounted for the 18.63% of the original value at the end of the period (accounting for 18.67% at the beginning of the period).
- (3) The amount of intangible assets pledged at the end of the period was RMB97,328,830.10.

21. Goodwill

Items	Opening balance	Increase for the current period	Decrease for the current period	Change in foreign exchange rate and others	Closing balance
GEA	21,046,390,260.10			314,532,245.87	21,360,922,505.97
Candy	2,043,391,984.29			-97,146,045.57	1,946,245,938.72
CCR		2,213,337,139.51		-71,957,837.29	2,141,379,302.22
Others	1,392,777,170.07	594,772,759.90		-52,090,077.82	1,935,459,852.15
Total	24,482,559,414.46	2,808,109,899.41		93,338,285.19	27,384,007,599.06

In the case of a goodwill impairment test, the Company compares the carrying amount of the relevant asset group or asset group combination (including goodwill) with its recoverable amount. If the recoverable amount is less than the book value, corresponding difference will be recognized in profit or loss.

The recoverable amount of the asset group (including goodwill) is calculated with discounted estimated future cash flow method based on a management-approved 5–15 years budget. Future cash flows beyond the budget period are estimated using the estimated perpetual annual growth rate. The perpetual annual growth rate (mainly 1.5%–2.0%) adopted by the management is consistent with industry forecast data and does not exceed the long-term average growth rate of each product. The management determines the compound income growth rate (mainly 2.58%–9.39%) and the EBITDA profit margin (mainly 5.80%–10.57%) based on historical experience and market development forecasts, and adopts the pre-tax interest rate that can reflect the specific risks of the relevant asset group as the discount rate (mainly 10.31%–12.63%). The management analyzes the recoverable amount of each asset group based on these assumptions and believes that there is no need to make provision for goodwill.

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22. Long-term amortized expenses

Items	Opening balance	Increase for the current period	Amortization for the current period	Other decrease	Change in foreign exchange rate and others	Closing balance
Renovation	356,810,041.83	195,626,454.31	347,931,551.46		-381,566.11	204,123,378.57
Improvement on leased property	136,201,326.38	106,194,740.57	41,134,688.19		-1,278,207.48	199,983,171.28
Others	253,825,194.68	20,795,901.89	78,193,660.45		-2,663,382.12	193,764,054.00
Total	746,836,562.89	322,617,096.77	467,259,900.10		-4,323,155.71	597,870,603.85

23. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before elimination

Items	Closing balance	Opening balance
Provision for assets impairment	601,791,456.35	482,581,464.39
Liabilities	3,015,752,813.85	2,736,306,802.32
Internal unrealized earnings eliminated due to combination	887,557,367.83	707,589,929.59
Uncovered losses	248,331,903.96	231,808,187.84
R&D expenses	1,523,977,439.36	1,171,434,607.38
Others	620,466,885.20	324,595,635.91
Total	6,897,877,866.55	5,654,316,627.43

(2) Deferred income tax liabilities before elimination

Items	Closing balance	Opening balance
Asset amortisation	4,823,267,766.46	4,159,827,001.61
Remeasurement of fair value of the reaming equity on the day when the control right was lost	374,198,127.62	374,198,127.62
Changes in fair value of investments in other equity instruments	301,550,087.64	306,253,762.39
Others	463,352,943.30	492,608,929.16
Total	5,962,368,925.02	5,332,887,820.78

- (3) The deferred income tax assets and the deferred income tax liabilities eliminated at the end of the period was RMB4,420,671,374.19 (amount at the beginning of the period RMB3,805,221,835.03).

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24. Other non-current assets

Items	Closing balance	Opening balance
Prepayments for equipment and land	1,381,218,293.01	1,747,355,221.82
Others	376,651,738.53	286,631,723.46
Total	1,757,870,031.54	2,033,986,945.28

25. Short-term borrowings

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Borrowing type	Closing balance	Opening balance
Borrowings — secured by pledge	46,809,229.31	157,672,633.33
Borrowings — secured by guarantee	466,702,681.40	148,149,681.94
Borrowings — secured by credit	13,270,855,533.22	10,589,253,699.59
Total	13,784,367,443.93	10,895,076,014.86

26. Derivative financial liabilities

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	71,011,310.01	166,573,028.22
Forward commodity contracts		2,051,976.75
Total	71,011,310.01	168,625,004.97

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27. Bills payable

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Types	Closing balance	Opening balance
Commercial acceptance notes	8,488,327,100.21	5,234,670,724.72
Bank acceptance notes	12,660,807,864.00	17,026,320,389.70
Total	21,149,134,964.21	22,260,991,114.42

28. Accounts payables

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Accounts payables	54,587,992,129.58	49,917,971,699.31
Total	54,587,992,129.58	49,917,971,699.31

The book balance at the end of the period was mainly the unpaid expenditures on material and labour. There were no significant accounts payables aged over 1 year at the end of the period.

29. Contract liabilities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Contract liabilities	10,852,073,573.07	7,849,215,139.13
Total	10,852,073,573.07	7,849,215,139.13

The book balance at the end of the period was mainly due to the advance payment that has been collected and has not yet performed the contractual obligations. There were no significant contract liabilities aged over 1 year at the end of the period.

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30. Payables for staff remuneration

(1) Payables for staff remuneration

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term remuneration	4,986,109,052.05	29,934,191,744.19	29,966,490,338.55	4,953,810,457.69
II. Post-employment benefits defined contribution plan	27,339,681.98	1,628,906,301.25	1,632,315,747.09	23,930,236.14
III. Termination benefits	5,252,101.27	98,601,690.68	86,086,509.74	17,767,282.21
IV. Other benefits due within one year	133,007,828.89	1,052,498.68	89,018,375.74	45,041,951.83
Total	5,151,708,664.19	31,662,752,234.80	31,773,910,971.12	5,040,549,927.87

(2) Short-term remuneration

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Salaries, bonus, allowances and benefit	3,586,755,729.27	22,719,374,694.93	22,836,192,471.88	3,469,937,952.32
II. Employee welfare	348,956,337.47	1,221,642,475.81	1,183,120,347.78	387,478,465.50
III. Social benefit	231,309,098.96	1,981,757,805.49	1,945,775,912.73	267,290,991.72
IV. Housing fund	10,979,228.75	639,434,247.53	645,057,275.43	5,356,200.85
V. Labor union fee and education fund	5,767,745.57	159,404,243.30	151,718,342.01	13,453,646.86
VI. Short-term compensated leave	266,918,130.07	509,070,730.36	497,029,070.98	278,959,789.45
VII. Others	535,422,781.96	2,703,507,546.77	2,707,596,917.74	531,333,410.99
Total	4,986,109,052.05	29,934,191,744.19	29,966,490,338.55	4,953,810,457.69

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(3) Defined contribution plan

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
1. Basic pension insurance	25,696,962.80	1,509,649,543.10	1,513,327,496.77	22,019,009.13
2. Unemployment insurance	506,470.60	42,227,033.37	42,348,963.10	384,540.87
3. Enterprise annuity payment	1,136,248.58	77,029,724.78	76,639,287.22	1,526,686.14
Total	27,339,681.98	1,628,906,301.25	1,632,315,747.09	23,930,236.14

(4) Termination benefits

Items	Closing balance	Opening balance
Termination compensation	17,767,282.21	5,252,101.27
Total	17,767,282.21	5,252,101.27

31. Taxes payable

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	961,504,803.99	960,396,482.91
Corporate income tax	2,649,673,418.47	1,586,255,400.96
Individual income tax	127,490,100.60	185,154,739.72
City maintenance and construction tax	40,152,216.35	28,821,254.16
Education surcharge	16,711,119.94	9,117,000.14
The electrical and electronic products waste treatment fund		89,138,721.00
Other taxes	119,550,260.83	82,888,556.48
Total	3,915,081,920.18	2,941,772,155.37

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32. Other payables

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Dividends payable	14,082,609.41	1,880,719.69
Other payables	21,730,158,214.09	18,919,339,506.09
Total	21,744,240,823.50	18,921,220,225.78

(1) Dividends payable

☒ Applicable ☐ Not Applicable

Items	Closing balance	Opening balance
Other public shareholders	14,082,609.41	1,880,719.69
Total	14,082,609.41	1,880,719.69

(2) Other payables

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Other payables	21,730,158,214.09	18,919,339,506.09
Total	21,730,158,214.09	18,919,339,506.09

The closing balance mainly included the incurred but unpaid costs. There were no significant other payables aged over 1 year at the end of the period.

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33. Non-current liabilities due within one year

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within one year	10,365,227,785.72	161,126,226.19
Long term payables due within one year	50,806,318.73	14,105,028.65
Lease liabilities due within one year	1,351,253,699.03	1,339,478,470.73
Estimated liabilities due within one year	2,710,430,236.34	2,531,873,089.62
Other non-current liabilities due within one year	2,051,099,765.64	
Total	16,528,817,805.46	4,046,582,815.19

34. Other current liabilities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Payable refund	624,122,847.31	639,149,848.05
Tax amount to be transferred to output tax	1,133,069,475.29	1,000,494,825.61
Others	140,912,299.35	21,470,896.50
Total	1,898,104,621.95	1,661,115,570.16

35. Long-term borrowings

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — secured by pledge	108,200,000.00	
Borrowings — unsecured by credit	9,556,874,313.67	18,365,302,925.77
Total	9,665,074,313.67	18,365,302,925.77

The interest rates of the Company's long-term borrowings: 1.30%–5.40%.

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36. Lease liabilities

Items	Closing balance	Opening balance
Lease liabilities	5,832,149,696.39	4,769,243,674.54
Less: lease liabilities due within one year	1,351,253,699.03	1,339,478,470.73
Total	4,480,895,997.36	3,429,765,203.81

37. Long-term payables

Items	Closing balance	Opening balance
Investment from CDB development fund	36,500,000.00	36,500,000.00
Others	202,526,375.32	34,718,451.43
Less: long-term payables due within one year	50,806,318.73	14,105,028.65
Total	188,220,056.59	57,113,422.78

Under the Investment Contract of China Development Fund executed by the Company and its subsidiaries including Qingdao Haier Air Conditioner Gen Corp., Ltd., Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited together with China Development Fund Co. Ltd. in 2015 and 2016, China Development Fund Co. Ltd. invested RMB73 million in Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited. China Development Fund Co. Ltd. obtained an annual return of 1.2% by means of dividends or buyback premium for the above investments. As of the end of the period, the subsidiaries of the Company made buyback in amount of RMB36.5 million.

38. Long-term employee benefits payable

√ Applicable ☐ Not Applicable

(1) Table of Long-term employee benefits payable

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
I. Post-employment benefits: net liability of defined benefit plan	1,766,487,772.54	364,213,564.08
II. Termination benefits	541,765,948.00	575,644,959.29
III. Other long-term benefits	100,022,169.77	
IV. Provision for work-related injury compensation	153,371,556.04	145,596,315.81
Total	2,561,647,446.35	1,085,454,839.18

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(2) Defined benefits plan

Some subsidiaries of the Company have set several defined benefit plans for the qualified staff. Under these plans, the employees are entitled to the retirement benefits agreed in such defined benefit plans.

These plans are exposed to interest rate risks, changes in life expectancy of the beneficiary and other risks.

The recent actuarial evaluation of the assets and the present value of defined benefit obligations under such plans are determined by using the projected unit credit method.

① *The defined benefit plan of Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company*

Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company, has provided post-retirement defined benefit plan of health care benefits for the eligible employees.

Actuarial assumptions used in defined benefit plans

Items	Rate
Discount rate	5.51%

Present value of defined benefit obligations

Items	Amount
I. Opening balance	165,901,942.17
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	7,416,499.67
1. Current service cost	
2. Past service cost	
3. Settlement gains (loss indicated in '—')	
4. Interest cost	7,416,499.67
IV. Defined benefit cost recognized in other comprehensive incomes	–18,564,643.70
1. Actuarial loss (gain indicated in '—')	–18,564,643.70
V. Other changes	–16,741,952.57
1. The consideration paid at the time of settlement	
2. Benefit paid	–18,903,727.59
3. Exchange differences	2,161,775.02
VI. Closing balance	138,011,845.57

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Net liability (net asset) of defined benefit plan

Items	Amount
I. Opening balance	165,901,942.17
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	7,416,499.67
IV. Defined benefit cost recognized in other comprehensive incomes	-18,564,643.70
V. Other changes	-16,741,952.57
VI. Closing balance	138,011,845.57

② **The defined benefit plan of Carrier Refrigeration Benelux B.V., a subsidiary of the Company**

Carrier Refrigeration Benelux B.V., a subsidiary of the Company, has provided defined benefit plan of pension for the eligible employees.

Actuarial assumptions used in defined benefit plans

Items	Rate
Discount rate	3.30%

Present value of defined benefit obligations

Items	Amount
I. Opening balance	
II. Business combination not under common control	1,437,891,737.24
III. Defined benefit cost recognized in current profit or loss	14,258,213.98
1. Current service cost	2,243,752.75
2. Past service cost	
3. Settlement gains (loss indicated in '—')	
4. Interest cost	12,014,461.23
IV. Defined benefit cost recognized in other comprehensive incomes	44,068,147.50
1. Actuarial loss (gain indicated in '—')	44,068,147.50
V. Other changes	-72,774,628.31
1. The consideration paid at the time of settlement	
2. Benefit paid	-10,566,766.81
3. Exchange differences	-62,207,861.50
VI. Closing balance	1,423,443,470.41

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Fair value of plan assets

Items	Amount
I. Opening balance	
II. Business combination not under common control	53,408,532.35
III. Defined benefit cost recognized in current profit or loss	458,942.14
1. Interest income	458,942.14
IV. Defined benefit cost recognized in other comprehensive incomes	-1,174,558.30
1. Return on plan assets (except those included in net interests)	-1,174,558.30
2. Changes in impact of asset cap (except those included in net interests)	
V. Other changes	-2,122,518.77
1. Employer contributions	584,288.23
2. Benefits paid out	-455,085.21
3. Exchange differences	-2,251,721.79
VI. Closing balance	50,570,397.42

Net liability (net asset) of defined benefit plan

Items	Amount
I. Opening balance	
II. Business combination not under common control	1,384,483,204.89
III. Defined benefit cost recognized in current profit or loss	13,799,271.84
IV. Defined benefit cost recognized in other comprehensive income	45,242,705.80
V. Other changes	-70,652,109.54
VI. Closing balance	1,372,873,072.99

Classification of the balance of defined benefit plan

Items	Closing balance	Opening balance
Short-term Benefit	37,042,017.07	33,170,713.47
Long-term Benefit	1,766,487,772.54	364,213,564.08
Total	1,803,529,789.61	397,384,277.55

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39. Estimated liabilities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Active litigation	52,893,571.31	32,259,609.59
Others	353,215,103.35	315,280,800.19
Projection of warranty expenses and installation fees	1,980,153,078.26	1,587,473,632.46
Total	2,386,261,752.92	1,935,014,042.24

Significant assumption and estimation relating to estimation of warranty expenses and installation fees: the Company reasonably estimated the warranty expenses and installation fees rate based on its actual expenses on the warranty expenses and installation fees as well as sales data in the past. The Company estimated the warranty expenses and installation fees that are likely to be incurred in the future according to its policies on the warranty expenses and installation fees, as well as the actual sales data.

40. Deferred income

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Government grants	1,237,427,710.34	153,465,569.55	159,280,843.80	1,231,612,436.09
Total	1,237,427,710.34	153,465,569.55	159,280,843.80	1,231,612,436.09

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41. Share capital

Share category	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Restricted shares				
1. State-owned shares				
2. Shares held by domestic non-state-owned legal entities				
3. Shares held by domestic individuals				
4. Shares held by offshore non-state-owned legal entities				
II. Non-restricted shares	9,438,114,893		55,201,559	9,382,913,334
1. Ordinary shares in RMB	6,308,552,654		54,051,559	6,254,501,095
2. Domestic listed foreign Shares				
3. Offshore listed foreign Shares	3,129,562,239		1,150,000	3,128,412,239
4. Others				
III. Total shares	9,438,114,893		55,201,559	9,382,913,334

42. Capital reserve

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Capital premium (Share premium)	19,669,458,656.94	191,268,662.29	1,488,425,582.14	18,372,301,737.09
Others capital reserve	1,845,086,227.60	374,067,374.04	476,096,416.80	1,743,057,184.84
Total	21,514,544,884.54	565,336,036.33	1,964,521,998.94	20,115,358,921.93

The main reasons for the change in capital premium: the cancellation of treasury stock for the current period resulted in the decrease in capital premium of RMB1,426,420,139.11; share premium in the current period was offset by share-based payment exercise of RMB31,800,787.20.

The main reasons for the change in other capital reserves: the amortized share-based payment for the current period included in other capital reserves of RMB374,067,374.04 and other capital reserves were offset by share-based payment exercise of RMB476,096,416.80.

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43. Treasury stock

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Treasury stock	5,034,065,107.42	559,346,231.12	2,082,682,562.10	3,510,728,776.44
Total	5,034,065,107.42	559,346,231.12	2,082,682,562.10	3,510,728,776.44

The main reasons for the change in treasury stock: the repurchase of treasury stock for the current period of RMB559,346,231.12, the cancellation for the current period of RMB1,520,151,861.54, share-based payment exercise for the current period of RMB562,530,700.56.

44. Other comprehensive income

Items	Opening balance	Amount before current income tax	Deduction of impact on income tax	Amounts for the current period			Others	Closing balance
				Attributable to the parent company after tax	Attributable to minority shareholders after tax			
a	-345,568,801.14	-42,718,145.38	26,151,255.88	-16,560,814.12	-6,075.38	-609,008.33		-362,738,623.59
b	-94,630,058.56	-3,939,340.54	-22,601,631.95	-27,453,055.10	912,082.61			-122,083,113.66
c	929,575,208.94	-846,503,547.37		-846,517,592.70	14,045.33			83,057,616.24
d	1,332,769,480.78	-323,858,760.44	40,768,458.68	-284,097,986.09	1,007,684.33	713,274.20		1,049,384,768.89
e	147,219,232.63	959,425.68	-1,970,970.73	-1,011,523.04	-22.01			146,207,709.59
Total	1,969,365,062.65	-1,216,060,368.05	42,347,111.88	-1,175,640,971.05	1,927,714.88	104,265.87		793,828,357.47

Notes:

(1) Item a, b, and c are other comprehensive income that will be reclassified to profit or loss, the details are as follows:

Item a represents other comprehensive income classified to profit and loss under the equity method.

Item b represents cash flow hedge reserves (the effective part of the cash flow hedge profit and loss).

Item c represents exchange differences on translation of financial statements denominated in foreign currencies.

(2) Item d and e are other comprehensive income that cannot be reclassified into profit or loss. Details are as follows:

Item d represents the change in fair value of investments in other equity instruments.

Item e represents changes arising from remeasurement of net liabilities or assets of defined benefit plans.

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45. Surplus reserve

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Statutory surplus reserve	4,794,681,742.21	454,264,348.65		5,248,946,090.86
Discretionary surplus reserve	26,042,290.48			26,042,290.48
Reserve fund	11,322,880.64			11,322,880.64
Enterprise expansion fund	10,291,630.47			10,291,630.47
Total	4,842,338,543.80	454,264,348.65		5,296,602,892.45

Pursuant to the Company Law of the People's Republic of China and the Articles of Association, the Company is required to appropriate the statutory surplus reserve at 10% of its net profit of the year. When the accumulated statutory surplus reserve reaches 50% of the registered capital, no further withdrawal will be made.

46. Undistributed profits

√ Applicable ☐ Not Applicable

Items	Amounts
Undistributed profits at the end of previous year	68,535,686,494.60
Change in accounting policy	
Combination under common control	
Undistributed profits at the beginning of the year	68,535,686,494.60
Add: net profit attributable to owners of the parent company	18,741,120,122.93
Other transfer in	-90,008,997.53
Adjustment due to implementation of enterprise accounting standard	
Profit available for appropriation for the year	87,186,797,620.00
Less: appropriation of statutory surplus reserve	454,264,348.65
Dividend payable for ordinary shares	7,444,389,001.59
Undistributed profits at the end of period	79,288,144,269.76

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47. Operating income and operating cost

(1) Operating income

Items	Amount for the current period	Amount for the previous period
Primary business	284,582,637,563.47	273,069,452,908.83
Other Business	1,398,587,640.46	1,135,067,939.14
Total	285,981,225,203.93	274,204,520,847.97

(2) Primary business income and primary business cost by product category

Categories	Amount for the current period		Amount for the previous period	
	Primary business income	Primary business cost	Primary business income	Primary business cost
Air conditioner	49,055,935,438.09	37,346,454,702.38	45,659,954,167.67	34,882,379,289.82
Refrigerator	83,240,760,926.03	57,624,075,173.29	81,640,696,197.18	56,904,460,178.81
Kitchen appliance	41,111,204,777.78	29,051,095,842.50	41,588,961,234.83	29,538,184,860.47
Water appliance	15,750,526,855.24	9,195,963,076.46	15,010,842,426.77	8,924,840,941.25
Washing machine	63,028,390,279.46	43,252,584,256.77	61,272,315,753.28	42,396,315,265.09
Equipment product and integrated channel services	32,395,819,286.87	29,608,221,683.28	27,896,683,129.10	25,795,447,427.14
Total	284,582,637,563.47	206,078,394,734.68	273,069,452,908.83	198,441,627,962.58

48. Taxes and surcharge

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
City construction tax	418,078,929.97	399,203,679.22
Property tax	153,245,071.02	125,826,259.04
Land use tax	51,642,926.84	44,917,047.99
Stamp duty	356,016,637.51	311,927,175.36
Education surcharge	240,177,292.25	215,622,114.23
Others	56,879,972.68	54,538,547.37
Total	1,276,040,830.27	1,152,034,823.21

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49. Selling expenses

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Selling expenses	33,585,903,561.60	32,726,735,817.73
Total	33,585,903,561.60	32,726,735,817.73

The Company's selling expenses are mainly salary expenses, transportation and storage fees and advertising and promotion fees.

50. Administrative expenses

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Administrative expenses	12,110,235,915.35	11,874,420,922.31
Total	12,110,235,915.35	11,874,420,922.31

The Company's administrative expenses are mainly salary expenses, office fees, depreciation and amortization of assets fees, etc.

51. R&D expenses

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
R&D expenses	10,740,112,353.47	10,380,219,803.05
Total	10,740,112,353.47	10,380,219,803.05

The Company's R&D expenses are mainly salary expenses, R&D equipment expenses, inspection and testing fees.

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52. Financial expenses

Items	Amount for the current period	Amount for the previous period
Interest expense	2,726,955,697.10	2,165,467,567.74
Less: interest income	1,897,955,730.26	1,553,163,297.95
Less: cash discount	122,627,794.57	123,733,614.83
Exchange gains and losses (gains are represented by '—')	120,037,587.73	–132,600,813.70
Others	146,155,367.34	149,688,686.95
Total	972,565,127.34	505,658,528.21

Interest expenditure in lease liabilities for the current period was RMB222,325,367.55 (amount for the corresponding period: RMB168,403,595.66).

53. Other income

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Government grants related to revenue	1,575,833,075.28	1,591,337,200.11
Government grants related to assets	128,449,305.44	124,832,318.37
Total	1,704,282,380.72	1,716,169,518.48

54. Investment income

Items	Amount for the current period	Amount for the previous period
Long-term equity investments income calculated by the equity method	1,816,477,749.42	1,575,371,896.37
Investment income from disposal of long-term equity investments	–26,833,481.45	13,984,506.23
Investment income from other equity instrument investments during holding period	54,432,967.18	58,671,224.25
Income from wealth management products	69,518,481.36	49,612,602.11
Investment income from disposal of financial assets measured at fair value with changes included in current profit and loss	–1,038,171.65	1,075,642.32
Total	1,912,557,544.86	1,698,715,871.28

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55. Gains on changes in fair value

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Source of gains on change in fair value	Amount for the current period	Amount for the previous period
Change in fair value of equity investments	-713,816.05	-21,952,224.65
Change in fair value of fund investments	41,204,390.70	38,833,850.27
Others	6,639,750.02	13,417.63
Total	47,130,324.67	16,895,043.25

56. Credit impairment loss

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Bad debts losses on bills receivable	4,677,899.44	-1,656,250.86
Bad debts losses on accounts receivable	-310,475,808.71	-294,241,324.72
Bad debts losses on other receivable	39,480,331.24	42,496,202.10
Total	-266,317,578.03	-253,401,373.48

57. Impairment loss on assets

Items	Amount for the current period	Amount for the previous period
Impairment losses on inventory	-958,490,750.81	-1,091,405,923.13
Impairment losses on other current assets	-281,079,517.50	-325,055,055.98
Impairment losses on fixed assets	-6,188,659.52	-2,840,089.52
Impairment losses on construction in progress	-4,040,147.51	-22,513,947.38
Impairment losses on intangible assets		-66,381,834.15
Impairment losses on contract assets	-24,472,910.57	3,043,824.14
Impairment losses on long-term equity investment	-11,203,257.77	
Impairment losses on prepayments	1,495,011.15	-7,060,985.19
Total	-1,283,980,232.53	-1,512,214,011.21

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58. Gains on disposal of assets

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Gains on disposal of non-current assets	15,695,650.15	26,798,466.20
Losses on disposal of non-current assets	-26,954,262.79	-38,952,222.33
Total	-11,258,612.64	-12,153,756.13

59. Non-operating income

Items	Amount for the current period	Amount for the previous period
Gains on disposal of non-current assets	1,552,662.43	2,906,374.71
Quality claims and fines	43,621,777.29	36,865,779.80
Others	138,764,094.94	94,698,700.49
Total	183,938,534.66	134,470,855.00

60. Non-operating expenses

Items	Amount for the current period	Amount for the previous period
Losses on disposal of non-current assets	40,496,431.32	99,173,963.87
Others	322,365,734.92	204,644,547.60
Total	362,862,166.24	303,818,511.47

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61. Income tax expenses

(1) Statement of income tax expenses

Items	Amount for the current period	Amount for the previous period
Current income tax expense	4,026,894,346.66	3,690,537,340.62
Deferred income tax expense	-869,714,419.89	-567,374,121.87
Total	3,157,179,926.77	3,123,163,218.75

(2) Reconciliation between accounting profit and income tax expenses for the current period

Items	Amounts
Total accounting profit	22,732,792,428.45
Income tax expense calculated pursuant to statutory tax rate	5,683,198,107.11
Impact from different tax rates applicable to subsidiaries	-1,709,482,004.03
Impact from adjustment to income tax in prior periods	-273,808,394.43
Impact from non-taxable income	-527,013,528.95
Impact from non-deductible cost, expense and loss	377,481,185.73
Impact from deductible provisional differences or deductible losses of unrecognized deferred tax	-35,418,726.98
Others	-357,776,711.68
Total income tax expense	3,157,179,926.77

62. Other comprehensive income

√ Applicable ☐ Not Applicable

Please refer to Note VII.44 for details.

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63. Cash flow statement items

(1) Cash related to operating activities

Other cash received from operating activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Deposits and securities	294,652,374.61
Government grants	917,797,196.52
Non-operating income excluding government grants	47,129,201.90
Interest income	1,307,972,766.83
Others	221,683,233.38
Total	2,789,234,773.24

Other cash paid to operating activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Cash paid on selling and after-sales expenses	17,881,597,949.16
Cash paid on administrative and R&D expenses	6,986,725,503.43
Cash paid on financial expenses	206,102,472.09
Non-operating expenses	39,324,844.34
Deposits and securities	137,970,875.95
Others	203,731,535.28
Total	25,455,453,180.25

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(2) Cash related to investing activities

Other cash received from significant investing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Redemption of wealth management products	17,114,167,465.24
Total	17,114,167,465.24

Other cash paid to significant investing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Purchase of wealth management products	23,611,939,894.71
Total	23,611,939,894.71

Other cash paid to other investing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Disposal of net cash outflows from subsidiaries	178,409.27
Total	178,409.27

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(3) Cash related to financing activities
Other cash paid to financing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Repurchase of shares	559,346,231.13
Cash paid to lease	1,691,063,359.83
Purchase of minority interests in subsidiaries	16,281,293.00
Others	14,160,317.63
Total	2,280,851,201.59

Changes of various liabilities arising from financing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Increase for the current period		Decrease for the current period		Closing balance
	Opening balance	Cash change	Non-cash change	Cash change	Non-cash change
Short-term borrowings	10,895,076,014.86	11,800,552,061.24	459,704,053.54	9,294,148,245.72	76,816,439.99
Long-term borrowings (including long-term borrowings due within one year)	18,526,429,151.96	1,848,200,000.00		274,839,622.95	69,487,429.62
Lease liabilities (including lease liabilities due within one year)	4,769,243,674.54		3,086,487,071.13	1,691,063,359.83	332,517,689.45
Total	34,190,748,841.36	13,648,752,061.24	3,546,191,124.67	11,260,051,228.50	478,821,559.06

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64. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

√ Applicable □ Not Applicable

Unit and Currency: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flow of operating activities:		
Net profit	19,575,612,501.68	17,088,480,573.96
Add: impairment provision for assets	1,283,980,232.53	1,512,214,011.21
Loss from credit impairment	266,317,578.03	253,401,373.48
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of biological assets for production	4,710,040,398.23	4,231,698,278.31
Amortization of right-of-use assets	1,500,944,847.15	1,598,757,800.78
Amortization of intangible assets	1,402,369,891.11	1,296,398,118.40
Amortization of long-term prepaid expenses	467,259,900.10	511,293,684.15
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain represented by “—”)	50,202,381.53	108,421,345.29
Loss from retirement of fixed assets (gain represented by “—”)		
Loss from change of fair value (gain represented by “—”)	-47,130,324.67	-16,895,043.25
Financial expenses (gain represented by “—”)	2,279,772,377.83	1,865,565,572.80
Loss from investments (gain represented by “—”)	-1,912,557,544.86	-1,698,715,871.28
Decrease in deferred income tax assets (increase represented by “—”)	-790,601,936.80	-674,065,174.28
Increase of deferred income tax liabilities (decrease represented by “—”)	-79,112,483.06	106,691,052.42
Decrease in inventories (increase represented by “—”)	-3,607,137,396.14	982,047,266.87
Decrease of operational account receivables (increase represented by “—”)	-7,752,774,676.94	-4,246,507,152.58
Increase of operational account payables (decrease represented by “—”)	8,827,644,066.45	2,917,578,563.52
Others	368,252,099.79	699,416,168.56
Net cash flow generated from operational activities	26,543,081,911.96	26,535,780,568.36
2. Significant investment and financing activities not involving cash inflows and outflows:		
Capital transferred from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes of cash and cash equivalents:		
Cash balance at the end of the period	54,980,883,247.05	56,683,006,209.32
Less: cash balance at the beginning of the period	56,683,006,209.32	55,157,265,320.97
Add: cash equivalents balance at the end of the period		
Less: cash equivalents balance at the beginning of the period		
Net increase of cash and cash equivalents	-1,702,122,962.27	1,525,740,888.35

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(2) Net cash paid on acquisition of subsidiaries for the current period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

	Amount
Cash or cash equivalents paid for business combination occurred for the current period	5,366,396,025.08
Including: Carrier Refrigeration Benelux B.V.	4,394,931,642.96
Carrier commercial refrigeration(India)	234,577,785.33
Kwikot (Haier) SA (Pty) Ltd	736,886,596.79
Less: Cash or cash equivalents held by subsidiaries on the acquisition date	957,059,733.50
Including: Carrier Refrigeration Benelux B.V.	888,103,310.17
Carrier commercial refrigeration(India)	
Kwikot (Haier) SA (Pty) Ltd	68,956,423.33
Net cash paid on acquisition of subsidiaries	4,409,336,291.58

(3) Net cash received from acquisition of subsidiaries and other operating units for the current period

	Amount
Cash or cash equivalents paid for business combination occurred for the current period	
Including: Shenzhen Yunshang Yilian Technology Co., Ltd. (深圳云裳衣联科技有限公司)	
Chengdu Yunshang Yilian Technology Co., Ltd. (成都云裳衣联科技有限公司)	
Chongqing Yunshang Haihong Yilian Technology Co., Ltd. (重庆云裳海宏衣联科技有限公司)	
Less: Cash or cash equivalents held by subsidiaries on the acquisition date	178,409.27
Including: Shenzhen Yunshang Yilian Technology Co., Ltd. (深圳云裳衣联科技有限公司)	134,298.69
Chengdu Yunshang Yilian Technology Co., Ltd. (成都云裳衣联科技有限公司)	41,115.75
Chongqing Yunshang Haihong Yilian Technology Co., Ltd. (重庆云裳海宏衣联科技有限公司)	2,994.83
Net cash paid on acquisition of subsidiaries	-178,409.27

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(4) Composition of cash and cash equivalents

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
I. Cash	54,980,883,247.05	56,683,006,209.32
Including: Cash on hand	560,953.91	541,712.70
Bank deposits always available for payment	54,116,504,817.05	56,245,207,377.36
Other monetary funds always available for payment	863,817,476.09	437,257,119.26
II. Cash equivalents		
Including: bond investments due within three months		
III. Closing balance of cash and cash equivalents	54,980,883,247.05	56,683,006,209.32
Including: restricted cash and cash equivalents used by the parent company or subsidiaries of the Group		

(5) Monetary funds that are not cash and cash equivalents

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period	Reasons
Deposit	532,703,901.59	484,415,621.35	Poor marketability, not readily realizable, or available for payment
Restricted special account deposit	36,317,505.47	54,996,888.29	
Others	33,937,935.59	33,543,487.28	
Total	602,959,342.65	572,955,996.92	/

Section X Financial Report

(6) Information about Supplier Financing Arrangements

1) *Terms and conditions of supplier financing arrangements*

- ① Accounts payable financing factoring: The subsidiaries of the Company engage in accounts payable financing with banks, whereby the subsidiaries of the Company apply to the banks for the banks to directly pay the supplier on the due date of the accounts payable. Upon the expiration of the agreed financing period (generally 6–12 months), the subsidiaries of the Company will repay the corresponding amount to the banks. When the banks make payment to the supplier on behalf of the subsidiaries, the subsidiaries of the Company cease to recognize the related accounts payable and simultaneously incur a liability to the banks.
- ② Accounts payable supply chain factoring: The subsidiaries of the Company conduct supply chain financing business. According to the relevant arrangements, participating suppliers can choose to receive payment for invoices under this arrangement in advance from financial institutions without being influenced by the Company. Regardless of whether the supplier opts for early payment, the subsidiaries of the Company will repay the full invoice amount on the agreed payment due date and are not responsible for paying interest or other fees to the financial institutions. Since this arrangement does not extend the original payment period, the subsidiaries' debts to the financial institutions are classified as accounts payable.

2) *Information of financial liabilities related to supplier financing arrangements*

Item	Closing balance
Short-term borrowings	98,355,349.41
Including: Amounts received by suppliers from financing provider	98,355,349.41
Accounts payable	8,502,906,169.43
Including: Amounts received by suppliers from financing provider	4,674,536,705.90

The payment period for comparable accounts payable not under supplier financing arrangements ranges from 30 to 270 days.

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65. Monetary items in foreign currency

Items	Closing balance			Opening balance		
	Balance in foreign currency	Exchange rate	Balance in RMB	Balance in foreign currency	Exchange rate	Balance in RMB
Monetary funds						
USD	2,212,325,253.41	7.1884	15,903,078,851.59	1,706,547,575.50	7.0827	12,086,964,513.02
EUR	171,400,140.17	7.5257	1,289,906,034.89	175,320,608.19	7.8592	1,377,879,723.86
JPY	4,381,349,907.64	0.046233	202,562,950.28	4,478,977,012.53	0.050213	224,902,872.73
HKD	539,613,158.97	0.9260	499,681,785.21	353,808,079.17	0.9062	320,620,881.34
Others			3,453,401,844.51			2,377,241,597.06
Subtotal			21,348,631,466.48			16,387,609,588.01
Accounts receivables						
USD	1,463,282,401.93	7.1884	10,518,659,218.06	1,139,193,238.37	7.0827	8,068,563,949.37
EUR	637,522,791.08	7.5257	4,797,805,268.81	480,196,918.94	7.8592	3,773,963,625.34
JPY	4,138,295,194.99	0.046233	191,325,801.75	4,914,686,701.05	0.050213	246,781,163.32
Others			4,807,501,407.14			4,873,677,549.96
Subtotal			20,315,291,695.76			16,962,986,287.99
Short-term borrowings						
USD	774,590,743.79	7.1884	5,568,068,102.65	486,876,813.46	7.0827	3,448,402,406.69
EUR	129,161,874.07	7.5257	972,033,515.70	250,039,963.32	7.8592	1,965,114,079.70
JPY	1,952,854,108.54	0.046233	90,286,304.00	2,017,059,526.42	0.050213	101,282,610.00
HKD	2,530,000,000.00	0.9260	2,342,780,000.00	2,600,000,000.00	0.9062	2,356,120,000.00
Others			1,734,146,904.27			1,323,813,159.10
Subtotal			10,707,314,826.62			9,194,732,255.49
Accounts payables						
USD	2,204,807,610.20	7.1884	15,849,039,025.17	1,909,489,893.66	7.0827	13,524,344,069.80
EUR	799,305,156.44	7.5257	6,015,330,815.80	621,708,354.09	7.8592	4,886,130,296.44
JPY	4,562,773,337.01	0.046233	210,950,699.69	6,641,786,186.84	0.050213	333,504,009.80
NZD	144,506,699.36	4.0955	591,827,187.21	146,250,125.13	4.4991	657,993,937.97
Others			3,963,471,194.55			3,451,938,860.63
Subtotal			26,630,618,922.42			22,853,911,174.64
Non-current liabilities due within one year						
USD	500,000,000.00	7.1884	3,594,200,000.00	138,292,003.54	7.0827	979,480,773.48
EUR	573,987,092.00	7.5257	4,319,654,658.26	97,148,817.20	7.8592	763,511,984.14
JPY				1,027,109,699.08	0.050213	51,574,259.32
RUB				685,662,519.93	0.0803	55,058,700.35
Others			941,786,481.62			361,870,186.58
Subtotal			8,855,641,139.88			2,211,495,903.87
Long-term borrowings						
USD	660,000,000.00	7.1884	4,744,344,000.00	1,160,000,000.00	7.0827	8,215,932,000.00
EUR				597,689,081.07	7.8592	4,697,358,025.92
Others						1,034,286,451.77
Subtotal			4,744,344,000.00			13,947,576,477.69

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66. Leases

(1) As lessee

√ Applicable ☐ Not Applicable

Variable lease payments not included in the measurement of lease liabilities

√ Applicable ☐ Not Applicable

RMB86,254,726.09

Lease expenses of short-term leases or leases of low-value assets which are subject to simplified treatment

√ Applicable ☐ Not Applicable

RMB977,684,758.78

Total cash outflow for leases 2,755,002,844.70 (Unit and Currency: RMB)

The leased assets leased by the Company include housing and buildings, production equipment, transportation equipment, office equipment and others used in the course of operations. Some of the leases contain renewal options and termination options.

(2) As lessor

a. Lease incomes from operating leases as lessor for the current period: RMB10,177,349.55, including incomes related to variable lease payments not included in lease receipts: RMB0.00.

b. Undiscounted lease receipts for the next five years:

Lease receipts	Undiscounted lease receipts per year	
	Closing amount	Opening amount
Within 1 year	11,744,103.00	4,582,971.43
2 to 5 years	41,375,812.00	2,933,400.00
Over 5 years	132,155,812.00	
Total	185,275,727.00	7,516,371.43

The leased assets leased out by the Company are mainly housing, buildings and land use rights. For details of changes of the leased assets, please refer to Note VII.16.

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VIII.RESEARCH AND DEVELOPMENT EXPENDITURE

1. By the nature of expenses

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Independent research and development expenses	10,388,092,175.05	9,885,960,837.98
Outsourcing research and development expenses	900,352,096.86	1,094,490,715.76
Total	11,288,444,271.91	10,980,451,553.74
Including: expensed research and development expenditure	10,733,830,471.53	10,378,491,009.51
Capitalized research and development expenditure	554,613,800.38	601,960,544.23

2. Development expenditure on research and development projects eligible for capitalization

Items	Decrease for the current period					
	Opening balance	Increase for the current period	Recognized as intangible asset	Included in current profit and loss	Change in foreign exchange rate and others	Closing balance
Home Appliance Intelligent Interaction Project	97,519,232.72	65,524,861.56	163,044,094.28			
Whole House Intelligent Energy Saving Project		136,688,734.94	136,688,734.94			
Living Environment Intelligent Detection PROGRAM		28,814,783.25				28,814,783.25
OWNERSHIP EXPERIENCE PROGRAM	48,780,235.20	45,381,001.97	43,255,166.37		750,249.13	51,656,319.93
91ABD.ERP IT PROGRAM	3,340,845.56	35,793,264.66	11,431,948.55		305,043.18	28,007,204.85
Others	116,849,921.62	242,411,154.00	209,618,930.90	6,281,881.94	15,429,022.11	158,789,284.89
Total	266,490,235.10	554,613,800.38	564,038,875.04	6,281,881.94	16,484,314.42	267,267,592.92

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IX. CHANGES OF CONSOLIDATION SCOPE

1. Business combination not under common control

√ Applicable ☐ Not Applicable

(1) Business combination not under common control occurring in the current period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name of the acquiree	Acquisition date of equity interest	Acquisition cost of equity interest	The proportion of equity interest acquired (%)	Acquisition method of equity interest	Combination date	Basis for determining the combination	Revenue of the acquiree from combination date to the end of the period	Net profit of the acquiree from combination date to the end of the period
Carrier Refrigeration Benelux B.V.	October 2024	EUR627,814,425.99	100	Acquisition	October 2024	Equity delivery The relevant rights and obligations of the target assets have been vested in the Company	EUR263,306,053.00	EUR-13,727,190.49
Carrier commercial refrigeration (India) Kwikot (Haier) SA (Pty) Ltd	October 2024	INR2,758,296,970.00	100	Acquisition	October 2024		INR623,298,762.01	INR40,815,851.97
	December 2024	ZAR1,850,254,429.87	100	Acquisition	December 2024	Equity delivery	ZAR123,215,699.26	ZAR10,632,788.92

(2) Combination cost and goodwill

Items	Carrier Refrigeration Benelux B.V. (EUR)	Carrier commercial refrigeration (India) (INR)	Kwikot (Haier) SA (Pty) Ltd (ZAR)
— Cash	577,144,563.24	2,758,296,970.00	1,850,254,429.87
— Long-term equity investments	50,669,862.75		
Total combination cost	627,814,425.99	2,758,296,970.00	1,850,254,429.87
Less: acquired identifiable			
Share of fair value of net assets	344,855,883.14	270,835,968.03	878,979,223.35
Amount of goodwill	282,958,542.85	2,487,461,001.97	971,275,206.52

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(3) Identifiable assets and liabilities of the acquiree on the combination date

Items	Carrier Refrigeration Benelux B.V.	
	Fair value (EUR)	Book value (EUR)
Monetary funds	113,470,978.85	113,470,978.85
Accounts receivables	205,875,299.04	205,875,299.04
Inventories	87,108,006.81	87,108,006.81
Contact assets	120,559,931.74	120,559,931.74
Fixed assets	102,643,181.73	54,846,661.54
Construction in progress	5,978,303.78	5,978,303.78
Right-of-use assets	52,668,316.03	52,668,316.03
Intangible assets	208,974,071.97	3.29
Deferred income tax assets	54,687,376.30	54,687,376.30
Other non-current assets	3,894,798.34	3,894,798.34
Short-term borrowings	-854,234.65	-854,234.65
Accounts payables	-224,646,695.69	-224,646,695.69
Payables for staff's remuneration	-41,366,863.85	-41,366,863.85
Taxes payable	-12,411,327.69	-12,411,327.69
Other current liabilities	-9,006,090.64	-9,006,090.64
Lease liabilities	-40,569,314.40	-40,569,314.40
Long-term payables for remuneration	-183,468,876.41	-183,468,876.41
Deferred income tax liabilities	-72,993,393.09	-15,468,713.95
Other long-term liabilities	-25,687,585.03	-25,687,585.03
Net assets	344,855,883.14	145,609,973.41
Less: minority interests		
Net assets acquired	344,855,883.14	145,609,973.41

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Items	Carrier commercial refrigeration (India)	
	Fair value(INR)	Book value(INR)
Accounts receivables	446,516,162.52	446,516,162.52
Inventories	210,940,217.05	210,940,217.05
Fixed assets	5,072,112.29	5,072,112.29
Contract assets	10,588,032.87	10,588,032.87
Intangible assets	130,000,000.00	
Accounts payables	-447,925,005.43	-447,925,005.43
Payables for staff's remuneration	-9,994,580.11	-9,994,580.11
Long-term payables for remuneration	-45,787,776.00	-45,787,776.00
Estimated liabilities	-28,573,195.16	-28,573,195.16
Net assets	270,835,968.03	140,835,968.03
Less: minority interests		
Net assets acquired	270,835,968.03	140,835,968.03

Items	Kwikot (Haier) SA (Pty) Ltd	
	Fair value(ZAR)	Book value(ZAR)
Monetary funds	173,344,452.83	173,344,452.83
Accounts receivables	173,073,152.86	173,073,152.86
Inventories	440,417,572.58	440,417,572.58
Fixed assets	607,159,086.45	314,902,670.67
Construction in progress	69,510,672.30	69,510,672.30
Intangible assets	642,000,000.00	
Deferred income tax assets	51,807,644.93	51,807,644.93
Accounts payables	-136,918,970.45	-136,918,970.45
Payables for staff's remuneration	-56,978,869.59	-56,978,869.59
Taxes payable	-35,275,239.99	-35,275,239.99
Long-term borrowings	-461,744,232.75	-461,744,232.75
Estimated liabilities	-329,850,570.00	-329,850,570.00
Deferred income tax liabilities	-252,249,232.26	
Other non-current liabilities	-5,316,243.56	-5,316,243.56
Net assets	878,979,223.35	196,972,039.83
Less: minority interests		
Net assets acquired	878,979,223.35	196,972,039.83

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2. Business combination under common control

√ Applicable ☐ Not Applicable

(1) Business combination under common control occurring in the current period

Name of the acquiree	The proportion of equity acquired in the business combination	The basis for the transaction of constituting business combination under common control	Combination date	Recognition basis of combination date
Youjin (Shanghai) Corporate Management Co., Ltd.	45.00%	Controlled by Haier Group Corporation before and after combination	2024.12	Transfer of voting rights

(Continued)

Name of the acquiree	The income of the acquiree from the beginning of the current period to combination date	Net profit of the acquiree from the beginning of the current period to combination date	The income of the acquiree during the comparison period	Net profit of the acquiree during the comparison period
Youjin (Shanghai) Corporate Management Co., Ltd.)	19,260,781,435.26	597,737,186.36	18,423,619,653.79	567,874,621.44

(2) Combination cost

Combination cost	Cash	Equity
Youjin (Shanghai) Corporate Management Co., Ltd.	N/A	5,648,886,120.89

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a. Acquiree's assets and liabilities

Items	Youjin (Shanghai) Corporate Management Co., Ltd.	
	Combination date	End of the previous period
Monetary funds	1,268,529,652.15	2,769,509,365.10
Accounts receivables	5,139,684,771.28	4,483,423,789.01
Other current assets	301,892,714.87	286,501,011.49
Long-term equity investments	58,941,327.05	58,446,674.34
Fixed assets	4,144,593,883.58	3,821,748,054.12
Construction in progress	321,856,664.58	548,389,859.22
Right-of-use assets	239,083,706.98	409,683,596.16
Intangible assets	1,401,123,255.87	1,448,090,536.25
Other non-current assets	2,289,961,775.23	517,714,175.15
Accounts payables	-4,521,382,789.25	-4,328,946,614.97
Short-term borrowings	-514,637,345.29	-576,724,172.98
Payables for staff's remuneration	-84,513,450.56	-74,190,835.69
Taxes payable	-99,123,353.83	-100,556,630.64
Non-current liabilities	-2,379,529,509.27	-2,235,451,364.75
Net assets	7,566,481,303.39	7,027,637,441.81
Less: minority interests	-4,156,432,325.24	-3,866,765,387.70
Net assets acquired	3,410,048,978.15	3,160,872,054.11

3. Disposal of subsidiary

Whether single disposal of investment in subsidiary will result in losing control power:

Items	Qingdao Hairuijieing Electronics Co., Ltd. (青岛海瑞洁净电子有限公司)	Beijing Haier Guangke Digital Technology Co., Ltd. (北京海尔广科数字技术有限公司)	Beijing Yunshang Yilian Technology Co., Ltd. (北京云裳衣联科技有限公司)
Equity disposal price	—	—	—
Proportion of equity disposal	51%	55%	51%
Method of equity disposal	Cancellation	Cancellation	Cancellation
Time of loss-of-control	2024.3	2024.2	2024.3
Basis for determination the time of loss-of-control	Cancellation	Cancellation	Cancellation
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	-3,297,883.69	-941.36	1,286.02

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	Shenzhen Yunshang Yilian Technology Co., Ltd. (深圳云裳衣联 网科技有限公司)	Chengdu Yunshang Yilian Technology Co., Ltd. (成都云裳衣联 科技有限公司)	Chongqing Yunshang Haihong Yilian Technology Co., Ltd. (重庆云裳海宏 衣联科技有限公司)
Items			
Equity disposal price			
Proportion of equity disposal	90%	100%	51%
Method of equity disposal	Transfer	Transfer	Transfer
Time of loss-of-control	2024.11	2024.10	2024.10
Basis for determination the time of loss-of- control	Transfer of control right	Transfer of control right	Transfer of control right
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	—	-603,827.88	308,031.30

	Hefei Haier Home Appliances Sales Co., Ltd. (合肥海尔家用电器 销售有限公司)
Items	
Equity disposal price	—
Proportion of equity disposal	100%
Method of equity disposal	Cancellation
Time of loss-of-control	2024.11
Basis for determination the time of loss-of- control	Cancellation
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	39,827.87

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4. Changes of consolidation scope due to other reasons

√ Applicable ☐ Not Applicable

- (1) During the period, Qingdao Haier Dishwasher Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司).
- (2) During the period, Qingdao Haier Air Conditioner Gen Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Zhongshan Haier HV Equipment Co., Ltd. (中山海尔暖通设备有限公司).
- (3) During the period, Qingdao Haier Air Conditioner Gen Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier HV Equipment Technology Co., Ltd. (青岛海尔暖通设备科技有限公司).
- (4) During the period, Qingdao Ruibo Ecological Environmental Technology Co., Ltd. (青岛瑞博生态环保科技有限公司), a subsidiary of the Company, established a subsidiary, Jingzhou Haier Environmental Protection Material Technology Co., Ltd. (荆州海尔环保材料科技有限公司).
- (5) During the period, Qingdao Ruibo Ecological Environmental Technology Co., Ltd. (青岛瑞博生态环保科技有限公司), a subsidiary of the Company, established a subsidiary, Jingzhou Haizhi Cycle Technology Co., Ltd. (荆州海智循环科技有限公司).

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X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Flourishing Reach Limited	Mainland of China	Bermuda	Group company, which mainly engage in investment holding, the production and sale of washing machines and water heaters, distribution service	100.00%		Establishment
Haier Electronics Group Co., Ltd.	Mainland of China and Hong Kong	Bermuda	Group company, which mainly engage in investment holding, the production and sale of water equipment, distribution service	100.00%		Establishment
Haier U.S. Appliance Solutions, Inc.	the United States	the United States	Group company, which mainly engage in home appliances production and distribution business		100.00%	Establishment
Haier Singapore Investment Holding Co., Ltd.	Singapore and other overseas areas	Singapore	Group company, which mainly engage in home appliances production and distribution business		100.00%	Business combination under common control
Haier New Zealand Investment Holding Company Limited	New Zealand	New Zealand	Group company, which mainly engage in home appliances production and distribution business		100.00%	Business combination under common control
Candy S.p.A	Europe	Italy	Group company, which mainly engage in home appliances production and distribution business		100.00%	Business combination not under common control
Carrier Refrigeration Benelux B.V.	Europe	Germany	Group company, which mainly engage in home appliances production and distribution business		100.00%	Business combination not under common control
Kwikot (Haier) SA (Pty) Ltd	South Africa	South Africa	Mainly engage in water heater production and distribution business		100.00%	Business combination not under common control
Qingdao Haier Air Conditioner Gen Corp., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacture and sale of household air-conditioners	92.37%		Business combination under common control
Guizhou Haier Electronics Co., Ltd.	Huichuan District, Zunyi City, Guizhou Province	Huichuan District, Zunyi City, Guizhou Province	Manufacture and sale of refrigerator	59.00%		Business combination under common control
Hefei Haier Air-conditioning Co., Limited	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Manufacture and sale of air-conditioners	100.00%		Business combination under common control
Wuhan Haier Electronics Holding Co., Ltd.	Wuhan Haier Industrial Park	Wuhan Haier Industrial Park	Manufacture and sale of air-conditioners	59.86%		Business combination under common control
Qingdao Haier Air- Conditioner Electronics Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sale of air-conditioners	97.43%		Business combination under common control

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Qingdao Haier Information Plastic Development Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacturing of plastic products	100.00%		Business combination under common control
Dalian Haier Precision Products Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Manufacture and sale of precise plastics	90.00%		Business combination under common control
Hefei Haier Plastic Co., Ltd.	Hefei Economic & Technological Development Area	Hefei Economic & Technological Development Area	Manufacture and sale of plastic parts	95.17%	4.83%	Business combination under common control
Qingdao Meier Plastic Powder Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture of plastic powder, plastic sheet and high-performance coatings	40.00%	60.00%	Business combination under common control
Chongqing Haier Precision Plastic Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Plastic products, sheet metal work, electronics and hardware	90.00%	10.00%	Business combination under common control
Qingdao Haier Refrigerator Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacture and production of fluorine-free refrigerators	97.91%		Establishment
Qingdao Haier Refrigerator (International) Co., Ltd.	Pingdu Development Zone, Qingdao	Pingdu Development Zone, Qingdao	Manufacture of refrigerators	100.00%		Establishment
Qingdao Household Appliance Technology and Equipment Research Institute	Qingdao High-tech Zone	Qingdao High-tech Zone	Research and development of home appliances mold and technological equipment	100.00%		Establishment
Qingdao Haier Whole Set Home Appliance Service Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Research, development and sales of health-related small home appliance	98.33%		Establishment
Qingdao Haier Special Refrigerator Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sales of fluorine-free refrigerators	100.00%		Establishment
Qingdao Haier Dishwasher Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture of dish washing machine and gas stove	99.59%		Establishment
Qingdao Haier Special Freezer Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Research, manufacture and sales of freezer and other refrigeration products	96.78%		Establishment
Dalian Haier Air-conditioning Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Air conditioner processing and manufacturing	90.00%		Establishment
Dalian Haier Refrigerator Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Refrigerator processing and manufacturing	100.00%		Establishment
Qingdao Haier Electronic Plastic Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Development, assembling and sales of plastics, electronics and products	100.00%		Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Wuhan Haier Freezer Co., Ltd	Wuhan Economic & Technological Development Zone High-tech Industrial Park	Wuhan Economic & Technological Development Zone High-tech Industrial Park	Research, manufacture and sales of freezer and other refrigeration products	82.93%	4.36%	Establishment
Qingdao Haidarui Procurement Service Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Develop, purchase and sell electrical products and components	98.00%	2.00%	Establishment
Qingdao Haier Intelligent Home Appliance Technology Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Development and application of home appliances, communication, electronics and network engineering technology	91.46%	1.01%	Establishment
Chongqing Haier Air-conditioning Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Manufacture and sales of air conditioners	76.92%	23.08%	Establishment
Qingdao Haier Precision Products Co., Ltd.	Qianwang ang Road, Jiaonan City	Qianwang ang Road, Jiaonan City	Development and manufacture of precise plastic, metal plate, mold and electronic products for home appliances		70.00%	Establishment
Qingdao Haier Air Conditioning Equipment Co., Ltd.	Jiaonan City, Qingdao	Jiaonan City, Qingdao	Manufacture of home appliances and electronics		100.00%	Establishment
Dalian Free Trade Zone Haier Air-conditioning Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00%	Establishment
Dalian Free Trade Zone Haier Refrigerator Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00%	Establishment
Chongqing Haier Electronics Sales Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances	95.00%	5.00%	Establishment
Chongqing Haier Refrigeration Appliance Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Processing and manufacturing of refrigerator	84.95%	15.05%	Establishment
Hefei Haier Refrigerator Co., Ltd.	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Processing and manufacturing of refrigerator	100.00%		Establishment
Qingdao Haier Intelligent Building Technology Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Air-conditioning engineer		100.00%	Establishment
Chongqing Lianmai Electric Appliance Sales Co., Ltd. (重庆联迈电器销售有限公司)	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances and electronics		51.00%	Establishment
Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	Jiaozhou City, Qingdao	Jiaozhou City, Qingdao	Manufacture and sale of air-conditioners		100.00%	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Qingdao Haier Component Co., Ltd.	Jiaozhou City, Qingdao	Jiaozhou City, Qingdao	Manufacture and sales of plastic and precise sheet metal products		100.00%	Establishment
Haier Shareholdings (Hong Kong) Limited	Hong Kong	Hong Kong	Investment	100.00%		Establishment
Harvest International Company	Cayman Islands	Cayman Islands	Investment		100.00%	Establishment
Shenyang Haier Refrigerator Co., Ltd.	Shenbei New Area, Shenyang City	Shenbei New Area, Shenyang City S	Manufacture and sales of refrigerator	100.00%		Establishment
Foshan Haier Freezer Co., Ltd.	Sanshui District, Foshan City	Sanshui District, Foshan City	Manufacture and sales of refrigerator	100.00%		Establishment
Zhengzhou Haier Air-conditioning Co., Ltd.	Zhengzhou Economic and Technological Development Zone	Zhengzhou Economic and Technological Development Zone	Manufacture and sales of freezer	100.00%		Establishment
Qingdao Haidayuan Procurement Service Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Develop, purchase and sell electrical products and components	100.00%		Establishment
Qingdao Haier Intelligent Technology Development Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Development and research of home appliance products	100.00%		Establishment
Qingdao Hairi High Technology Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Design, manufacture and sales of product model and mould		100.00%	Business combination under common control
Qingdao Hai Gao Design and Manufacture Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Industrial design and prototype production		75.00%	Business combination under common control
Zhongshan Haier HV Equipment Co., Ltd. (中山海尔暖通设备有限公司)	Zhongshan	Zhongshan	Sales of home appliances		100.00%	Establishment
Qingdao Haier HV Equipment Technology Co., Ltd. (青岛海尔暖通设备科技有限公司)	Qingdao	Qingdao	Manufacturing and sales of air-conditioning equipment		100.00%	Establishment
Shanghai Haier Medical Technology Co., Ltd.	Shanghai	Shanghai	Wholesale and retail of medical facility		66.87%	Establishment
Qingdao Haier Technology Co., Ltd.	Qingdao	Qingdao	Development and sales of software and information product	100.00%		Business combination under common control
Qingdao Haier Technology Investment Co., Ltd.	Qingdao	Qingdao	Entrepreneurship investment and consulting	100.00%		Establishment
Qingdao Casarte Smart Living Appliances Co., Ltd.	Qingdao	Qingdao	Development, production and sales of appliances		100.00%	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Qingdao Haichuangyuan Appliances Sales Co., Ltd.	Qingdao	Qingdao	Sales of home appliances and digital products		100.00%	Establishment
Haier Overseas Electric Appliance Co., Ltd.	Qingdao	Qingdao	Sales of home appliances, international freight forwarding	100.00%		Establishment
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd.	Dalian	Dalian	Sales of home appliances, international freight forwarding	100.00%		Business combination under common control
Qingdao Haier Central Air Conditioning Co., Ltd.	Qingdao	Qingdao	Production and sales of air and refrigeration equipment		100.00%	Establishment
Chongqing Haier Home Appliance Sale Hefei Co., Ltd.	Hefei	Hefei	Sales of home appliances		100.00%	Establishment
Qingdao Weixi Smart Technology Co., Ltd.	Qingdao	Qingdao	Intelligent sanitary ware		85.00%	Establishment
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	Beijing	Beijing	Software development	100.00%		Establishment
Haier (Shanghai) Electronics Co., Ltd.	Shanghai	Shanghai	Sales, research and development of home appliances	100.00%		Establishment
Shanghai Haier Zhongzhi Fang Chuang Ke Management Co., Ltd.	Shanghai	Shanghai	Business management consulting, chuankge management	100.00%		Establishment
Qingdao Haier Smart Kitchen Appliance Co., Ltd.	Qingdao	Qingdao	Production and sales of kitchen smart home appliances		85.82%	Establishment
GE Appliance (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of home appliances	100.00%		Establishment
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	Qingdao	Qingdao	Production and sales of home appliances	100.00%		Establishment
Shanghai Zhihan Technology Co., Ltd. (上海挚瀚科技有限公司)	Shanghai	Shanghai	Promotion of technological development	100.00%		Establishment
Laiyang Haier Smart Kitchen Appliance Co., Ltd.	Laiyang	Laiyang	Production and sales of home appliances	100.00%		Establishment
Hefei Haier Air Conditioning Electronics Co., Ltd.	Hefei	Hefei	Production and sales of home appliances	100.00%		Establishment
Haier (Shanghai) Home Appliance Research and Development Center Co., Ltd.	Shanghai	Shanghai	Research and development of home appliances	100.00%		Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Haier (Shenzhen) R&D Co., Ltd.	Shenzhen	Shenzhen	Development, research and technical services of household and commercial electrical	100.00%		Establishment
Guangzhou Haier Air Conditioner Co., Ltd.	Guangdong	Guangdong	Manufacturing of refrigeration and air conditioning equipment	100.00%		Establishment
Qingdao Yunshang Yuyi IOT Technology Co., Ltd.	Qingdao	Qingdao	IoT technology research and development	60.00%		Establishment
Qingdao Jijia Cloud Intelligent Technology Co., Ltd.	Qingdao	Qingdao	R&D and sales of lighting appliances	80.00%		Establishment
Qingdao Haimeihui Management Consulting Co., Ltd. (青岛海美汇管理咨询有限公司)	Qingdao	Qingdao	Leasing and business services	100.00%		Establishment
Wuxi Yunshang Internet of Clothing Technology Co., Ltd. (无锡云裳衣联网科技有限公司)	Wuxi	Wuxi	Internet of Things technology R & D	100.00%		Establishment
Qingdao Haidacheng Procurement Service Co., Ltd.	Qingdao	Qingdao	Develop, purchase and sell electrical products and components	100.00%		Establishment
Guangdong Haier Intelligent Technology Co. Ltd. (广东海尔智能科技有限公司)	Guangzhou	Guangzhou	Scientific research and technology service sector		76.72%	Business combination not under common control
Beijing Haixianghui Technology Co., Ltd. (北京海享汇科技有限公司)	Beijing	Beijing	Scientific research and technology service sector		100.00%	Establishment
Haier Smart Home Experience Cloud Ecological Technology Co., Ltd. (海尔智家体验云生态科技有限公司)	Qingdao	Qingdao	Technology development of smart home products, whole furniture customization, etc.	100.00%		Establishment
Haier Smart Home (Qingdao) Network Co., Ltd. (海尔智家(青岛)网络有限公司)	Qingdao	Qingdao	Technical services, development, consulting, transfer, etc.	100.00%		Establishment
Haier Smart Home (Qingdao) Network Operation Co., Ltd. (海尔智家(青岛)网络运营有限公司)	Qingdao	Qingdao	Residential interior decoration, professional construction operation, special equipment installation, upgrading and repair, etc.	100.00%		Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Qingdao Internet of Wine Technology Co., Ltd. (青岛酒联网物联科技有限公司)	Qingdao	Qingdao	Urban distribution and transportation services, import and export of goods, technology import and export and food business, etc.		100.00%	Establishment
Qingdao Linghai Air Conditioning Equipment Co., Ltd. (青岛菱海空调设备有限公司)	Qingdao	Qingdao	Manufacture and production of air conditioner and refrigeration equipment		100.00%	Establishment
Qingdao Haixiangxue Human Resources Co., Ltd. (青岛海享学人力资源有限公司)	Qingdao	Qingdao	Professional intermediary activities	100.00%		Establishment
Jiangxi Haier Medical Technology Co., Ltd.	Jiangxi	Jiangxi	Wholesale and retail of medical equipment		100.00%	Establishment
Qingdao Haizhi Shenlan Technology Co., Ltd.	Qingdao	Qingdao	Technical service development		100.00%	Establishment
Qingdao Haishengze Technology Co., Ltd.	Qingdao	Qingdao	Air conditioning equipment technical services		100.00%	Establishment
Qingdao Hailiyuan Recycling Technology Co., Ltd.	Qingdao	Qingdao	Electrical and electronic products waste treatment		100.00%	Establishment
Qingdao Haier HVAC Equipment Co., Ltd. (青岛海尔暖通空调设备有限公司)	Qingdao	Qingdao	Manufacture and sale of air-conditioners	75.00%	25.00%	Establishment
Qingdao Haier Home AI Industry Innovation Center Co., Ltd. (青岛海尔家庭人工智能产业创新中心有限公司)	Qingdao	Qingdao	Integrated service of AI industry application system		100.00%	Establishment
Zhejiang Weixi IoT Technology Co., Ltd. (浙江卫玺物联科技有限公司)	Zhejiang	Zhejiang	IoT application service		100.00%	Establishment
Qingdao Haier Quality Inspection Co., Ltd. (青岛海尔质量检测有限公司)	Qingdao	Qingdao	Inspection and testing of home appliance	100.00%		Business combination under common control
Qingdao Haiyongcheng Certification Service Co., Ltd. (青岛海永成认证服务有限公司)	Qingdao	Qingdao	Product certification service		100.00%	Business combination under common control

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Qingdao Zhonghai Borui Testing Technology Service Co., Ltd. (青岛中海博睿检测技术服务有限公司)	Qingdao	Qingdao	Home appliance testing and technology consulting		100.00%	Business combination under common controls
Qingdao Haier Special Plastic Development Co., Ltd.	Qingdao	Qingdao	Manufacture and sale of refrigerator doors		100.00%	Business combination under common controls
Qingdao Haizhiling Air Conditioning Engineering Co., Ltd. (青岛海智菱空调工程有限公司)	Qingdao	Qingdao	Software development and sale of daily necessities		100.00%	Establishment
Haier Smart Home (Xiongan, Hebei) Technology Co., Ltd. (海尔智家科技(河北雄安)有限公司)	Qingdao	Qingdao	Promotion of energy-saving technology		100.00%	Establishment
Qingdao Ruibo Ecological Environmental Technology Co., Ltd. (青岛瑞博生态环保科技有限公司)	Qingdao	Qingdao	Environmental and AI technology consulting	89.13%		Establishment
Qingdao Sanyiniaio Technology Co., Ltd. (青岛三翼鸟科技有限公司)	Qingdao	Qingdao	Technology service and advertisement design		100.00%	Establishment
Qingdao Jingzhi Recycle Environmental Technology Co., Ltd. (青岛鲸智再生环保科技有限公司)	Qingdao	Qingdao	Operation of dangerous waste		100.00%	Establishment
Qingdao Yunshang Jieshen Yilian Technology Co., Ltd. (青岛云裳洁神衣联科技有限公司)	Qingdao	Qingdao	Professional cleaning and sale of daily necessities		51.00%	Establishment
Shanghai Yunshang Yuyi IoT Technology Co., Ltd. (上海云裳羽衣物联科技有限公司)	Shanghai	Shanghai	Professional cleaning and sale of daily necessities		100.00%	Establishment
Shijiazhuang Yunshang Yilian Technology Co., Ltd. (石家庄云裳衣联科技有限公司)	Shijiazhuang	Shijiazhuang	Professional cleaning and sale of daily necessities		51.00%	Establishment
Nanjing Yunshang Yilian Technology Co., Ltd. (南京云裳衣联科技有限公司)	Nanjing	Nanjing	Professional cleaning and sale of daily necessities		80.00%	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Shanxi Yunshang Yilian Technology Co., Ltd. (山西云裳衣联科技有限公司)	Shanxi	Shanxi	Professional cleaning and sale of daily necessities		51.00%	Establishment
Tianjin Yunshang Yilian Technology Co., Ltd. (天津云裳衣联网络科技有限公司)	Tianjin	Tianjin	Professional cleaning and sale of daily necessities		51.00%	Establishment
Chengdu Yunshang Meier Yilian Technology Co., Ltd. (成都云裳美尔衣联科技有限公司)	Chengdu	Chengdu	Professional cleaning and sale of daily necessities		80.00%	Establishment
Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司)	Qingdao	Qingdao	Manufacture, R&D and sales of home appliances		100.00%	Establishment
Qingdao Haixiangmian Technology Co., Ltd. (青岛海享眠科技有限公司)	Qingdao	Qingdao	Sale of food and daily necessities		100.00%	Establishment
Qingdao Haier Kitchen IoT Technology Co., Ltd. (青岛海尔厨联网物联科技有限公司)	Qingdao	Qingdao	Technology service and sale of daily necessities		100.00%	Establishment
Tibet Haifeng Intelligent Innovation Technology Co., Ltd. (西藏海峰智能创新科技有限公司)	Tibet	Tibet	Development of software and medical equipment		100.00%	Establishment
Qingdao Haixiangzhi Technology Co., Ltd. (青岛海享智科技有限公司)	Qingdao	Qingdao	Manufacturing of home appliances		100.00%	Establishment
Qingdao Haier Refrigeration Appliance Co., Ltd. (青岛海尔制冷电器有限公司)	Qingdao	Qingdao	Manufacturing of home appliances		100.00%	Establishment
Chongqing Haier Washing Appliance Co., Ltd. (重庆海尔洗涤电器有限公司)	Chongqing	Chongqing	Manufacturing of home appliances		100.00%	Establishment
Tongfang Energy Technology Development Co., Ltd. (同方能源科技发展有限公司)	Beijing	Beijing	Technology development service	84.32%		Business combination not under common control
Qingdao Haier Youyang Technology Co., Ltd. (青岛海尔有养科技有限公司)	Qingdao	Qingdao	Technology development service		51.00%	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		Method
				Direct	Indirect	
Qingdao Haier Yikang Technology Co., Ltd. (青岛海尔益康科技有限公司)	Qingdao	Qingdao	Technology development service	100.00%		Establishment
Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司)	Qingdao	Qingdao	Manufacture of home appliances	100.00%		Establishment
Zhongshan Haier HV Equipment Co., Ltd. (中山海尔暖通设备有限公司)	Zhongshan	Zhongshan	Manufacture of home appliances	100.00%		Establishment
Qingdao Haier HV Equipment Technology Co., Ltd. (青岛海尔暖通设备科技有限公司)	Qingdao	Qingdao	Manufacture of home appliances	100.00%		Establishment
Jingzhou Haier Environmental Protection Material Technology Co., Ltd. (荆州海尔环保材料科技有限公司)	Jingzhou	Jingzhou	Renewable Energy Recycling	100.00%		Establishment
Jingzhou Haizhi Cycle Technology Co., Ltd. (荆州海智循环科技有限公司)	Jingzhou	Jingzhou	Renewable Energy Recycling	100.00%		Establishment
Microenterprises such as Qingdao Hai Heng Feng Electrical Appliances Sale & Service Co., Ltd.	All over the country	All over the country	Sales of home appliances			Establishment

Reasons for including subsidiaries which the Company has 50% or less of the equity into the scope of consolidated financial statements:

At the end of the reporting period, the Company had substantial control over the finance and operation of companies like Qingdao Hai Heng Feng Electrical Appliances Sale & Service Co., Ltd, which were included into the scope of consolidated financial statements.

(2) There were no material non-wholly owned subsidiaries for the Company

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2. Transactions leading to the change of shareholding in subsidiaries but not losing the control

√ Applicable ☐ Not Applicable

(1) Description of changes in the share of owners' equity in subsidiaries

√ Applicable ☐ Not Applicable

Capital contribution by minority shareholders of the subsidiary of the Company leads to changes in the Company's shareholding ratio.

(2) Impact of the transactions on minority interest and the equity attributable to shareholders of the Company

Items	Amount
Total Consideration for acquisition/disposal	83,668,779.14
Less: share of net assets of subsidiaries in respect to the shareholding proportion acquired/disposed	244,732,785.60
Difference	161,064,006.46
Including: adjustment to decrease capital reserve	161,064,006.46

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3. Interests in joint ventures and associates

√ Applicable □ Not Applicable

(1) Joint ventures and associates

Name of joint venture and associates	Principal place of business	Place of registration	Nature of business	Shareholding	Accounting treatment of investment
Haier Group Finance Co., Ltd	Qingdao	Qingdao	Financial services	42.00%	Equity method
Bank of Qingdao Co., Ltd	Qingdao	Qingdao	Commercial Bank	8.19%	Equity method
Wolong Electric (Jinan) Motor Co., Ltd.	Jinan	Jinan	Motor Manufacturing	30.00%	Equity method
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	Qingdao	Qingdao	Steel plate manufacturing	23.94%	Equity method
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	Qingdao	Qingdao	Venture Capital	63.13%	Equity method
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	Qingdao	Qingdao	Manufacturing of home appliances	45.00%	Equity method
Qingdao Haier Multimedia Co., Ltd.	Qingdao	Qingdao	R&D and sales of television	20.20%	Equity method
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方能源科技有限公司)	Beijing	Beijing	Technology service development	20.00%	Equity method
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	Zhengzhou	Zhengzhou	Manufacture and sale of press	49.00%	Equity method
Zhejiang Futeng Fluid Technology Co., Ltd.	Huzhou	Huzhou	Gas compression machinery development and manufacturing	48.00%	Equity method
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	Guangzhou	Guangzhou	Machinery and equipment development and manufacturing	15.00%	Equity method
Qingdao Haimu Investment Management Co., Ltd.	Qingdao	Qingdao	Investment management	49.00%	Equity method
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	Qingdao	Qingdao	Investment management	24.00%	Equity method
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd. (青岛国创智能家电研究院有限公司)	Qingdao	Qingdao	Development of home appliances	35.51%	Equity method
Guangzhou Heying Investment Partnership (Limited Partnership)	Guangzhou	Guangzhou	Investment	49.00%	Equity method
Qingdao Home Wow Cloud Network Technology Co., Ltd	Qingdao	Qingdao	Home online service	22.10%	Equity method
Bingji (Shanghai) Corporate Management Co., Ltd.	Shanghai	Shanghai	Investment management	45.00%	Equity method
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	Jinan	Jinan	Logistic service	40.00%	Equity method
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	Qingdao	Qingdao	Water equipment technology development service	49.00%	Equity method
HuizhiXiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	Qingdao	Qingdao	Investment management	30.00%	Equity method

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Name of joint venture and associates	Principal place of business	Place of registration	Nature of business	Shareholding	Accounting treatment of investment
Qingdao RRS Huizhi Investment Co., Ltd.	Qingdao	Qingdao	Investment management	50.00%	Equity method
Qingdao Xiaoshuai Intelligent Technology Co., Ltd. (青岛小帅智能科技股份有限公司)	Qingdao	Qingdao	Information technology development	32.13%	Equity method
Qingdao Xinchenghui Technology Co., Ltd. (青岛鑫晟汇科技有限公司)	Qingdao	Qingdao	Technology service development	20.00%	Equity method
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	Ningbo	Ningbo	Technology service development	35.00%	Equity method
Konan Electronic Co., Ltd	Japan	Japan	Motor Manufacturing	50.00%	Equity method
HPZ LIMITED	Nigeria	Nigeria	Manufacturing of home appliance	25.01%	Equity method
HNR (Private) Company Limited	Pakistan	Pakistan	Manufacturing of home appliance	31.72%	Equity method
Controladora Mabe, S.A. de C.V.	Mexico	Mexico	Manufacturing of home appliance	48.41%	Equity method
Middle East Air conditioning Company,Limited	Saudi Arabia	Saudi Arabia	Sales of home appliances	49.00%	Equity method

(2) The basic profile and financial information of important associates

① *The basic profile of important associates:*

Haier Group Finance Co., Ltd. (hereinafter referred to as 'Finance company') was established by Haier Group Corporation and its three affiliates. Registration place and principal place of business: No.178-2 Haier Road, Laoshan District, Qingdao City. The Company's subsidiaries hold an aggregate of 42.00% equity interest in Finance Company.

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② Key financial information of important associates:

Items	Finance company	
	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Current assets	55,206,996,489.12	58,471,449,425.14
Non-current assets	20,913,398,205.82	17,215,510,844.97
Total assets	76,120,394,694.94	75,686,960,270.11
Current liabilities	55,911,360,017.96	56,268,320,103.08
Non-current liabilities	639,275,539.37	583,055,172.64
Total liabilities	56,550,635,557.33	56,851,375,275.72
Minority interests		
Equity attributable to shareholders of the parent company	19,569,759,137.61	18,835,584,994.39
Including: share of net assets calculated per shareholding percentage	8,219,298,837.80	7,910,945,697.64
Operating income	1,983,012,738.31	1,699,389,982.11
Net profit	1,294,168,274.34	1,417,734,620.57
Other comprehensive income	5,868.88	-22,595,635.58
Total comprehensive income	1,294,174,143.22	1,395,138,984.99
Dividend received from associates for the year	235,200,000.00	235,200,000.00

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(3) Summarized financial information of insignificant joint ventures and associates

Investment in associates	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Bank of Qingdao Co., Ltd.	3,473,162,128.86	3,200,132,708.75
Wolong Electric (Jinan) Motor Co., Ltd.	198,467,631.66	177,662,547.04
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	342,315,345.52	329,713,566.36
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	191,276,594.86	206,764,442.76
Mitsubishi Heavy Industries Haier (Qingdao) Airconditioners Co., Ltd.	698,845,993.61	663,804,966.31
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.		412,107,471.53
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00	88,300,000.00
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方能源科技有限公司)	31,132,443.76	30,326,966.78
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海 立电器有限公司)	98,560,581.01	98,000,000.00
Zhejiang Futeng Fluid Technology Co., Ltd.	73,460,549.11	77,584,161.99
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	6,464,386.26	4,265,965.73
Beijing ASU Tech Co., Ltd.		7,919,009.51
Qingdao Haimu Investment Management Co., Ltd.	2,692,755.00	2,609,456.57
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	56,749,040.79	57,989,007.18
Haineng Wanjia (Shanghai) Technology Development Co., Ltd.		606,029.71
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd. (青岛国创智能家电研究 院有限公司)	40,920,413.54	38,574,227.53
Guangzhou Heying Investment Partnership (Limited Partnership)	132,620,094.53	194,416,881.32
Qingdao Home Wow Cloud Network Technology Co., Ltd	1,083,682.47	2,192,669.49
Bingji (Shanghai) Corporate Management Co., Ltd.	1,095,450,007.15	1,056,245,062.87
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	58,941,327.06	58,446,674.35
Haier Best Water Technology Co., Ltd. (倍世海尔饮水 科技有限公司)	148,369,638.40	148,369,638.40
HuizhiXiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	188,907,510.60	238,175,637.03
Qingdao RRS Huizhi Investment Co., Ltd.	4,083,482.78	4,083,482.78

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Investment in associates	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Qingdao Xiaoshuai Intelligent Technology Co., Ltd. (青岛小帅智能科技股份有限公司)	9,578,046.65	
Qingdao Xinshenghui Technology Co., Ltd. (青岛鑫晟 汇科技有限公司)	11,365,227.21	10,005,915.15
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝 立安智能科技有限公司)	3,724,499.78	
Orygin LLC		22,296,931.04
Konan Electronic Co., Ltd	59,415,065.89	64,378,952.07
HNR (Private) Company Limited	140,530,747.42	111,225,806.51
HPZ LIMITED	11,203,257.77	3,483,576.50
Controladora Mabe, S.A. de C.V.	5,638,478,867.77	5,078,418,321.53
Middle East Air conditioning Company, Limited	7,389,990.91	7,299,166.60
Total book balance	12,813,489,310.37	12,395,399,243.39
Total amount of the following financial data of associates calculated based on shareholding percentage		
Net profit	1,265,519,987.00	965,127,497.98
Other comprehensive income	-42,720,610.31	-99,733,719.86
Total comprehensive income	1,222,799,376.69	865,393,778.12

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XI. SEGMENT REPORT

√ Applicable ☐ Not Applicable

The Company is principally engaged in manufacture and sales of home appliances and relevant services business, manufacture of upstream home appliances parts, distribution of products of third party, logistics and after-sale business.

The Company has five business segments: (1) Household Food Storage and Cooking Solutions: mainly manufacturing and selling refrigerator/freezers and kitchen appliances; (2) Air Solutions: mainly manufacturing and selling air conditioners; (3) Household Laundry Management Solutions: mainly manufacturing and selling washing machines and dryers; (4) Household Water Solutions: mainly manufacturing and selling water home appliances such as water heaters and water purifiers; (5) Other business: mainly include channel, equipment components, small home appliance business and others. The management of the Company assesses operating performance of each segment and allocates resources according to the division. Sales between segments were mainly based on market price.

Due to centralized management under the headquarters or exclusion from the assessment scope of segment management, the total assets of segments exclude monetary funds, financial assets held for trading, derivative financial assets, dividends receivable, held-for-sale financial assets, other current assets, debt investment, long-term accounts receivable, long-term equity investment, other equity instruments investment, other non-current financial assets, goodwill and deferred income tax assets; the total liabilities of segments exclude long-term and short-term borrowings, financial liabilities held for trading, derivative financial liabilities, taxes payable, interests payable, dividends payable, held-for-sale liabilities, bonds payable, deferred income tax liabilities and other non-current liabilities; profits of segments exclude financial expenses, profit or loss in fair value changes, income from investment, and income on disposal of assets, Non-value-added tax refundable upon imposition component of other income, non-operating incomes and expenses and income tax.

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(1) Information of reportable segments

Segment information for the period

Segment information	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions
	Refrigerator/freezers	Kitchen appliances	Air Solutions	
Segment revenue	83,555,822,435.77	41,183,935,202.50	49,616,332,409.20	63,320,888,484.87
Including: external revenue	83,343,535,295.39	41,119,050,248.22	49,300,597,408.41	63,134,454,557.06
Inter-segment revenue	212,287,140.38	64,884,954.28	315,735,000.79	186,433,927.81
Total segment operating cost	77,581,357,166.45	38,004,968,260.47	47,312,616,024.50	56,822,308,929.18
Segment operating profit	5,974,465,269.32	3,178,966,942.03	2,303,716,384.70	6,498,579,555.69
Total segment assets	50,542,675,724.28	21,839,636,887.29	32,728,708,862.96	37,335,152,980.59
Total segment liabilities	71,520,224,809.93	14,943,277,260.43	29,805,083,060.27	27,393,275,290.67

(continued)

Segment information	Household Water Solutions	Other business	Inter-segment eliminations	Total
Segment revenue	16,175,189,916.78	118,228,547,392.23	-86,099,490,637.42	285,981,225,203.93
Including: external revenue	16,014,265,716.89	33,069,321,977.96		285,981,225,203.93
Inter-segment revenue	160,924,199.89	85,159,225,414.27	-86,099,490,637.42	
Total segment operating cost	13,954,084,938.03	117,801,013,220.48	-86,106,793,787.55	265,369,554,751.56
Segment operating profit	2,221,104,978.75	427,534,171.75	7,303,150.13	20,611,670,452.37
Total segment assets	11,352,587,655.40	97,865,643,471.33	-96,864,122,164.65	154,800,283,417.20
Total segment liabilities	4,228,086,063.74	81,054,508,694.98	-96,724,763,108.65	132,219,692,071.37

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Segment information for the corresponding period of last year

Segment information	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions
	Refrigerator/freezers	Kitchen appliances	Air Solutions	
Segment revenue	81,910,667,160.82	41,654,343,658.36	46,104,262,503.63	61,491,493,913.78
Including: external revenue	81,731,369,432.17	41,594,458,746.73	45,810,371,440.47	61,311,742,096.32
Inter-segment revenue	179,297,728.65	59,884,911.63	293,891,063.16	179,751,817.46
Total segment operating cost	76,758,622,485.94	38,696,410,568.90	44,200,167,062.92	55,842,001,077.19
Segment operating profit	5,152,044,674.88	2,957,933,089.46	1,904,095,440.71	5,649,492,836.59
Total segment assets	47,691,504,886.50	21,251,460,357.52	23,813,820,117.00	31,675,160,583.53
Total segment liabilities	62,419,237,019.15	12,952,916,364.37	22,843,183,005.69	18,786,107,463.36

(continued)

Segment information	Household Water Solutions	Other business	Inter-segment eliminations	Total
Segment revenue	15,335,988,639.36	110,275,737,616.58	-82,567,972,644.56	274,204,520,847.97
Including: external revenue	15,169,679,363.06	28,586,899,769.22		274,204,520,847.97
Inter-segment revenue	166,309,276.30	81,688,837,847.36	-82,567,972,644.56	
Total segment operating cost	13,497,874,408.80	109,925,101,294.60	-82,647,959,599.18	256,272,217,299.17
Segment operating profit	1,838,114,230.56	350,636,321.98	79,986,954.62	17,932,303,548.80
Total segment assets	7,188,919,188.97	78,982,614,930.00	-75,049,787,719.42	135,553,692,344.10
Total segment liabilities	6,071,202,326.98	69,157,215,619.58	-74,904,708,377.42	117,325,153,421.71

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(2) Geographical information

'Other countries/regions' in this report refers to all other countries/regions (including Hong Kong and Macau Special Administration Region and Taiwan) other than the mainland China for the purpose of information disclosure.

a. External transaction revenue

Items	Amount for the current period	Amount for the previous period
Mainland China	142,167,253,511.94	137,792,624,846.50
Other countries/regions	143,813,971,691.99	136,411,896,001.47
Among which:		
America	79,528,519,635.18	79,751,236,167.61
Australia	6,642,441,139.99	6,142,491,032.57
South Asia	11,525,063,724.02	9,520,761,970.29
Europe	32,089,184,505.33	28,543,893,610.21
Southeast Asia	6,632,695,292.07	5,779,907,984.73
Middle East and Africa	2,674,195,861.21	1,934,336,705.54
Japan	3,425,631,328.28	3,662,478,664.81
Others	1,296,240,205.91	1,076,789,865.71
Total	285,981,225,203.93	274,204,520,847.97

b. Total non-current assets

Items	Closing balance	Opening balance
Mainland China	30,088,619,868.83	28,602,514,680.93
Other countries/regions	35,855,840,703.95	31,152,060,989.07
Total	65,944,460,572.78	59,754,575,670.00

Total non-current assets exclude: debt investments, long-term receivable, long-term equity investments, other equity instrument investments, other non-current financial assets, goodwill and deferred income tax assets.

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XII. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value is significant to the fair value measurement as a whole:

Level 1: Unadjusted quotes for the same asset or liability in an active market.

Level 2: Inputs that are directly or indirectly observable for related assets or liabilities, except for Level 1 inputs.

Level 3: Unobservable inputs of related assets or liabilities.

At the end of the period

Items	Input used for fair value measurement			Total
	Quotes in an active market (Level 1)	Important observable input (Level 2)	Important unobservable input (Level 3)	
Continuously measured at fair value				
Financial assets held for trading	381,340,384.56	746,436,121.40	108,241,333.57	1,236,017,839.53
Including: Bank wealth management products		746,436,121.40		746,436,121.40
Investment fund	294,404,349.36			294,404,349.36
Investment in equity instruments	86,936,035.20		108,241,333.57	195,177,368.77
Derivative financial assets		142,709,716.91		142,709,716.91
Including: Forward foreign exchange contracts		138,404,575.66		138,404,575.66
Forward commodity contracts		50,459.81		50,459.81
Cross currency interest rate swap contracts		4,254,681.44		4,254,681.44
Financing receivables		360,069,391.56		360,069,391.56
Including: Bills receivable		182,877,006.03		182,877,006.03
Accounts receivable		177,192,385.53		177,192,385.53
Other equity instruments	26,140,832.98		5,960,547,830.48	5,986,688,663.46
Including: Equity instruments measured at fair value through other comprehensive income	26,140,832.98		5,960,547,830.48	5,986,688,663.46
Derivative financial liabilities		71,011,310.01		71,011,310.01
Including: Forward foreign exchange contracts		71,011,310.01		71,011,310.01

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At the beginning of the period

Items	Input used for fair value measurement			Total
	Quotes in an active market (Level 1))	Important observable input (Level 2)	Important unobservable input (Level 3)	
Continuously measured at fair value				
Financial assets held for trading	369,591,046.58	490,968,101.81	96,436,395.44	956,995,543.83
Including: Bank wealth management products		490,968,101.81		490,968,101.81
Investment fund	222,803,002.38			222,803,002.38
Investment in equity instruments	146,788,044.20		96,436,395.44	243,224,439.64
Derivative financial assets		67,565,829.44		67,565,829.44
Including: Forward foreign exchange contracts		67,565,829.44		67,565,829.44
Financing receivables		200,326,471.85		200,326,471.85
Including: Bills receivable		159,043,672.58		159,043,672.58
Accounts receivable		41,282,799.27		41,282,799.27
Other equity instruments	19,988,760.34		6,383,706,194.43	6,403,694,954.77
Including: Equity instruments measured at fair value through other comprehensive income	19,988,760.34		6,383,706,194.43	6,403,694,954.77
Derivative financial liabilities		168,625,004.97		168,625,004.97
Including: Forward foreign exchange contracts		166,573,028.22		166,573,028.22
Forward commodity contracts		2,051,976.75		2,051,976.75

For financial instruments traded in an active market, the Company determines its fair value based on its quotes in an active market; for financial instruments not traded in an active market, the Company uses valuation techniques to determine its fair value.

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2. The basis for determining the fair value of the continual Level 2 fair value measurement items

√ Applicable □ Not Applicable

Items	Fair value at the end of the period	Valuation techniques
Financial assets held for trading		
Including: Bank wealth management products	746,436,121.40	Discounted cash flow
Derivative financial assets		
Including: Forward foreign exchange contracts	138,404,575.66	Discounted cash flow
Forward commodity contracts	50,459.81	Discounted cash flow
Cross currency interest rate swap contracts	4,254,681.44	Discounted cash flow
Financing receivables		
Including: Bills receivable	182,877,006.03	Discounted cash flow
Accounts receivable	177,192,385.53	Discounted cash flow
Derivative financial liabilities		
Including: Forward foreign exchange contract	71,011,310.01	Discounted cash flow

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3. Continual Level 3 fair value measurement major items, the valuation techniques adopted and information of important parameters

√ Applicable □ Not Applicable

Items	Fair value at the end of the period	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Other equity instruments					
Including:					
1. COSMO IoT Technology Co., LTD. (卡奥斯物联科技股份有限公司)	2,786,307,000.00	Market approach	1. Average P/S multiple of peers 2. Discount for lack of marketability	1. 3.51 to 3.59 2. 32.47% to 34.47%	1. 1% increase (decrease) in average P/S multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB22.05 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB32.92 million.
2. SINOPEC Fuel Oil Sales Corporation Limited (中国石化销售股份有限公司)	1,674,427,670.51	Market approach	1. Average P/E multiple of peers 2. Discount for lack of marketability	1. 43.59 to 44.47 2. 24.55% to 26.55%	1. 1% increase (decrease) in average P/E multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB16.75 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB22.49 million.

4. Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value include: monetary funds, bills receivable, accounts receivable, other receivables, other current assets, long-term and short-term borrowings, bills payable, accounts payable, other payables, long-term payables, bonds payable, etc. The difference between the book value and the fair value of financial assets and financial liabilities not measured at fair value at the end of the period is small.

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XIII.RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(I) Explanation for basis of identifying related party

According to Accounting Standards for Business Enterprises No. 36 — Related Party Disclosures, parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party. Parties (two or more than two) are also considered to be related if they are subject to common control, joint control or significant influence from another party.

According to Management Practices for Information Disclosure of Listed Company (China Securities Regulatory Commission Order No. 182), related legal entity or individual will be identified as related parties in certain occasions.

(II) Relationships between related parties

1. Information about the parent company and other companies holding shares of the Company

Name	Type of enterprise	Registered place	Registered capital	Legal representative	Relationships with Interest in the the Company	Interest in the Company	Voting rights to the Company
Haier Group Corporation	Collective ownership company	Qingdao High-tech Zone Haier Park	311,180,000	Zhou Yunjie	Parent Company	11.43%	11.43%
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	Joint-stock company	Qingdao High-tech Zone Haier Park	404,500,000	Zhou Yunjie	Subsidiary of Parent Company	13.41%	13.41%
HCH (HK) Investment Management Co., Limited	Private company	Hong Kong	HKD10,000	/	Parties acting in concert of Parent Company	5.74%	5.74%
Qingdao Haier Venture & Investment Information Co., Ltd.	Company with limited liability	Qingdao Free Trade Zone	923,000,000	Zhou Yunjie	Parties acting in concert of Parent Company	1.84%	1.84%
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	Limited partnership company	Qingdao High-tech Zone Haier Park	1,616,120,000	/	Parties acting in concert of Parent Company	1.43%	1.43%
Haier International Co., Limited	Private company	Hong Kong	HKD2	/	Parties acting in concert of Parent Company	0.62%	0.62%

2. Subsidiaries of the Company

The details of the subsidiaries of the Company are detailed in Note X.1. Interests in subsidiaries

3. Joint ventures and associates of the Company

The details of material associates and joint ventures of the Company are detailed in Note VII.14 and Note X.3.

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4. Connected companies with no relationship of control

Name	Relationship with the Company
Qingdao Haier Parts Procurement Co., Ltd.	Subsidiary of Haier Group
Chongqing Haier Electrical Appliances Sales Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier International Trading Co., Ltd.	Subsidiary of Haier Group
Cosmoplat Chuangzhi IOT Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Haiyun Chuangzhi Business Development Co., Ltd.	Subsidiary of Haier Group
Qingdao Haina Cloud Intelligent System Co., Ltd.	Subsidiary of Haier Group
Qingdao Maidirui Ecological Environment Technology Co., Ltd. (青岛迈帝瑞生态环境科技有限公司)	Subsidiary of Haier Group
Chongqing Haier Electrical Appliances Sales Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier International Trading Co., Ltd.	Subsidiary of Haier Group
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD (卡奥斯工业智慧研究院(青岛)有限公司)	Subsidiary of Haier Group
Wuhan Haizhi Real Estate Development Co., Ltd. (武汉海智房地产开发有限公司)	Subsidiary of Haier Group
Haier International Co., Ltd.	Subsidiary of Haier Group
Qingdao Oasis Technology Co., Ltd.	Subsidiary of Haier Group
Dalian Haier International Trade Co., Ltd.	Subsidiary of Haier Group
Shanghai Ruihai Chuangfeng Industrial Development Co., Ltd. (上海睿海创丰实业发展有限公司)	Subsidiary of Haier Group
Qingdao Manniq Intelligent Technology Co., Ltd.	Subsidiary of Haier Group
Feiketeng Intelligent Technology (Qingdao) Co., Ltd. (斐科腾智能科技(青岛)有限公司)	Subsidiary of Haier Group
Dalian Haier International Trade Co., Ltd.	Subsidiary of Haier Group
Shandong COMSMO Smart Carbon Technology Co., Ltd. (山东卡奥斯智碳科技有限公司)	Subsidiary of Haier Group
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD (卡奥斯工业智慧研究院(青岛)有限公司)	Subsidiary of Haier Group
Qingdao Haier International Travel Agency Co., Ltd.	Subsidiary of Haier Group

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Name	Relationship with the Company
COSMO Energy Technology Co., Ltd. (卡奥 斯能源科技有限公司)	
Qingdao Blue Whale Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Haiyunlian Industrial Development Co., Ltd. (青岛海云联产业发展有限公司)	Subsidiary of Haier Group
COSMO Moulds (Qingdao) Co., Ltd. (卡奥斯 模具(青岛)有限公司)	Subsidiary of Haier Group
COSMO Energy Technology (Chongqing) Co., Ltd. (卡奥斯能源科技(重庆)有限公司)	Subsidiary of Haier Group
COSMO Energy Technology (Dalian) Co., Ltd. (卡奥斯能源科技(大连)有限公司)	Subsidiary of Haier Group
Qingdao Haier New Materials R & D Co., Ltd.	Subsidiary and associate of Haier Group
Qingdao Haier Multi-media Co., Ltd.	Associate
HNR (Private) Company Limited	Associate
Wolong Electric (Jinan) Motor Co., Ltd.	Associate
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	Associate
Qingdao Home Wow Cloud Network Technology Co., Ltd.	Associate
Controladora Mabe, S.A. de C.V.	Associate
Qingdao HBIS Composite New Material Co., Ltd.	Subsidiary of associate
Hefei Hegang New Material Technology Co., Ltd.	Subsidiary of associate

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(III) Related party transactions

- Details of the Company's procurement of goods and services from related parties are as follows:

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	15,276,391,329.09	15,526,699,638.30
Qingdao Haier Parts Procurement Co., Ltd.	6,036,753,675.43	6,413,180,580.72
HNR (Private) Company Limited	2,794,389,779.88	2,514,374,986.36
Chongqing Haier Electrical Appliances Sales Co., Ltd.	2,289,682,866.24	2,114,941,629.47
Qingdao Haier International Trading Co., Ltd.	726,222,998.48	547,788,113.32
Other related parties	3,080,752,099.11	4,062,063,110.89
Total	30,204,192,748.23	31,179,048,059.06

- Details of the Company's sales of goods to related parties are as follows:

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	1,355,540,753.07	1,202,388,632.22
HNR (Private) Company Limited	880,955,311.94	1,245,177,362.70
Qingdao Haier International Trading Co., Ltd.	538,731,523.78	557,630,937.13
Qingdao Haier Multi-media Co., Ltd.	143,708,540.52	122,202,322.75
Other related parties	660,055,947.39	886,533,934.60
Total	3,578,992,076.70	4,013,933,189.40

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3. Amount of unsettled items of related parties

Items and name of customers	Closing Balance	Opening Balance
Bills receivable:		
Cosmoplat Chuangzhi IOT Technology Co., Ltd.	12,712,495.66	
Qingdao Haiyun Chuangzhi Business Development Co., Ltd.	5,525,942.99	
Qingdao Haina Cloud Intelligent System Co., Ltd.	186,140.42	4,820,740.99
Other related parties	3,674,621.22	15,819,790.67
Accounts receivable:		
HNR (Private) Company Limited	488,559,920.90	1,191,001,767.66
Qingdao Haier Parts Procurement Co., Ltd.	66,821,220.25	88,974,390.06
Qingdao Maidirui Ecological Environment Technology Co., Ltd.		
(青岛迈帝瑞生态环境科技有限公司)	34,693,294.31	37,264,581.99
Qingdao Haier International Trade Co., Ltd.	29,353,831.77	13,320,054.89
Qingdao Home Wow Cloud Network Technology Co., Ltd.	26,282,212.73	32,831,602.55
Qingdao Haina Cloud Intelligent System Co., Ltd.	18,686,494.15	20,810,291.74
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	16,206,223.73	7,670,776.81
Qingdao Haier International Travel Agency Co., Ltd.	14,673,521.44	66,704,908.59
Other related parties	161,340,167.10	384,873,987.78
Prepayments:		
HNR (Private) Company Limited	527,935,926.53	
Qingdao Haier Parts Procurement Co., Ltd.	319,433,156.93	2,956,547.28
Chongqing Haier Electrical Appliances Sales Co., Ltd.	43,625,340.53	
Qingdao Haier International Trade Co., Ltd.	13,105,977.20	8,594,602.74
Other related parties	14,442,879.53	33,676,799.62
Other receivables:		
Qingdao Haier International Trade Co., Ltd.	20,305,273.82	7,951,101.19
Controladora Mabe S.A.de C.V.	17,263,596.82	14,824,407.91
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD (卡奥斯工业智慧研究院(青岛)有限公司)	11,408,491.68	807,590.07
Wuhan Haizhi Real Estate Development Co., Ltd. (武汉海智房地产开发有限公司)	8,231,801.50	3,200,000.00
Qingdao Haiyunlian Industrial Development Co., Ltd. (青岛海云联产业发展有限公司)	3,731,122.30	
Haier International Co., Ltd.	3,617,694.35	3,685,669.87
Qingdao Haier International Travel Agency Co., Ltd.	2,791,636.17	1,876,394.96

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Items and name of customers	Closing Balance	Opening Balance
Other related parties	16,718,799.60	14,217,658.11
Bills payable:		
Qingdao Haier New Materials R & D Co., Ltd.	336,704,809.61	390,891,579.36
Wolong Electric (Jinan) Motor Co., Ltd.	6,643,894.00	30,416,664.00
Others		49,577,085.49
Accounts payable:		
Controladora Mabe S.A.de C.V.	1,036,070,558.18	1,017,676,511.30
Qingdao Haier International Trading Co., Ltd.	220,206,536.59	197,267,091.22
Qingdao Oasis Technology Co., Ltd.	115,396,480.69	73,359,102.94
Qingdao Haier New Materials R&D Co., Ltd.	92,751,346.46	96,592,224.43
Wolong Electric (Jinan) Motor Co., Ltd.	71,939,568.11	51,564,219.44
Qingdao Haier Parts Procurement Co., Ltd.	70,470,274.28	247,164,539.11
Other related parties	400,986,332.92	788,695,925.79
Contract liabilities:		
Chongqing Haier Electrical Appliances Sales Co., Ltd.	23,346,968.98	
Dalian Haier International Trade Co., Ltd.	3,460,894.14	
Shanghai Ruihai Chuangfeng Industrial Development Co., Ltd. (上海睿海创丰实业发展有限公司)	2,912,845.29	
Other related parties	4,699,012.24	78,203,164.61
Other payables:		
Qingdao Manniq Intelligent Technology Co., Lt	46,404,473.49	14,038,277.93
Feiketeng Intelligent Technology (Qingdao) Co., Ltd. (斐科腾智能科技(青岛)有限公司)	21,925,926.08	51,986,700.46
Dalian Haier International Trade Co., Ltd.	21,899,297.26	22,120,898.79
Shandong COMSMO Smart Carbon Technology Co., Ltd. (山东卡奥斯智碳科技有限公司)	19,403,922.64	2,272,679.75
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD (卡奥斯工业智慧研究院(青岛)有限公司)	15,933,086.90	15,494,371.98
Qingdao Haier International Travel Agency Co., Ltd.	15,356,340.96	19,571,334.53
COSMO Energy Technology Co., Ltd. (卡奥斯能源科技有限公司)	14,925,462.42	2,868,441.37
Qingdao Blue Whale Technology Co., Ltd.	9,749,402.25	2,969,397.03
COSMO Moulds (Qingdao) Co., Ltd. (卡奥斯模具(青岛)有限公司)	7,948,596.83	3,667,694.07
COSMO Energy Technology (Chongqing) Co., Ltd. (卡奥斯能源科技(重庆)有限公司)	6,134,610.97	5,833,122.08
Qingdao Haier Parts Procurement Co., Ltd.	5,066,668.80	73,915.22
Qingdao Haier International Trading Co., Ltd.	4,866,175.06	3,131,710.44

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Items and name of customers	Closing Balance	Opening Balance
COSMO Energy Technology (Dalian) Co., Ltd. (卡奥斯能源科技(大连)有限公司)	4,289,091.82	
Other related parties	47,972,244.44	192,694,915.49

4. Other related party transactions

- (1) On 30 March 2023, Haier Group Corporation and Haier Group Finance Co., Ltd. (hereafter, the "Finance Company") renewed the Financial Services Framework Agreement, and the "resolution on the renewal of the Financial Services Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation and the estimated amount of connected transaction" was considered and passed at the general meeting. The Financial Services Framework Agreement became effective from the passing of the resolution.

Various current balances of the Company and the Finance Company are as follows:

Items	Closing Balance	Opening Balance
Monetary funds deposited at the Finance Company	20,565,469,130.81	26,278,848,914.68
Debt investment deposited at the Finance Company	12,605,000,000.00	7,377,500,000.00
Debt investment due within one year deposited at the Finance Company	327,500,000.00	
Other current assets deposited at the Finance Company	453,550,000.00	
Loans of the Finance Company	196,200,183.66	
Interest receivable from the Finance Company	1,164,072,073.76	688,144,130.70
Interest payable to the Finance Company	2,070,180.99	
Bills issued	7,770,695,481.53	8,909,470,662.88
Foreign exchange derivatives of the Finance Company	2,413,311.00	-10,143,691.03

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Various balances of the Company and the Finance Company are as follows:

Items	Amount for the current period	Amount for the previous period
Interest income of the Finance Company	873,841,715.67	765,875,670.14
Interest expense of the Finance Company	2,285,259.96	435,000.00
Service fee of the Finance Company	8,377,892.14	23,618,778.66
Spot foreign exchange business (foreign exchange settlement and sale)	11,311,708,350.08	9,015,944,003.06

- (2) The lease expense of the Company and its subsidiaries for production and operation leased from related parties for the current period was RMB105 million (amount for the corresponding period: RMB99 million).
- (3) Haier Group Corporation provided joint liability guarantee for certain bills payable of the subsidiaries of the Company with the guaranteed amount of RMB2,182 million at the end of the period (amount at the beginning of the period: RMB2,639 million).
- (4) Haier Group Corporation provided joint liability guarantee for certain loans of the subsidiaries of the Company with the guaranteed amount of RMB320 million at the end of the period (amount at the beginning of the period: RMB0 million).

(IV) Pricing Policy

1. Related-party Sales

Some related parties purchase components through the independent procurement platform of the Company, purchase electrical appliances for sales from the Company, and receive after-sales services, R&D service, housing rental and other business provided by the company due to their business needs. In April 2022, according to the implementation of connected transactions in the early stage and the relevant listing requirements in Hong Kong, the Company and Haier Group Corporation revised and signed the Product and Materials Sales Framework Agreement, the Service Provision Framework Agreement and the Property Leasing Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2023 to 31 December 2025, which can be renewed for another three years upon expire.

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2. Related-party Procurement

In addition to independent procurement platform, the Company entrusted Haier Group Corporation and its subsidiaries for procurements of part of raw materials. Moreover, the Company entrusted Haier Group Corporation and its subsidiaries to provide the Company with logistics and distribution, energy and power, basic research and testing, equipment leasing, house leasing and maintenance, greening and cleaning, gift procurement, design, consulting, various ticket booking and other services. In April 2022, according to the implementation of connected transactions in the early stage and the relevant listing requirements in Hong Kong, the Company and Haier Group Corporation revised and signed the Product and Materials Sales Framework Agreement, the Service Provision Framework Agreement and the Property Leasing Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2023 to 31 December 2025, which can be renewed for another three years upon expire.

3. Financial aspect

Some of the financial services such as deposit and loan service, discounting service and foreign exchange derivatives needed by the Company are provided by Haier Group Corporation, its subsidiaries and other companies. According to the Financial Service Agreement entered among the Company, Haier Group Corporation and other parties, the price of financial services is determined by the principle of not less favourable than market value fair. The Company is entitled to decide whether to keep cooperation relationship with them with the knowledge of the price prevailing in the market and in combination with its own interests. While performing the agreement, the Company could also require other financial service institutions to provide related financial services basing on actual situation. In order to meet the Company's demands such as the avoidance of foreign exchange fluctuation risk, the Company may choose Haier Group Finance Co., Ltd. to provide some foreign exchange derivative business after comparing with comparable companies. The Company will uphold the safe and sound, appropriate and reasonable principle, under which all foreign exchange capital business shall have a normal and reasonable business background to eliminate speculative operation. At the same time, the Company has specified the examination and permission rights, management positions and responsibilities at all levels for its foreign exchange capital business to eradicate the risks of operation by persons and improved its response speed to risks on the premise that the risks are effectively controlled. In March 2023, the Company and Haier Group Corporation renewed the Financial Services Framework Agreement, which agreed on the financial connected transactions. The pricing principle included the deposit interest rate not lower than the maximum interest rate of major banks listed and the loan interest rate not less favourable than the market price to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement lasts until 31 December 2026, which can be renewed for another three years upon expire.

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4. Others

The Company signed the Intellectual Property Licensing Framework Agreement with Haier Group Corporation in November 2020. According to the agreement, Haier Group has agreed to grant or procure its subsidiaries and contact persons to grant the license to the Company at nil consideration to use all its intellectual property rights, including but not limited to trademarks, patents, copyrights and logos for the products, packaging, services and business introduction documents of the Company. The date of the Intellectual Property Licensing Framework Agreement shall be permanently effective from the listing date. When such specific intellectual property rights expire and are not renewed by Haier Group, our right to use certain intellectual property rights under the Intellectual Property Licensing Framework Agreement will terminate.

XIV.SHARE-BASED PAYMENTS

1. Equity instruments

☒ Applicable ☐ Not Applicable

Unit of number: shares Unit and Currency of Amount: RMB

Categories of participants	Granted during the period		Exercised during the period		Vested during the period		Lapsed during the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Directors and senior management	3,163,121	73,168,417.40			1,932,861	41,835,982.18	1,760,863	20,427,509.29
Staff	35,828,312	890,724,440.75			21,559,039	486,054,338.75	50,433,093	560,851,925.40
Total	38,991,433	963,892,858.15			23,491,900	527,890,320.94	52,193,956	581,279,434.68

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Outstanding share options or other equity instruments at the end of the period

☒ Applicable ☐ Not Applicable

Categories of participants	Outstanding share options at the end of the period		Outstanding other equity instruments at the end of the period	
	Exercise price	The remaining contractual term	Exercise price	The remaining contractual term
2021 First Option	RMB25.63 per share	September 2021 – September 2026		
2021 Second Option	RMB25.63 per share	December 2021 – December 2026		
2022 Option	RMB23.86 per share	June 2022 – June 2026		
2022 Stock Ownership Plan A			N/A	August 2022–August 2024
2022 Stock Ownership Plan H			N/A	August 2022–August 2024
2023 Stock Ownership Plan A			N/A	July 2023–July 2025
2023 Stock Ownership Plan H			N/A	July 2023–July 2025
2024 Stock Ownership Plan A			N/A	August 2024–August 2026
2024 Stock Ownership Plan H			N/A	August 2024–August 2026
2021 Restricted Shares			N/A	August 2021–July 2024
2022 Restricted Shares			N/A	July 2022–June 2025
2023 Restricted Shares			N/A	July 2023–June 2026
2024 Restricted Shares			N/A	June 2024–May 2027

2. Equity-settled share-based payments

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Method of determining the fair value of equity instrument on the date of grant	Closing price of share on the date of grant, Black-Scholes Model
Important parameters of the fair value of equity instrument on the date of grant	Historical volatility rate, risk-free rate, yield rate
Basis for determining the number of exercisable equity instruments	The best estimate of the management
Reason for significant differences between current and prior period estimates	Nil
Accumulated amount of equity-settled share-based payment included in the capital reserve	RMB1.085 billion

3. Cash-settled share-based payments

☐ Applicable ☒ Not Applicable

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4. Share-based payments for the current period

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Categories of participants	Equity-settled share-based payment	Cash-settled share-based payment
Director, Senior management	63,372,149.20	
Staff	310,695,224.84	
Total	374,067,374.04	

5. Modification and termination of share-based payments

☐ Applicable ☒ Not Applicable

XV. CONTINGENCIES

As of 27 March 2025, the Company has no significant contingencies that need to be disclosed.

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XVI.EVENTS AFTER THE BALANCE SHEET DATE

- (1) On February 16, 2025, a fire broke out in the warehouse of Shanghai Cotai Supply Chain Management Co., Ltd., a subsidiary of the Company, which was located in Songjiang District, Shanghai, resulting in the destruction of buildings, warehousing facilities and goods stored in the warehouse, with a preliminary estimated loss of RMB146 million. As at the date of this report, the relevant departments are in the process of determining the cause of the accident. The Company has purchased property insurance for the above buildings, warehousing facilities and goods, and is currently liaising with the insurance company in respect of the insurance claims.
- (2) According to the resolution of the 13th meeting of the 11th session of the Board of Directors of the Company held on 27 March 2025, the profit for the year is proposed to be distributed on the basis of the total number of shares on the record date after deducting the repurchased shares from the repurchased account when the plan is implemented in the future, the Company will declare cash dividend of RMB9.65 (including taxes) for every 10 shares to all shareholders.

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XVII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Risk of financial instruments

√ Applicable □ Not Applicable

The book value of various financial instruments on the balance sheet date is as follows:

Financial assets

Items	Financial assets measured at fair value and changes of which included in current profit and loss	Closing Balance		Total
		Measured at amortized cost	Financial assets measured at fair value and changes of which included in other comprehensive income	
Monetary funds		55,583,842,589.70	55,583,842,589.70	
Financial assets held for trading	1,236,017,839.53		1,236,017,839.53	
Derivative financial assets			142,709,716.91	142,709,716.91
Bills receivable		12,118,681,244.14	12,118,681,244.14	
Accounts receivable		26,473,001,745.01	26,473,001,745.01	
Financing receivables			360,069,391.56	360,069,391.56
Other receivables		3,489,181,537.80	3,489,181,537.80	
Non-current assets due within one year		1,439,758,652.55	1,439,758,652.55	
Other current assets		491,724,709.59	491,724,709.59	
Debt investments		15,474,759,856.99	15,474,759,856.99	
Long-term receivables		224,724,107.31	224,724,107.31	
Other equity instruments			5,986,688,663.46	5,986,688,663.46

Financial assets (continued)

Items	Financial assets measured at fair value and changes of which included in current profit and loss	Opening Balance		Total
		Measured at amortized cost	Financial assets measured at fair value and changes of which included in other comprehensive income	
Monetary funds		57,255,962,206.24	57,255,962,206.24	
Financial assets held for trading	956,995,543.83		956,995,543.83	
Derivative financial assets			67,565,829.44	67,565,829.44
Bills receivable		8,790,151,269.91	8,790,151,269.91	
Accounts receivable		22,682,921,254.25	22,682,921,254.25	
Financing receivables			200,326,471.85	200,326,471.85
Other receivables		2,949,235,439.77	2,949,235,439.77	
Other current assets		1,530,274,566.66	1,530,274,566.66	
Debt investments		9,117,874,328.66	9,117,874,328.66	
Long-term receivables		350,409,496.85	350,409,496.85	
Other equity instruments			6,403,694,954.77	6,403,694,954.77

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Financial liabilities

Items	Financial liabilities measured at fair value	Closing Balance	
		Financial liabilities measured at amortised cost	Total
Short-term borrowings		13,784,367,443.93	13,784,367,443.93
Derivative financial liabilities	71,011,310.01		71,011,310.01
Bills payable		21,149,134,964.21	21,149,134,964.21
Accounts payable		54,587,992,129.58	54,587,992,129.58
Other payables		21,744,240,823.50	21,744,240,823.50
Non-current liabilities due in one year		12,389,280,182.98	12,389,280,182.98
Long-term borrowings		9,665,074,313.67	9,665,074,313.67
Long-term payables		188,220,056.59	188,220,056.59

Financial liabilities (continued)

Items	Financial liabilities measured at fair value	Opening Balance	
		Financial liabilities measured at amortised cost	Total
Short-term borrowings		10,895,076,014.86	10,895,076,014.86
Derivative financial liabilities	168,625,004.97		168,625,004.97
Bills payable		22,260,991,114.42	22,260,991,114.42
Accounts payable		49,917,971,699.31	49,917,971,699.31
Other payables		18,921,220,225.78	18,921,220,225.78
Non-current liabilities due in one year		161,126,226.19	161,126,226.19
Long-term borrowings		18,365,302,925.77	18,365,302,925.77
Long-term payables		57,113,422.78	57,113,422.78
Other non-current liabilities		1,977,104,051.66	1,977,104,051.66

Please refer to related items in Note VII for details on each of the financial instruments of the Company. Risks related to these financial instruments and the risk management policies taken by the Company to mitigate these risks are summarized below. The management of the Company manages and monitors these risk exposures to ensure the above risks are well under control.

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1. Credit risk

The credit risk of the Company mainly arises from bank deposits, bills receivable, accounts receivable, interest receivable, other receivables and wealth management products.

- (1) The Company's bank deposits and wealth management products are mainly deposited in Haier Finance Co., Ltd., state-owned banks and other large and medium-sized listed banks. The interest receivables are mainly the accrued interests from fixed deposits which are deposited in the above banks. The Group does not believe there is any significant credit risk due to defaults of its counterparties which would cause any significant loss. (2) Accounts receivable and bills receivable: The Company only trades with approved and reputable third parties. All customers who are traded by credit are subject to credit assessment according to the policies of the Company, and the payment terms shall be determined on a reasonable basis. The Company monitors the balances of accounts receivable on an ongoing basis and purchases credit insurance for receivables of large-amount credit customers in order to ensure the Company is free from material bad debts risks. (3) Other receivables of the Company mainly include export tax refund, borrowings and contingency provision. The Company strengthened its management and continuous monitoring in respect of these receivables and relevant economic business based on historical data, so as to ensure that the Company's significant risk of bad debts is controllable and will be further reduced.

2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in fulfilling obligations associated with financial liabilities. To control such risk, the Company utilizes various financing methods such as notes settlement and bank loans to strive for a balance between sustainable and flexible financing. It also has obtained bank credit facilities from several commercial banks to satisfy its needs for working capital and capital expenditures.

3. Exchange rate risk

The Company's businesses are based in mainland China, USA, Japan, Southeast Asia, South Asia, central and east Africa, Europe, and Australia, etc. and are settled in RMB, USD, and other currencies.

The Company's overseas assets and liabilities denominated in foreign currencies as well as transactions to be settled in foreign currencies expose the Company to fluctuations in exchange rates. The Company's finance department is responsible for monitoring the size of transactions in foreign currencies and assets and liabilities denominated in foreign currencies to minimize the risk of exposure to fluctuation in exchange rate; the Company resorts the way of signing forward foreign exchange contracts to avoid the risk of exchange fluctuation.

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4. Interest rate risk

The Company's interest rate risk arises primarily from its long- and short- term bank loans and bonds payables which are interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Group determines the relative proportion of fixed-interest rate and floating interest rate contracts in light of the prevailing market conditions.

XVIII. OTHER SIGNIFICANT EVENTS

As at 27 March 2025, the Company has no other significant events that need to be disclosed.

XIX. NOTES TO MAIN ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

Aging	Closing Balance	Opening Balance
Within one year	467,689,337.45	715,238,098.86
1-2 years	714,128,728.58	378,071,982.79
2-3 years	378,071,982.79	532,467,268.93
Over 3 years	529,373,541.54	
Accounts receivable balance	2,089,263,590.36	1,625,777,350.58
Allowance for bad debts		251.55
Net receivables	2,089,263,590.36	1,625,777,099.03

Changes in bad debt provision for accounts receivable in the current period:

Items	Opening Balance	Increase for the current period		Decrease for the current period		Closing Balance
		Provision for the current period	Other increase	Reversal	Write-off and other movement	
Allowance for bad debts	251.55			251.55		

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2. Other receivables

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Interest receivable	137,951,583.62	117,439,655.79
Dividend receivable	955,746,044.23	570,000,000.00
Other receivables	34,215,510,473.88	22,962,538,160.78
Total	35,309,208,101.73	23,649,977,816.57

Interest receivable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Within 1 year	70,005,254.26	117,439,655.79
More than 1 year	67,946,329.36	
Total	137,951,583.62	117,439,655.79

Dividend receivable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items (or investees)	Closing Balance	Opening Balance
Within 1 year	385,746,044.23	570,000,000.00
More than 1 year	570,000,000.00	
Total	955,746,044.23	570,000,000.00

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Other receivables

① The disclosure of other receivables by aging is as follows:

Aging	Closing Balance	Opening Balance
Within one year	23,315,358,021.45	13,256,949,623.31
More than one year	10,903,518,725.80	9,708,953,420.36
Other receivables balance	34,218,876,747.25	22,965,903,043.67
Allowance for bad debts	3,366,273.37	3,364,882.89
Net other receivables	34,215,510,473.88	22,962,538,160.78

② Changes in bad debt provision for other receivables in the current period:

Items	Opening Balance	Increase for the current period	Decrease for the current period	Closing Balance
		Provision for the current period	Write-off and other movement	
		Other increase	Reversal	
Allowance for bad debts	3,364,882.89	1,390.48		3,366,273.37

3. Long-term equity investment

√ Applicable ☐ Not Applicable

(1) Details of long-term equity investments:

Unit and Currency: RMB

Items	Closing Balance		Opening Balance	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Long-term equity investment				
Including: Long-term equity investments in subsidiaries	59,022,876,043.31	7,100,000.00	52,823,723,686.31	7,100,000.00
Long-term equity investments in associates	3,287,178,712.86	109,300,000.00	3,121,372,319.75	109,300,000.00
Total	62,310,054,756.17	116,400,000.00	55,945,096,006.06	116,400,000.00

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(2) Long-term equity investments to subsidiaries

Name of investee	Opening Balance	Increase/ Decrease for the current period	Closing Balance	Impairment provisions at the end of the period
I. Subsidiaries:				
Chongqing Haier Electronics Sales Co., Ltd.	9,500,000.00		9,500,000.00	
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd.	34,735,489.79		34,735,489.79	
Qingdao Haier Refrigerator Co., Ltd.	402,667,504.64		402,667,504.64	
Qingdao Haier Special Refrigerator Co., Ltd.	426,736,418.99		426,736,418.99	
Qingdao Haier Information Plastic Development Co., Ltd.	102,888,407.30		102,888,407.30	
Dalian Haier Precision Products Co., Ltd.	41,836,159.33		41,836,159.33	
Hefei Haier Plastic Co., Ltd.	72,350,283.21		72,350,283.21	
Qingdao Haier Technology Co., Ltd.	16,817,162.03		16,817,162.03	
Qingdao Household Appliance Technology and Equipment Research Institute	66,778,810.80		66,778,810.80	
Qingdao Meier Plastic Powder Co., Ltd.	24,327,257.77		24,327,257.77	
Chongqing Haier Precision Plastic Co., Ltd.	47,811,283.24		47,811,283.24	
Qingdao Haier Electronic Plastic Co., Ltd.	69,200,000.00		69,200,000.00	
Dalian Haier Refrigerator Co., Ltd.	138,600,000.00		138,600,000.00	
Dalian Haier Air-conditioning Co., Ltd.	99,000,000.00		99,000,000.00	
Hefei Haier Air-conditioning Co., Limited	79,403,123.85		79,403,123.85	
Qingdao Haier Refrigerator (International) Co., Ltd.	238,758,240.85		238,758,240.85	
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	1,131,107,944.51		1,131,107,944.51	
Qingdao Haier Air Conditioner Gen Corp., Ltd.	220,636,306.02		220,636,306.02	
Qingdao Haier Special Freezer Co., Ltd.	471,530,562.76		471,530,562.76	
Qingdao Haier Dishwasher Co., Ltd.	206,594,292.82		206,594,292.82	
Wuhan Haier Freezer Co., Ltd.	47,310,000.00		47,310,000.00	
Wuhan Haier Electronics Holding Co., Ltd.	100,715,445.04		100,715,445.04	
Chongqing Haier Air-conditioning Co., Ltd.	100,000,000.00		100,000,000.00	
Hefei Haier Refrigerator Co., Ltd.	49,000,000.00		49,000,000.00	
Qingdao Haier Whole Set Home Appliance Service Co., Ltd.	118,000,000.00		118,000,000.00	
Chongqing Haier Refrigeration Appliance Co., Ltd.	91,750,000.00		91,750,000.00	
Haier Shanghai Zhongzhi Fang Chuang Ke Management Co., Ltd.	2,000,000.00		2,000,000.00	
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	100,000,000.00		100,000,000.00	
Haier Shareholdings (Hong Kong) Limited	29,249,228,284.24	6,199,152,357.00	35,448,380,641.24	
Shenyang Haier Refrigerator Co., Ltd.	100,000,000.00		100,000,000.00	
Foshan Haier Freezer Co., Ltd.	100,000,000.00		100,000,000.00	
Zhengzhou Haier Air-conditioning Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Haidayuan Procurement Service Co., Ltd.	20,000,000.00		20,000,000.00	
Qingdao Haier Intelligent Technology Development Co., Ltd.	130,000,000.00		130,000,000.00	

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Name of investee	Opening Balance	Increase/ Decrease for the current period	Closing Balance	Impairment provisions at the end of the period
Qingdao Haier Technology Investment Co., Ltd.	410,375,635.00		410,375,635.00	
Qingdao Casarte Smart Living Appliances Co., Ltd.	10,000,000.00		10,000,000.00	
Haier Overseas Electric Appliance Co., Ltd.	500,000,000.00		500,000,000.00	
Haier (Shanghai) Electronics Co., Ltd.	12,500,000.00		12,500,000.00	
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	143,000,000.00		143,000,000.00	
Haier Electronics Group Co., Ltd.	3,979,407,602.61		3,979,407,602.61	7,100,000.00
Flourishing Reach Limited (SPVX)	12,751,300,336.02		12,751,300,336.02	
Qingdao Haidarui Procurement Service Co., Ltd.	107,800,000.00		107,800,000.00	
Qingdao Haier Intelligent Household Appliances Co., Ltd.	326,400,000.00		326,400,000.00	
Qingdao Haidacheng Procurement Service Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Haier Quality Inspection Co., Ltd.	18,657,135.49		18,657,135.49	
Qingdao Haier Home AI Industry Innovation Center Co., Ltd.	100,000,000.00		100,000,000.00	
Haier Zhjia Experience Cloud Ecological Technology Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Ruibo Ecological Environmental Technology Co., Ltd.	55,000,000.00		55,000,000.00	
Total	52,823,723,686.31	6,199,152,357.00	59,022,876,043.31	7,100,000.00

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(3) Long-term equity investments to associates

Name of investee	Opening Balance	Increase/Decrease for the current period			Closing Balance	Impairment provisions at the end of the period
		Increased/decreased amount for the current period	Investment income recognized under equity method	Others		
Wolong Electric (Jinan) Motor Co., Ltd.	172,054,149.94		21,314,938.91		193,369,088.85	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	206,764,442.76		1,746,626.13	-17,234,474.03	191,276,594.86	
Bank of Qingdao Co., Ltd.	1,267,732,987.42		138,382,500.35	-30,221,860.16	1,375,893,627.61	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	663,804,966.31		148,581,027.30	-113,540,000.00	698,845,993.61	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	412,107,471.53		4,175,855.45		416,283,326.98	21,000,000.00
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00				88,300,000.00	88,300,000.00
Qingdao HBIS New Material Technology Co., Ltd.	310,608,301.79		15,832,935.36	-3,231,156.20	323,210,080.95	
Total	3,121,372,319.75		330,033,883.50	-164,227,490.39	3,287,178,712.86	109,300,000.00

4. Operating revenue and operating cost

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Primary Business	415,969,097.84	360,553,019.13	633,158,770.00	546,305,360.36
Other Business	78,657,620.17	75,082,634.17	87,833,714.07	79,980,358.06
Total	494,626,718.01	435,635,653.30	720,992,484.07	626,285,718.42

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5. Investment income

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Investment income from long-term equity investment accounted for using cost method	9,958,795,244.23	8,458,124,538.41
Long-term equity investments income calculated by the equity method	330,033,883.50	147,523,868.11
Income from wealth management products	60,818,942.18	45,058,372.14
Investment income from investment in other equity instrument during the holding period	319,278.00	317,575.18
Total	10,349,967,347.91	8,651,024,353.84

XX. APPROVAL OF FINANCIAL REPORT

This financial report was approved for publication by the Directors of the Company on 27 March 2025.

XXI. SUPPLEMENTARY INFORMATION

1. Basic earnings per share and diluted earnings per share

Items	Amount for the current period Earnings per share (RMB)			Amount for the previous period Earnings per share (RMB)		
	Weighted average return on net assets	Basic earnings per share	Diluted earnings	Weighted average return on net assets	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.70%	2.02	2.02	17.24%	1.79	1.78
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	16.81%	1.93	1.92	16.06%	1.71	1.69

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2. Non-recurring profit or loss

Items	Amount for the current period	Amount for the previous period
Net profit attributable to ordinary shareholders of the Parent Company	18,741,120,122.93	16,596,615,045.87
Less: non-recurring profit or loss	936,387,313.30	772,450,884.44
Net profit attributable to ordinary shareholders of the Parent Company after deduction of non-recurring profit or loss	17,804,732,809.63	15,824,164,161.43

Breakdown of non-recurring profit and loss for the current period

Non-recurring profit and loss items	Amounts for the current period
Profit and loss from disposal of non-current assets	-77,035,862.98
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, to be enjoyed in a fixed amount or fixed quantity based on the national unified standards	1,324,181,478.11
Profit and loss from fair value changes of financial assets held for trading, financial liabilities held for trading, as well as investment gains arising from disposal of financial assets held for trading, financial liabilities held for trading and financial assets held for sale, except the effective hedging related to the normal operations of the Company	46,092,153.02
Other non-operating income and expenses except the aforementioned items	-139,979,862.69
Effect of minority equity interest	-38,778,108.00
Effect of income tax	-178,092,484.16
Effect of profit from business combination under common control	
Total	936,387,313.30

For the Company's recognition of items that are not listed in the "Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 — Non-recurring Profit or Loss" as non-recurring profit or loss items and the amount of which is significant, and for non-recurring profit or loss items as illustrated in the "Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 — Non-recurring Profit or Loss" designated as recurring profit or loss items, reasons shall be specified.

☐ Applicable ☒ Not Applicable