

Company Code: 600690.SH, 690D.DE

Short Name: Haier Smart Home

# Haier Smart Home Co., Ltd. 2021 Annual Report



### 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. Liang Haishan (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 RMB4.60 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 in respect of the future distribution proposal, with proposed distribution amounting to RMB4,320,413,011.54 (tax inclusive). The proportion of cash distribution is 33.1% 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 their related parties for non-operational purposes?**

No

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

No

**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

Chairman: Liang Haishan  
Haier Smart Home Co., Ltd  
30 March 2022

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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

2021 was no doubt another year full of challenges. The COVID-19 pandemic has changed life and work patterns. While consumption has yet to fully recover, the global supply chain was confronted by various factors such as the chip shortage and insufficient logistics capacity. 2021 was also the first fiscal year following the integration of Haier Electronics into Haier Smart Home. With unyielding dedication of 100,000 Haier Smart Home innovators around the world, we have delivered more than 110 million unit of home appliances to consumers worldwide and reported best business result ever, including all-time-high sales revenue and net profit. By upholding entrepreneurial spirit since day one, we have firmly implemented strategies of global brand creation, scenario-based innovation, and efficiency enhancement by digitalization. 2021 represents the year when Haier Smart Home made significant progress in fulfilling its mission to provided customized better living experience for families around the world.

### Key Accomplishments:

**Record-breaking revenue and profit:** In 2021, the Company delivered revenue of RMB 227.556 billion, representing 15.8% growth of organic revenue (excluding impact from disposed businesses). Also in 2021, the Company achieved net profit of RMB 13.217 billion, representing an increase of 16.7% as compared to 2020. Net profit attributable to the owner of the parent company was RMB 13.067 billion, representing growth of 47.1% from 2020.

**Realizing synergy due to integration with Haier Electronics:** The Company's operational efficiency has been enhanced. In 2021, selling expense ratio was 16.1% and administrative expense ratio was 4.6%, representing optimization of 1.1 and 0.5 percentage points from 2020 on a comparable basis respectively.

**High quality growth:** In 2021, the Company's cash flow from operating activities was RMB 23.130 billion, representing increase of RMB 5.52 billion from 2020. Net cash flow from operation activities to net profit was 1.75.

**Efforts to grow overseas business yielding results:** Overseas business achieved record-high revenue and profitability: overseas revenue reached RMB 113.725 billion, a growth of 13% from 2020; operating profit amounted to RMB 5.926 billion, an increase of 48.1% from 2020.

**High-end brands achieved rapid growth:** (1) In China, Casarte's sales revenue crossed RMB 10 billion mark and reached RMB 12.9 billion, representing a year-on-year increase of more than 40%. (2) In United States, our high-end brands Monogram, Café and GE Profile achieved over 40% growth rate.

**Alignment of management and shareholder interests:** We for the first time established a global management and employee equity incentive scheme based on the Haier Smart Home listed company incentive platform, which comprised incentive tools such as restricted stock units and options. These performance-based schemes further align interests of our management and shareholders.

**Sustainable long-term development:** The Fortune Magazine published the Fortune Global 500 in 2021. Haier Smart Home was featured once again, moving up 30 places from 2020. In 2022, Fortune Magazine named Haier Smart Home as one of the 2022 World's Most Admired Companies. The Company was the only company outside the United States listed in the Home Equipment and Furnishings category.

**Harmonious employee relations:** Haier Smart Home has strived to protect the health and safety of our employees in areas affected by COVID-19, while maintaining our pledge to deliver quality service to customers. In China, being Haier Smart Home's home market, not a single employee's living or health suffered due to the pandemic. In the United States, the largest overseas market of our company, GE Appliances was among the top 20 in the 2021 list of Healthiest 100 Workplaces in America and came second as The Employers with the Healthiest Work Environment of Kentucky in 2021.

**Remarkable results in technological progress:** Haier Smart Home Air Conditioning, together with other R&D institutes, won the "National Award for Science and Technology Progress Second Grade" prize in November 2021 for the development of the "Theory of Building Thermal Environment and related Key Technologies for Green Construction". As China's most acclaimed technology award, the National Award for Science and Technology Progress recognizes major technological breakthroughs and creative contributions by Chinese people and organizations in various fields.

According to the '2021 Global Smart Home Invention Patent Top100' released by IPRdaily, Haier Smart Home occupied the first place with 4,535 published patent applications in 2021. In the same year, GEA was named the 'Smart Home Appliance Company of the Year' by IoT Breakthrough for the fourth consecutive year in the United States.

### **Growth Opportunities and strategic initiatives**

Achievements of 2021 is behind us. In 2022, we may face challenges such as declining demand in China's real estate market, elevated international shipping costs and high commodity prices. However, the Company will remain proactive and fully committed to achieving rapid growth in 2022, with growth coming from capturing leadership positions in categories with high growth potential, as well as from

innovating service models and creating new revenue stream surrounding Haier Smart Home's loyal user base.

The Company currently operates three main categories of products – 1) major home appliances including refrigerators, washing machines, kitchen appliances; 2) heating, ventilation, and air conditioning (HVAC) category including air conditioners, water heaters and water purifiers; and 3) small home appliances. Consumer preference and technological trends relating to these three categories are different. At this stage, Haier Smart Home's market positions and competitive edge also vary in these three areas. However, we will assemble all necessary resources, including talents and funds, to tackle our weakness and support high-quality sustainable development in the next three years.

Since the outbreak of the pandemic in 2020, consumers' expectations for home living experience have become higher and higher. Their demand for better health, food freshness preservation, nutrition and IoT have ceaselessly propelled the innovation of kitchen appliances. In 2021, the unit price of refrigerator and kitchen appliances has recorded material surge, exhibiting an increasingly obvious trend in product upgrade. Haier Smart Home's comprehensive brand portfolio and proactive innovation based on consumer insights have allowed us to deliver more competitive refrigerators and kitchen appliances, thereby to achieving growth rate double that of the worldwide industry. Global R&D platform of Haier's refrigerator has provided support to the rapid growth of refrigerators in the European and Australian markets, while the solid competitive edge of GEA and FPA kitchen appliances have continuously strengthened the competitiveness of kitchen appliances in the China market. All of these demonstrate Haier Smart Home's competitive edge in global product R&D and operation system.

In terms of clothing caring, the Company's product range and technologies portfolio are a long way ahead of our competitors. High-end products such as the Twin two-in-one washing and drying machine have been highly recognized by the market, which enabled us to cement a leading position in the market segment. Great user reputation and strong R&D capabilities of Haier's washing machine have enabled us to make breakthrough in the dryer market in China in 2021, recording a revenue increase of 203% and topping the industry in terms of market share. In the United States, the sales volume of large volume front-loads washing machine which was created with our integrated global R&D resources has reached 550,000 units in 2021, representing growth exceeding 30% as compared to 2020.

Having established a leading market position in the categories of kitchen taste and clothing caring, Haier Smart Home's plan for the next three years is to further expand our leading edge, increase our market share and profit margins in various markets around the globe.

For the HVAC and water appliances businesses, such categories require professional interior finish and have a longer product cycle. The core competitive elements lie in whole supply chain cost competitiveness and technical consistency, as well as support by professional channel. In 2021, the Company achieved a market share of over 40% for electric water heaters, and the revenue of gas water heaters recorded a year-on-year increase of 51%. We have also gained further market share in the highly fragmented gas water heater market. Consistent investments in combustion technology, sterilization materials and energy efficiency technology have enabled us to have the largest market share in water heater business in China. In the United States, GEA's water heater plant in South Carolina is also going to deliver high-quality gas water heater products to American consumers.

The Company came in third place in China's domestic air conditioning market, with market share increased by more than 2 percentage points in 2021. In the commercial air conditioning market, with our magnetic bearing compressor technology solution which has the technological advantages of high energy efficiency, low operating costs and minimal noise, we have achieved 50% market share in this sub-segment. In 2022, the Company will ramp up investments in the core components of the air conditioning industry and develop distributor channels in collaboration with other internal businesses such as the water heater business, so as to realize large-scale and high-quality development of our air conditioning business.

After preparation of half year, we announced in late 2021 the investment plan for launching a small home appliance business division to further invest in emerging categories of home appliances, such as cleaning appliances, small kitchen appliances, and personal care gadgets. The small home appliance industry is having three favorable growth drivers – technological upgrade, smart interconnection, and innovative experience. It is also becoming an industry with a global integrated supply chain, with majority of production based in China. Meanwhile, small home appliances are becoming smarter. For example, in the field of vacuuming robots, sensors, scenarios, and interactions produce wealth of data, which enable replacement of manual labor by automatic cleaning. The merge of innovative experience with technological breakthrough has redefined a new market for automatic vacuuming robots and automatic floor cleaners, ushering the industry into a stage of rapid growth.

Through focused investment in categories with high growth potential, I believe Haier Smart Home can become one of the key players in the thriving small home appliance market. This business line may potentially contribute 10% of the Company's revenue in the next three years and can become a crucial part of Haier Smart Home's smart home scenarios. The development of small home appliance business will ride on Haier's brand strength, global scale, in-depth user insight and product definition capabilities, and will take the form of a jointly built ecosystem alliance, accelerating its development through collaborations. Haier Smart Home will make full use of China's ample manufacturing capacity of small

home appliances and pull together global technological resources to provide users around the world with healthy, smart, and joyful consumption experience with small home appliances.

Haier Smart Home will fully leverage the benefits of globalization. In China, we intend to further capture growth opportunities arising from market consolidation in all categories. In the United States, strong momentum in the real estate market and infrastructure construction will power home appliance consumption. In Europe and other markets, we have great potential to increase market shares in various product categories.

### **Executorial Enablers: Leverage strength and attack weakness**

Growth does not appear out of nowhere. The realization of growth depends on the resolute pursuit of the Company's mission by all Haier makers as well as our forward-looking and sustainable business model. As a Fortune Global 500 company, Haier Smart Home is always ambitious. Our culture and management system encourage all management staff and employees to push through their own limits and take on challenges. Merely following market average growth demonstrates incompetence.

In 2022 and years to come, we may still live in an era when human co-exists with COVID-19 and global macro-economic environment becomes more volatile. The pandemic has had a significant impact on the home appliance industry. It has changed the operating environment of enterprises, people's mode of working, and consumers' shopping patterns. It has also accelerated technology advancement and application of information technology, and digitalization reshaped operation model of businesses. Enterprises that strive to adapt to this environment will become more resilient and capable of gaining the trust of broader users. Meanwhile, shareholders, employees, customers, communities and governments in both China and other regions expect enterprises to shoulder more social responsibilities and promote sustainable economic development. In my opinion, by adhering to our strategies of global brand creation, localized operations, hyper-focus on user experience, and persisting in process reengineering by digitalization, Haier Smart Home will become more resilient in coping with challenges due to volatile economic climate, while paving a solid foundation for sustainable growth.

Haier has implemented localized operations in major markets around the world with majority of products sold in regional markets coming from local production with the dedication of local employees and by encouraging continued investment in local communities. For larger markets such as the United States, Japan, and India, we are widely recognized as a local corporate citizen who have made significant contribution to the respective local economy. GE Appliances, a wholly owned subsidiary of Haier in the United States, has been the largest investor in the local United States appliance industry for the past five



years. Since Haier's acquisition of GE Appliances, we have supported its expansion of local supply chain, built new factory, and increased local investment. In the past five years, 3,000 new jobs have been created with new investment exceeding USD 2 billion. By bringing Haier's local brands closer to consumers and integrating them into the local community, while taking advantage of the parent company's technological and operating platforms, such a business model will help us avoid adverse impacts such as trade barriers and obtain more sustainable competitive advantages.

Haier Smart Home has implemented a global high-end brand creation strategy and strives to gain a prominent position in the high-end market. The reason why we maintain focus on the high-end market is our belief that fulfilling the ultimate experience of consumers is the driving force of our Company's progress. Home appliances are not only functional but could also be artistic, aesthetic, and technological. For example, we have launched a zero-distance built-in refrigerator in line with the trend of home appliance and home furnishing integration, and introduced novel product such as the "Zhongzihemei" (中子和美) laundry combo which can perform three functions of washing, drying and fabric caring within one machine. High-end brand strategy also enables us to generate greater user value to offset the adverse impacts from commodity and labor costs.

The Company's leading position in the field of major home appliances is not only attributed to its market share, but also in its dedicated attention to customer experience, which creates one generation of exquisite and amazing products after another. The key lies in the coordination between the systems of product innovation and customer interaction. Since our establishment, we have been focusing on what our customers desire, creating standards for quality and services in China. Consumers' recognition is Haier's achievement. Such value system is not merely slogan but has deeply fused into the ideology of top management and front-line personnel. Going forward, more and more interactions will take place on e-commerce channels and online communities. In addition to humanized face-to-face channels, we will strengthen digital marketing and develop a big data interactive system for countless users.

Cloud computing, big data and IoT offer massive possibilities for more agile and intelligent enterprise operations in the future, and Haier Smart Home should also evolve to adapt. In 2022, we will strive to promote processes reengineering driven by digitalization and press forward with the optimization of operational efficiency from digitalization of R&D and design, logistics and service processes, and interconnected factories. Haier Smart Home's key process reengineering project in 2022 aims to realize digitalization of inventory management in the entire end-to-end supply chain process and optimize the allocation of working capital.

## **Entering 2022 with High Confidence**

Mainstream view of the market is that it will become increasingly difficult for leading enterprises to maintain relatively high growth in a mature industry such as home appliances. But I am optimistic that Haier Smart Home will enjoy unique growth opportunities. First, our strategic planning and core competencies are highly aligned, with the management of Haier Smart Home adhering to the original vision of Haier's first-generation entrepreneurs like never before. In other words, all Haier makers are to promise global consumers a wonderful home life beyond their imagination, and to become their most reliable partner for designing and serving their home requirements and creating smart experiences.

Furthermore, technological advances are driving the home appliances industry to become an increasingly imaginative sector. All Haier team members around the world expect to participate in and influence this historic process of innovation. Washing machine has first freed us from time constraints. Large refrigerators not only keep our food fresh, but also save the need for frequent shopping trips, then there is the ideal air environment that we can enjoy. Coming up next, the integration of technology and scenarios will become a stronger driving force. Oven and pre-prepared meal enable consumers to enjoy cuisine of master chef's quality at home, and consumer robots will take care of cleaning and food preparation. Technology will enrich our lives in ways beyond our expectations, and it is inevitable that consumers, whether in China, the United States or Europe, will love and embrace the excitement brought by technologically advanced home appliances. Haier Smart Home's mission is to elevate to a whole new level through creating products and innovating services, providing consumers iterative upgrades of products and service experience that integrate technological innovation, personalized services, and smart home scenarios.

In 2022, our established strategy will continue to be firmly implemented. Ahead of us is a challenging, long-term, and fruitful journey, while our ride to the future gives all of us at Haier a chance to carry out our mission and contribute to the well-being of all stakeholders. Lastly, I would like to thank our users around the world for choosing Haier and all our shareholders for their trust in Haier Smart Home!

Chairman of Haier Smart Home Co., Ltd: Liang Haishan

## 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.
GEA		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 over 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 ten self-owned professional household appliance brands. In January 2019, Candy became a wholly-owned subsidiary of the Company.
CMM		China Market Monitor Co., Ltd., as an authoritative market research institute in Chinese household appliances area, was established in 1994 and has been focusing on research of retail sales in China consumption market ever since.

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.
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 <i>RenDanHeYi</i>		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	Liang Haishan

## II. CONTACT PERSON AND CONTACT INFORMATION

	Secretary to the Board	Representative of securities affairs	Company Secretary (D/H shares)	Others
Name	Ming Guozhen	Liu Tao	Ng Chi Yin, Trevor	Global Customer Service Hotline
Address	Department of Securities of Haier Smart Home Co., Ltd., Haier Information Industrial Park, No.1 Haier Road, Qingdao City	Department of Securities of Haier Smart Home Co., Ltd., Haier Information Industrial Park, No.1 Haier Road, Qingdao City	Room 3513, 35th Floor, The Center, 99 Queen's Road Central, Central, 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	/

## III. SUMMARY OF THE GENERAL INFORMATION

Registered Address	Haier Industrial 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 Information Industrial Park, Laoshan District, Qingdao City
Postal code of the business address	266101
Website	<a href="https://smart-home.haier.com/cn/">https://smart-home.haier.com/cn/</a>

Email	9999@haier.com
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#### 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 Information Industrial 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	/

#### 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	Zhao Bo, Wang Lin
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	Jack, Tian Sun Kit
Financial Advisor responsible for continuing supervision during the reporting period	Name	Zheshang Securities Co.,Ltd.
	Business Address	No. 201, Wuxing Road, Jianggan District, Hangzhou City, Zhejiang Province
	Name of signing financial advisors	Yu Qichao, Wang Jian
	Period of continuing	23 December 2020 to 31 December 2021

	supervision	
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Note:

(1) Accounting firm engaged by the Company (domestic and overseas): Pursuant to the motion for the appointment of an auditor approved at the Company's 2020 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 2021 annual report.

(2) The financial advisor is responsible for continuing supervision: The H shares of the Company were listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited on 23 December, 2020. In accordance with the relevant requirements of the Material Assets Reorganization, as the independent financial advisor for the issue, Zheshang Securities Co., Ltd. performs continuous supervision duties for the remainder of the year in which the H shares of the Company are listed and one full fiscal year thereafter. In addition, the Company has engaged Anglo Chinese Financial Advisors Limited (Address: 40th Floor, Exchange Square Phase 2, 8 Connaught Place, Central, Hong Kong; Sponsor: Stephen Clark) as a compliance advisor in accordance with the requirements of the Hong Kong Rules, which performs continuous supervision duties during the continuous supervision period (for the remainder of the year in which the H shares are listed and one full financial year thereafter).

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

### (I) Key accounting data

Unit and Currency: RMB

Key accounting data	2021	2020		Yoy change (%)	2019
		After adjustment	Before adjustment		
Operating revenue	227,556,143,618.17	209,723,430,081.03	209,725,821,099.44	8.50	200,761,983,256.57
Net profit attributable to shareholders of the listed company	13,067,038,271.85	8,883,129,055.16	8,876,593,208.19	47.10	8,206,247,105.96
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	11,831,272,558.29	6,457,813,335.37	6,457,813,335.37	83.21	5,765,164,700.75
Net cash flows from operating activities	23,129,640,417.72	17,609,513,831.64	17,599,111,715.51	31.35	15,082,630,942.73
	At the end of 2021	At the end of 2020		Yoy change (%)	At the end of 2019
		After adjustment	Before adjustment		
Net assets	79,810,927,325.55	66,837,525,701.87	66,816,422,614.55	19.41	47,888,319,765.92

attributable to shareholders of the listed company					
Total assets	217,459,494,212.74	203,498,169,276.71	203,459,495,879.65	6.86	187,454,236,283.17

**(II) Key financial indicators**

Key financial indicators	2021	2020		Yoy change (%)	2019
		After adjustment	Before adjustment		
Basic earnings per share(RMB/share)	1.41	1.34	1.34	5.22	1.29
Diluted earnings per share (RMB/share)	1.40	1.31	1.31	6.87	1.19
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	1.27	0.97	0.97	30.93	0.90
Weighted average return on net assets (%)	17.29	17.68	17.67	-0.39	19.12
Weighted average return on net assets after deducting non- recurring profit or loss (%)	15.65	12.85	12.85	2.80	13.43

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 prepared 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 2021 BY QUARTER**

Unit and Currency: RMB

	<b>Q1</b> <b>(January-March)</b>	<b>Q2</b> <b>(April-June)</b>	<b>Q3</b> <b>(July-September)</b>	<b>Q4</b> <b>(October-December)</b>
Operating revenue	54,773,701,753.64	56,845,120,311.09	58,344,749,484.03	57,592,572,069.41
Net profit attributable to shareholders of the listed Company	3,053,933,589.63	3,798,338,223.34	3,082,339,695.41	3,132,426,763.47
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	2,823,027,182.06	3,446,879,224.66	2,785,809,654.46	2,775,556,497.11
Net cash flows from operating activities	2,863,386,935.66	5,560,436,791.23	4,935,460,348.29	9,770,356,342.54

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

☐ Applicable ☒ Not Applicable

**X. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNT**

<b>Non-recurring profit and loss items</b>	<b>Amount in 2021</b>
Profit and loss from disposal of non-current assets	95,443,538.78
Government subsidies included in current profit or loss, except for government	717,084,575.78

subsidies that are closely related to the Company's normal business operations, comply with national policies and regulations, and continue to be enjoyed in a fixed amount or fixed quantity according to certain standards	
Net profit and 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	-1,015,618.64
Profit and loss from fair value changes of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, as well as investment gains arising from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and other debt investments, except the effective hedging related to the normal operations of the Company	512,402,328.52
Other non-operating income and expenses except the aforementioned items	60,282,401.05
reduction: Effect of income tax	135,105,480.15
Effect of minority equity interest (After Tax)	13,326,031.78
Total	1,235,765,713.56

## 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
Forward foreign currency contract	-58,007,371.41	142,380,197.33	200,387,568.74	439,056,947.32
Wealth management products	1,862,036,322.21	2,168,622,090.00	306,585,767.79	60,499,015.46
Investment in trading equity instruments	83,949,637.05	330,557,610.82	246,607,973.77	46,729,587.36
Interest rate swap agreement	-50,886,744.60	-19,684,900.48	31,201,844.12	
Investment funds	113,759,845.57	150,516,274.37	36,756,428.80	18,097,485.77
Investment in other	2,659,025,265.54	4,848,709,438.96	2,189,684,173.42	58,558,795.05

equity instruments				
Forward commodity contract	25,644,774.08	6,997,783.42	-18,646,990.66	
Other derivative financial instruments	46,832,494.61	46,832,494.61		
Total	4,682,354,223.05	7,674,930,989.03	2,992,576,765.98	622,941,830.96

**XII. Others**

☐ Applicable ☒ Not Applicable

## Section III Management Discussion and Analysis

### I. DISCUSSION AND ANALYSIS ON OPERATIONS

In 2021, the Company realized sales revenue of RMB227.556 billion, representing an increase of 8.5% from 2020 and an increase of 13.3% from 2019. The Company disposed COSMOPlat in the third quarter of 2020 and RRS Logistics in the third quarter of 2019. Excluding the impact from the disposal, the Company's revenue growth in 2021 would have been 15.8% and 23.4% as compared to 2020 and 2019 respectively. Robust performance was driven by (1) strengthened high-end market leadership and enhanced competitiveness in products and scenario-based solutions, while (2) accelerated global coordination and growing online presence were vital to the expansion overseas, and (3) we also benefited from continued distribution network expansion & increase in operation efficiency via end-to-end digital transformation.

In 2021, the Company achieved net profit of RMB13.217 billion, an increase of 16.7% from 2020, and an increase of 7.2% from 2019. Net profit attributable to the owner of the parent Company was RMB13.067 billion, an increase of 47.1% from 2020 and an increase of 59.2% from 2019. (1) Faced with escalating raw material and components costs, the Company still managed to expand gross profit margin by 1.6 percentage points to 31.2% by leveraging on strong high-end revenue, efficiency initiatives and disposal of low margin businesses. (2) Selling expense ratio was 16.1% and administrative expense ratio was 4.6%. Excluding revenue of COSMOPlat in 2020, selling and administrative expense ratio in 2021 would have decreased by 1.1 and 0.5 percentage points respectively as compared to 2020 (including COMSOPlat, selling expense ratio was 16.0% and administrative expense ratio was 4.8% in 2020). The cost reduction was mainly due to continuous digital transformation in the Chinese market, rapid growth overseas and improvement in operational efficiency. (3) Financial expense ratio reduced by 0.3 percentage points to 0.3%, this was mainly due to CB conversion, loan repayments and replacement of high interest borrowings.

The Company's net cash flow from operating activities in 2021 was RMB 23.13billion, an increase of RMB 5.52 billion from 2020 and an increase of RMB 8.047 billion from 2019, the growth was attributable to greater profitability and enhanced efficiency. Net cash flow to net profit ratio was 1.75 during the reporting period.

#### (I) Smart Home Business in China

In 2021, sales revenue from smart home business in China amounted to RMB 120.791 billion, representing an increase of 22.2% from 2020. Operating profit grew by 27.5% to RMB 7.456 billion. The growth was attributable to increase in market share and 40% revenue growth of Casarte brand as well as distribution network expansion, accelerated digitalization and improved operational efficiency.

## 1. Household Food Storage and Cooking Solutions (Internet of Food)

### (1) Refrigerator and Freezer Business

In 2021, refrigerator business achieved sales revenue of RMB 41.743 billion, a year-on-year increase of 21.4%. According to CMM, Haier's market share increased by 2.1 percentage points to 41.3% offline; and market share online went up by 2.7 percentage points to 37.8%.

The refrigeration industry has entered into the next stage of development where volume starts to stabilize and growth driven primarily replacement demand. Users continue to look for larger storage space with better preservation technologies, so we doubled the drawer space by moving the refrigeration units from the back of machine to the bottom, we also introduced new hinge system to create the ultimate seamless appearance, Casarte's BCD-600 was an instant best seller contributing to the our market share reaching 46.7%, in other words, up 2.8 percentage points in units priced above RMB 10,000; Casarte also made breakthrough on ecommerce platforms where 30,000 units were sold during 618 Festival on JD.com, the launch of Homey 505 and 506 series put us in no.1 in units priced above RMB 10,000 online.

Refrigerator business invests more in quality control, supply chain management and digital transformation. During the reporting period, the Company implemented Super Factory Project targeting capacity maximization, SKU concentration, global coordination and cost optimization, and we also introduced 3A Engineers Programme and trained 100 cost management specialists.

In addition, enhanced competitiveness of large capacity T-door and French-style refrigerators contributed to rapid growth in export revenue of units priced over US\$1,000 and €1,000.

### (2) Kitchen Appliance Business

In 2021, revenue of kitchen appliance segment reached RMB 3.496 billion, an increase of 26.1% year-on-year, amongst which, Casarte's revenue surged 95.1%, and its revenue contribution increased by 7.4 percentage points to 22%. According to CMM, the Company's market share grew 1.1 percentage points offline to 7.1% and stayed flat at 5.2% online..

The Company remained committed to implementing high-end brand strategy with fast product pipelines, introducing kitchen solution packages and improving store experience, while actively developed partners from home improvement markets.

Meanwhile, dedicated effort was made to promote global coordination. R&D team in China worked closely with FPA and GEA to develop new motor control technology that could deliver constant volume of air flow using big data and algorithms. The new 12- square range hood could sense pressure, unclog pipe and prevent blockage, the Five Ring stove could heat up the entire pan surface to the same temperature, and built-in steamer ovens led the industry in revenue growth with 300°C heating temperature, precise control and dual water circulation system. Casarte's Asian style built-in dishwashers were equipped with 7X cleaning system to provide 360° water coverage at 70°C for effective grease removal. In 2021, dishwasher sales revenue grew 90% while Casarte's dishwasher grew by 137.9%.

During the reporting period, kitchen appliances segment prioritized efficiency improvement and cost reductions in equipment, quality and production, realizing 35% increase in production capacity on pre-processing lines without additional manpower. The Company gradually increased the proportion of self-manufactured large metal parts in range hoods, stoves and ovens to 100%, contributing to increased profitability.

### **(3) Internet of Food: integration of appliance and services to add value**

Based on Smart Home cloud platform and Three-Winged Bird smart kitchen scenarios, the Internet of Food integrated smart oven, digital cooking program and standardized pre-prepared dishes to provide users with brand new experience where they can buy grocery from the oven screen and recreate master chef's dishes at home with just a simple click. Together with partners including Mengniu and Shuanghui, the Company launched the industry's first IoT-based platform specializing in pre-prepared dishes, since then, a total of 387,000 roast ducks and 200,000 sets of Chinese New Year dinner have been sold, realizing a 67% growth year-on-year. New application scenarios featuring B&Bs and offices were also created.

## **2. Household Laundry Management Solutions (Internet of Clothing)**

### **(1) Washing machine business**

During the reporting period, the Company's washing machine business achieved sales revenue of RMB 30.658 billion, representing a year-on-year increase of 18.0%. According to CMM, the Company's market share reached 43.1% offline, up 2.9 percentage points while market share grew by 0.5 percentage points to 40.4% online.

In 2021, the Company consolidated high end leadership through continued innovation and captured growth opportunities from new categories with Casarte's Zhongzihemei (中子和美) washer & dryer combo, whose market share grew to 96.5% in top washer + bottom dryer category. The Company's tumble dryer revenue grew by 203% and led the market with 32.9% share offline and 24.5% shares online, growth of 14.8 percentage points offline and 5.8 percentage points online respectively.

Despite pandemic resurgence, shipping constraints, rising commodity prices and currency fluctuation, the Company remained committed to brand premiumization and mix upgrade in order to maintain solid growth overseas.

### **(2) Internet of Clothing**

The Internet of Clothing business started from simple washing machines, now it offers a full cycle of smart scenario solutions including washing, fabric storages, and styling. During the reporting period, in order to tackle stubborn stains, residual detergent and fabric discolouration, together with leading detergent manufacturers, the Internet of Clothing team introduced washing machines featuring ink cartridge type detergent dispenser in an attempt to create brand new experience of healthy and smart colour care, a total of 160,000 units were sold in 2021.

### 3. Air Solutions

During the reporting period, the overall air conditioning business achieved sales revenue of RMB 32.193 billion, an increase of 26.2% from 2020.

#### (1) Home air conditioning business

The Company adopted an efficient retail model and strived to breakthrough in the mid-to high-end air conditioning market. We continued to accelerate channel integration, network expansion and scenario experience upgrade. According to CMM, the Company's market share increased 2.5 percentage points to 16.8% offline in 2021, while the share online increased 2.4 percentage points to 13.6%. Meanwhile, share in the high-end market (wall-mounted units priced above RMB 4,000 and standing units priced above RMB 10,000) reached 20.2%, an increase of 5.2 percentage points.

By leveraging on multi-brand portfolio and strengthening technological innovation, the Company filed 2,597 patents in 2021. (1) Casarte launched Galaxy series equipped with the industry's first full-space constant-temperature air technology that enabled 360° coverage and speedy temperature adjustment, contributing to the brand's 56.7 % revenue growth. (2) Inspired by high-speed engines from aviation industry, Haier launched air conditioners that could cleanse air at home with high-speed centrifugal waterfall and multi-layer water spray technologies.(3) The household multi-split units specialized in customized solutions for different user scenarios in the bedroom, kitchen and the basement, providing users with fresh and healthy air at home.

During the reporting period, 620 new franchise stores specializing in air solutions were developed with particular efforts made to increase presence in HVAC channels, the Company also capture the new growth opportunities in lower-tier markets with the addition of 30,000 village sales outlets.

The export revenue maintained steady growth driven by speedy product iterations including health-boosting air conditioner equipped with a LED-UVC module, Texcell in France verified its 99.998% inhibitory effect on the novel coronavirus. Featuring a separated air supply system, the new 'X' split-type air conditioner could be disassembled in 28 seconds, making cleaning and maintenance much easier, and this was recognized by SGS with the Easy-to-Clean 5-star rating certificate.

In addition, efficiency of product platform increased by 20% driven by greater production concentration and manufacturing optimization, while specialized design, installation and service network was fundamental to drive strong growth online.

#### (2) Commercial air conditioning business

The Company accelerated development of user-oriented scenario solutions. According to China IoL, the Company's market share increased 0.9 percentage points to 10.7% offline in 2021.

Commercial air conditioner focused on product and technology innovations in IoT applications, alternative source of energy and refrigerant. 1. IoT based multi-splits units received wide market recognition from National Speed Skating Oval and projects in Shigatse prefecture of Tibet for remarkable

energy-saving performance and advanced warning system. 2. With 50% market share (information from China IoL), the Company has been leading the industry in maglev air conditioners since its first introduction in 2006. Our latest energy efficiency, low-cost and low-noise maglev chiller was widely used in projects including National Supercomputing Centre, Business Service Centre in Xiong'an, Underground Line 4 in Chongqing, People's Hospital in Shenzhen, and Shandong Energy Group. 3. The Company was the first in the industry to introduce full-spectrum air conditioning unit which was widely used in scenarios with complications such as hospitals in-patient wards, emergency rooms, operating theatres and negative pressure isolation wards. This technology was also chosen by excavation site of Sanxingdui for air disinfection and micro management of temperature and humidity level.

#### **4. Household Water Solutions**

The water heater and water purifier businesses achieved breakthrough with high-end differentiated products in 2021 as revenue amounted to RMB 12.701 billion, a year-on-year growth of 24.3%.

##### **(1) Water heaters**

During the reporting period, the Company's water heater business focused on providing safe, and smart household water solutions. According to CMM, our market share grew 3.5 percentage points to 28.1% offline and market share online amounted to 30.7%, with a rise of 3.4 percentage points year-on-year. Revenue of Casarte water heaters grew 42.4%, with market share increase of 4.1 percentage points.

Gas water heater revenue grew by 51% leveraging on innovations in technology and expansion in distribution network. According to CMM, the Company's market share in electric water heaters was 41.7% online and 40.2% offline, representing increases of 4.0 and 3.7 percentage points year-on-year. We launched Casarte Crystal Tank Galaxy series - the industry's first water heater without magnesium rod, significantly reduce limescale, leakage, rust and corrosions. Casarte's revenue was 1.8 times the runner-up in unit priced above RMB 8,000, partly driven by the best-selling mineral springs bath specifically designed for skin care.

During the reporting period, the Company's gas water heater achieved 51% revenue growth. According to CMM, our market share grew 4.3 percentage points to 20.6% online, while market share went up by 4.1 percentage points reaching 19.7% offline. The rapid growth was attributable to innovation including gas-electric hybrid technology with optimal energy usages, contributing to our no.1 position in water heater units priced RMB 8,000-10,000; dedicated efforts were made to enhance presence in home improvement channels and building material markets while developing partnerships with interior designers to capture growth opportunities from new houses and HVAC channels.

During the reporting period, Haier's air-powered heat pump water heater accelerated R&D of health-oriented products specializing in high water temperature and water disinfection and we continued



to lead the industry with market share of 64% offline and 58% online respectively; the Company also made breakthrough by developing 7 out of 10 best-selling units priced above RMB 10,000.

## (2) Water purifiers

The Company's market share in 2021 reached 11.6% offline<sup>1</sup>, realizing an increase of 1.7 percentage points year-on-year, while ranking moved up by one place to number four.

During the reporting period, the Company adopted innovative RO+ mineral water system which facilitates Casarte's Yunzun (雲樽) series in providing strontium-rich water solutions.

Supply chain capability was enhanced with the ramping up of new smart water purifier factory in April, since then the Company has been manufacturing its own filter, water circuit board and moulding modules, laying down solid foundations for future growth.

## **5. Strengthening network presence to expand user base; leveraging Casarte's leadership to increase user value**

During the reporting period, the Company adhered to retail transformation, network expansion and user value enhancement leveraging on Casarte's high-end leadership. According to CMM, our overall market share in China grew 2.3 percentage points to 25.1%.

### **1. Unlock growth potential with sales network expansion and omni-channel integration**

Together with new national and regional partners from home improvement providers and building material industries, 723 sales outlets were added to capture increasing traffic in home improvement stores; the Company also promoted community-based micro stores that could offer laundry and appliance repair services at users' doorstep, thus building long lasting relationship at zero distance, making our products and services packages a natural choice when users are looking to replace an aging refrigerator or renovating the entire kitchen. On the other hand, 78,000 part-time sales representatives were developed in the rural markets in order to raise our profile and promote consumption upgrade, all of which increased our competitiveness, and contributed to revenue growth of over 20% in franchised stores.

According to AVC, the Company led the industry with 28.8% growth online in 2021, during which time, the Company actively worked with new partners including TikTok and Kuaishou, to capture young users' attention through innovative video clips and live streaming, this helped us become number one in major home appliance on TikTok with the largest the number of fans and GMV. Over 90 million users were identified as brand interest population, and membership from flagship store online exceeded 30 million. In addition, 10,000 new sales outlets were added in lower-tier markets in order to boost traffic and average ticket price.

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<sup>1</sup>Source: CMM

**(2) Casarte maintained strong momentum with record revenue**

After 16 years of development, Casarte has successfully established itself as a leading brand of cutting-edge technologies, outstanding quality and sophisticated taste. In 2021, its revenue grew by over 40% reaching RMB 12.9 billion. It also had 73.9% market share of washing machines priced above RMB 10,000; 36.2% market share of refrigerators priced above RMB 10,000, and 30.3% market share of air conditioners priced above RMB 15,000.

**6. Three-Winged Bird scenario brand creates smart home solutions that integrate appliances with home improvements to grow user value**

Increasing user demand for scenario based home appliances solutions unlocks significant growth potentials, thus Three-Winged Bird made particular effort to enhance its scenario solutions, grow 1+N service capability and expand distribution network.

During the reporting period, 1,317 scenario-based stores were added, covering more than 1,100 building material markets in tier one and tier two cities, the Company also upgraded Three-Winged Bird APP, for example, users could place orders online while tracking the progress of their new kitchen, the new hassle-free experience during the entire project was only made possible with Haier's commitment to create standardized comprehensive service and fulfilment practices.

During the reporting period, Three-Winged Bird focus on promoting comprehensive solution packages, sales volume of high-end sets grew 62%, with its contribution increased 10.6 percentage points to 37%; and sales volume of smart sets grew 15%, and its contribution up 2 percentage points to 17%.

**7. Focusing on the development of a user-centred digital enterprise, the Company promoted whole-process digital transformation to build a highly-efficient operation system.**

In 2021, the Company focused on accelerating end-to-end digitalization in order to improve the experience of distributors and users while enhancing internal operational efficiency. On one hand, the entire user interaction process was consolidated on smart operating platform which then facilitated user identification, interaction and maintenance throughout the life cycle. As a result, registered user increased by 31 million to 204 million during the reporting period. On the other hand, greater efforts were made to speed up the transition from 'managing distributors' to 'helping distributors managing user data'. Online contract system was launched to shorten the time required from new distributions when opening accounts and developing stores, they also had digital tools to manage membership, logistics and services; sales representatives were also able to promote products and maintain close user interaction through digital middle platform, this resulted in 12.5% increase in average ticket size. In addition, 99% of personnel managed their services online.

(2) The Company enhanced operational efficiency and user experience by digitalization in production planning, inventory and operation management. 50% of the factories were capable of applying advanced

algorithms and optimize turnovers, decision making significantly reduced to enhance flexibility in production; physical boundaries removed with virtual management of inventory and services for optimal user experience and enhanced efficiency

## **8. Promoting the continuous upgrading of intelligent manufacturing**

By the end of 2021, the Company has built 18 smart factories. Haier's third light house factory --- Tianjin Washing Machine Smart Factory was recognized as the industry's first end-to-end lighthouse factory in 2021 for precision in capturing user demand, flexible and efficient logistics and distribution system, and low-carbon energy management system.

The Company remained committed to integrating new-generation information technologies of 5G, artificial intelligence and digital twin with smart manufacturing, and was selected twice in a row by the Ministry of Industry and Information Technology as '5G+ Industrial Internet' model application scenarios. In September 2021, the Sino-German washing machine factory, the central air conditioning factory, Hefei refrigerator and washing machine factory passed the WEF Smart Industry Readiness Index (SIRI) assessment and were chosen to represent home appliance industry in the 'Smart Industry Readiness Index Certification White Paper'. In December, the Sino-German washing machine factory received 2021 Asia Communication Awards in recognition of its efforts in combining smart manufacturing with 5G+MEC,

## **(II) Overseas home appliances and smart home businesses**

During the reporting period, the Company delivered record revenue and profit from overseas business. Sales revenue reached RMB 113.725 billion, an increase of 13.0%; operating profit amounted to RMB 5.926 billion, a rise of 48.1%; operating profit margin reached 5.2%, a growth of 1.2 percentage points from 2020.

The robust revenue and profit margin growth were attributable to fulfilling the needs of different user groups with multiple brand portfolio, and continued iteration of user experience with innovative products, where the proportion of high-end sales in the North America grew 2.6 percentage points, and the proportion of high-end sales in Europe rose 5 percentage points. By using digital marketing tools, the Company was able to seize the growth opportunities online while enhancing global supply chain capabilities to boost manufacturing efficiency. In 2021, the refrigerator factory in Romania, the air conditioning factory in Egypt, and the washing machine factory in India were put into production. In addition, leveraging on global integration and collaboration, the Company managed to reduce the cost impact from port congestion and chip shortages with initiatives including joint negotiations, resource allocation optimization and strategic procurement.

## **1 The North American market**

With dedicated efforts made by the entire team, the Company's revenue reached a record level of RMB 70.277 billion in the North American market, representing a growth of 10.3% in RMB and 18.0% denominated in USD. The growth was driven by the Company's effort in product, brand and channel innovations, acceleration of new businesses, and supply chain upgrade.

Market share and profitability were reinforced with successful new product launches including large multi-door refrigerators, large size front-load washing machines, tall tub dish washers, professional oven ranges and Café Wine Cabinets, contributing to over 40% revenue growth from our high-end Monogram, Café and GE Profile brands. Specialists in Air and Water Team worked closely with colleagues in China, and won Marriott Hotel contract in Austin, Texas Airport with Haier MRV5 units; and DFS team signed serviced apartments project contract in Chicago. Small kitchen appliances revenue doubled, driven by successful launches of several new series including Opal ice maker, which was named Amazon's Choice and Best sellers.

On the distribution front, the Company strengthened partnership with commitment and dedication. We developed five new retail partners including Macy's and were named Partner of the Year by Home Depot, achieved steady revenue growth with buying groups, strengthened leadership in contractor channel with double digit revenue growth; renewed contract with the largest property developer for another three years; developed new partners from HVAC channel and established life style department to cater for RV manufacturers. Revenue continued to double online in channels including Amazon. A new zero distance channel was launched aiming to explore growth potential by creating seamless and wholesome service that can be rewarded with lifelong user loyalty. The Company started building Stamford Co-Creation Centre in September 2021 and plans to finish construction by second half this year, by which time it will be the place for users to enjoy interactive, multi-dimensional and immersive brand experience.

## **2. The European market**

During the reporting period, the Company's European business achieved sales revenue of RMB 19.737 billion, an increase of 19.5% year-on-year.

In 2021, Haier brand continued to grow in price index and constantly outperformed the industry in market share growth. The Company also optimized its product mix, with the launch of a variety of high-end refrigerators and the 979 series large-diameter washing machines, the latter became No. 1 best seller on Amazon Prime Day and Black Friday. In the meantime, the Company also accelerated online growth, showcased high-end brand image and promoting brand stores and store-within-stores in Germany.

In Romania, the Company completed the construction of the new factory which specializes in manufacturing high end refrigerators and it is designed to facilitate speedy response to local market demand.

In addition, breakthrough was also made in building scenario-based ecosystem. The number of registered users on hOn APP reached 4.5 million,

### **3. The Australian and New Zealand market**

In Australia and New Zealand, the Company's revenue grew by 17.3%, reaching 7.012 billion in 2021 and concentrated effort continued to be made on product premiumization and network expansion.

During the reporting period, several new products include induction cooktops, insert ventilations were introduced by FPA, we also started developing steamer ovens platform, all of which contributed to 33% revenue growth in kitchen appliances; we upgraded washing machines with low temperature UV disinfection module and launched new tumble dryers, grew market share by 1.6 percentage points; built-in refrigerator revenue grew by 60% thanks to the introduction of Column series and new four-door series, particular efforts were made with comprehensive built-in range to capture opportunities in construction channel.

### **4. The South Asian market**

During the reporting period, sales revenue grew 30.5% to RMB 7.138 billion.

In India, the Company seized opportunities from consumption upgrade towards large-capacity and health-oriented products, taking the lead in launching high-end side-by-side refrigerators and large-capacity front-load washing machines, and the proportion of high-end revenue rose to 34%. Meanwhile, the Company actively expanded the distribution network, realizing 94% coverage in franchised channels, 100% coverage in 5 national & 50 regional chain retailer and 82% coverage of rural markets. Installation and equipment adjustment were carried out via video links to ensure the timely completion of construction in Northern Industrial Park.

In Pakistan, the Company remained number one by taking a number of initiatives including the launch of T3 air conditioner that could work under temperature as high as 56°C, introduction of the electric frequency-conversion refrigerator focusing on saving energy and advanced food preservation, exactly what the users were looking for during the pandemic; meanwhile, sales revenue grew 150% online with combination of Haier brand and newly introduced Candy brand.

### **5. The Southeast Asian market**

During the reporting period, sales revenue grew by 15.0% to RMB 4.740 billion.

The Company continued to strengthen technological and product leadership by launching large-diameter washing machines and T-door refrigerators, the latter contributed to 4.7 percentage points market share gain in Vietnam where distribution network coverage also increased to 100%, and the Company introduced Candy brand in order to drive growth online in Thailand.

## **6. The Japanese market**

In 2021, the Company realized sales revenue of RMB 3.491 billion, representing a year-on-year decrease of 3.4% in RMB and a 6.3% growth in denominated in Japanese Yen. The aggregated market share of refrigerators, freezers and washing machines reached 14.1%, and continued to be lead the refrigeration segment with combined market share of 16.7% from refrigerators and freezer.

During the reporting period, the Company launched AQUA brand ultra-large TZ refrigerators and upgraded Delie refrigerator series while renovated variable-frequency washing machines with ultrasonic technology and introduced best-selling high-end front-load washer-dryer combo whose revenue contributed reached 25% in December.

In addition, community-based laundry business continued to lead the industry with market share of 70%, the Company worked closely with partners including FamilyMart, P&G, ENEOS petrol stations and MUJI, to add over 100 scenario-based stores specializing in laundry, clothing, food, and transportation solutions.

### **(3) Establish incentive mechanism to unlock individual's potential**

In 2021, a new incentive system was established to unlock the fullest potential of our people, while aligning long-term and short-term interest with shareholders. The Company successively launched the A-share Core Employee Stock Ownership Plan, the H-share Core Employee Stock Ownership Plan, the H-share Restricted Share Unit Scheme and the long-term A-share Options Incentive Scheme, in order to provide complete coverage of core employees home and abroad over different vesting periods including short, medium and long term, in order to accelerate the implementation of smart home strategies, attract and retain talents thus creating greater value for shareholders with sustainable development in the long term.

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

### **(I) Industry Overview for 2021**

#### **1. The Chinese Market**

In the face of a complex and volatile domestic and international environment in 2021, China's economy continued to steer development towards high-quality growth. In terms of the home appliance

industry as a whole, it has entered the development stage focusing on replacement. Overall sales demand became stable, and the average product price was enhanced due to product upgrade. Aggregated data from CMM showed that the retail sales of China's major home appliance market reached RMB 481.8 billion in 2021, a year-on-year growth of 8.5% from 2020; the retail sales of the kitchen appliance market was RMB 231.9 billion, a year-on-year increase of 8.7%.

By category: (1) The refrigerator and washing machine industries have benefited from average price increase brought about by continuous product upgrade, retail revenue continued to grow. According to data from CMM, retail sales of the refrigerator and washing machine industries reached RMB 98.1 billion and RMB 73.5 billion respectively in 2021, representing growth of 7.6% and 7.3% respectively as compared to 2020. (2) Impacted by factors including the real estate slowing down and the summer temperature lower than previous years, retail sales of the air conditioning industry reached RMB 157.6 billion with a slight growth of 0.5%. (3) With increasing popularity of integrated stoves, which has substitution effects on traditional kitchen appliance products such as range hoods and gas stoves and as data from CMM showed, retail sales of the range hood industry in 2021 amounted to RMB 38.2 billion, representing a growth of 7.0% as compared to 2020; retail sales of the integrated stove industry reached RMB 26.7 billion, representing a surge of 43.5% from 2020. (4) The water heater industry's overall performance was stable, with retail sales amounted to RMB 60.8 billion, up 0.8% from 2020. (5) Emerging categories such as clothes dryers and dishwashers have entered a stage of rapid growth after years of incubation: according to CMM's statistics, the retail sales of dishwashers reached RMB 11.3 billion in 2021, a rise of 20.2% from 2020; the retail sales of clothes dryers amounted to RMB 7.6 billion in 2021, a jump of 123.5% compared to that of 2020. (6) The pandemic has caused people to stay home for extended period of time, alongside product innovation, user demand for cleaning appliances and emerging small kitchen appliances have been stimulated. For instance, according to data from CMM, retail sales of cleaning appliances reached RMB 27.8 billion in 2021, an increase of 23% year-on-year. According to statistics from Euromonitor, the sales volume of air fryers in the Chinese market recorded a year-on-year growth of 37% in 2021.

As the market as a whole entered the development stage focusing on replacement, users' concerns and industry trends have displayed new characteristics.

(1) When purchasing products, users shifted their focus solely on functionalities and cost-effectiveness to a comprehensive consideration of brand identity, diversity of experience, design originality of products.

(2) In terms of industry development trends:

Firstly, against the backdrop of quality-of-life improvements, especially under the influence of the pandemic, users' health awareness has greatly enhanced, leading to increased sales opportunities for health-conscious and smart home appliances. For instance, smart large-sized refrigerators, freshness preserving refrigerators and T door refrigerators have fulfilled user's needs for healthy diets, product intelligence, and refined storage space. Products such as washers with health-boosting sterilization

features, washer dryer combos and smart washing machines have offered enhanced laundry and garment-wearing experience. Air conditioning products have also transitioned from simple temperature adjustments to provision of a healthy and comfortable environment. Products featuring fresh air, sterilization, air purification, and self-cleaning functions were favoured by the public.

Secondly, consumption upgrade continued: CMM data showed that in the offline market, the share of retail sales of refrigerators with unit price above RMB 15,000 has grown from 8% in 2020 to 13% in 2021.

Thirdly, suite-oriented and scenario-based integration of home appliances and household space has become an established trend. The industry has gradually transitioned from single product retailing to the sales of scenario-based solutions. In terms of product experience, home appliance product suites offered a unified design style, enabling product appearances to be more in line with modern aesthetics and texture. In terms of sales and services, compared to purchasing single products from different brands, purchasing product suites from the same brand could save time and hassle in product delivery, installations and after-sales services, which is in line with the trend of efficient and convenient consumption. In the context of continuous pursuit of quality of life, users of home appliances, in addition to functional needs, look for overall integration of home appliances and home environment, which could bring forth the experience of improved home aesthetics and enhanced space utilization. From enterprise's point of view, product suites could increase the average order value, avoid losing customers, and achieve synergies between strong and weak product categories. Enterprises equipped with product suite competitiveness would have an edge in future competition. However, the development trend of product suites has raised the bar for companies in the industry in terms of cross-category design, planning and scenario development capabilities. It requires companies to conduct resource allocations across different product categories.

In terms of channel development trends: (1) Livestreaming e-commerce as part of online channel has developed rapidly. According to the information of AVC, transaction value from livestreaming e-commerce has exceeded RMB1.09 trillion in the first half of 2021. Compared to traditional e-commerce which mainly displays product information through text and images, livestreaming e-commerce is clearly advantageous in terms of interaction and user experience, making it easier to motivate users. At the same time, introduction and product comparisons offered by KOLs can also save users' time in decision making. (2) The continuous increase in user demand for personalization, household customization and improvement in indoor space utilization has driven the development of integrated sales of complementary home appliances and home furnishing via offline channels. In particular, the building material channel is highly suitable for the promotion of the sales of high-end and smart product suites of home appliances in the form of scenario-based solutions. Home appliance enterprises have proactively strengthened sales networks in household building material outlets, so as to attract users at the early stage when they are still designing and planning for home renovation, and maximize average revenue per user through the sales of product suites.



Export markets: due to recovery of the global market as well as continuous stability of the production and supply capacity of China's home appliance industry chain, China's home appliance exports have continued to grow in 2021. According to data of Industry Online (产业在线), the annual export volume of household air conditioners, refrigerators and washing machines in 2021 have increased by 9.7%, 4.8% and 9.9% year-on-year respectively. However, challenges such as rising raw material prices and surging shipping costs remained in 2021, which have placed pressure on export profitability.

## 2. Overseas markets

The global economy has gradually recovered in 2021. The global GDP was expected to grow 5.9% in 2021 according to the forecast by the International Monetary Fund. Based on the information from GfK, the global retail market for home appliances (including major white goods, small home appliances and consumer electronics) was expected to reach USD 560 billion in 2021, with retail sales increased by 10% year-on-year. Specifically, the retail sales of major white goods have increased 13% year-on-year due to product upgrades and average price hikes, whereas small home appliances have increased 6%.

### By market:

**(1) The U.S.** User demand for appliances remained robust throughout the year in the U.S. because of easing economic uncertainties, stimulus packages, and increased time at home. Major appliances market resumed to 4.3% volume growth after two consecutive years of decline in sales volume. On the other hand, the industry was under constant challenges from sharp increase in raw materials, Covid related labour shortages, and port congestion.

**(2) Europe:** The pandemic has led to a continuous increase in user demand for home appliances in the large-capacity and healthy-living categories. Overall industry performed well. According to statistics from GfK, the sales volume and sales revenue for major home appliances in 25 major European countries in 2021 have increased by 3.9% and 9.5% year-on-year respectively.

**(3) South Asia.** ①India: As the pandemic developed to a later stage, users increasingly favoured products with large-capacity and health-conscious features. E-commerce has developed rapidly in the past two years, with the proportion of online sales of home appliances steadily increased. ②Pakistan: Despite depreciation of the rupee and the pandemic's impacts on residents' willingness to consume, health-boosting and smart products were gradually recognized by users. For example, energy-saving variable-frequency refrigerator series and large-volume freshness preservation refrigerator series have gradually become mainstream products.

**(4) Southeast Asia:** As the pandemic has impacted the local tourism industry and affected consumption, performance in major markets were sluggish. According to data from GfK, the sales volume of refrigerators in the Thai market increased 1%, the sales volume of household air-conditioners dropped 1.7%, and the sales volume of washing machines rose 1.1%. In Indonesia, the pandemic has led to increased unemployment and stagnant or declining wages, thus affecting the purchasing power of the society.

**(5) Australia & New Zealand:** ①Australia: The industry maintained its growth momentum in the first half of the year. However, channel sales of home appliances were greatly hampered in the second half of the year due to pandemic related lockdown. The size of the industry in 2021 remained the same as 2020. ②New Zealand: The pandemic has led to prolonged home office hours for local residents, which stimulated the demand for home renovation and refurbishment, and drove the development of the real estate market. User demand for home appliances increased accordingly. According to the home appliance import data from local customs, home appliance imports grew 11.9% in 2021.

**(6) Japan:** Affected by the withdrawal of government subsidies, multiple state of emergencies caused by the pandemic, negative economic growth and other factors, the white goods industry experienced sluggish growth: sales volume of the refrigerator industry has dropped for two consecutive years, and sales revenue in 2021 has tumbled 4.3%; for the freezer industry, due to pull-forward demand in 2020, growth in 2021 has lowered to 1.8%. The washing machine industry was benefited from the continuous optimization of product mix, and proportion of front-load and variable-frequency products continued to grow. Although sales volume dropped 3%, sales revenue rose 3% year-on-year.

## **(II) Industry Outlook for 2022**

### **1. The Chinese market:**

In the medium to long term, with the acceleration of the new urbanization, the steady increase of residents' income, the continued expansion of the middle-income group and the improvement in social welfare in China, the purchasing power and consumption willingness of residents grows stronger. The home appliance market still has great upside potential. Changing user attitudes will drive the continuous upgrade of product mix, bringing growth opportunities to high-end, high-quality home appliances. For products such as small kitchen appliances and range hoods, there are significant gap in the penetration rate between rural and urban areas. Room for growth is huge as driven by improvements in users' quality of life and the expansion of product categories.

Looking ahead to 2022, the home appliance industry faces both challenges and opportunities: seeking progress while maintaining stability, strategic initiatives to expand domestic consumption will stimulate further demand, increased uncertainty in commodity prices due to global impact. According to CMM's forecast, the size of China's major home appliance retail market will reach RMB 492.4 billion in 2022, representing an increase of 2.2% year-on-year; the retail size of the kitchen appliance market will grow 6% to RMB 246.4 billion. Product mix enhancement and product iterations triggered by consumption upgrade will continue to bring positive impact. User demand will become more segmented. Sub-categories of home appliances such as products that improve quality-of-life will enter a period of rapid growth.

Export markets: From 2020 to 2021, the global home appliance market was affected by the pandemic and the supply chain of overseas markets was impacted. China's home appliance industry has filled the supply gap in the global home appliance market with its efficient supply chain system, home

appliance exports from China has grown strongly. It is expected that in 2022, the export market will face certain pressure due to factors such as the recovery of supply chains in overseas markets and increase in overseas production capacity.

## **2. The global market:**

According to the International Monetary Fund's GDP growth forecast for major economies in 2022, major economies and countries around the world will continue the trend of recovery but at a slower pace. Global growth is expected to be at 4.4%. Meanwhile, international trade barriers, supply chain disruptions and the impact of the pandemic will continue to have profound impacts on the global home appliance industry in 2022.

According to GfK's forecast, the size of the global home appliance industry will reach USD 575.2 billion in 2022, with an expected growth of 3%. From the perspective of industry development trends, quality consumption will further drive product upgrades, product innovation and expansion of product intelligence; users will prefer products with higher energy efficiency in the context of climate change and energy shortages; as the impact of the pandemic weakens and vaccination rate further improves, markets in countries that are previously heavily affected by the pandemic will further recover. On the other hand, there are unfavourable market factors at play. The outbreak of war in some region will have impacts on regions and countries as well as posing certain challenges to upstream costs and supply chains of the global home appliance industry.

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

Founded in 1984, the Company is committed to being an enterprise of the times. Through relentless innovation and iterations, we seize opportunities in the industry by continuously launching new 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.

- 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 13 consecutive years. The Company has a global portfolio of brands, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher&Paykel and AQUA. From 2008 to 2021, Haier brand refrigeration and laundry appliances ranked first among major home appliance brands in sales volume for 14 and 13 consecutive years respectively.

- Pioneer of global smart home solutions: Capitalizing on our full-range home appliances products, the Company is recognized by Euromonitor as one of the first in the industry to introduce smart home solutions. Leveraging our connected home appliance products and partners, supported by Haier Smart

Home APP, Three-Winged Bird APP and Haier Smart Home Experiential Cloud Platform, with integration of experience centres and franchised stores, the Company provides users with smart home solutions for a variety of application scenarios, satisfying their pursuit for a better life.

Over the years, the Company has established three business segments, namely the Chinese Smart Home Business, the Overseas Home Appliance and Smart Home Business, and Other Business.

### **Smart Home Business in China**

The Company provides a full range of home appliance products and value-added services in China market through Haier Smart Home APP and Three-Winged Bird APP, supplemented by our offline experience centres, in order to cater for users' needs for different lifestyle scenarios. Smart Home Business in China comprises Household Food Storage and Cooking Solutions (Internet of Food), Household Laundry Solutions (Internet of Clothing), Air Solutions (Internet of Air), and Household Water Solutions (Internet of Water).

- Household Food Storage and Cooking Solutions (Internet of Food): Through selling in domestic market and exporting products such as refrigerators, freezers, kitchen appliances and value-added services, including smart cooking and nutrition planning, the Company fully addresses users' need for convenient, healthy and tasteful gourmet experiences.

- Household Laundry Solutions (Internet of Clothing): Through selling in domestic market and exporting products such as washing machines, dryers and value-added laundry services solution such as smart dispense of laundry detergent, the Company satisfies users' demand for washing and caring of apparels in a comprehensive manner.

- Air Solutions (Internet of Air): Through domestic sales in China and exports, the Company provides home air-conditioners, commercial air-conditioners, purifiers, fresh air systems, as well as comprehensive range of solutions including coordination of multiple air-conditioners and purifiers, adaptive air flow, air quality monitoring and air disinfection.

- Household Water Solutions (Internet of Water): Through selling in domestic market and exporting, the Company provides users with electric water heaters, gas water heaters, solar water heaters, heat pump water heaters, POE water purifiers, POU water purifiers, water softening equipment, at the same time, we offer 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.

### **Overseas Home Appliance and Smart Home Business**

In addition, the Company manufactures and sells a comprehensive portfolio of home appliance products and provides value-added services in more than 160 countries and regions, including North America, Europe, South Asia and Southeast Asia, Australia and New Zealand, Japan, Middle East and Africa.

In the overseas market, 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 acquisition of Haier Group Corporation's overseas white goods business (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. The development of the Company's overseas businesses has been fuelled by synergies among our self-developed business and our acquired businesses.

At present, the overseas business of the Company has entered a stage of promising growth, having achieved a multi-brand, cross-product and cross-regional presence on a global basis. According to Euromonitor, the Company's share of the global market (retail volume) for major home appliances in key regions in 2021 is as follows: ranked first in Asia in terms of retail volume, with a 20.4% market share; ranked second in America, with a market share of 15.1%; ranked second in Australia and New Zealand, with a market share of 11.6%. The Company ranked third in Middle East and Africa with a market share of 7.4%, and ranked fourth in Europe with a market share of 8.1%.

### **Other Businesses**

Building on our established smart home businesses, the Company has also developed small home appliances, 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, which serve to enrich our smart home solutions product mix. The channel distribution business primarily offers distribution services for products such as televisions and user electronics for the Haier Group or third-party brands, which leverages the Company's sales network.

During the reporting period, the Company was once again listed among the Top 500 World's Companies by the Fortune Magazine, up 30 places as compared to 2020. We are named as the '2021 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 2021.

## **IV. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD.**

☒ Applicable ☐ Not Applicable

The Company has established a solid strategic presence and competitive advantage in China and overseas markets. In China's major home appliance market, the Company has long maintained a leading position across all product categories. According to CMM's report, the Company has established a continued leading market position in key major home appliance categories in 2021. In overseas markets, the Company has adhered to its high-end brand creation strategy, building capacity to create leading sustainable growth, which has continuously improved its market shares. Building on this foundation, the

Company will further consolidate its leadership position in the industry by leveraging integrated synergies of its global unified platforms, through efficiency transformations driven by digitalization, and by leveraging its technological strengths and innovative capabilities. As cornerstone for sustainable development, our ‘Rendanheyi (人單合一)’ 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) Dominance in China's high-end market; rapid growth of overseas high-end brands**

Riding the trend of consumption upgrade in China, 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 required 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, and has gradually 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 2021, ranking first in the retail sales of refrigerator, washing machine and air conditioner categories in the high-end segment. Specifically, in terms of offline retail sales, shares of the Casarte brand of washing machines and refrigerators reached 73.9% and 36.2% respectively in the market with product price above RMB 10,000 in China, while its share of air conditioners priced above RMB 15,000 in the China's market reached 30.3%. Our overall average price for refrigerators, air conditioners and washing machines was roughly two to three times the average price of the industry.

In the North American market, the Company owns high-end brands such as Monogram, Café, and GE Profile. The Company has enhanced its high-end brand profile through launch of trending products such as high-end professional gas range, large multi-door refrigerators, ultra-fresh dishwashers with stainless steel interior, Opal ice makers, and automatic espresso machines. For instance, the Monogram high-end professional gas range earned recognitions such as the ‘2021 Design Excellence Award’ (from the reputable magazine Architectural Design), GE Profile's smart induction oven range equipped with interior-facing camera CookCam™ was named ‘Applause-Worthy Appliances’ by Good Housekeeping's Kitchen Appliance Awards in 2021. Through the creation of luxurious, customizable and smart technology-enabled user experience, our high-end brands Monogram, Café and GE Profile have grown rapidly. In 2021, these three high-end brands have increased their revenue in the US market by more than 40% year-on-year.

**(ii) Smart household solutions that continue to expand and upgrade**

As users continued to demand for higher living quality, coupled with the development of technologies such as Internet of Things, big data, cloud computing and artificial intelligence, the industry has shown a smart and high-end development trend that prioritized product suites, based upon scenarios, and home appliances integrated with home furnishings. With leading user insights, extensive product

coverage and technological accumulation from intelligent AI algorithms, home big data and IoT equipment technology, the Company provided scenario solutions such as food storage and cooking management, clothes laundry and mix-and-match management, whole-house air comfort and purification management, and healthy drinking water management for five major spaces at home, including the living room, kitchen, bathroom, bedroom and balcony, thereby ‘Designing a home, building a home, and serving a home’ for users.

Three-Winged Bird stores provided users with scenario solutions that integrates smart home appliances and smart home furnishings, and through having a service steward to attend to the needs of users throughout the process, through coordination and arranging with the internal specialised team, providing users with a whole-process service that comprised design and implementation, building materials selection, as well as installation and fulfilment. For example, the Three-Winged Bird kitchen scenario solution could provide users with a whole-process service from a suite of smart kitchen appliances to cabinet design, delivery, installation and fulfilment.

Based on the Haier Smart Home Brain platform, users could upgrade the functions of smart home appliances, enjoy services such as professional fitness training, recipe recommendations, purchase of ingredients through refrigerator, automatic selection of laundry programs, and personalized scenarios through interfaces including the Haier Smart Home App and the Xiaoyou Speaker. In the future, the Company will continue to address the needs of user experience, and to further improve and enrich the smart home solutions provided by the Company. Through scenario solutions and ecosystem services, the Company will provide lifelong services for users and further enhance users' loyalty.

### **(iii) Extensive and solid global presence with localized operational capability**

In addition to success in the Chinese market, the Company also prospered in 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 synergized operation.

The Company's extensive global presence depends on its localized 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 recognized by local communities in the overseas regions where the Company operates.

In 2021, the Company operated 10 R&D centres, 122 manufacturing centres, and 108 marketing centres around the world, and achieved a coverage of nearly 130,000 point of sales in overseas 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, so as 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.

#### **(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. The Company's capability to perform acquisition and integration is reflected in the following: First of all, the Company implements the 'Rendanheyi (人單合一)' 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 its successful market 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 collaborative R&D:** The Company has a global collaborative R&D system and has established global technology R&D mechanisms to share common modules, utilize common technologies, and share patents within the scope of compliance. For example, ① the Company successfully applied the direct-drive motor technology developed by Fisher&Paykel to the Casarte brand of washing machines and achieved satisfactory results. ② integrating global R&D platform resources and leveraging technologies around the globe, such as China's product structures and hydraulic technology, Japan's functional design technology, New Zealand's driver system, and the American control system, we launched the GE brand's large-volume front-load washers in the U.S. market, which



has led to increases in both the market share and average price of washing machine products in the U.S. market.

- **Global collaborative product development:** The Company has established a global product development mechanism to coordinate global collaborative product development, which can enable regional collaboration and supplementation across product categories. For example, the Company successfully supported GE Appliances to relaunch water heater business: the development teams in North America and China are highly integrated, benchmarking the differences in standards between Haier and products in North America. Haier's R&D advantages were combined with GE Appliance's quality assurance system to jointly develop the product. The resulting electric water heater product has achieved industry leadership in terms of design, manufacturing and inspection, with annual sales of more than 50,000 units, thus providing solid support for GE brand's water heaters to successfully enter the North American market.

- **Global collaborative procurement:** The Company's global procurement activities are coordinated by its global procurement guidance committee. By leveraging the Company's global procurement operations platform, the Company's operating divisions in different regions can share global procurement resources, thereby achieving economies of scale.

- **Global collaborative supply chain:** The Company has a visualizable and digitalized global supply chain management system, which has enabled flexible deployment of global production capacity, and sharing and collaboration in the development of smart manufacturing technologies.

- **Global collaborative marketing and brand promotion:** the Company operates a multi-level brand portfolio on a global scale, which can realize global collaborative brand promotion. The Company also promotes and introduces successful marketing strategies among regional markets around the world. For example, the Company successfully replicated its sales and marketing model from third and fourth-tier markets in China, in markets such as India, Pakistan, and Thailand, which have strengthened the Company's brand image and its regional market competitiveness.

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

To ensure better living experience for users, the Company has established a global leading R&D system under the premise of developing original technologies, thereby using original technologies to support the overall industry-leading positions of the Company's high-end brands, scenario brands and ecosystem brands.

- **The State Science and Technology Progress Award:** In 2021, Haier Smart Home received another State Science and Technology Progress Award, ranking first in the industry with a total of 16 awards.

- **Leadership in terms of patent quality:** As of December 2021, Haier Smart Home has accumulated more than 75,000 patents applications globally, of which invention patents accounted for more than 63%. The number of overseas invention patents exceeded 14,000, making us the Chinese home appliance enterprise with the largest number of overseas patents. The Company also accumulated 10 state patent

gold awards, ranking first in the domestic market. In the ‘Global Smart Home Invention Patent Ranking’ in 2021, Haier Smart Home once again topped the list, ranking first in the world for six consecutive times.

- Leadership in terms of international standards: As of December 2021, Haier Smart Home has cumulatively led and participated in formulation of 82 international standards and 602 state industrial standards. It is the only company in the industry to obtain comprehensive coverage in the five major international standard organizations, namely the IEC, ISO, IEEE, OCF and Matter. It is also the only enterprise in the world to serve on the IEC Board and the IEC Market Strategy Board at the same time, which have enabled the Company to stay actively involved in international standardization work and have a voice in the formulation of standards.

- Leadership in terms of original technologies: In 2021, the Company has innovated a range of solutions that exceeded users' expectations, such as the launch of the Casarte's ‘simultaneous five-ring fire’ gas stove, which enlarged the pot heating area by 40% through the use of multi-ring uniform combustion system, ingredients in the pot could therefore be more evenly and comprehensively heated. The Company also introduced the Casarte's Zhongzihemei all-in-one laundry machine that could perform the three functions of washing, fabric-caring and drying in the same machine; through continuous iteration of original technologies, it solved the three major pain points of high-end washing, drying and fabric-caring. We therefore created a new product category in the laundry industry and has continued to increase our market share of high-end washing machines.

- Leadership in terms of innovative ecosystem: In 2021, with approval of the Ministry of Industry and Information Technology, Haier spearheaded the establishment of the National High-end Intelligent Household Appliances Innovation Centre, which is the only national-level manufacturing innovation centre in the field of home appliances. By centring on the development direction of high-end, smart and scenario-based home appliances, the Centre focuses on breaking through a number of critical common technologies in the technological fields of ontology, intelligence, security and scenario application, so as to enhance the technological innovation level and product competitiveness of China's high-end smart home appliance industry.

Our HOPE platform, as Haier's window for external technology collaboration, tracks, analyses and researches technologies closely related to industry development that are 3-5 years ahead of time, and promotes the industrialization of related technologies, continue to build on the core methodologies of user insights, demand analysis, technology analysis and resource assessment, while brings together the supply and demand side of technologies, knowledge and creativity, providing interactive scenarios and tools to facilitate the creation and iterations of innovative products/scenarios. Taking Haier's air conditioner's ‘variable shunt technology’ as an example, through collaboration with relevant experts, 36 patents have been applied for the technology, including 4 PCT international patents. According to results from a real device test conducted by CHEARI (Beijing) Certification & Testing Co. Ltd., the energy-efficiency of a 1.5 HP Haier variable refrigerant flow air conditioner is 12% higher over a period of one year than that of an air conditioner with the new national standard of first-class energy efficiency with same power level.

**(viii) 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’(人單合一) model, Haier encourages every employee to maximize their own values while creating values for users. In Haier's ‘Rendanheyi’ (人單合一) model, ‘Ren’ refers to creators; ‘Dan’ refers to user value; ‘Heyi’ refers to the integration of values realized by employees and the values created for users. ‘Value of people comes first’ is the highest purpose of the ‘Rendanheyi’(人單合一) model.

Haier Smart Home adheres to the values of recognizing 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” under this chapter.

**(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	227,556,143,618.17	209,723,430,081.03	8.50
Operating cost	156,482,657,366.94	147,471,922,284.89	6.11
Selling expenses	36,553,667,004.06	33,641,711,147.72	8.66
Administrative expenses	10,444,475,658.24	10,052,645,415.72	3.90
Financial expenses	686,364,977.04	1,196,199,335.22	-42.62
R&D expenses	8,357,332,946.25	6,852,861,422.32	21.95
Net cash flow from operating activities	23,129,640,417.72	17,609,513,831.64	31.35
Net cash flow from investing activities	-8,066,823,538.43	-5,273,676,324.71	-52.96
Net cash flow from financing activities	-15,641,428,143.57	-1,025,923,097.55	-1,424.62
Investment income	2,403,102,640.29	4,060,104,212.78	-40.81
Gain on fair value change	119,277,623.85	62,629,747.80	90.45
Loss on credit impairment	-520,299,915.42	-166,380,605.76	-212.72

Gain from disposal of assets	110,983,720.04	-12,807,590.96	966.55
Non-operating expenses	159,240,779.44	241,918,187.91	-34.18

Analysis on the reasons of signification changes in certain indicators:

- 1) Reasons for changes in financial costs: Financial costs decreased by 42.62% over the corresponding period, which was mainly due to the decrease in interest expenses;
- 2) Reasons for changes in net cash flow from operating activities: Net cash flow from operating activities increased by 31.35% over the corresponding period, which was mainly due to the increase in operating profit and improvement in operating efficiency during the period;
- 3) Reasons for changes in net cash flows from investing activities: Net cash outflows from investing activities increased by 52.96% over the corresponding period, which was mainly due to the cash outflow from the purchase of financial products and the inflow of proceeds from disposal of interests in subsidiaries during the current period;
- 4) Reasons for changes in net cash flows from financing activities: Net cash outflows from financing activities increased by 1,424.62% over the corresponding period, which was mainly due to the repayment of borrowings and the decrease in new borrowings during the current period;
- 5) Reasons for the changes in investment income: Investment income decreased by 40.81% over the corresponding period, which was mainly due to the one-off gain on disposal of equity interests included in the corresponding period;
- 6) Reasons for the changes in gain from fair value change: Gain from fair value change increased by 90.45% over the corresponding period, which was mainly due to the increase in fair value change of investment in equity instruments over the corresponding period;
- 7) Reasons for changes in credit impairment losses: Credit impairment losses increased by 212.72% over the corresponding period, which was mainly due to the increase in the provision for bad debts on receivables during the current period;
- 8) Reasons for changes in gain on disposal of assets: Gain on disposal of assets increased by 966.55% over the corresponding period, which was mainly due to the increase of gain on disposal of assets in the current period;

- 9) Reason for changes in non-operating expenses: Non-operating expenses decreased by 34.18% over the corresponding e period, which was mainly due to the decrease in the disposal of small-scale production equipment in the current period.

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

☒Applicable ☐ Not Applicable

In December 2020, the Company completed the material asset restructuring involved in the privatisation of Haier Electronics through H Share issues, details of which was set out in the “report on the implementation of material asset acquisition and connected transaction of Haier Smart Home Co., Ltd.” dated 26 December 2020 of the Company. Upon completion of the material asset restructuring, profit attributable to minority shareholders of Haier Electronics from the original minority shareholders’ profit and loss would be transferred to the Company’s net profit attributable to shareholders of the parent company. Thus, the restructuring was one of factors in change in indicators, such as net profit attributable to shareholders of the parent company, of the Company for the reporting period.

## **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 margin (%)	Operating revenue increased/decreased yoy (%)	Operating cost increased/decreased yoy (%)	Gross profit margin increased/decreased yoy (%)
Air conditioner	37,531,431,456.40	27,048,946,901.15	27.93	25.11	24.22	Increase by 0.52 percentage points
Refrigerator	71,569,789,213.81	48,835,867,469.21	31.76	16.30	17.48	Decrease by 0.69 percentage points
Kitchen appliances	35,244,040,315.09	23,735,209,066.45	32.65	12.38	10.81	Increase by 0.96 percentage points
Water Appliances	12,470,593,776.21	6,760,377,744.75	45.79	26.52	26.38	Increase by 0.06 percentage points
Washing Machine	54,758,839,273.57	36,334,162,716.43	33.65	13.02	12.13	Increase by 0.52 percentage points
Equipment parts and channel integrated services	15,002,367,286.61	13,523,061,580.33	9.86	-45.21	-45.05	Decrease by 0.26 percentage points

Principal operating activities by region						
By region	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue increased/decreased yoy (%)	Operating cost increased/decreased yoy (%)	Gross profit margin increased/decreased yoy (%)
Domestic	111,851,280,563.23	73,875,984,966.93	33.95	4.30	-0.39	Increase by 3.11 percentage points
Overseas	114,725,780,758.46	82,361,640,511.39	28.21	13.20	12.88	Increase by 0.20 percentage points
Principal operating activities by sales mode						
Sale mode	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue increased/decreased yoy (%)	Operating cost increased/decreased yoy (%)	Gross profit margin increased/decreased yoy (%)
Domestic - direct sale customers	10,849,505,940.64	6,336,720,350.62	41.59	5.08	2.96	Increase by 1.21 percentage points
Domestic - distribution and others	101,001,774,622.59	67,539,264,616.31	33.13	4.22	-0.69	Increase by 3.30 percentage points
Overseas - direct sale customers	3,946,307,570.97	3,611,298,895.65	8.49	34.74	40.80	Decrease by 3.94 percentage points
Overseas - trading companies sales	110,779,473,187.49	78,750,341,615.74	28.91	12.55	11.86	Increase by 0.44 percentage points

**(2). Table of production and sales analysis**

√Applicable □ Not Applicable

Main products	Units	Production volume	Sales Volume	Inventory	Production volume increased/decreased yoy (%)	Sales volume increased/decreased yoy (%)	Inventory increased/decreased yoy (%)
Home Appliance	10,000 units/sets	10,576	11,388	2,464	23.3	13.6	24.3

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

□Applicable √Not Applicable

**(4). Table of cost analysis**

Unit: RMB 10,000

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	14,468,983	100.00	12,251,576	100.00	18.1
	Raw materials	12,400,431	85.7	10,190,414	83.2	21.7
	Labor	893,832	6.2	776,334	6.3	15.1
	Depreciation	238,331	1.6	240,106	2.0	-0.7
	Energy	72,363	0.5	63,633	0.5	13.7
	Others	864,026	6.0	981,089	8.0	-11.9

**(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

**(7). Major distributors and major suppliers****A. Major distributors of the Company**

Revenue from the top five distributors was RMB 50,650.28 million, representing 22.26 % of the total sales for the year; among the revenue from the top five distributors, the revenue from related parties was RMB 0 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**

The purchase amount from the top five suppliers amounted to RMB 40,358.73 million, representing 19.83 % of the total purchase amount for the year; among the purchase amount from the top five suppliers, the purchase amount from related parties was RMB 22,159.67 million, representing 10.89 % 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

**4. R&D expenditure****(1). Table of R&D expenditure**

☒ Applicable ☐ Not Applicable

**Unit: RMB**

Expensed R&D expenditure for the current period	8,357,332,946.25
Capitalized R&D expenditure for the current period	609,272,007.11
Total R&D expenditure	8,966,604,953.36
Total R&D expenditure as a percentage in	3.94

operating revenue (%)	
Proportion of capitalization of R&D expenditure (%)	6.79

**(2). Table of R&D Personnel**√ Applicable ☐ Not Applicable

Number of R&D personnel	22,161
Percentage of R&D personnel took up in the total employees (%)	21.13
Educational structure of R&D personnel	
Categories of educational structure	Number of personnel
Doctor's degree	95
Master's degree	3,480
Bachelor's degree	10,684
College Diploma	5,276
High School diploma or below	2,626
Age structure of R&D personnel	
Categories of age structure	Number of personnel
Under 30 years old (not including 30)	8,228
30-40 years old (including 30 and not including 40)	9,518
40-50 years old (including 40 and not including 50)	3,033
50-60 years old (including 50 and not including 60)	1,141
60 years old and above	241

**(3). Explanation**√Applicable ☐Not Applicable

Haier Smart Home always focuses on user experience. Under the guidance of adhering to the strategy of original technology, it has continuously increased its innovation investment, established a global leading R&D system, and has seen a continuous emergence of innovative achievements.

In terms of products, in 2021, the Company created a series of innovative solutions that were beyond users' expectations and led the industry, such as parallel flow air supply system, the second generation of air-purifying air conditioner, five-ring fire gas stove, crystal water heater, neutron and beauty washing and drying care machine, etc. In the next step, we will continue to increase investment in basic research and subversive technology research.

In terms of intelligence promotion: focusing on all-scenario solutions such as Smart Home APP and whole house intelligence, we are continuously increasing our investment in the research and development of IoT, cloud computing, artificial intelligence and related advanced technologies to advance the development of home appliances towards intelligence and scenario-based development.

In terms of green and dual-carbon: we will undertake the national dual-carbon strategy and make breakthroughs in green technologies such as DC home appliances and hydrogen energy to lead the trend of "dual-carbon" development in the home appliance industry.

**(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

**(III) Analysis of assets and liabilities**

☒ Applicable ☐ Not Applicable

**1. Assets and liabilities**

Unit: RMB10,000

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
Inventory	3,986,317.10	18.33	2,944,697.34	14.47	35.37	Mainly due to the growth in revenue scale and production stocking

Investments in other equity instruments	484,870.94	2.23	265,902.53	1.31	82.35	Mainly due to changes in fair value of investments in equity instruments
Development Expenses	22,789.22	0.10	16,774.67	0.08	35.85	Mainly due to the increase in research and development expenditures
Short-term borrowings	1,122,621.21	5.16	768,790.82	3.78	46.02	Mainly as a result of working capital replenishment
Trading financial liabilities	629.40	0.00	2,695.25	0.01	-76.65	Mainly due to the expiration of lock-up instruments
Derivative financial liabilities	8,021.24	0.04	23,958.25	0.12	-66.52	Mainly due to changes in the fair value of lock-up instruments and interest rate swap agreements
Contractual liabilities	1,001,687.03	4.61	626,958.44	3.08	59.77	Mainly due to the increase in advance receipts
Other current liabilities	223,453.01	1.03	689,110.94	3.39	-67.57	Mainly due to repayment of ultra-short term bonds
Long-term borrowings	303,857.38	1.40	1,182,141.63	5.81	-74.30	Mainly due to repayment of borrowings

Bonds Payable	33,473.00	0.15	671,350.11	3.30	-95.01	Mainly due to the conversion of convertible bonds in the current period
Estimated liabilities	194,856.55	0.90	144,284.40	0.71	35.05	Mainly due to the increase in the withholding of package installation fee in line with growth of revenue scale
Deferred revenue	85,279.46	0.39	63,376.17	0.31	34.56	Mainly due to the increase in government subsidies
Other non-current liabilities	4,946.17	0.02	2,703.35	0.01	82.96	Mainly due to increase in deposits
Other equity instruments	11,801.75	0.05	236,419.53	1.16	-95.01	Mainly due to the decrease in the conversion equity component of the convertible bonds
Capital reserves	2,254,934.56	10.37	1,500,747.56	7.37	50.25	Mainly due to the increase in equity premium from the conversion of convertible bonds
Treasury shares	242,403.88	1.11	2,889.66	0.01	8,288.68	Mainly due to the Company's share repurchase

## 2. Overseas Assets

√Applicable □Not Applicable

**(1) Scope of assets**

Among the assets, overseas assets amounted to 9,618,279 (unit and currency: RMB10,000), representing 44.23 % 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	113,725,197,263.9	5,926,026,404.54

Note: The 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

**(IV) Analysis of industry operating information**

☐ Applicable ☒ Not Applicable

**(V) Analysis of investment****Overall analysis on external equity investment**

☒ Applicable ☐ Not Applicable

In the purpose of increasing net profit attributable to owners of the parent company, promoting company's governance level, reducing daily related-party transactions, streamlining the shareholding structure of the subject company and enhancing the managing efficiency of subsidiaries, On 29 October 2021, as audited and approved at the Twenty-fourth Meeting of the Tenth Session of the Board of Directors of the Company, the Company acquired in cash 10.00% equity interest in Dalian Haier Refrigerator Co., Ltd. and 3.94% equity interest in Qingdao Haier Special Electric Freezer Co., Ltd. and 100% equity interest in Qingdao Haier Quality Inspection Co., Ltd. held by Haier Group . The transaction

consideration was RMB 39,600,000, RMB 28,846,300 and RMB 36,300,000 respectively, totaling RMB 104,746,300. As at the end of the Reporting Period, the transaction was completed.

**1. Significant equity investment**

☒Applicable ☐Not Applicable

Please refer to the content in ‘1. Overall analysis on external equity investment’ as stated above.

**2. Significant non-equity investment**

☐Applicable ☒Not Applicable

**3. Financial assets measured at fair value**

√Applicable □Not Applicable

Unit and Currency: RMB

Financial assets measured at fair value	Initial investment cost	Source of funds	Current purchase/ Sale during the reporting period	Investment income during the reporting period	Changes in fair value during the reporting period
Foreign exchange forward contracts		Self-owned		385,093,478.12	51,560,818.94
Wealth management products	2,157,550,007.50	Self-owned	254,052,501.00	60,011,933.94	487,081.52
Investments in trading equity instruments	284,382,243.23	Self-owned	199,878,386.41		46,729,587.36
Investment funds	124,067,582.04	Self-owned	12,696,004.62		18,097,485.77
Investments in other equity instruments	3,587,415,678.11	Self-owned	736,271,801.04	58,558,795.05	1,472,225,880.04
Forward commodity contracts		Self-owned			-18,646,990.66
Other derivative financial instruments	29,450,000.00	Self-owned			
Total	6,182,865,510.88	/	1,202,898,693.07	503,664,207.11	1,570,453,862.97

Note: As of 31 December 2021, the aggregate balance of foreign exchange derivative transaction amounted to approximately US\$ 2.286 billion.

**4. Detailed progression of material asset regroup 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

**(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

To become a user-centred digital enterprise in the IoT era, and achieve leadership as the world's first IoT-based smart home ecosystem brand. The Company will continue to consolidated its leadership in refrigerators, washing machines and water heaters; enhance the performance of kitchen appliances and air conditioners; accelerate growth in tumble dryers and dishwashers, and capture opportunities of lifestyle appliances and cleaning appliances while developing Three-Winged Bird scenario brand in order to stay ahead in this competitive industry.

### (III) Business plan

√ Applicable    ☐ Not Applicable

In 2022, the Company will take the following measures to generate sustainable growth:

**In the domestic market**, the Company will accelerate the transition of ‘high-end brand → scenario brand → ecosystem brand’, and expand Casarte’s market leadership from product to scenario applications while increase user value with initiatives targeting outstanding quality, comprehensive solution, smart scenario, ecosystem platform and lifelong user loyalty. On the other hand, Three-Winged Bird brand will remain focused on improving user experience with accelerated introduction of solution packages that combine smart appliances with home improvement offerings, thus become lifelong partners in users’ pursuit of a better life.

**In the overseas markets**, guided by ‘RenDanHeYi (人單合一)’ principles, the Company will make dedicated efforts become No. 1 globally by leveraging on well-established localized operations to speed up product development pipeline, expanding online & offline presence; optimizing global supply chain integration and manufacturing upgrade, thus promoting deeper integration of brands, R&D, procurement, supply chain and human resource management.

**On digital transformation front**, the Company will remain committed to promote the digitalization of logistics, services, marketing, and supply chain management so as to establish an end-to-end operation system that creates first class user experience, facilitates distributors’ development and improves network efficiency, while building long lasting partnership with users in assisting them building and servicing a home through accelerated implementation of Three-Winged Bird platform and Experience Cloud platform.

**(IV) Potential risks of the Company**

√ Applicable    □ Not Applicable

**1. Risk of decreasing market demand due to slowdown in macroeconomic growth.** Sales of white goods as durable consumer appliances are subject to users' income level and their expectations of future income growth which would have a certain impact on their willingness to purchase products. A slowdown in macroeconomic growth causing a decline in users' purchasing power would have a negative impact on industry growth. In addition, a slowdown in real estate market would also have a negative impact on market demand, which would indirectly affect end-user demand for home appliances.

**2. Risk of price war caused by intensified industry competitions.** The white goods industry is highly competitive with a high degree of product homogeneity, industry concentration has increased in recent years. Increase in inventory in individual sub-sectors due to imbalance between supply and demand may lead to risks such as price war. Furthermore, due to rapid technological advancements, scarce talents in the industry, shortened product life cycles and ease of imitation, it is becoming increasingly difficult to profit. New products, services and technologies are often associated with higher selling prices, and it has become necessary for the Company to invest more in research and development in order to achieve that. The Group will actively invest in research and development to attract users through continuous innovation in products and services, and establish a lasting brand influence.

**3. Risk of fluctuations in raw material prices.** The Company's products and core components mainly use metal such as steel, aluminum, and copper as raw materials, as well as bulk commodity such as plastics and foam. If the prices of raw materials continue to rise, it will put certain pressure on the Company's production and operations. In addition, the Company relies on third party suppliers for key raw materials, components and manufacturing equipment, as well as OEM suppliers, and any disruption in supply or significant price increases by these suppliers will have a negative impact on the Company's businesses. As a leader in the industry, the Company will take measures to reduce the risk of raw material fluctuations on its operations such as by using value adjustment mechanism on volume and price with suppliers and hedging.

**4. Operational risk in overseas business.** The Company has steadily developed its global business and has established production bases, research and development centers and marketing centers in many parts of the world, with the proportion of overseas revenue increasing year by year. Overseas markets are subject to political and economic situations (events such as military conflicts and wars), legal systems and regulatory regimes of those countries and regions, and significant changes in these factors may pose certain risks to the Company's local operations in these markets. The Company has taken various measures to mitigate the relevant impact, including active collaborations with suppliers and distributors, improving production efficiency to offset the impact on the Company's overall cost of sales, potentially

expanding the Company's supply resources to other countries, and taking measures to ensure safety of its people and assets.

**5. Risk of exchange rate fluctuations.** As the Company expands its global footprint, the import and export of the Company's products involve the uses of foreign currencies such as the U.S. dollar, the Euro and the Japanese yen. If the exchange rates of relevant currencies fluctuate, it will have a certain impact on the Company's financial position and increase its financial costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while the financial statements of its subsidiaries are measured and reported in the currency of their primary economic environment in which the entity operates, and are therefore subject to currency exchange risk. In this regard, the Company uses hedging instruments to reduce its exposure to exchange rate fluctuations.

**6. Risk of policy changes.** The home appliance industry is closely related to the consumer goods market and the real estate market. Changes in macroeconomic policies, consumption investment policies, real estate policies and relevant laws and regulations will affect distributors' demand for products, which in turn will affect product sales of the Company. The Company will closely monitor changes in policies, laws and regulations, and anticipate market changes to safeguard the Company's further development.

**7. Risk of uncertainties resulted from COVID-19 outbreak.** The COVID-19 outbreak, which gradually spread around the end of 2019, could lead to a further weakening of consumer demand for home appliances, which could in turn affect the Company's product sales. Firstly, lockdowns, social distancing measures and travel restrictions could reduce user mobility and result in the closure of retail sales network, thereby reducing consumer demand for home appliances. Secondly, the pandemic may also cause disruptions to the operations of distributors, such as logistical disruptions in the delivery of products, resulting in distributors' dissatisfaction with the Company's services and consequently reduced demand for the Company's products. The Company will leverage its anti-pandemic experience in the Chinese market and make best use of its global resource synergies to mitigate the impact of the pandemic on its businesses.

**8. Credit risk.** The Company may not be able to collect all trade receivables from its distributors, or distributors may not be able to settle the Company's trade receivables in a timely manner, in which case the Company's business, financial status and operation performance may be adversely affected. In relation to this risk, the Company will maintain flexibility to offer credit period of 30 to 90 days to certain distributors based on their credit history and their transaction volume.

**9. Inventory risk.** Since the Company cannot always accurately predict trends and events and maintain appropriate inventory levels, there may be excess inventory as a result, for which the Company may be forced to offer discounts or offer promotions to tackle the slow-moving inventory issue. On the other hand, a shortage of inventory may occur, which may lead to loss of sales opportunities for the Company. However, the Company will manage its inventory and make adjustment according to market situation. It will also regularly assess if impairment of inventory is needed.

(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 under *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 requirements of the relevant laws and regulations, and has been committed to improving its governance structure, regulating its operation, perfecting its information disclosure system, strengthening the communication with investors and upgrading the level of the Company's corporate governance. During the reporting period, the Company has made amendments to *Articles of Association* according to domestic and overseas regulatory requirements to enhance its standardized operation and comprehensive management. The corporate governance structure of the Company is sound and there is no difference between the corporate governance structure and the requirement of relevant documents from CSRC.

#### (1) Shareholders and general meeting of shareholders:

The Company could ensure that all shareholders, especially the minority shareholders enjoy equal treatment and are able to fully exercise their rights; during the reporting period, the convening procedures of the shareholders' general meeting of the Company were in compliance with the requirements of *Articles of Association* and *Rules of Shareholders' General Meeting of the Company*. Attendance of shareholders at the meeting was relatively high, which ensured that the shareholders fully exercised voting rights; the Company also engaged lawyers who possess the qualification to engage in securities business to attend and witness the shareholders' general meeting; the proposals were considered and approved in accordance with legal procedures, which could guarantee the power and rights of minority shareholders.

#### (2) Relationship between controlling shareholders and the listed company:

The controlling shareholders acted normatively and did not interfere with the Company's management decisions and operations, directly or indirectly. The Company and the controlling shareholders are independent of each other in terms of their staff, assets, finance, organization and business. The Board of Directors, the Board of Supervisors and internal administrative departments are all independent of each other. The specific requirements for regulating Related-party transactions and fund flow are set out in *Articles of Association*, *Fair Decision-Making System for Related-party Transactions* and *Administrative System for Regulation of Fund Flow between the Company and Related Parties*, *Risk Control System for Related-party Transaction with Haier Group Finance Co., Ltd.*, and *Proposal for Emergency Response System for Risk of Deposits with Haier Group Finance Co., Ltd.*, which guaranteed the interests of investors. After being approved at the annual general meeting, the daily related-party transactions are implemented according to specialized review procedures. The basis of

pricing and reasonability of operation agreement shall be supervised and reviewed by special departments, so as to regulate the execution of related-party transactions. Internal control and internal control audit of the Company would also focus on the compliance of the related-party transactions, in order to protect the interests of minority shareholders and non-related shareholders.

(3) Directors and the Board of Directors:

The Board of Directors acts as the decision-making body of the Company. The Board of Directors of the Company is responsible to the shareholders' general meetings, and performs its duty within the terms of reference under *Articles of Association* and other relevant laws and regulations in accordance with the procedures under *Rules of Procedure for the Board of Directors*. During the reporting period, the Board of Directors operated in accordance with rules and continued to perform their duties under *Articles of Association* and relevant laws and regulations better and practically implement relevant decisions at the shareholders' general meeting. The decision-making procedure and particulars of the resolutions of the Board of Directors were in compliance with relevant Listing Rules, *Articles of Association* and relevant requirements under laws and regulations, and the resolutions made were legal and valid.

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, professional experience, skills, knowledge and length of service of the director as well as other regulatory requirements. During the reporting period, the Company has 8 external directors, of which 4 are independent directors, representing a large proportion of the total number of the directors (11 in total) of the Company. The Board continues to maintain an open structure. The members of the Board have extensive experience and expertise in areas of finance and accounting, investment strategy, corporate culture and corporate governance, which helped to improve the efficiency of the Board, reduced the risks of management and control and made better decisions so as to realize the sustainable and healthy development of the Company.

During the reporting period, the directors attended the board meeting and shareholders' general meeting with responsible and diligent attitude and protected the interests of the Company. The independent directors of the Company have a diligent and responsible attitude towards their work by actively attending meetings of the Board and its committees, expressing independent opinion on matters of related-party transactions, cash dividend, external guarantees and providing constructive advice on the production and operation of the Company.

Strategic committee, audit committee, remuneration and appraisal committee, nomination committee and ESG committee are established under the Board of the Company. The number of independent directors represents more than one-half of the audit committee, nomination committee,

remuneration and appraisal committee. During the reporting period, the Company set up the new ESG committee, which will help to promote the environmental, social responsibility and management capabilities of the Company.

(4) Supervisors and the Board of Supervisors:

During the reporting period, the Board of Supervisors operated in accordance with rules and continued to practically 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 adhered to the principle of being responsible to the Company and all shareholders to supervise legality and compliance on finance matters of the Company and performance of duty by the Company's directors, presidents of the Company and other senior management strictly in accordance with requirements under *Articles of Association*, *Rules of Procedure for the Board of Supervisors* and relevant laws and regulations.

(5) Performance evaluation and incentive and disciplinary mechanism:

In accordance with *Articles of Association*, the Board of Directors shall appoint or remove the president and the secretary of the Board of Directors; the Board shall appoint or remove the vice president and other senior management (including the chief financial officer) of the Company based on the nomination by the president and determine their remunerations and rewards and penalties. The human resource department of the Company shall make routine appraisal and evaluation on the performance of directors, supervisors and senior management. Remuneration and Appraisal Committee shall make inspection and evaluation on their performance to determine their remunerations at the end of the year.

The Company is focused on maximizing the value of people. In line with the global landscape of the capital market, the Company has established an incentive system that unifies long and short-term incentives and constraints and aligns the interests of employees and all shareholders. During the reporting period, the Company introduced domestic and overseas incentive plans with various appraisal cycle, multi-level and all-round benefits, further expanding the scope of incentives. On the basis of A-Share Employee Stock Ownership Plan, H-Share Core Employee Stock Ownership Plan and H-Share Overseas Trust Incentive Plan, the Company introduced A-Share Option Incentive Scheme, which helped the Company better focus on the implementation of smart home strategy, optimize the incentive mechanism to further attract talents and promote business synergy and integration, enhance values of the Company and the shareholders with a view to achieving quality and sustainable growth through the cycle.

(6) Stakeholders:

The Company was able to fully respect and protect the lawful rights and interests of the suppliers, channels, banks, other creditors, employees, consumers and other stakeholders. Meanwhile, the Company actively took part in public welfare undertaking in such place where it operates, placed a lot of emphasis on environment protection, performed its social duties earnestly and worked together with these stakeholders actively with good communication to jointly promote the sustainable and sound development of the Company. For details, please refer to relevant information in 2021 Environmental, Social and Governance Report published on the same date of this report.

(7) Information disclosure:

During the reporting period, the Company strictly complied with the requirements of the listing rules of each place of listing and adhered to the principles of timely disclosure, truthful disclosure, accurate disclosure, complete disclosure, fair disclosure and lawful disclosure to ensure that all investors have equal access to information. The Company authorized *Shanghai Securities News*, *China Securities Journal*, *Securities Times* and *Securities Daily* for information disclosure. The Company authorized the secretary of the Board of Directors to take charge of information disclosure, reception of visits by shareholders and handling of shareholder's enquiries. Meanwhile, the Company broadened communication channels for investors to get relevant information of the Company through result presentation, telephone conference calls after periodical reporting and occasionally holding on-site and online forums. With respect to the significant Related-party transactions, the Company performed necessary approval procedures and disclosed relevant information strictly in compliance with *Articles of Association* and *Fair Decision-Making System for Related-party Transactions* to protect the interests of investors. During the reporting period, the Company further perfected the confidentiality procedure for information disclosure strictly in compliance with the Registration System of Insiders, the Responsibility System for Major Errors in Information Disclosure in Annual Reports and the Management System of External Information Users to ensure the fairness and equity of information disclosure.

(8) Management of Investor Relation

During the reporting period, the Company continued to uphold the principle of respecting investors with focus on the needs of investors to strengthen 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 secretary of the board of Directors and realized positive and all-around access to investors in a multi-layer and diversified format through introduction reference, annual investor conference, 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 various investors, with the aim of achieving harmonious and mutual success with the Company, staff and investors.

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 MEETING OF SHAREHOLDERS

Meeting	Date	Index for details of websites designated for publishing resolutions	Date of disclosure	Resolutions approved
2021 First Extraordinary General Meeting	5 March 2021	For details, please refer to the Announcement on Resolutions Passed at the 2021 First Extraordinary General Meeting, 2021 First A Shares Class Meeting, 2021 First D Shares Class Meeting and 2021 First H Shares Class Meeting of Haier Smart Home Co., Ltd. (L2021-009) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) and the four major securities newspapers.	6 March 2021	Considered and approved the resolutions for the amendment of the articles of association, the appointment of auditors, the general mandate to repurchase H share and the election of additional directors
2021 First A Shares Class Meeting				Considered and approved a resolution for general mandate to repurchase H share
2021 First D Shares Class Meeting				
2021 First H Shares Class Meeting				
2020 Annual General Meeting	25 June 2021	For details, please refer to the Announcement on Resolutions Passed at the 2020 Annual General Meeting, 2021 Second A Shares Class Meeting, 2021 Second D Class Meeting and 2021 Second H Shares Meeting of Haier Smart Home Co., Ltd. (2021-045) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) and the four major securities Newspapers.	26 June 2021	Considered and approved the resolutions related to annual report, profit distribution proposal, expected annual guarantee/foreign exchange operation, general mandate to issue additional/ repurchase H/D shares of the Company, Employee Stock Ownership Plan and the election of sole director/supervisors, etc.

2021 Second A Shares Class Meeting				Considered and approved a resolution for general authorization to repurchase H/D shares of the Company
2021 Second D Shares Class Meeting				
2021 Second H Shares Meeting				
2021 Second Extraordinary General Meeting		For details, please refer to the Announcement on Resolutions Passed at the 2021 Second Extraordinary General Meeting, 2021 Third A Shares Class Meeting, 2021 Third D Shares Class Meeting and 2021 Third H Shares Class Meeting of Haier Smart Home Co., Ltd. (L2021-072) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) and the four major securities newspapers.		Considered and approved Share Option Incentive Scheme, appraisal management method and relevant authorization
2021 Third A Shares Class Meeting	15 September 2021		16 September 2021	Considered and approved Share Option Incentive Scheme
2021 Third D Shares Class Meeting				
2021 Third H Shares Class Meeting				

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 2021 First Extraordinary General Meeting and the 2021 First A/D/H Shares Class Meetings of the Company** was held in successive order by way of on-site voting and network voting by poll at Room B101, Haier RenDanHeYi Research Center, Haier Information Park, No.1 Haier Road, Qingdao, the PRC, in the afternoon on 5 March 2021, considering the amendment of articles of association of the Company and other relevant resolutions. The total number of the shares of the Company carrying voting rights amounted to 9,284,895,068 shares (of which 6,308,552,654 shares were A shares, 271,013,973 shares were D shares and 2,705,328,441 shares were H shares). 463 shareholders and proxies, representing 5,402,912,205 shares or 58.19% of the total number of the shares of the Company carrying voting rights, were present at the 2021 First Extraordinary General Meeting; 342

shareholders and proxies, representing 3,389,819,287 shares or 53.73% of the total number of A shares of the Company carrying voting rights, were present at the 2021 First A Shares Class Meeting; 115 shareholders and proxies, representing 136,331,271 shares or 50.30% of the total number of D shares of the Company carrying voting rights, were present at the 2021 First D Shares Class Meeting; 7 shareholders and proxies, representing 1,827,803,082 shares or 67.56% of the total number of H shares of the Company carrying voting rights, were present at the 2021 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 Vice Chairman Ms. Tan Lixia presided over these meetings. The Company had 8 Directors, of whom 2 Directors attended the meetings (Directors Liang Haishan, Wu Changqi, Lin Sui, Dai Deming, Chien Da-Chun and Wong Hak Kun were unable to attend the meetings due to personal engagement); the Company had 3 supervisors, all of whom attended the meeting. 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 2020 Annual General Meeting and the 2021 Second A/D/H Shares Class Meetings of the Company** was held in successive order by way of on-site voting and network voting by poll at Room B101, Haier RenDanHeYi Research Center, Haier Information Park, No.1 Haier Road, Qingdao, the PRC, in the afternoon on 25 June 2021, considering the annual report and other relevant resolutions. The total number of the shares of the Company carrying voting right amounted to 9,351,540,298 shares (of which 6,268,408,194 shares were A shares, 271,013,973 shares were D shares and 2,812,117,411 shares were H shares). 985 shareholders and proxies, representing 6,080,584,192 shares or 64.63% of the total number of the shares of the Company carrying voting right, were present at the 2020 Annual General Meeting. 865 shareholders and proxies, representing 4,029,351,155 shares or 63.87% of the total number of A shares of the Company carrying voting rights, were present at the 2021 Second A Shares Class Meeting; 119 shareholders and proxies, representing 140,727,610 shares or 51.93% of the total number of D shares of the Company carrying voting rights, were present at the 2021 Second D Shares Class Meeting; 5 shareholders and proxies, representing 1,989,396,251 shares or 70.74% of the total number of H shares of the Company carrying voting rights, were present at the 2021 Second 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. Liang Haishan presided over these meetings. The Company had 11 Directors, of whom 4 Directors attended the meetings (Directors Li Huagang, XieJuzhi, Wu Changqi, Lin Sui, Dai Deming, Chien Da-Chun and Li Shipeng were unable to attend the meetings due to personal engagement); the Company had 3 supervisors, of whom 1 supervisor attended the meetings (Supervisors Wang Peihua and Ming Guoqing were unable to attend the meetings due to personal engagement). 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.

**(3) The 2021 Second Extraordinary General Meeting and the 2021 Third A/D/H Shares Class Meetings of the Company** was held in successive order by way of on-site voting and network voting by poll at Room B101, Haier RenDanHeYi Research Center, Haier Information Park, No.1 Haier Road, Qingdao, the PRC, in the afternoon on 15 September 2021, considering the Share Option Incentive Scheme and other relevant resolutions. The total number of the shares of the Company carrying voting right amounted to 9,348,215,954 shares (of which 6,262,154,495 shares were A shares, 271,013,973 shares were D shares and 2,815,047,486 shares were H shares). 640 shareholders and proxies, representing 5,996,610,506 shares or 64.15 % of the total number of the shares of the Company carrying voting right, were present at the 2021 Second Extraordinary General Meeting. 527 shareholders and proxies, representing 3,850,245,299 shares or 61.48 % of the total number of A shares of the Company carrying voting rights, were present at the 2021 Third A Shares Class Meeting; 107 shareholders and proxies, representing 149,499,080 shares or 55.16 % of the total number of D shares of the Company carrying voting rights, were present at the 2021 Third D Shares Class Meeting; 6 shareholders and proxies, representing 2,055,477,618 shares or 73.02 % of the total number of H shares of the Company carrying voting rights, were present at the 2021 Third 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. Liang Haishan presided over these meetings. The Company had 11 Directors, of whom 9 Directors attended the meetings (Directors Chien Da-Chun, Wong Hak Kun, Li Shipeng, Wu Changqi, Yu Hon To, Li Kam Fun participated by means of communication while directors Lin Sui and WU Qi were unable to attend the meetings due to personal engagement); 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.

#### 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 (note)	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 (RMB0'000) (before tax)	Whether receive remuneration from the Company's related party
Liang Haishan	Chairman	Male	56	2019-06-18	2022-06-17	14,923,047	16,411,209	1,488,162	Employee shareholding scheme vested	259.5	NO
Li Huagang	Director, Chief Executive Officer	Male	53	2019-06-18	2022-06-17	694,607	764,145	69,538	Employee shareholding scheme vested	224.3	NO
Xie Juzhi	Vice president	Male	56	2021-3-5	2022-06-17					195.5	NO

Wu Changqi	Director	Male	67	2019-06-18	2022-06-17					22.5	NO
Lin Sui	Director	Male	66	2019-06-18	2022-06-17					22.5	NO
Yu Hon To	Director	Male	74	2021-3-5	2022-06-17					18.75	NO
Li Kam Fun	Director	Female	70	2021-3-5	2022-06-17					18.75	NO
Chien Da-chun	Independent director	Male	69	2019-06-18	2022-06-17					22.5	NO
Wong HakKun	Independent director	Male	66	2020-06-03	2022-06-17					22.5	NO
Li Shipeng	Independent director	Male	55	2021-3-5	2022-06-17					18.75	NO
Wu Qi	Independent director	Male	55	2021-6-25	2022-06-17					8.75	NO
Tan Lixia (retired)	Vice president	Female	52	2019-06-18	2021-3-30	8,535,920	9,726,450	1,190,530	Employee shareholding scheme vested	Received no remuneration from the Company	YES
Dai Deming (retired)	Independent director	Male	60	2019-06-18	2021-6-25					13.75	NO
Liu Dalin	Chairman of	Male	42	2021-6-25	2022-06-17					Received no	YES

	the Supervisory Committee									remuneration from the Company	
Ma Yingjie	Supervisor	Female	53	2021-6-25	2022-06-17		3,904	3,904	Employee shareholding scheme vested	34.1	NO
Yu Miao	Employee supervisor	Male	40	2019-06-18	2022-06-17					33.6	NO
Wang Peihua (retired)	Chairman of the Supervisory Committee	Male	65	2019-06-18	2021-6-25	161,067	210,127	49,060	Employee shareholding scheme vested	Received no remuneration from the Company	YES
Ming Guoqing (retired)	Supervisor	Male	62	2019-06-18	2021-6-25	105,511	137,564	32,053	Employee shareholding scheme vested	Received no remuneration from the Company	YES
Li Pan	Deputy general manager	Male	46	2021-2-7	2022-06-17	387,118	533,218	146,100	Employee shareholding scheme vested	154.6	NO
Gong Wei	Deputy general manager, Chief	Male	49	2019-06-18	2022-06-17	1,724,315	1,911,970	187,655	Employee shareholding scheme vested	124.5	NO



	financial officer										
Huang Xiaowu	Deputy general manager	Male	45	2021-2-7	2022-06-17					86.0	NO
Wu Yong	Deputy general manager	Male	44	2021-2-7	2022-06-17	44,765	146,743	101,978	Employee shareholding scheme vested	118.7	NO
Li Yang	Deputy general manager	Male	46	2021-2-7	2022-06-17					107.9	NO
Guan Jiangyong	Deputy general manager	Male	44	2021-2-7	2022-06-17					115.6	NO
Wang Li	Deputy general manager	Female	57	2021-2-7	2022-06-17	504,505	575,100	70,595	Employee shareholding scheme vested	105.5	NO
Ming Guozhen	Secretary to the board of directors	Female	58	2019-06-18	2022-06-17	1,275,295	1,395,489	120,194	Employee shareholding scheme vested	80.3	NO
Total	/	/	/		/	28,356,150	31,815,919	3,459,769	/	1,808.85	/

Note: (1) “Shareholdings at the beginning of the year” as stated in the above table represent the later of “the beginning of the year” of the appointment or “appointment date” of such directors, supervisors and senior management; (2) all the aforesaid shares are A-shares.

Name	Major working experience
Liang Haishan	Male, born in 1966, is a senior engineer. He served as head of the quality department of Qingdao Haier Refrigerator Co., Ltd., general manager of Qingdao Haier Air Conditioner Gen Corp., Ltd, vice president of Haier Group, senior vice president of Haier Group, rotating president of Haier Group, vice chairman, Chairman and president of Haier Smart Home Co., Ltd. He is vice chairman of the board of directors of Haier Group, president of Haier Group, and chairman of 10th session of the Board manager of Haier Smart Home Co., Ltd.; he was rewarded National May 1st Labor Medal, Outstanding Leadership Award of the National Light Industry Enterprise Information (全国轻工业企业信息化优秀领导奖), Top 10 Leaders in China Strategic Emerging Industries; Prize of Technology Advancement for China Household Appliances, First Prize Award of Science and Technology Progress of China National Light Industry Council, China Patent Gold Prize, 2017 Forbes China Best CEO of Listed Company, 2017 Taishan Industry Leading Talent of Shandong Province, Labor Model of Shandong Province.
Li Huagang	Male, born in 1969. He graduated from Huazhong University of 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 was successively awarded 2015 China Home Appliance Marketing Leader, 2016 Person of the Year in Home Appliance Industry of Shandong, Award of Outstanding Contribution in 40-Years Development of China's Home Appliance Industry 2018, 2019 Qingdao Top Talent, and 2019 Person of the Year of China's Top Ten Brands. He served as the chief operating officer and executive director of Haier Electronics Group Co., Ltd. (HEG), a subsidiary of the Company, and is currently a director and Chief Executive Officer of Haier Smart Home Co., Ltd.
XieJuzhi	Male, born in 1966. He graduated from Shandong University of Finance and Economics in July 1989 with a Bachelor's degree, and joined Haier Group 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, East China Marketing and Promotion Division of the Haier Group, and served as the General Manager of Customer Services of Haier Group. He has been the Chief Executive Officer and an Executive Director of Haier Electronics Group Co., Ltd. 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. He then has been managing the newly developed business segments of Haier Group, including water purification, logistics, Haier home and Gooday services. Since March 2021, he has been the vice chairman of Haier Smart Home Co., Ltd.

	He is currently 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).
Wu Changqi	Male, born in 1955. He is currently a professor of strategic management and doctoral supervisor of Guanghua School of Management, Peking University. He graduated from Shandong University with a Bachelor's degree of Economics in 1982, and Katholieke Universiteit Leuven in Belgium with a Master's degree of Business Administration and a Doctoral degree in applied economics in 1990. He served as an assistant professor and associate professor in the Department of Economics of School of Business and Management of Hong Kong University of Science and Technology, a professor and head of the Department of Strategic Management of Guanghua School of Management of Peking University, a deputy dean of the Guanghua School of Management of Peking University, and a director of the EM-BA degree programme center. He is currently the executive vice president of the Academy of Development Strategy for National High-tech Industry Zones, Peking University, the dean of the School of Management of Shandong University, and the director of the Tenth Session of the Board of Directors of Haier Smart Home Co., Ltd.
Lin Sui	Male, born in 1956. He was a partner of Deloitte Touche Tohmatsu China (retired on 31 May 2019). He has been engaged in international tax consultancy in USA and China for nearly 30 years. He participated in transactions, mergers and acquisitions, initial public offerings, financing projects, supply chain taxation optimization, internal tax risk control and other aspects of professional tax consultancy of many PRC international enterprises, and has abundant experience in restructuring, acquisition, equity arrangement, tax accounting and business transformation. In recent years, he has been mainly engaged in the consulting of digital transformation of corporate financial and tax management. In 1989, he pursued his studies in USA and obtained a Master's degree in Business Administration and a Master's degree of Science in Taxation. He joined Deloitte Touche Tohmatsu USA in 1993 and was transferred to Deloitte Touche Tohmatsu China in 2002. Mr. Lin Sui is a Certified Public Accountant in USA. Prior to his return to China, he was employed by Ministry of Science and Technology of China as a member of the overseas scholars' advisory committee of the National High-tech Development Torch Program and an expert on the United Nations development projects in China. At present, he has been invited as an external lecturer of China Europe International Business School and Shanghai National Institute of Accounting, a part-time master degree tutor of Fudan University and Shanghai University of Finance and Economics, Deputy Director of the Advisory Committee of China Tax Institute of Large Business (TILB), a council member of the Shanghai branch of China

	Association for Fiscal and Tax Law, and a director of the Tenth Session of the Board of Directors 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 Coopers & Lybrand (now merged as PricewaterhouseCoopers) in Hong Kong with extensive experience in the corporate finance advisory assignments in Greater China for Hong Kong corporations, private equity groups and multinationals. Mr. Yu also served as an independent non-executive director and the chairman of the audit committee of Haier Electronics Group Co., Ltd., a subsidiary of the Company, over the past three years. Mr. Yu had served various public offices including being a member of the Listing Committee of the Hong Kong Stock Exchange from 1992 to 1995, a member of the Investment Committee and the Audit Committee of Employees Retraining Board (established under the Employees Retraining Ordinance of Hong Kong) from 1999 to 2020, and a member of the Board of Review (established under Inland Revenue Ordinance of Hong Kong) from 2006 to 2012. He is currently a director of 10th session of the Board of Directors of Haier Smart Home Co., Ltd.
Li Kam Fun	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 Open University of Hong Kong in 2014. Ms. Li Kam Fun is currently the president of Our Hong Kong Foundation. She also serves as an independent non-executive director of Nestle S.A, a publicly listed company on the SIX Swiss Exchange. Ms. Li Kam Fun served as an independent non-executive director of Haier Electronics Group Co., Ltd., a subsidiary of the Company, over the past three years. Prior to joining Our Hong Kong Foundation, Ms. Li Kam Fun had a distinguished career that spanned 34 years with Amway Corporation. When she retired 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. During the last three years, Ms. Li Kam Fun had also been an independent non-executive director of Amcor Limited (a company listed on the Australian Securities Exchange) from 2014 to 2019, and an independent non-executive director of 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 holds several positions in public service including member of the Election Committee of Hong Kong (2021-2025), deputy

	secretary of Hong Kong Coalition, director of the Chinese Association of Hong Kong & Macao Studies, honorary special representative, conference consultant and honorary president of All-China Women's Federation、honorary president of the Hong Kong Federation of Women, permanent honorary director of The Chinese General Chamber of Commerce、court member of the Open University of Hong Kong and member of the advisory panel of the Xiqu Centre of the West Kowloon Cultural District Authority. She is currently a director of the 10th Board of Directors of Haier Smart Home Co., Ltd.
Chien Da-chun	Male, born in 1953. He served as Chairman of IBM Greater China region, CEO of IBM Greater China region, etc. 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 is currently an independent director of the 10th Board of Directors of Haier Smart Home Co., Ltd.
Wong HakKun	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 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 the director of Applied Intelligence Research Center of Suzhou Industrial Technology Research Institute. 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 and Executive President 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 10th Board of Directors of Haier Smart Home Co., Ltd.
Wu Qi	Male, born in 1967. He has 25 years of (New PCEBG) experience in world-class management and consulting companies. He is currently a senior consultant for Foxconn's D sub-business group strategy and intelligent manufacturing and a consultant of Xnode, a famous accelerator for startups, and independent director of the 10th 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. 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.
Tan Lixia (resigned)	Female, born in 1970. She is a Chartered Global Management Accountant (CGMA). She joined Haier in August 1992, served as the director of overseas market development, head of department of financial management, Chief Financial Officer (CFO), senior vice president of Haier Group and the vice chairman of the 10th session of the Board of Haier Smart Home Co., Ltd. She is currently the vice chairwoman, executive vice president of the Board of Haier Group, chairwoman of board of directors of Qingdao Haier Biomedical Co., Ltd. and the chairwoman of board of directors of INKON Life Technology Co., Ltd. She currently holds several social positions including: member of the 12th Standing Committee of the All-China Women's Federation and the vice president of the China Women Entrepreneurs Association, president of Shandong Women Entrepreneurs Association and vice chairwoman of the 13th Standing Committee of Qingdao Women's Federation. In recent years, she was successively awarded Model Worker of Shandong Province, Outstanding Entrepreneur of the State, Special Allowance of State Council, 'March 8' Red-Banner Holders of the State', Taishan Industry Leading Talent, High-end Financial Talent of Shandong Province and Outstanding Communist Party Member of Shandong Province.
Dai Deming	Male, born in 1962. He is currently a professor and doctoral supervisor of the department of accounting of the Renmin Business School, concurrently

(resigned)	holding the position of vice president of Accounting Society of China. He once served as an independent director of Beijing Capital Development Co., Ltd. and an independent director of the 10th Board of Directors of Haier Smart Home.
Liu Dalin	Male, born in 1980. He holds a Master's degree in Business Administration from Renmin University of China. He is a senior 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. From October 2015 to July 2020, he was the deputy secretary of the Disciplinary Committee of Haier Group. From July 2020 to March 2021, he was the executive deputy secretary of the Disciplinary Committee of Haier Group and the president of the Supervisory Committee of Gooday Supply Chain Technologies Co., Ltd. From March 2021 to date, he has been serving as the president of the Supervisory Committee, the secretary of Society and Community department and executive deputy secretary of the Disciplinary Committee of Haier Group. Mr. Liu has been the president of the 10th session of the Supervisory Committee of Haier Smart Home Co., Ltd. since June 2021.
Ma Yingjie	Female, born in 1969. She 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. Currently, she is the head of Society and Community department and the supervisor of the 10th session of the Supervisory Committee of Haier Smart Home Co., Ltd.
Yu Miao	Male, born in 1982. Mr. Yu holds a master's degree. He serves as the legal manager and employee supervisor of the 10th session of the Supervisory Committee of Haier Smart Home Co., Ltd. since April 2012.
Wang Peihua (retired)	Male, born in 1957, he served as the deputy secretary of Party Committee of Haier Group Air-Conditioner Head Office (海尔集团空调本部), Washing Machine Head Office (洗衣机本部), and Haier Group Freezer & Heater Head Office (海尔集团冷柜电热本部), chairman of the labor union of Haier Group Technology and Equipment Head Office, deputy secretary of Discipline Inspection Committee head of the Organizational Department of Haier Group. He served as the president of the 10th session of the Supervisory Committee of Haier Smart Home Co., Ltd.
Ming Guoqing (retired)	Male, born in 1960, served as deputy secretary of Discipline Inspection Committee of Qingdao Refrigerator General Factory, party branch secretary and assistant manager of Qingdao Haier Transportation Company (青岛海尔运输公司), head of the administration department of Qingdao Haier Co., Ltd., deputy secretary of party committee, secretary of discipline inspection committee and chairman of labour union of Haier Refrigerator Products Head Office



	(海尔冰箱产品本部), chairman of the labor union of Haier Group, and the supervisor of the 10th session of the Supervisory Committee of Haier Smart Home Co., Ltd.
Li Pan	Male, born in 1976. He graduated from Wuhan University in 1997 and obtained the double degree in economics and international business administration. He joined Haier Group 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 since 2004, 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 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.
Gong Wei	Male, born in 1973, graduated from University Of International Business and Economics with an Executive Master degree in Business Administration in 2011. He is a member of the Chartered Institute of Management Accountants (CIMA). Mr. Gong Wei served as the financial manager of Haier Smart Home Co., Ltd., senior financial manager and senior financial analyst of Haier Group, chief financial officer of Haier Washing Machine Head Office (海尔洗衣机本部), chief financial officer of Haier Air-Conditioner Head Office 海尔空调本部), chief financial officer of White Goods Group. Mr. Gong has extensive financial management experience. Mr. Gong was granted the honorary titles including Outstanding Young Expert of Qingdao, Outstanding Accounting Workers of Shandong Province, National Outstanding Accounting Workers, and received several awards, including Top Ten CFO in China by 'New Money' Magazine (《新理财杂志》) in 2011, 2020 International Finance Leaders of the Year in China. He is currently the chief financial officer and vice president of Haier Smart Home Co., Ltd.
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. From 2009 to 2020, Mr. Huang served as the deputy general manager of Haier Electronics Group Co., Ltd., a subsidiary of the Company, to assist the chief executive officer in implementing development strategy, and was responsible for investor relations, strategic investment and equity financing. Mr. Huang Xiaowu has years of extensive experience in commercial banking, investment, industrial capital management and corporate finance. Prior to joining Haier Group, he worked in Ningbo branch and Shanghai branch of Industrial and Commercial Bank of China, Investment Banking Division of Guosen Securities,

	Anglo Chinese Investment Banking Group (英高投资银行集团). He is currently the vice president of Haier Smart Home Co., Ltd.
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 degree of EMBA from School of Economics and Management of Tsinghua University and the INSEAD in 2015. Mr. Wu joined Haier in 2001 and currently serves as the general manager of the kitchen appliances and household appliances and the internet of food platform of Haier Smart Home. Mr. Wu served as the general manager of the PRC Region in manufacturing and production of refrigerators, overseas marketing and the air-conditioning business has whole-process management experience in high-end manufacturing, marketing and industrial platforms. He is currently the vice president of Haier Smart Home Co., Ltd.
Li Yang	Male, born in 1976. He graduated from Qingdao University of Science & Technology in 1998 and obtained a Bachelor's degree in Fine Chemical Engineering. Mr. Li joined Haier in 1998 and currently serves as the general manager of washing machine and the internet of clothing platform. Mr. Li was the manufacturing director and he has held important positions of the internet of clothing platform since 2008 with extensive experience in the quality and systemic management of washing machines, production and manufacturing. 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. He received the "Most Promising Entrepreneur in Qingdao in 2018" and the "Advanced Individual in Management Innovation of National Light Industry Enterprises". He is currently the vice president of Haier Smart House Co., Ltd.
Guan Jiangyong	Male, born in 1978. He graduated from Northeast Electric Power University in 2001 and obtained a Bachelor's degree in Management Information System. Mr. Guan joined Haier in 2001 and currently serves as the general manager of water heater and the internet of water platform. 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 internet of water platform and the water heater business. He has whole-process management experience in product manufacturing, marketing, corporate planning management and industrial platforms. He is currently the vice president of Haier Smart Home Co., Ltd.
Wang Li	Female, born in 1965. She graduated from Qingdao University of Science & Technology in 1986 and obtained a Bachelor's degree in Heat Supply, Ventilation and Air-conditioning Engineering. She obtained a Master's degree in Business Administration from Renmin University of China in June 2013.

	<p>Ms. Wang joined Qingdao Air-conditioner Company in 1988. She has held various positions since 1988, including general manager of Haier's central air-conditioner business, general manager of Haier's residential facilities business and general manager of Haier's air business. Ms. Wang has management experience in products and marketing. Ms. Wang has served various industrial positions, including a member of China Refrigeration and Air-Conditioning Industry Association. Ms. Wang receives grants from the State Council and was awarded the Outstanding Entrepreneur in Light Industry in Shandong Province, the Labor Model of Qingdao City, the Outstanding Talent in Professional Technology in Qingdao .She is currently the vice president of Haier Smart Home Co., Ltd.</p>
Ming Guozhen	<p>Female, born in 1964, graduated from Southwestern University of Finance and Economics with a Master's degree in Economics in 1986. She is a senior economist, and she was the lecturer of investment department of China Institute of Finance, deputy head of the Teaching and Research section of Investment Economy Department, a member of treasury department of Everbright International Investment Consultancy Company, deputy director and director of general manager office, general manager of business management department and general manager of personnel department, assistant to the general manager, executive vice president of Everbright International Investment Consultancy Company; she was the office director of analysts professional committee of the Securities Association of China, vice director of Qualification Management Department of the Securities Association of China, vice director of Practice Standards Committee (执业标准委员会) of the Securities Association of China. She joined Haier in August 2007 and served as the business director and merger &amp; acquisition director of Haier Asset Operation Division from August 2007 to May 2008. She has been a vice general manager since May 2008 and the board secretary since April 2009 of Haier Smart Home. She has played a leading role and participated in the introduction of strategic investors, M&amp;A of GEA/FPA and internal integration, issue of convertible bonds/exchangeable bonds, issue of D-Share/H-Share. She was awarded as a member of "Board Secretary Hall of Fame (金牌董秘名人堂)" at the 12th session of New Finance Election in June 2016. She is currently the secretary to the Board of Haier Smart Home.</p>

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
Liang Haishan	Haier COSMO Co., Ltd.	Director, General manager		
Liang Haishan	Haier Group	Vice Chairman of the Board,		
Liu Dalin	Haier Group Corporation	President of the Supervisory Committee, the Secretary of Society and Community Department, Executive Deputy Secretary of the Disciplinary Committee	March 2021	
Tan Lixia	Haier COSMO Co., Ltd.	Director	September 2014	
Tan Lixia	Haier Group Corporation	Vice chairwoman, Executive Vice President of the Board	February 2016	
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
Liang Haishan	Haier Group Finance Co., Ltd.	Director		
Liang Haishan	Qingdao Haier multimedia Co., Ltd.	Chairman of the Board		

Wu Changqi	Peking University	Professor		
Wu Changqi	China Hua Xia Bank Co., Ltd.	Supervisor	May 2015	May 2021
Wu Changqi	Yijiahe Technology Co., Ltd.	Independent director	August 2018	
Wu Changqi	Shandong University	Dean of School of Management	October 2019	
Wu Changqi	Tianneng Battery Group Co., Ltd.	Independent director	19 February 2019	
Wu Changqi	Shenwan Hongyuan Group Co., Ltd.	Independent director	May 2021	
Wong HakKun	Yue Yuen Industrial (Holdings) Limited	Independent director	June 2018	
Wong HakKun	Lung Kee (Bermuda) Holdings Limited	Independent director	June 2018	
Wong HakKun	Hangzhou SF Intra-City Industrial Co., Ltd.	Independent director	November 2021	
Wong HakKun	Guangzhou Automobile Group Co., Ltd.	Independent director	May 2020	
Wong HakKun	Zhejiang Cangnan Instrument Group Company Limited	Independent director	June 2018	July 2021
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	China Renewable Energy Investment Limited	Independent Non-executive director	April 2008	January 2022

Yu Hon To	Playmates Holdings Limited	Independent Non-executive director	April 1995	May 2021
Yu Hon To	Media Chinese International Limited	Independent Non-executive director	March 1999	July 2021
Yu Hon To	New Century Real Estate Investment Trust	Independent Non-executive director	June 2013	September 2021
Yu Hon To	Playmates Toys Limited	Independent Non-executive director	May 2021	
Lin Sui	Focus Hotmelt Company Ltd.	Independent director	August 2020	July 2023
Li Shipeng	Applied Artificial Intelligence Research Center Of the Suzhou Industrial Technology Research Institute	Director		
Li Shipeng	The Chinese University of Hong Kong (Shenzhen)	Visiting Professor		
Ming Guozhen	Qingdao Huaqiao Industrial Co., Ltd.	Director	July 2008	
Tan Lixia	Haier Group (Qingdao) Jinying Holding Co.,Ltd.	Authorized representative, Director	July 2014	
Tan Lixia	Bank of Qingdao Co., Ltd.	Non-executive Director	April 2012	
Tan Lixia	Wanlian Holding Co., Ltd. (万链控股有限公司)	Chairwoman, Manager		
Tan Lixia	Yingkang Life Technology Co., Ltd.	Chairwoman	16 May 2019	
Tan Lixia	Qingdao Haier Biomedical Co., Ltd.	Chairwoman	July 2018	
Dai Deming	China Zheshang Bank Co., Ltd.	Independent Non-executive director	March 2015	July 2021

Dai Deming	BOC Aviation Limited	Independent Non-executive director	May 2016	
Dai Deming	CSC Financial Co., Ltd.	Independent Non-executive director	August 2016	
Dai Deming	Power Construction Corporation of China, Ltd.	Independent Non-executive director	March 2018	
Dai Deming	Poly Developments and Holdings Corporation Limited	Independent Non-executive director	September 2018	
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 decision-making process of the Company for the remuneration of directors, supervisors and senior management personnel is to establish a platform, define standards, communicate and negotiate, and make objective decisions. The Remuneration Committee of the Company shall formulate the remuneration standards, adjust principles, and assess and implement the principles and submit to the Board of Directors for consideration and approval. The actual remuneration for the year is determined according to the evaluation results such as the ecosystem micro-community contract, Rendanheyi scorecard, vertical and horizontal indicators and win-win value appreciation table.
Determining basis of matrix compensation of Directors, Supervisors and Senior Management	The 2021 remuneration system of the management of the Company reflects the ecosystem micro-community contract, high value-adding and high sharing, which is linked with win-win value appraisal and Rendanheyi principle Vertically, the Rendanheyi scorecard represents strategic undertaking and ecosystem micro-community upgrade initiation, and horizontally, it embodies the global leadership and ecosystem achievements of the market competitiveness, which leads to the upgrading from “high-end brand” to “scenario brand” and “ecosystem brand”. The remuneration competitiveness is determined based on elements of “strategic undertaking”, “market competitiveness”, “micro-community initiation” and “ecosystem achievements”. The senior management receives an annual assessment of performance for the year, which is a key factor in determining bonuses and On one hand, the overall Rendanheyi remuneration system forms a diversified combination of the management’s remuneration incentives, which is oriented towards creating user value and ecosystem value. On the other hand, it also makes the remuneration mechanism of the management more flexible, which encourages innovation and maximization of individual’s value. At the same time, the Company has implemented measures such as the core



	<p>employee stock ownership scheme, share option incentive to enhance the incentive and mechanisms and establish a benefits and risk sharing mechanism between the Company and the operational and managerial personnel based on the user oriented value creation principle.</p> <p>After the approval by the general meeting, the adjusted maximum allowance for the director of the Tenth Session of the Board of Directors is RMB260,000/year before tax, of which fixed allowance is RMB210,000/year, and the maximum performance allowance is RMB50,000/year. The specific amount of performance allowance will be determined according to the comprehensive consideration of directors' contribution to the decision-making of the Board, effectiveness of resolutions and suggestions to the Board, participation of the Board of Directors, attendance of board meetings. 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 of the Company will be reimbursed.</p>
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	RMB18,088,500

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

√Applicable □Not Applicable

Name	Position	Method of Change	Reason for Change
Xie Juzhi	Vice President	Election	New Election
Yu Hon To	Director	Election	New Election
Li Kam Fun	Director	Election	New Election
Li Shipeng	Independent director	Election	New Election
Wu Qi	Independent director	Election	New Election

Liu Dalin	Chairman of the Board of Supervisors	Election	New Election
Ma Yinjie	Supervisor	Election	New Election
Li Pan	Vice President	Appointment	New Appointment
Huang Xiaowu	Vice President	Appointment	New Appointment
Wu Yong	Vice President	Appointment	New Appointment
Li Yang	Vice President	Appointment	New Appointment
Guan Jiangwu	Vice President	Appointment	New Appointment
Wang Li	Vice President	Appointment	New Appointment
Tan Lixia	Vice Chairman of the Board	Resignation	Resignation
Dai Deming	Independent director	Resignation	Resignation on expiration
Wang Peihua	Chairman of the Board of Supervisor	Resignation	Resignation
Ming Guoqing	Supervisor	Resignation	Resignation

**(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**

VI. Meeting	Date	Resolutions approved
The 15th meeting of the Tenth session of the Board of Directors	7 February 2021	Considered and approved the Proposal on Amending the Articles of Association of Haier Smart Home Co., Ltd., the Proposal on the Election of Directors of Haier Smart Home Co., Ltd., the Proposal on the Election of Independent Non-executive Directors of Haier Smart Home Co., Ltd., the Proposal on Reorganizing the Senior Management Team of Haier Smart Home Co., Ltd., the Proposal on Replacing H-share Company Secretary of Haier Smart Home Co., Ltd., the Proposal on the Appointment of an Audit Firm for International Accounting Standards in 2020 of Haier Smart Home Co., Ltd., the Proposal on Convening the First Extraordinary General Meeting of 2021 and the First Class

		Meeting of A-Shares / D-Shares / H-Shares of 2021 of Haier Smart Home Co., Ltd.
The 16th meeting of the Tenth session of the Board of Directors	5 March 2021	Considered and approved the Proposal on Establishment of Environmental, Social and Governance Committee and Appointment of Members of Haier Smart Home Co., Ltd., the Proposal on Formulation of the Implementing Rules of the Environmental, Social and Governance Committee of the Board of Directors of Haier Smart Home Co., Ltd., the Proposal on Adjusting the Composition of Special Committees of the Board of Directors of Haier Smart Home Co., Ltd., the Proposal on Election of Vice Chairman of the Company of Haier Smart Home Co., Ltd., and the Proposal on the Scheme of Repurchase of a Portion of A-share Public Shares of Haier Smart Home Co., Ltd.
The 17th meeting of the Tenth session of the Board of Directors	30 March 2021	Considered and approved Report on the 2020 Annual Financial Statements of Haier Smart Home Co., Ltd., 2020 Annual Report and Annual Report Summary of Haier Smart Home Co., Ltd., 2020 Annual Work Report of the Board of Directors of Haier Smart Home Co., Ltd., 2020 Annual Corporate Social Responsibility Report of Haier Smart Home Co., Ltd., 2020 Annual Internal Control Evaluation Report of Haier Smart Home Co., Ltd., Internal Control Audit Report of Haier Smart Home Co., Ltd., 2020 Annual Profit Distribution Plan of Haier Smart Home Co., Ltd., the Resolution on the Anticipated Provision of Guarantees for its Subsidiaries in 2021, the Resolution on the Conduct of Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd., the Resolution on the Election of Independent Director of Haier Smart Home Co., Ltd., the Resolution on Adjusting the Allowance of Directors of Haier Smart Home Co., Ltd., the Resolution on Closing Certain Fund-raising Projects through Convertible Corporate Bonds and Permanently Supplementing the Working Capital with the Surplus Funds of Haier Smart Home Co., Ltd., the Resolution on the Postponement of Certain Investment Projects with the Funds Raised from Convertible Corporate Bonds of Haier Smart Home Co.,

		<p>Ltd., the Resolution on the Special Report on the Deposit and Actual Use of the Funds Raised in 2020 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 Amending the Articles of Association of Haier Smart Home Co., Ltd., the Resolution on Amending the Rules of Procedure for the Board of Directors of Haier Smart Home Co., Ltd., the Resolution on Amending the Management System of External Guarantees of Haier Smart Home Co., Ltd., the Resolution on Amending the Management System of Information Disclosure of Haier Smart Home Co., Ltd., the Resolution on Unified Expression of Amended Parts of Corporate Systems of Haier Smart Home Co., Ltd., and the Resolution on Convening the 2020 Annual General Meeting and the Second A-shares / D-shares / H-shares Class Meetings of 2021 of Haier Smart Home Co., Ltd.</p>
The 18th meeting of the Tenth session of the Board of Directors	29 April 2021	<p>Considered and approved the 2021 First Quarterly Report 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., Proposal of Haier Smart Home Co., Ltd. on Renewal of the Financial Services Framework Agreement and its Expected Related Party Transaction Limit with Haier Group and Haier Finance</p>

The 19th meeting of the Tenth session of the Board of Directors	25 May 2021	Considered and approved the A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd.(2021-2025) (draft) and its Abstract, the H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd.(2021-2025) (draft) and its Abstract, Resolution on Proposal to the General Meeting for Authorizing the Board of Directors to Handle Matters Relevant to the Company's Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd., H Share Restricted Share Unit Scheme of Haier Smart Home Co., Ltd. (2021-2025) (draft), the Resolution on Proposal to the General Meeting to Authorize the Board of Directors or its Authorized Persons to Handle Matters Related to Restricted Share Unit Plans of Haier Smart Home Co., Ltd.
The 20th meeting of the Tenth session of the Board of Directors	25 June 2021	Considered and approved the Resolution of Haier Smart Home Co., Ltd. on Adjustments of the Composition of the Special Committees of the Board
The 21th meeting of the Tenth session of the Board of Directors	29 July 2021	Considered and approved the 2021 A Share Option Incentive Scheme of Haier Smart Home Co., Ltd. (draft) and Summary, the 2021 Management Practices for the Assessment of A Share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution of Haier Smart Home Co., Ltd. on Proposal to the General Meeting to Authorize the Board of Directors and its Authorized Persons to Take Full Control of the Matters Relating to the Company's 2021 A Share Option Incentive Scheme, the Proposal on Convening the Second Extraordinary General Meeting of 2021 and the Third Class Meeting of A-Shares / D-Shares / H-Shares of 2021 of Haier Smart Home Co., Ltd.
22nd meeting of the Tenth session of the Board of Directors of Haier Smart Home Co., Ltd.	30 August 2021	Considered and approved 2021 Interim Report of Haier Smart Home Co., Ltd. and its Summary, the Special Report on the Deposit and Actual Use of Raised Funds in the First Half of 2021 of Haier Smart Home Co., Ltd., the Proposal on the Use of Idle Raised Funds for Cash Management of Haier Smart Home Co., Ltd.

23rd meeting of the Tenth session of the Board of Directors of Haier Smart Home Co., Ltd.	15 September 2021	Considered and approved the Resolution of Haier Smart Home Co., Ltd. on Adjusting the Exercise Price of 2021 A Share Stock Option Incentive Plan, the Resolution of Haier Smart Home Co., Ltd. on First Grant of Stock Options to the Participants, the Resolution of Haier Smart Home Co., Ltd. on the Issue and Listing of New H Shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Resolution of Haier Smart Home Co., Ltd. on Determination of Authorized Person with Full Authority to Handle Matters Relating to the Company's Overseas Issuance of H Shares and Listing
24th meeting of the Tenth session of the Board of Directors of Haier Smart Home Co., Ltd.	29 October 2021	Considered and approved the 2021 Third Quarterly Report of Haier Smart Home Co., Ltd., the Resolution of Haier Smart Home Co., Ltd. on Acquisition of Equity Interests in Subsidiaries Held by Haier Group Corporation and Connected Transactions
25th meeting of the Tenth session of the Board of Directors of Haier Smart Home Co., Ltd.	15 December 2021	Considered and approved the Resolution of Haier Smart Home Co., Ltd. on the Grant of the Reserved Share Options under the 2021 A Share Option Incentive Scheme to the Participants, the Resolution of Haier Smart Home Co., Ltd. on Additional Capital Injection into a Subsidiary and Establishment of Smart Lifestyle Appliances Division

## 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
Liang Haishan	NO	11	11	0	0	0	NO	8

Li Huagang	NO	11	11	2	0	0	NO	8
XieJuzhi	NO	10	10	0	0	0	NO	8
Wu Changqi	NO	11	11	11	0	0	NO	4
Lin Sui	NO	11	11	11	0	0	NO	0
Yu Hon To	NO	10	10	10	0	0	NO	8
Li Kam Fun	NO	10	10	10	0	0	NO	8
Chien Da- chun	YES	11	11	11	0	0	NO	4
Wong HakKun	YES	11	11	11	0	0	NO	4
Li Shipeng	YES	10	10	9	0	0	NO	4
Wu Qi	YES	6	6	6	0	0	NO	0
Tan Lixia (Resigned)	NO	3	3	2	0	0	NO	4
Dai Deming (Resigned)	YES	5	5	5	0	0	NO	0

Explanation for absence from two consecutive Board meetings in person

☐ Applicable ☒ Not Applicable

Number of Board meetings held in the year	11
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	11

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

☐ Applicable ☒ Not Applicable

**(III) Others**

☐ Applicable ☒ Not Applicable

**VII. THE SPECIAL COMMITTEES OF THE BOARD**

☒ Applicable ☐ Not Applicable

**(1). Personnel of The Special Committees of the Board**

Categories of The Special Committees	Name of Personnel
Audit Committee	Wong HakKun, Chien Da-chun, Wu Qi, Yu Hon To, Wu Changqi
Nomination Committee	Wu Qi, Chien Da-chun, Wong HakKun, Li Shipeng, Liang Haishan, Yu Hon To
Remuneration and Appraisal Committee	Chien Da-chun, Li Shipeng, Wu Qi, Liang Haishan, Wu Changqi
Strategy Committee	Liang Haishan, XieJuzhi, Li Huagang, Lin Sui, Wu Qi, Li Shipeng
ESG Committee (Environment, Society and Governance Committee)	Li Kam Fun, Li Huagang, Lin Sui, Chien Da-chun

**(2). The Company convened 7 Audit Committee meetings during the reporting period**

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
25 January 2021	Considered and approved 2020 Annual Report on audit work plan of Haier Smart Home Co., Ltd., the Resolution of Haier Smart Home Co., Ltd. on Appointments of International Accounting Standard Auditor in 2020	No Objections	Nil
26 March 2021	Considered and Approved the Preliminary Considerations on the 2020 Annual Financial Report of Haier Smart Home Co., Ltd., the Preliminary Considerations on the 2020 Annual Audit Report of Internal Control of Haier Smart Home Co., Ltd.	No Objections	Nil
30 March 2021	Considered and approved the 2020 Annual Financial Accounts Report of Haier Smart Home Co., Ltd., the 2020 Annual Report on the Self-Assessment Report on Internal Control of Haier Smart Home Co., Ltd., the 2020 Annual Audit Report of Internal Control of Haier Smart Home Co., Ltd., the resolution of Haier Smart Home Co.,	No objections	Nil



	Ltd. on the Expected Provision of Guarantee for subsidiaries in 2021, the Resolution of Haier Smart Home Co., Ltd. on Conducting foreign exchange funds derivatives business, 2020 Annual Profit Distribution Plan of Haier Smart Home Co., Ltd., 2020 Annual Report on Performance of Duties of the Audit Committee of the Board of Haier Smart Home Co., Ltd.		
28 April 2021	Considered and approved the 2021 First Quarterly Financial Report of Haier Smart Home Co., Ltd., the Resolution of Haier Smart Home Co., Ltd. on Re-assignment of International Accounting Standard Auditor, the Resolution of Haier Smart Home Co., Ltd. on Renewing the Financial Service Framework Agreements with Haier Group Corporation and Estimated Amount of Connected Transactions	No Objections	Nil
26 August 2021	Considered and approved the 2021 Interim Financial Report of Haier Smart Home Co., Ltd.	No Objections	Nil
27 October 2021	Considered and approved the 2021 third quarterly Financial Report of Haier Smart Home Co., Ltd., the Resolution of Haier Smart Home Co., Ltd. on Acquisition of Equity Interests in Subsidiaries held by Haier Group Corporation and Connected Transactions.	No Objections	Nil
20 December 2021	Considered and approved the 2021 Annual Report on Audit work Plan of Haier Smart Home Co., Ltd.	No Objections	Nil

(3). The Company convened 2 Nomination Committee meetings during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
7 February 2021	Considered and approved the resolution of Haier Smart Home Co., Ltd. on Election of Additional Directors of the Company, the resolution of Haier Smart Home Co., Ltd. on Election of Additional Independent Non-executive directors of the	No Objections	Nil

	Company, the Resolution of Haier Smart Home Co., Ltd. on Restructuring of the Company's Senior Management Team		
30 March 2021	Considered and approved the Report of Nomination Committee of the Board of Haier Smart Home Co., Ltd. on the Performance of Duty of Current Directors, Supervisors and Senior Management, the Resolution of Haier Smart Home Co., Ltd. on the Election of Independent directors, the 2020 Annual Report on the Performance of Duty of the Nomination Committee of the Board of Haier Smart Home Co., Ltd.	No Objections	Nil

(4). The Company convened 4 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
30 March 2021	Considered and approved the 2020 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 2021 Annual Report of Haier Smart Home Co., Ltd. on Remuneration and Assessment Scheme of Directors and Senior Management, the 2020 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 May 2021	Considered and approved Stock Ownership Plan of A Share Core Employee of Haier Smart Home Co., Ltd.(2021-2025)(Draft) and Summary, Stock Ownership Plan of H Share Core Employee of Haier Smart Home Co., Ltd.(2021-2025)(Draft) and Summary, the H Share Restricted Share Unit Scheme of Haier Smart Home Co., Ltd. (2021-2025) (Draft)	No Objections	Nil
29 July 2021	Considered and approved the 2021 A Share Option Incentive Scheme of Haier Smart Home Co., Ltd. (draft) and Summary, the 2021 Management Practices for the assessment of A Share Option Incentive Scheme of Haier Smart Home Co., Ltd..	No Objections	Nil
15 December 2021	The Resolution of Haier Smart Home Co., Ltd. on Grant of Reserved Stock Options under the 2021 A Share Stock Option Incentive Plan to Incentive Recipients	No Objections	Nil

**(5). 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
30 March 2021	Considered and approved the Resolution of Haier Smart Home Co., Ltd. on the Closing of Some the Convertible Corporate Bonds Raised Funds Investment Projects and Allocation of the Surplus Proceeds as Supplementary Working Capital on a Permanent Basis, the Resolution of Haier Smart Home Co., Ltd. on the Postponement of Some Convertible Corporate Bond Raised Funds Investment Projects, the 2020 Annual Report on the Performance of Duties of the Strategy Committee of the Board of Haier Smart Home Co., Ltd.	No Objections	Nil
29 October 2021	Considered and approved the Resolution of Haier Smart Home Co., Ltd. on Acquisition of Equity Interests in Subsidiaries held by Haier Group Corporation and Connected Transactions	No Objections	Nil
15 December 2021	Considered and approved the Resolution of Haier Smart Home Co., Ltd. on Capital Increase to subsidiaries and establishing the Business Division of Smart Living Appliances.	No Objections	Nil

**(6). The Company convened 1 meeting of the ESG Committee during the reporting period**

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
29 March 2021	Considered and approved the 2020 Social Responsibility Report of Haier Smart Home Co., Ltd.	No Objections	Nil

**(7). Details of Disagreements**

□ Applicable √ Not Applicable

# **VIII. SUPERVISORY COMMITTEE' EXPLANATION ON RISKS ABOUT THE COMPANY**

☐ Applicable ☒ Not Applicable

Supervisory Committee 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	68
Number of staff of Principal subsidiaries	104,806
Total number of staff	104,874
Number of employees whose retirement expenses are borne by the parent company and the principal subsidiaries	0
Breakdown by Function	
Function	Number
Production	60,286
Sales	18,283
Technical	22,161
Financial	1,729
Administrative	2,415
Total	104,874
Breakdown by Education Background	
Education	Number(person)
Bachelor and above	30,898
College Diploma	26,466
Secondary vocational training diploma and below	47,510
Total	104,874

## **(II) Remuneration policies**

☒ Applicable ☐ Not Applicable

The Company implements a value-creation-centric, user-paid, and Rendanheyi remuneration system, which takes user value-added experience as a test and originates from the Haier strategic profit and loss statement. It assesses the creation of user value, ecosystem micro-community initiation upgrade, target-oriented budget implementation, ecosystem results and continuous optimization based on ecosystem micro-community contracts, Rendanheyi scorecard and win-win value appreciation table.

This incentive mechanism guides the user-paid salary, makers for everyone, and sharing and win-win oriented, creates ecosystem value and builds the ecosystem brand of the Internet of Things.

### (III) Personnel Training

☒ Applicable ☐ Not Applicable

The Company adheres to the concept of “Everyone can develop, everyone should be heard” and builds an ecological platform in the era of Internet of Things, thus realizing the best experience and accelerated development of creators through building a system of non-linear development and diversified cultivation.

The Company puts high priority on talent cultivation, abundant study resources and diversified study forms, in order to facilitate makers to improve their professionalism, expertise and leadership skills. The training courses include corporate culture, project management, English open classes, office skills, series of professional classes, etc., simultaneously adopting live streaming, offline customization, online studying, community forums and other forms of studying, building an open, sharing, efficient and diversified studying ecosystem of Smart Living.

For details please refer to 2021 Environment, Social and Governance Report of Haier Smart Home Co., Ltd. published on the same date as this report.

### (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 2020 profit distribution plan was passed on its 2020 Annual General Meeting held on 25 June 2021: based on the Company’s total existing shares (deducting the repurchased shares) of 9,346,772,322 (including 6,262,154,495 A shares, 271,013,973 D shares and 2,813,603,854 H shares), it was proposed that the Company would distribute cash dividends of RMB3.66 (tax inclusive) per 10 shares to all shareholders, with a total amount before tax of RMB3,420,918,669.85 (tax inclusive). The plan was implemented and completed in August 2021. Details were set out in the Announcement on Implementation of Rights and Interests Distribution of A-shares for 2020 of Haier Smart Home Co., Ltd. (No: L2021-066) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 17 August 2021 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 2021 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 RMB4.60 per 10 shares (tax inclusive) with cash dividend of RMB 4,320,413,011.54. related to the Company's principal business in order to maintain sustainable and stable development and to create value for investors. The proportion of this distribution is 33.1% of the net profit attributable to owners' parent company in 2021 (In 2021, the Company spent RMB2.202 billion and HK\$1 billion on the purchase of A shares and 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 56.3%).100% dividend is paid in cash.

## (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	√Yes □No
Whether the standard and ratio of dividends were clear	√Yes □No
Whether relevant procedures and mechanisms for decision-making were complete	√Yes □No
Whether independent directors performed their duties and responsibilities	√Yes □No
Whether minority shareholders were given the opportunity to fully express their views and demands, and whether their legitimate interests were adequately protected	√Yes □No

- (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

# **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
<p><b>Partial Vesting of Employee Stock Ownership Plan and Termination of the First Phase of Employee Stock Ownership Plan:</b> During the Reporting period, pursuant to the "Core Employee Stock Ownership Plan of Qingdao Haier Co., Ltd (Draft)" (the "First phase ESOP"), the "Second Phase Stock Ownership Plan of Core Employee Stock Ownership Plan of Qingdao Haier Co., Ltd (Draft)" (the "Second Phase ESOP"), the "Third Phase Stock Ownership Plan of Core Employee Stock Ownership Plan of Qingdao Haier Co., Ltd (Draft)" (the "Third Phase of ESOP"), on 15 January 2021, the Management Committee resolved that: (1) the First phase ESOP to be vested, 33 persons who pass the appraisal vest 1,783,038 shares; (2) Second Phase ESOP to be vested, 116 persons who pass the appraisal vest 1,132,832 shares; (3) Third Phase ESOP to be vested, 32 persons who pass the appraisal vest 179,351 shares. Directors, supervisors and senior management of the Company are entitled to vest a total of 1,339,483 shares. Any change in their stock ownership is subject to the relevant provisions of the Rules Governing the Shares of the Company Held by Directors, Supervisors and Senior Management of Listed Companies and Changes Thereof. The Company has, in accordance with the aforesaid resolutions, completed the transfer of the relevant shares on 27 January 2021 at the</p>	<p>For details, please refer to the Announcement of Haier Smart Home Co., Ltd. on Vesting of Interests under the Core Employee Stock Ownership Plan and the Termination of the First Core Employee Stock Ownership Plan (L2021-001) disclosed by the Company on 29 January 2021.</p>

<p>Shanghai Branch of the China Securities Depository and Clearing Corporation, with an aggregate number of 3,095,221 shares. During the reporting period, vesting of shares of the First Phase ESOP were completed and all assets of the stock ownership plan are in the form of monetary funds. In accordance with the relevant provisions of the First Phase ESOP, the First Phase ESOP has been implemented and terminated. Upon completion of the liquidation and allocation of assets, the remaining capital was remitted to the Company.</p>	
<p><b>Introduction of First Phase A Share Employee Stock Ownership Plan and H Share Restricted Share Unit Scheme :</b> In order to improve the corporate governance mechanism, create value for shareholders and promote the full implementation of the Company's IoT smart home brand strategy, the Company introduced the Core Employees A Share Ownership Plan of Haier Smart Home Co., Ltd (for Years 2021–2025) (Draft) and its Summary , the Core Employees H Share Ownership Plan of Haier Smart Home Co., Ltd (for Years 2021– 2025) (Draft) and its Summary and H Share Restricted Share Unit Scheme of Haier Smart Home Co., Ltd upon the approval at the 2020 Annual General Meeting convened on 25 June 2021. During the reporting period, the shares for the A-share and H-share ESOPs and the H Share Restricted Share Unit Scheme for 2021 were purchased.</p>	<p>For details, please refer to the Core Employee A Share Ownership Plan of Haier Smart Home Co., Ltd (for Years 2021–2025) (Draft), the Core Employees H Share Ownership Plan of Haier Smart Home Co., Ltd (for Years 2021– 2025) (Draft), H Share Restricted Share Unit Scheme of Haier Smart Home Co., Ltd and relevant contents disclosed by the Company on 26 May 2021.</p>
<p><b>Termination of the Second Phase and Third Phase Employee Stock Ownership Plan:</b> During the Reporting period, all 721,736 and 5,374,465 shares held under the Second Phase ESOP and the Third Phase ESOP, respectively, have been sold, and all assets of the stock ownership plan are monetary funds. In accordance with the relevant provisions of the Second Phase ESOP and the Third Phase ESOP, the aforementioned plans have been implemented and terminated. Upon completion of the liquidation and allocation of assets, the remaining capital was remitted to the Company.</p>	<p>For details, please refer to the Announcement of Haier Smart Home Co., Ltd on the Termination of the Second Phase and Third Phase Employee Stock Ownership Plan under the Core Employee Stock Ownership Plan (L2021-037) disclosed by the Company on 15 May 2021</p>



<p><b>Vesting of the fourth Phase Employee Stock Ownership Plan :</b> During the reporting period, according to the Phase IV ESOPs under Core Employee Stock Ownership Plan of Qingdao Haier Co., Ltd. (Draft) and Summary (hereinafter referred to as “Phase IV ESOPs”), after being resolved by the management committee, a total of 575 employees were entitled to receive 8,719,368 shares in July 2021, The directors, supervisors and senior management of the Company were entitled to receive 1,401,617 shares, any change in the shares must comply with the relevant provisions of the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management of Listed Companies and the Changes Thereof (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》). According to the aforesaid resolution, the Company completed the transfer of relevant shares at the Shanghai branch of the China Securities Depository and Clearing Corporation Limited on 28 July 2021 with the aggregated amount of 8,719,368 shares. The directors, supervisors and senior management of the Company were entitled to receive 1,401,617 shares.</p>	<p>For details, please refer to the Announcement of Haier Smart Home Co., Ltd on Vesting of the fourth Phase Employee Stock Ownership Plan (L 2021-059) disclosed by the Company on 30 July 2021.</p>
<p><b>Introduction of A Share Stock Option Incentive Plan:</b> As the Company's high-end brands continue to expand and its IoT scenario strategy continues to evolve, the Company needs more focused strategic more committed management, as well as a matching long-term incentive plan to supplement. Therefore, approved at the Extraordinary General Meeting and Class Meeting convened on 15 September 2021, the Company introduced the 2021 A share Stock Option Incentive Plan. The proposed stock options granted to the incentive recipients were 51 million shares, among which were 46 million granted and 5 million.</p>	<p>For details, please refer to the A Share Stock Option Incentive Plan of Haier Smart Home Co., Ltd (draft) and relevant contents disclosed by the Company on 30 July 2021.</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: 10,000 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 exercise price (RMB)	Number of stock options held at the ending of the reporting period	Market value at the end of the reporting period (RMB)
Liang Haishan	Chairman of the Board	0	91.39	0	0	25.63	91.39	29.89
Li Huagang	Director, President	0	91.39	0	0	25.63	91.39	29.89
XieJuzhi	Vice Chairman of the Board	0	91.39	0	0	25.63	91.39	29.89
Li Pan	Vice President	0	45.70	0	0	25.63	45.70	29.89
Gong Wei	Chief financial officer, Vice President	0	45.70	0	0	25.63	45.70	29.89
Huang Xiaowu	Vice President	0	45.70	0	0	25.63	45.70	29.89
Wu Yong	Vice President	0	22.85	0	0	25.63	22.85	29.89
Li Yang	Vice President	0	45.70	0	0	25.63	45.70	29.89

Guan Jiangyong	Vice President	0	22.85	0	0	25.63	22.85	29.89
Wang Li	Vice President	0	45.70	0	0	25.63	45.70	29.89
Total	/	0	548.37	0	0	/	548.37	/

**(IV) Establishment and implementation of appraisal and incentive mechanism for senior management during the reporting period**

☒ Applicable ☐ Not Applicable

The 2021 remuneration system of the management personnel of the Company reflects the ecosystem micro-community contract, high value-adding and high sharing, which is linked with win-win value adding table and Rendanheyi scorecard, etc.. Vertically, the Rendanheyi scorecard represents strategic undertaking and ecosystem micro-community contract, which is linked with the ecosystem micro-community upgrade initiation and platform leading, and horizontally, it embodies the global leadership and ecosystem achievements of the market competitiveness, which leads to the upgrading from “high-end brand” to “scenario brand” and “ecosystem brand”. The remuneration competitiveness is determined based on such elements as “strategic undertaking”, “market-leading target competitiveness”, “micro-community initiation, platform leading” and “ecosystem achievements”. The senior management personnel receive an annual assessment of performance for the year, which is a key factor in determining performance bonuses and development. On one hand, the overall customer- paid, and Rendanheyi remuneration system forms a diversified combination of the management’s remuneration incentives, which is oriented towards creating customer value and ecosystem value. On the other hand, it also makes the remuneration mechanism of the management more flexible, which provides impetus for the innovation of the management and embodies the maximization of people value. At the same time, the Company implements measures such as the core employee stock-holding plan and share option incentive plan to further improve the remuneration incentive system, enhances the incentive and restraint mechanisms, and establishes a benefits and risk sharing mechanism between the Company and the operational and managerial personnel based on the principle of the customer-paid compensation.

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

☒ Applicable ☐ Not Applicable

For details, please refer to the 2021 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.

Important personnel appointments and removals are generally conducted by selecting candidates proposed by human resource department while re-designation of directors, supervisors, and senior management need to be determined by the relevant authority of the parent company. Other important personnel appointments and removals are conducted through the open competition process on "Chuangba" system.

At the same time, the appointment of directors, supervisors and senior management is considered as a change of company information, which is required to be reviewed in the Company's legal cloud supermarket system. The reviewer is the legal representative of the Company, and the review is based on the request report signed by the platform owner or the minutes of the president's office of Haier Smart Home.

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 corporation 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 corporation has prepared a comprehensive budget in accordance with the unified budget preparation policy and guidance. Annual budgeting for the market 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 corporation 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 based on the principles of the Rendanheyi 2D Dot Matrix .

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 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: The parent company conducts internal test and audit of subsidiaries, more than 85% of revenue and assets of which belong to the parent Company, every year to identify problems in a timely manner and facilitate the closed-loop rectification of problems. During the reporting period, there were no new major subsidiaries.

#### **XIV. RELEVANT EXPLANATIONS ON THE AUDIT REPORT OF INTERNAL CONTROL**

☒ Applicable ☐ Not Applicable

The Company's auditor Hexin Certified Public Accountants LLP has audited the efficiency of internal control relating to the financial report of the Company, and has issued its standard unqualified audit report for the Company's internal control (He Xin Shen Zi (2022) No. 000359).

For the details of Audit Report of Internal Control of Haier Smart Home Co., Ltd., please refer to relevant announcements published on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on the same day of this report.

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

#### (I) 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 indirect non-wholly owned subsidiaries Zhengzhou Haier Airconditioning Co., Ltd. ("Zhengzhou Air-conditioning"), Foshan Haier Freezer Co., Ltd. ("Foshan Freezer"), Hefei Haier Refrigerator Co., Ltd. ("Hefei Refrigerator"), Wuhan Haier Water Heater Co., Ltd. ("Wuhan Water Heater"), Wuhan Haier Freezer Co., Ltd. ("Wuhan Freezer"), Dalian Haier Refrigerator Co., Ltd. ("Dalian Refrigerator") and Chongqing Haier Airconditioning Co., Ltd., Chongqing Haier Water Heater Co., Ltd. (the aforementioned 2 companies located in Chongqing are collectively referred to as the "Chongqing Park Companies") are among the key emission units announced by the local environmental protection department. The main information on pollutant discharge is as follows:

##### (1) Zhengzhou Air-conditioning

###### ①Main pollutants:

Wastewater. According to the Technical Specification for Application and Issuance of Pollutant Permit - Wastewater Treatment (for Trial) (HJ 978-2018), Development Zone Energy should apply for a pollutant discharge permit and detect 17 types of pollutants (including specific pollutants), namely, total cadmium, total chromium, total mercury, total lead, total arsenic, hexavalent chromium, COD, ammonia nitrogen, total phosphorus, total nitrogen, PH, suspended solids, chroma, petroleum, BOD, rate of flow and temperature.

###### ②Way of discharge: indirect discharge

③Number and distribution of discharge outlets: one, north of the wastewater treatment plant, pipeline discharge

###### ④Concentration 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	27.02mg/L	1.02 tons	6.25 tons	No
2	Ammonia nitrogen	6.9mg/L	0.08 tons	0.63 tons	No

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

## (2) Foshan Freezer

### ① Main Pollutants:

Wastewater. According to the Technical Specification for Application and Issuance of Pollutant Permit - Wastewater Treatment (for Trial) (HJ 978-2018), Development Zone Energy should apply for a pollutant discharge permit and detect 6 types of pollutants (including specific pollutants), namely, COD, ammonia nitrogen, zinc, PH, SS, suspended solids, petroleum

② Way of discharge: indirect discharge

③ Number and distribution of discharge outlets: one, south of the wastewater treatment plant to the southeast of Fushan Sanshui District Haier Park, pipeline discharge; exhaust emission, one dust emitting processes, four foam generating processes, three welding processes, one plastic injection and breaking process, two kitchens, for a total of 11

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	20 mg/L	4.17 tons	25.92 tons	No
2	Ammonia nitrogen	1.46mg/L	0.304 tons	2.88 tons	No

⑤ Pollutant discharge standards implemented: first standard of the second period set forth in the “Discharge Limits of Water Pollutants” (DB44/26-2001) of local standard in Guangdong Province

## (3) Hefei Refrigerator

### ① Main Pollutants:

Wastewater. According to the Technical Specification for Application and Issuance of Pollutant Permit - Wastewater Treatment (for Trial) (HJ 978-2018), Development Zone Energy should apply for a pollutant discharge permit and detect 8 types of pollutants (including specific pollutants), namely, total nitrogen (as N), total phosphorus (as P), rate of flow, suspended solids, value of PH, Chemical oxygen demand (COD), ammonia nitrogen (NH<sub>3</sub>-N) and five-day biochemical oxygen demand (BOD<sub>5</sub>).

Exhaust gas. According to the Volatile Organic Unorganized Emission Control Standard (GB 37822-1-2019), Development Zone Energy should apply for a pollutant discharge permit and detect pollutants. Main types of atmospheric pollutants: particle matter, non-methane total hydrocarbons

② Way of discharge: continuous discharge



③Number and distribution of discharge outlets: 1 sewage, at the north entrance of the refrigerator Park; 25 exhaust gas, at the refrigerator block A(11), B factories(11) and Phase III Factory(3).

④Concentration 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 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	104.114 mg/L	56.2 tons	165 tons	No
2	ammonia nitrogen	11.432 mg/L	5.373 tons	10 tons	No
3	total nitrogen	22.45 mg/L	11.76 tons	25 tons	No
4	total phosphorus	2.065 mg/L	1.082 tons	3 tons	No

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

#### (4) Wuhan Water Heater

①Main 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 (NH<sub>3</sub>-N), five-day biochemical oxygen demand (BOD<sub>5</sub>), PH, anionic surface active agent, total phosphorus, and animal and vegetable oils.

②Way of discharge: indirect discharge

③Number and distribution of discharge outlets: one, on the southwest of the wastewater treatment plant, pipeline discharge

④Concentration 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 mg/L	8.92 tons	9.075 tons	No
2	Ammonia nitrogen	0.336 mg/L	0.0749 tons	0.9075 tons	No

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

#### (5) Wuhan freezer

①Main pollutants:

Wastewater. According to the Technical Specification for Application and Issuance of Pollutant Permit - Wastewater Treatment (for Trial) (HJ 978-2018), Wuhan freezer should apply for a pollutant discharge permit and detect 9 types of pollutants (including specific pollutants), namely, COD, total zinc, suspended solids, ammonia nitrogen (NH<sub>3</sub>-N), five-day biochemical oxygen demand (BOD<sub>5</sub>), PH, anionic surface active agent, total phosphorus, and animal and vegetable oils.

②Way of discharge: indirect discharge

③Number and distribution of discharge outlets: one, on the south 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	46 mg/L	3.88 tons	4.3628 tons	No
2	Ammonia nitrogen	0.497 mg/L	0.042 tons	0.4365 tons	No

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

## (6) Dalian Refrigerator

①Main Pollutants:

Wastewater. According to Measures for Pollutant Discharge Permitting Administration, 5 types of pollutants should be tested, namely, COD, total phosphorus, PH, suspended solids, zinc.

②Way of discharge: indirect discharge

③Number and distribution of discharge outlets: one, on the wastewater treatment plant, pipeline discharge

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

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	244 mg/L	2.66 tons	2.66 tons	No
2	Ammonia nitrogen	5.4 mg/L	0.059 tons	0.059 tons	No

Pollutant discharge standards implemented: Wastewater Discharge Standard for Liaoning Province (DB 21/ 1627-2008)

## (7) Chongqing Park Company

① Main pollutants:

Wastewater. According to the registration and declaration of Pollutant Permit of the PRC, 7 types of pollutants (including specific pollutants) should be tested, namely, COD、 ammonia nitrogen (NH<sub>3</sub>-N), five-day biochemical oxygen demand (BOD<sub>5</sub>), PH, suspended solids, petroleum, animal and vegetable oil, rate of flow.

- ② Way of discharge: indirect discharge
- ③ Number and distribution of discharge outlets: three, first wastewater treatment plant, second integrated wastewater treatment plant, the apartment wastewater treatment station, 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	59 mg/L	33.93tons	228.1tons	No
2	Suspended solids	21 mg/L	12.08tons	177.2tons	No
3	Animal and vegetable oil	1.24mg/L	0.71tons	34tons	No
4	Petroleum	0.14 mg/L	0.08tons	1.32tons	No

Integrated wastewater discharge standard (GB 8978-1996) – grade 3

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

☒Applicable ☐Not Applicable

Zhengzhou Air-conditioning, Foshan Freezer, Wuhan Freezer, Wuhan Water Heater have one, one, one and two wastewater treatment plants with a designed treatment capacity of 550 tonnes/day, 1,800 tonnes/day, 550 tonnes/day, 300 tonnes/day and 260 tonnes/day, respectively. There are three wastewater treatment plants in Chongqing Haier Park responsible for collecting and treating the wastewater produced by the Chongqing Park Companies with a wastewater treatment capacity of 3,600 tonnes/day, and one wastewater treatment plant in Dalian Haier Park responsible for collecting and treating the wastewater produced by the Dalian Park Companies with a wastewater treatment capacity of 300 tonnes/day. 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. 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.

**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

The Company complies with national and local environmental standard requirements in respect of all pollutant discharge. 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 will be conducted on the operation of ISO14001 system in 2021.

**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

**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 Haier Smart Energy Center, an industry leading energy big data analysis system, the Company 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 and completes prediction and analysis of energy consumption information to optimize energy adjustment, reduce energy consumption per unit production to achieve low-carbon production.

**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

The Company proactively advances product iteration and upgrade and participates in the development of ecological environment. The Company took part in the formulation of energy consumption standard of household appliances organized by Beijing Institute of Standardization to promote the shift to energy-saving models in the household appliance field. We cooperated with relevant organizations in relevant refrigerant research and development projects to strive for the application of refrigerants with lower greenhouse gas emission. Meanwhile, the Company and Haier's suppliers, among others, cooperated in the research and development of low-carbon related technology, such as recyclable packaging materials, to facilitate environmental protection.

The Company proactively responds to the household appliance recycling policies of the NDRC by launching a household appliance recycling project and investing in the construction of Haier's household appliance recycling plant. With the recycling business as the starting point, we tapped into the disintegration process and implemented extended accountability for household appliance manufacturer

to initiate the development of household appliance recycling plants. The measure will significantly boost the efficiency of resource utilization to achieve sustainable development.

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

☒Applicable ☐Not Applicable

As the leading enterprise in the industry, the Company proactively seeks ways to achieve carbon neutrality and carbon peak and optimize industrial structure and energy structure. Currently, the Company has designed and established Haier Zhong De Smart Park, Haier's first "beacon base" in the world to achieve carbon neutrality, and intends to expand its coverage within the Company in the future, with a view to reaching carbon neutrality for Haier Smart Home's industrial parks in the PRC within a reasonable time, while giving due regards to comprehensive elements, such as costs. Haier Zhong De Industrial Park uses a smart general energy control platform to implement centralized dynamic monitoring and digitalized management in respect of the production, transmission, distribution and utilization of energy and power in the park, such as electricity, water, gas, heat, compressed air, photovoltaic, thereby improving and optimizing energy balance, controlling and adjusting the energy system in the park and enhancing overall efficiency.

**II. PERFORMANCE OF SOCIAL RESPONSIBILITIES**

☒ Applicable ☐ Not Applicable

For details, please refer to the 2021 Environment, Social and Governance 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

In accordance with the national targeted poverty alleviation plan and documents requirements, the Company emphasizes poverty alleviation and conducts targeted poverty alleviation within the authority granted on the general meeting in respect of, among others, donations.

For years, the Company has made genuine contributions to education to improve the basic cultural quality of people in poverty and skills of families in poverty, with an emphasis on shoring up the weak link of the education sector and stopping inter-generational poverty. As of now, the Company, Haier Group Companies (the effective controller of the Company) and its subordinate enterprises (hereafter, the "Haier Group") have constructed over 300 hope primary schools and hope secondary schools, covering 26 provinces, municipalities and autonomous regions in the PRC. It also offers continuous resource assistance to such schools every year to effectively boost the base education capacity in poverty

regions and improve education quality. At the same time, during the major flooding of Zhengzhou, on the one hand, local industry parks of the Company conducted self-rescue proactively and ensured the normal resumption of work and production; on the other hand, the Company donated RMB20 million, taking up social responsibilities voluntarily and supporting the reconstruction of disaster areas. The Company maintains its support to rural development in respect of poverty alleviation in agricultural development and poverty alleviation in farmers' health to promote beautiful rural development. During the Reporting Period, it offered, among other assistance, funds to Xian Feng Village, Tao Lin Town, Xi Shui County, Gui Zhou.

In 2021, the Company's capital expenditure in targeted poverty alleviation amounted to approximately RMB37.79 million, primarily attributable to education poverty alleviation, poverty alleviation in agricultural development, poverty alleviation in farmers' health and construction of disaster areas, etc., to proactively respond to the government's call for social responsibility fulfillment.

## 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 and term of undertakings	Any deadline for performance	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	27 September 2006, long-term	Yes	Yes



			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.			
	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, long-term	Yes	Yes
	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	29 July 2020, long-term	Yes	Yes

			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.			
	Address peer competition	Haier Group Corporation	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	29 July 2020, long-term	Yes	Yes

			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.			
	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	29 July 2020, long-term	Yes	Yes

			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.			
	Others	HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	1. The company legally holds the Subject Shares, of which the company has full ownership, and there are no restrictions on the rights of the Subject Shares or any circumstances that may affect the offer or settlement of the Transaction. 2. The company has full rights to participate in the Transaction and has the right to accept the Offer in connection with the Transaction and to sign and perform all agreements and documents involved in the Transaction. 3. The Company intends to participate in the Transaction as a shareholder under the scheme of arrangement. 4. Unless the privatisation of Haier Electronics is completed or Haier Smart Home announces the termination of privatisation, except for the transactions with Haier Smart Home and its designated entities, the Company will not sell the Subject Shares, reach any disposal arrangements with any third party regarding the Subject Shares or their rights and interests, and set any rights restrictions such as pledge on the Subject Shares from the date of issuance of this confirmation letter. 5. Unless the privatisation of Haier Electronics is completed or Haier Smart Home announces the termination of privatization, except for	29 July 2020, termination of privatization / six months after H Share listing	Yes	Yes

			<p>participating in and promoting the Transaction, the company will not increase its shareholding in Haier Electronics, reach any arrangements with other shareholders of Haier Electronics regarding the disposal of the Subject Shares or their rights and interests, or set any rights restrictions such as pledge on Haier Electronics shares held by other shareholders of Haier Electronics. 6. The company will abide by the relevant restrictions on the sale of Haier Smart Home Shares in Rule 10.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which has been revised from time to time: within six months from the date of disclosure of our shareholding in Haier Smart Home H shares listed in the Transaction to the date of trading of Haier Smart Home H shares on the Hong Kong Stock Exchange, the company will not sell Haier Smart Home H shares acquired by the company through the Transaction, or enter into any agreement to sell such shares, or create any options, rights, interests or encumbrances in respect of such shares; In addition, the sale of the Haier Smart Home H Shares, the entering into of any agreement to sell such shares, or the exercise or enforcement of such options, rights, benefits or encumbrances in respect of such shares by the company during the six months following the expiry of the aforesaid six-month period shall not result in Haier Group Companies and parties acting in concert with it losing their status as controlling shareholders of Haier Smart Home.</p>			
	Address connected transactions	HCH (HK) INVESTMENT MANAGEMENT	<p>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</p>	29 July 2020, long-term	Yes	Yes

		ENT CO., LIMITED	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.			
Undertaking related to refinancing	Eliminate the right defects in land	Haier Group Corporate	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	24 December 2013, long-term	Yes	Yes

	property and etc.		<p>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 (L2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.</p>			
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	Eliminate the right defects in land property etc.	Haier Smart Home Co., Ltd.	The Company undertakes that it will eliminate the property defects of the Company and main subsidiaries within five years with reasonable business effort since 24 December 2013, to achieve the legality and compliance of the Company and main subsidiaries in terms of land and property. 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 (L2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014. As at the end of 2018, the Company has resolved the property defects of itself and its eight major subsidiaries and is in the process of resolving the property defects of the remaining five major subsidiaries. After the approval of the board meeting held by the Company on 5 November 2018 and the general meeting held on 21 December 2018, the term of the above undertakings was extended for three years based on the original deadline. At present, the property defects of the five major subsidiaries have been properly resolved by applying for property ownership certificates, relocating the defective properties and categorizing them as reserve alongside the lands, divesting the defective properties with the equity of the subsidiaries and other means. The Company has fulfilled this undertaking.	24 December 2013, eight years	Yes	Yes
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, the completion of equity incentive implementation	Yes	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 (L2020- 024) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 30 April 2020.	December 2015 to June 2025	Yes	Yes
	Profit forecast and compensation	Haier COSMO Co., Ltd. (formerly known as “Haier Electric Appliances International Co., Ltd.”)	In August 2018, Guanmei (Shanghai) Enterprise Management Company Limited (贯美(上海)企业管理有限公司) (hereinafter referred to as “Guanmei”), an indirect holding subsidiary of the Company replaced the 55% equity interests of Bingji (Shanghai) Enterprise Management Company Limited (冰戟(上海)企业管理有限公司) held by it with the 51% equity interests of Qingdao HSW Water Appliance Co., Ltd. (hereinafter referred to as “Water Equipment”) held by Haier Electric Appliances International Co., Ltd. (hereinafter referred to as “Haier International”). In this regard, Haier International promises that the cumulative actual net profit recorded by the Water Equipment in the three accounting years during the profit compensation period shall not be less than its cumulative forecasted net profit in the corresponding year, otherwise Haier International shall compensate Guanmei’s results according to the Assets Replacement Agreement. Details are set out in the Announcement on the Equity Replacement and Related Party Transactions to Be Conducted by the Holding Subsidiary of Qingdao Haier Co., Ltd. and Haier Electronics International Co., Ltd. (L2018-047) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 31 August 2018. Since the Water Equipment achieved the cumulative net profit in the three accounting years during the profit compensation period, Haier International shall not compensate the results. Details are set out	As of 30 April 2021	Yes	Yes

			in the Special Audit Report on the Satisfaction of Performance Commitment of Haier Smart Home Co., Ltd. (Report No.: He Xin Zhuan Zi (2021) No.000101) disclosed by the Company on 31 March 2021.			
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- (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

- (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) **Other explanations**

☐ Applicable ☒ Not Applicable

**VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM**

Unit and Currency: RMB million

	Current appointment
Name of domestic accounting firm	Hexin Certified Public Accountants LLP
Remuneration of domestic accounting firm	7.15
Audit period of domestic accounting firm	9 years
Name of overseas accounting firm	HLB Hodgson Impey Cheng Limited
Remuneration of overseas accounting firm	3.89
Audit period of overseas accounting firm	2 years

	Name	Remuneration
Accounting firm for Internal control audit	Hexin Certified Public Accountants LLP	2.85
Financial advisor	Zheshang Securities Co., Ltd.	0

Explanation of appointment and dismissal of accounting firm

☐ Applicable ☒ Not Applicable

Explanation of change of accounting firm during the auditing period

☐ 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 the "Resolution on Proposal to the General Meeting to Authorize the Board of Directors and its Authorized Persons to Sign the Framework Agreement on Connected Transactions for 2020-2022" (《关于提请股东大会授权董事会及其授权人士签署 2020-2022 年关联交易框架协议的议案》) considered and approved at the 10th meeting of the 10th session of the Board of Directors and the Second Extraordinary General Meeting of 2020, the "Resolution on Signing the Framework Agreement on Connected Transactions" (《关于签署关联交易框架协议的议案》) considered and approved at the 14th meeting of the 10th session of the Board of Directors, and the "Resolution of Haier Smart Home Co., Ltd. on Renewing the Framework Agreement on Financial Services with Haier Group Corporation 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续签暨预计关联交易额度的议案》) considered and approved at the 18th meeting of the 10th session of the Board of Directors and the 2020 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.

For the actual performance of the Company's connected transactions in the year of 2021, please refer to "XII. 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

Summary of matters	Query index
Related-party transactions involved in the acquisition of minority interests: please refer to (V) Analysis of status of investment in Section III Discussion and Analysis of Operation of this report.	For details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Acquisition of Equity Interests in Subsidiaries held by Haier Group Corporation and Related-Party Transactions disclosed on 30 October 2021 and relevant announcements disclosed on the same day.

##### 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

##### 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	29 billion	0.385% to 3.25%	24,964,098,241.74	410,845,216,685.05	407,177,168,007.49	28,632,146,919.30
Total	/	/	/	24,964,098,241.74	410,845,216,685.05	407,177,168,007.49	28,632,146,919.30

**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	5 billion	1.52%to 3.08%	454,470,450.05	19,359,969.00	137,322,759.93	336,507,659.12
Total	/	/	/	454,470,450.05	19,359,969.00	137,322,759.93	336,507,659.12

### 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	5.5 billion	2,611,999,252.69
Haier Finance Co., Ltd.	Subsidiary of Haier Group	Service charge	80 million	23,493,333.12

### 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 interbank 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

Unit and Currency: RMB's 000

External guarantees provided by the Company (excluding guarantees for subsidiaries)														
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	Whether Related-party guarantee or not	Relationship
Total amount of guarantee occurred during the reporting period (excluding guarantees for subsidiaries)									0					
Total balance of guarantee at the end of the reporting period (A) (excluding guarantees for subsidiaries)									0					
Guarantees provided by the Company for subsidiaries														
Total amount of guarantees for subsidiaries occurred during the reporting period									3,111,075					
Total balance of guarantees for subsidiaries at the end of the reporting period (B)									1,135,728					
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)														
Total amount of guarantee (A + B)									1,135,728					
Ratio of total amount of guarantees to net assets of the Company (%)									14.28					
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)									252,863					
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)									252,863					
Explanation of possibly bearing related discharge duty for premature guarantees									Nil					
Explanation of guarantee status									Nil					

**(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
Principal-guaranteed wealth management products and structured deposit	Self-owned funds, CB	2,472,550,008	2,472,550,008	0

**Others**

√ Applicable □ Not applicable

By the end of the reporting period, the balance of the Company's entrusted wealth management amounted to RMB2.473 billion, including two parts: ①**temporarily-idle fundraising wealth management**: at the end of December 2018, the Company's proceeds for the issuance of convertible corporate bonds were fully landed. In order to improve the yield of temporarily-idle funds, the Company intended to carry out cash management with the amounts not exceeding RMB0.5 billion after approved by the Board of Directors. By the end of the reporting period, the balance of the entrusted wealth management amounted to RMB315 million; ②**Temporary-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 general manager'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 RMB2.158 billion.

**(2) Individual entrusted wealth management**

√ Applicable □ Not applicable

Unit and Currency: RMB

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	Determination of return	Annualized yield	Expected return (if any)	Actual gains or losses	Collection	Whether approved by due process	Any future plan for entrusted wealth management	Amount of provision for impairment (if any)
Haier Road sub-branch of Construction Bank	Wealth management	240,000,000.00	2021/10/27	2022/1/27	Self-owned funds			3.40%	2,056,767		Not expired	YES	YES	
Haier Road sub-branch of Construction Bank	Wealth management	300,000,000.00	2021/11/24	2022/5/24	Self-owned funds			3.50%	5,206,849		Not expired	YES	YES	
Qingdao branch of Bank of Communications	Wealth management	878,000,000.00	2021/10/27	2022/1/26	Self-owned funds			3.35%	7,333,104		Not expired	YES	YES	

Qingdao branch of Shanghai Pudong Development Bank	Wealth management	290,000,000.00	2021/11/3	2022/1/29	Self-owned funds			3.20%	2,211,945		Not expired	YES	YES	
Qingdao branch of Shanghai Pudong Development Bank	Wealth management	278,500,000.00	2021/11/22	2022/2/21	Self-owned funds			3.20%	2,221,896		Not expired	YES	YES	
Qingdao branch of Bank of Communication s	Wealth management	62,000,000.00	2021/9/17	2022/1/18	Self-owned funds			3.30%	689,474		Not expired	YES	YES	
Haier Road sub-branch of Construction Bank	Wealth management	100,000,000.00	2021/12/22	2022/3/22	Self-owned funds			3.40%	838,356		Not expired	YES	YES	
Haier Road sub-branch of China	Linked structured deposit	65,000,000	2021/11/29	2022/5/29	CB			3.50%	1,128,151		Not expired	YES	YES	

Construction Bank Corporation														
Haier Road sub-branch of China Construction Bank Corporation	Linked structured deposit	125,000,000	2021/12/27	2022/6/26	CB			3.50%	2,169,521		Not expired	YES	YES	
Haier Road sub-branch of China Construction Bank Corporation	Linked structured deposit	125,000,000	2021/9/2	2022/2/15	CB			3.50%	1,989,726		Not expired	YES	YES	
Asset management account of	Short-term wealth management	9,050,008			Self-owned funds						Not expired	YES	YES	

Industrial Bank CO., LTD.														
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**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

**3. Others**

☒ Applicable ☐ Not Applicable

RMB0'000

Operator name of derivatives investment	Type of derivatives investment	Initial investment amount of derivatives investment	Starting date	Ending date	Opening investment amount	Amount purchased during the reporting period	Amount sold during the reporting period	Provision for impairment (if any)	Closing investment amount	Proportion of closing investment amount over net assets at end of reporting period	Actual profit or loss for the reporting period
Bank	Forward foreign exchange contract	1,250,593	1 Jan 2021	31 Dec 2021	1,250,593				1,247,880		20,489
Bank	Interest rate/exchange rate swap	230,366	1 Jan 2021	31 Dec 2021	230,366				209,737		-2,596



Funding sources of derivatives investments	Own funds of the Company
For changes in the market price or fair value of the invested derivatives products during the reporting period, the specific methodology used and the settings of relevant assumptions and parameters should be disclosed in the fair value analysis of the derivatives.	<p>Changes in market prices or fair value of products,</p> <ol style="list-style-type: none"> <li>1. The profit or loss of the foreign exchange forward contracts amounted to RMB204.89 million during the reporting period;</li> <li>2. The profit and loss arising from the interest rate/exchange rate swap was –RMB25.96 million during the reporting period.</li> </ol> <p>The specific methodology used and the related assumptions and parameter settings are according to the forward quotations of foreign exchange and interest rate swaps of the financial institutions</p>

**(IV) Other Major Contracts**

☐ Applicable ☒ Not Applicable

**XIV. 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	9,027,846,441	100.00	403,210,889			-32,352,800	370,858,089	9,398,704,530	100.00
1. RMB ordinary shares	6,308,552,654	69.88						6,308,552,654	67.12
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	2,719,293,787	30.12	403,210,889			-32,352,800	370,858,089	3,090,151,876	32.88
4. Others									
III. Total shares	9,027,846,441	100.00	403,210,889			-32,352,800	370,858,089	9,398,704,530	100.00

**2. Statement on the changes in shares**

√ Applicable □ Not Applicable

**(1) H-share convertible bonds:** On 27 October 2020, the China Securities Regulatory Commission issued the Reply to the Approval of Issuance of Overseas Listed Foreign Shares and Convertible Corporate Bonds by Haier Smart Home Co., Ltd. (《关于核准海尔智家股份有限公司发行境外上市外资股及可转换公司债券的批复》) (Zheng Jian Xu Ke [2020] No. 2768), which approved that: (1) the Company issued no more than 2,856,526,138 overseas listed foreign shares (including additional shares issued by holders of convertible corporate bonds not exceeding HK\$8.0 billion or equivalent in foreign currencies upon the exercise of the convertible rights), with a par value of RMB1 each, all of which are ordinary shares. After the completion of this issuance, the Company can be listed on the main board of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange"); (2) the issuance of corporate bonds not exceeding HK\$8.0 billion or equivalent in foreign currencies that can be converted into the Company's overseas listed foreign shares by the overseas wholly-owned subsidiaries guaranteed by the Company. On 23 December 2020, 2,448,279,814 H shares of the Company, issued for the privatisation of Haier Electronics Group Co., Ltd. (a Hong Kong listed company), were listed and traded on the Main Board of the Hong Kong Stock Exchange and the related convertible bonds under the H share convertible bonds scheme became valid and in effect immediately after the listing amounting to HK\$7,993,000,000. During the reporting period, HK\$7,594,000,000 of the convertible bonds were converted into a total of 403,210,889 H shares of the Company and the outstanding amount was HK\$399,000,000.

**(2) Cancellation of H share repurchase:** On 5 March 2021, the First Extraordinary General Meeting of 2021 and the First Class Meeting of 2021 for A shares/D shares/H shares of the Company considered and approved the "Resolution on the Introduction of General Mandate for Repurchase of H Shares upon Completion of Listing", in which the Company intends to repurchase H shares and cancel them within the agreed period. During the reporting period, the Company repurchased a total of 32,352,800 H shares and all such shares have been cancelled.

Based on the above, during the reporting period, the share capital of the Company was changed from 9,027,846,441 shares at the beginning of the reporting period to 9,398,704,530 shares.

**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 2021, the Company achieved net profit attributable to shareholders of the Parent Company of RMB13,067,038,271.85, equity attributable to owners of the Parent Company of RMB79,810,927,325.55, in terms of total share capital of 9,027,846,441 shares at the beginning of the period, profit per share was RMB1.45 and net asset was RMB8.84 per share accordingly; in terms of total share capital of 9,398,704,530 shares at the end of the period, profit per share was RMB1.39 and net asset was RMB8.49 per share 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

Unit: share Currency: RMB

Type of shares and	Date	of	Issuing price	Number of	Date of listing	Number of	Date of
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its derivative securities	issue	(or interests rate)	issuance		shares under listing approval	termination
Convertible corporation bonds, convertible bonds with warrants						
Corporate bonds convertible into H-shares	23 December 2020	/	7,993,000,000	23 December 2020	7,993,000,000	21 November 2022

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

On 27 October 2020, China Securities Regulatory Commission (CSRC) issued the Reply on Approval of the Foreign Public Issuance of Convertible Bonds by Qingdao Haier Co., Ltd.” (Zheng Jian Xu Ke [2020] No. 2768, hereinafter referred to as “CSRC Reply”), which approved: (1) Haier Smart Home shall issue not more than 2,856,526,138 overseas listed foreign capital shares (including not more than HK\$8 billion or the equivalent in foreign currencies of shares issued for the holders of convertible corporate bonds upon the exercise of conversion rights), with a par value of RMB1 each and all of which are ordinary shares. Upon the completion of this issue, Haier Smart Home can be listed on the Main Board of The Stock Exchange of Hong Kong Limited; (2) the overseas wholly-owned subsidiary guaranteed by Haier Smart Home can issue corporate bonds of not exceeding HK\$8 billion or equivalent in foreign currencies that can be converted into overseas listed foreign capital shares of the issuer. Pursuant to which and with the approval of the relevant parties, the Company and Harvest International Company, a wholly-owned subsidiary of the Company, issued 2,448,279,814 H-shares and convertible bonds respectively on Hong Kong Stock Exchange on 23 December 2020 (the ex-changeable bonds of HK\$8 billion issued in November 2017 were converted into convertible bonds, and the convertible bonds in effect amounted to HK\$7,993 million, which can be converted into H-shares of the Company). For details, please refer to the prospectus and other relevant documents disclosed in Hong Kong market during the reporting period of the Company and the Report on the Implementation of Material Asset Purchase and Related Party Transactions and other relevant documents disclosed on 26 December 2020.

## (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

## 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	156,482
Total number of ordinary shareholders as at the end of the last month prior to the disclosure day of the annual report	170,068

**(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

Shareholdings of top ten shareholders							
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	
HKSCC NOMINEES LIMITED		1,820,935,022	19.37		Unknown		Foreign legal entity
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)		1,258,684,824	13.39		None		Domestic non-state-owned legal entity
Haier Group Corporation		1,072,610,764	11.41		None		Domestic non-state-owned legal entity
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED		538,560,000	5.73		None		Foreign legal entity
Hong Kong Securities Clearing Co., Ltd.		682,954,688	7.27		None		Unknown
China Securities Finance Corporation Limited		182,592,654	1.94		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	1.83		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))		103,210,216	1.10		None		Domestic non-state-owned legal entity
ALIBABA INVESTMENT LIMITED		83,823,993	0.89		None		Unknown
China Merchant Bank Co., Ltd. – Xingquan Herun mixed securities investment fund		71,302,442	0.76		None		Unknown
Shareholdings of top ten shareholders not subject to selling restrictions							
Name of shareholder	Number of tradable shares without selling restrictions			Class and number of shares			
				Class		Number	

HKSCC NOMINEES LIMITED	1,820,935,022	Overseas listed foreign shares	1,820,935,022
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
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000
Haier Group Corporation	682,954,688	RMB ordinary	682,954,688
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
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业 (有限合伙))	103,210,216	RMB ordinary	103,210,216
ALIBABA INVESTMENT LIMITED	83,823,993	Overseas listed foreign shares	83,823,993
China Merchant Bank Co., Ltd. – Xingquan Herun mixed securities investment fund	71,302,442	RMB ordinary	71,302,442
Explanation on repurchase account of top ten shareholders	Not applicable		
Explanation on delegated voting rights, entrusted voting rights, abstained voting rights of the aforesaid shareholders	Not applicable		
Related parties or parties acting in concert among the aforesaid shareholders	<p>(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 &amp; 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;</p> <p>(2) The Company is not aware of the existence of any connections of other shareholders.</p>		
Explanation of preferential shareholders with restoration of voting rights and their shareholdings	Not applicable		

**Note:** (1) 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. (2) As at the end of the reporting period, Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) engaged in refinancing and securities lending business, involving a total of 1,700,000 shares, whilst the ownership of which had not been transferred. The actual number of shares held by it totaled 104,910,216 shares.

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

☐ Applicable ☒ Not Applicable

**(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 controlling/participating 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) etc.
Other explanation	Nil



**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
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 controlling/participating 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)
Other explanation	Nil

**2 Natural person**

☐ Applicable ☒ Not Applicable

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

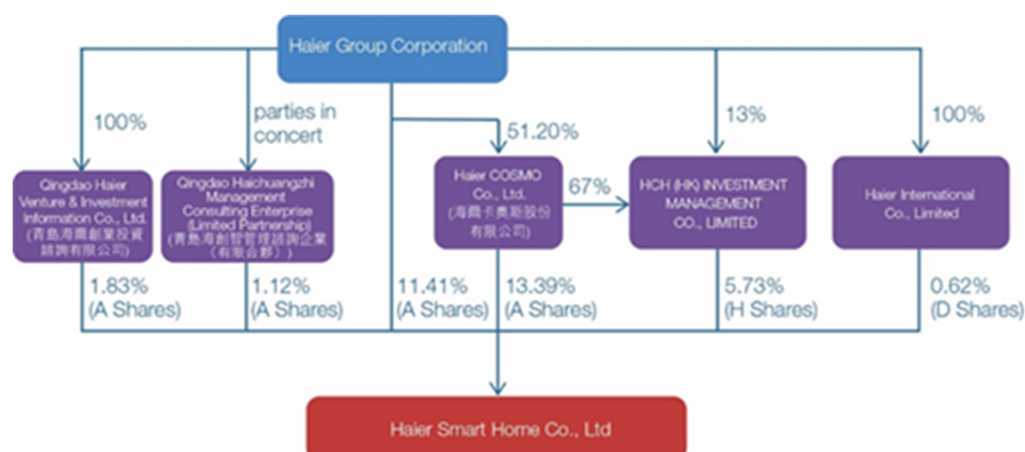
☐ Applicable ☒ Not Applicable

**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.

## 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 REDUCTION OF SHARE RESTRICTIONS

☐ 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	6 March 2021
Number of shares proposed to repurchased and its percentage to the total share capital (%)	86,960,000 shares, 0.94
Proposed amount of repurchase	RMB 2 -4 billion
Proposed period of repurchase	6 March 2021 – 16 November 2021
Purpose of repurchase	Used in entirety to implement the Company's equity incentive scheme and/or employee share ownership plans
Amount repurchased (share)	79,492,366
Repurchased amount as a percentage to the underlying shares covered by the equity incentive scheme (%) (if any)	/
Progress of the Company's reduction of its holdings of repurchased shares by way of centralised bidding	/

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 2021-049) disclosed by the Company on 1 July 2021.

## **Section VIII Relevant Information of Preferred Shares**

☐ Applicable ☒ Not Applicable

## Section IX Relevant Information of Bonds

### **I. Enterprise bond, corporate bond, and non-financial corporate debt financing instruments**

☒Applicable ☐Not Applicable

#### **(1) Enterprise bond**

☐Applicable ☒Not Applicable

#### **(2) Corporate bond**

☐Applicable ☒Not Applicable

#### **(3) Non-financial corporate debt financing instruments in interbank bond market**

☒Applicable ☐Not Applicable

**1. General information on non-financial corporate debt financing**

Unit and Currency: RMB100 million

Bond Name	Short Name	Code	Date of issue	Value date	Expiry date	Bond balance	Interest Rate (%)	Payment method of principal and interest	Trading venue	Arrangement of investor suitability (if any)	Trading mechanism	Whether risk of delisting exists
Haier Smart Home Co., Ltd. 2020 first tranche of ultra-short-term financing bond	20 Haier Smart Home SCP001	012002518	17 July 2020	17 July 2020	13 January 2021	30	1.45	One-off Principal and interest payment upon maturity	Interbank bond market	None	/	No
Haier Smart Home Co., Ltd. 2020 second tranche of ultra-short-term financing bond	20 Haier Smart Home SCP002	012003094	28 August 2020	28 August 2020	24 February 2021	25	1.71			None	/	No

Response measure in respect of risk of delisting of bonds

☐Applicable ☒Not Applicable

Outstanding bonds past due

☐Applicable ☒Not Applicable

Interest payment of bonds during the reporting period

☒Applicable ☐Not Applicable

Bond Name	Explanation on interest payment
Haier Smart Home Co., Ltd. 2020 first tranche of ultra-short-term financing bond	the principal and interest have been settled in full as agreed
Haier Smart Home Co., Ltd. 2020 second tranche of ultra-short-term financing bond	the principal and interest have been settled in full as agreed

## 2. Trigger and implementation of issuer or investor option terms and investor protection terms

☒Applicable ☐Not Applicable

For the above two tranches of ultra-short-term financing bond, there were trigger mechanisms of investor protection emergency response in place in case of extraordinary events to protect the interests of the investors and minimize the adverse impact to the bond market. For details of the investor protection mechanism, please refer to relevant documents, such as the prospectus of ultra-short-term financing bonds, published by the Company on public document disclosure platforms for debt financing instruments, including Chinamoney.com.cn.

During the valid period of the above-mentioned financing bonds, the Company did not experience any relevant event triggering the investor protection mechanism.

## 3. Utilization of funds raised as at the end of the reporting period

☐Applicable ☒Not Applicable

Progress of utilizing funds raised in construction projects and its operational efficiency

☐Applicable ☒Not Applicable

Explanation on change in use of funds raised from bonds during the reporting period

☐Applicable ☒Not Applicable



Other explanations

☐Applicable ☒Not Applicable

#### **4. Adjustment to credibility assessment results**

☐Applicable ☒Not Applicable

Other explanations

☐Applicable ☒Not Applicable

#### **5. Guarantee, repayment schedule and implementation and change of other repayment guarantee measures during the reporting period and their impact**

☐Applicable ☒Not Applicable

The above two tranches of ultra-short-term financing bond were not guaranteed and the repayment was primarily funded by monetary assets of the Company. The Company devised prudent and detailed financial arrangements and plans and delegated the task of repayment of debt financing instruments to the financial department of the Company to obtain funding for timely repayment, ensure capital to be deployed as planned and confirm the timely and full settlement of principal and interests of the debt financing instruments, thereby properly safeguarding the interests of bondholders.

#### **6. Explanation on other information on non-financial corporate debt financing instruments**

☐Applicable ☒Not Applicable

#### **(IV) Losses exceeding 10% of net assets as at the end of previous year in the scope of combined statements during the reporting period**

☐Applicable ☒Not Applicable

#### **(V) Overdue interest-bearing liabilities other than bonds as at the end of the reporting period**

☐Applicable ☒Not Applicable

#### **(VI) The impacts of breaching the requirements under laws and regulations, our articles of association, our administrative system for information disclosure and agreements or undertakings in the prospectuses of bonds on the interests of bond investors during the reporting period**

☐Applicable ☒Not Applicable

#### **(VII) Accounting data and financial indicators for the last 2 years as of the end of the reporting period**

☒Applicable ☐Not Applicable

Unit and Currency: RMB

Key indicators	2021	2020	Yoy change (%)
Net profit after deduction of non-recurring profit or loss	11,831,272,558.29	6,457,813,335.37	83.21
Liquidity ratio	0.99	1.04	-4.81
Quick ratio	0.67	0.78	-14.10
Debt to assets ratio (%)	63	67	-5.97
Total liabilities ratio of EBITDA	38	32	18.75
Interest coverage ratio	23.34	11.22	108.02
Cash interest coverage ratio	32.47	13.27	144.69
EBITDA interest coverage ratio	30.44	15.06	102.12

**II. Convertible corporate bond**√Applicable ☐Not Applicable**(I) Convertible bond issue**√Applicable ☐Not Applicable

On 27 October 2020, the CSRC issued “reply to the approval for the issue of overseas listed foreign shares and convertible corporate bonds by Haier Smart Home Co., Ltd.” (《关于核准海尔智家股份有限公司发行境外上市外资股及可转换公司债券的批复》) (Zheng Jian Xu Ke [2020] No. 2768) (hereafter, the “CSRC Reply”) to approve: (1) Haier Smart Home to issue not more than 2,856,526,138 overseas listed foreign Shares (including Shares to be issued pursuant to the exercise of conversion rights by the holders of convertible corporate bonds with an amount of not more than HK\$8 billion or equivalent in any foreign currency) with a par value of RMB1, all registered as ordinary shares. Upon the completion of the issue, Haier Smart Home may be listed on the main board of the Hong Kong Stock Exchange; (2) With the guarantee of Haier Smart Home, its wholly-owned foreign subsidiary issued overseas corporate bonds with an amount of not more than HK\$8 billion or equivalent in any foreign currency, convertible into overseas listed foreign shares of the issuer. Pursuant to this and approval from relevant parties, 2,448,279,814 H Shares and convertible bonds were issued by the Company and Harvest International Company, a wholly-owned subsidiary of the Company in the Hong Kong Stock Exchange on 23

December 2020, respectively (exchangeable bonds of HK\$8 billion issued in November 2017 were converted into convertible bonds, resulting in valid convertible bonds of HK\$7.993 billion, which were convertible into H Shares of the Company). Please refer to the prospectus and other relevant documents disclosed by the Company in the Hong Kong market during the reporting period and the Report on Implementation of Significant Asset Acquisition and Connected Transactions (《重大资产购买暨关联交易实施情况报告书》) disclosed by the Company on 26 December 2020 for details.

For the above-mentioned bonds, 105.11% of the remaining par value of the bonds were repaid in a one-off repayment of principal and interest upon maturity.

## (II) Convertible bond holders and guarantors for the reporting period

√Applicable □Not Applicable

Name of convertible corporate bond		Harvest International Company HK\$8,000,000,000 Zero Coupon Guaranteed Convertible Bonds due 2022 (hereafter, “H Share Convertible Bonds”)
Number of convertible bond holders as at the end of the period		1
Guarantor of the Company’s convertible bonds		Haier Smart Home Co., Ltd.
Top 10 holders of convertible bonds are as follows:		
Name of holder of corporate convertible bonds	Holdings as at the end of the period (\$)	Holding percentage (%)
HSBC Nominees (Hong Kong) Limited	399,000,000	100

Note: (1) the aforementioned bonds as at the end of the period are denominated in Hong Kong Dollar; (2) H Share Convertible Bonds of the Company are held on behalf by HSBC Nominees (Hong Kong) Limited as the sole legal holder, who is not the ultimate holder. Information on the ultimate holders of the bonds is only stored in the clearing system and, without the authorization from the ultimate holder, the clearing system shall not directly provide the detailed list of ultimate bond holders to any cooperating party.

## (III) Conversion of convertible bonds for the reporting period

√Applicable □Not Applicable

Unit and Currency: HKD

Number of convertible	Before the	Increase/decrease for the conversion	After the conversion
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corporate bond	conversion	Conversion	Redemption	Resale	
H Share Convertible Bonds	7,993,000,000	7,594,000,000			399,000,000

Cumulative conversion of convertible bond for the reporting period

√Applicable □Not Applicable

Currency: HKD

Name of convertible corporate bond	H Share Convertible Bonds
Amount of conversion for the Reporting Period (\$)	7,594,000,000
Number of conversion for the Reporting Period (Share)	403,210,889
Cumulative number of conversion (Share)	403,210,889
Percentage of cumulative number of conversion to total issued Shares of the Company prior to the conversion (%)	4.47
Outstanding amount (\$)	399,000,000
Percentage of outstanding amount to total amount of convertible bonds issued (%)	4.99

#### (IV) Historical adjustment of conversion price

√Applicable □Not Applicable

Unit and Currency: HKD

Name of convertible corporate bond	H Share Convertible Bonds			
Date of adjustment to conversion price	conversion price (adjusted)	Date of disclosure	Media for disclosure	Explanation on adjustment to conversion price
23 August 2021	18.58	2 September 2021	Hong Kong Stock Exchange, etc.	The implementation of the Company's 2020 equity distribution plan
Latest conversion price as of the end of the reporting period		18.58		

#### (V) Liabilities, change in credit and cash arrangements of repayment in the coming year of the Company

√Applicable □Not Applicable

As at the end of the reporting period, liabilities of the Company amounted to RMB136,376.5328 million, in which current liabilities amounted to RMB124,796.9546 million and non-current liabilities amounted to RMB11,579.5782 million.

The Company remains stable in every operating condition with reasonable asset structure and good credibility and is capable of providing stable and sufficient working capital for the interests of convertible corporate bonds and repayment of the bonds in the coming year.

#### **(VI) Other information on convertible bonds**

☒Applicable ☐Not Applicable

On 23 November 2017, the first 2017 Extraordinary General Meeting of the Company adopted the Resolution of Qingdao Haier Co., Ltd. on the Scheme for Public Offering of Convertible Corporate Bonds (the “A-share Convertible Bonds”) upon consideration. Pursuant to the resolution at this general meeting and the approval documents of the China Securities Regulatory Commission and others, the Company completed the issue of convertible corporate bonds in December 2018, with a total issue amount of RMB3,007.49 million. The bonds were listed on 18 January 2019, which is referred to as “Haier Convertible Bonds” and its bond code is 110049. For details, please refer to the Prospectus for the Public Offering of A-share Convertible Corporate Bonds by Qingdao Haier Co., Ltd. as disclosed on 14 December 2018, and the Announcement on the Listing of Convertible Corporate Bonds by Qingdao Haier Co., Ltd. as disclosed on 16 January 2019 and other relevant documents. As the convertible bonds in 2019 met the redemption conditions and the Board of Directors of the Company decided to exercise the redemption right after consideration and approval, the Company redeemed the balance of the convertible bonds in full up to the registered amount on redemption registration date. After the redemption, the convertible bonds of the Company were delisted on 17 December 2019. At present, the A-share convertible bonds have ceased to be in existence, but the funds raised from the issuance of the bonds have not been fully utilized. As of 31 December 2021, RMB2,681.48 million of the funds raised from A-share convertible bonds have been utilized, with a balance of RMB369.1982 million (the account balance includes the income generated from the purchase of wealth management products, interest on demand deposits, foreign exchange gains and losses and the not-yet-invested capital raised). For details of the use of funds, please refer to the Special Audit Report of Haier Smart Home Co., Ltd. on the Deposit and Actual Utilization of Funds Raised in 2021, which was disclosed on the same date as this report.

## Section X Financial Report

### I. AUDIT REPORT

√ Applicable    □ Not Applicable

#### Audit Report

**He Xin Shen Zi. (2022) No.000358**

**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 2021, 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 2021, 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 2021, and the Consolidated and the Company's financial performance and cash flow for the year 2021 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:

Key Audit Matters	Audit Response
<b>(I) Provision for impairment of goodwill and intangible assets with indefinite useful lives</b>	
<p>Relevant disclosures are included in Note V. 28 Other significant accounting policies and accounting estimates and Note V.19 Impairment of long-term assets to the financial statements.</p> <p>As of 31 December 2021, the book value of goodwill was RMB21.827 billion, and the book value of intangible assets with indefinite useful lives was RMB2.476 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"> <li>(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;</li> <li>(2) Compared the input of cash flow forecast with historical data, approved budget and business plan;</li> <li>(3) Tested the calculation accuracy of the discounted cash flow model;</li> <li>(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.</li> </ol>

<b>(II) Provision for impairment of inventory</b>	
<p>Relevant disclosures are included in Note VII.8 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 2021, the inventory balance was RMB41.229 billion, and the provision for impairment of inventory was RMB1.366 billion and the book value was RMB39.863 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"> <li>(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;</li> <li>(2) Compared the major parameters estimated by management with historical data, and assessed the appropriateness;</li> <li>(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;</li> <li>(4) Assessed selling expenses and related tax estimated by management and compared with actual amounts incurred.</li> </ol>
<b>(III) Product warranty</b>	
<p>Relevant disclosures are included in Note VII. 32 Non-current liabilities due within one year and Note VII. 39 Estimated liabilities to the financial statements.</p> <p>Estimated liabilities of the Company are mainly accrued due to current obligations arising from product warranty. As of 31 December 2021, the balance of the estimated liabilities and non-current liabilities due within one year related to product warranty was RMB3.681 billion, and whether the provision for warranty was sufficient and accurate had great influence to the financial statements.</p> <p>Estimated liabilities for product warranty of the Company were measured in accordance with the best estimate of the cost to fulfill the relevant current obligations.</p>	<p>We mainly implemented the following audit procedures on the estimated liabilities:</p> <ol style="list-style-type: none"> <li>(1) Obtained the calculation table on provisions of the management;</li> <li>(2) Compared the main parameters estimated by management with historical data;</li> <li>(3) Tested the accuracy of the calculation on estimated liabilities;</li> <li>(4) Compared and analyzed the calculation results of the estimated liabilities and the Company's actual operation;</li> </ol>



<p>Calculation of the product warranty involves management's significant judgments based on historical experience, such as: replacement rate, repair rate, and loss due to disassemble product.</p> <p>Estimated liabilities are considered as the key audit matters due to the significant amount and management judgement involved in calculation.</p>	
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#### 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 2021 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.

#### 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.
- (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: Zhaobo (Engagement Partner)

Certified Public Accountant: Wang Lin

Jinan, China

30 March 2022

## II. FINANCIAL STATEMENTS

## Consolidated Balance Sheet

31 December 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Current assets:</b>			
Monetary funds	VII.1	45,857,170,275.40	46,467,732,459.51
Provision of settlement fund			
Funds lent			
Financial assets held for trading	VII.2	2,786,075,529.09	2,165,192,497.83
Derivative financial assets	VII.3	79,819,974.01	77,839,006.63
Bills receivable	VII.4	13,354,791,068.29	14,136,349,754.34
Accounts receivable	VII.5	14,631,018,397.43	15,930,024,286.67
Financing receivables			
Prepayments	VII.6	857,233,123.00	765,822,151.70
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII.7	1,955,082,163.25	1,717,691,799.32
Including: Interest receivables		294,379,438.82	322,473,254.91
Dividends receivables			4,915,409.42
Financial assets purchased under resale agreements			
Inventories	VII.8	39,863,171,040.31	29,446,973,404.75
Contract assets	VII.9	304,434,294.70	263,412,927.58
Assets held for sale			
Non-current assets due in one year			
Other current assets	VII.10	3,918,981,117.19	3,284,857,281.38
Total current assets		123,607,776,982.67	114,255,895,569.71
<b>Non-current assets:</b>			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables		308,998,755.30	330,588,978.97
Long-term equity investments	VII.11	23,232,200,859.25	21,567,658,450.89
Investments in other equity instruments	VII.12	4,848,709,438.96	2,659,025,265.54

Other non-current financial assets			
Investment properties	VII.13	24,964,888.48	28,387,002.81
Fixed assets	VII.14	22,307,089,801.15	20,911,790,241.39
Construction in progress	VII.15	4,183,263,398.79	3,610,195,094.37
Biological assets for production			
Oil and gas assets			
Right-of-use assets	VII.16	2,734,016,745.17	2,839,858,259.27
Intangible assets	VII.17	9,549,607,918.13	10,018,145,894.06
Development cost	VII.18	227,892,229.13	167,746,724.13
Goodwill	VII.19	21,827,103,060.76	22,518,460,337.64
Long-term prepaid expenses	VII.20	588,676,388.91	456,354,639.51
Deferred income tax assets	VII.21	1,854,809,732.90	2,208,301,258.25
Other non-current assets	VII.22	2,164,384,013.14	1,925,761,560.17
Total non-current assets		93,851,717,230.07	89,242,273,707.00
Total assets		217,459,494,212.74	203,498,169,276.71
Current liabilities:			
Short-term borrowings	VII.23	11,226,212,134.39	7,687,908,165.88
Borrowings from central bank			
Funds borrowed			
Financial liabilities held for trading	VII.24	6,294,014.40	26,952,508.66
Derivative financial liabilities	VII.25	80,212,433.24	239,582,532.90
Bills payable	VII.26	25,023,238,406.72	21,236,057,053.67
Accounts payables	VII.27	42,344,857,144.49	36,309,048,800.85
Receipts in advance			
Contract liabilities	VII.28	10,016,870,340.44	6,269,584,417.32
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.29	4,113,881,586.96	3,763,036,123.19
Taxes payable	VII.30	2,603,683,461.84	2,401,122,732.07
Other payables	VII.31	17,524,160,065.70	17,063,294,004.33
Including: Interest payables			
Dividends payables		10,639,313.22	
Fees and commissions payable			

Reinsurance Accounts payables			
Liabilities held for sale			
Non-current liabilities due within one year	VII.32	9,623,014,847.76	7,522,724,913.40
Other current liabilities	VII.33	2,234,530,124.82	6,891,109,386.79
Total current liabilities		124,796,954,560.76	109,410,420,639.06
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	VII.34	3,038,573,824.53	11,821,416,259.81
Bonds payable	VII.35	334,730,048.82	6,713,501,050.27
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII.36	1,960,894,981.47	2,072,702,352.68
Long-term payables	VII.37	99,602,707.76	98,203,261.27
Long-term payables for staff's remuneration	VII.38	1,173,151,761.64	1,245,775,024.35
Estimated liabilities	VII.39	1,948,565,477.11	1,442,844,036.73
Deferred income	VII.40	852,794,567.20	633,761,669.48
Deferred income tax liabilities	VII.21	2,121,803,173.83	1,900,401,265.97
Other non-current liabilities		49,461,683.90	27,033,458.13
Total non-current liabilities		11,579,578,226.26	25,955,638,378.69
Total liabilities		136,376,532,787.02	135,366,059,017.75
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.41	9,398,704,530.00	9,027,846,441.00
Other equity instruments	VII.42	118,017,507.59	2,364,195,333.79
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII.43	22,549,345,568.94	15,007,475,607.40
Less: treasury stock		2,424,038,819.70	28,896,550.65
Other comprehensive income	VII.44	-1,176,851,699.92	-1,046,216,729.06
Special reserve			
Surplus reserve	VII.45	3,438,615,909.84	3,045,334,539.60
General risk provisions			
Undistributed profits	VII.46	47,907,134,328.80	38,467,787,059.79
Total equity attributable to owners (or shareholders) of the Parent Company		79,810,927,325.55	66,837,525,701.87
Minority shareholders' interests		1,272,034,100.17	1,294,584,557.09
Total owners' equity (or shareholders' equity)		81,082,961,425.72	68,132,110,258.96

Total liabilities and owners' equity (or shareholders' equity)		217,459,494,212.74	203,498,169,276.71
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Person in charge of the Company: Liang Haishan

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

### Balance Sheet of the Parent Company

31 December 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	31 December 2021	31 December 2020
Current Assets:			
Monetary funds		4,043,535,735.48	8,286,549,909.64
Financial assets held for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable	XVIII.1	546,532,442.90	5,491,536,070.42
Financing receivables			
Prepayments		275,052,864.92	295,050,991.15
Other receivables	XVIII.2	16,245,280,168.41	3,906,373,387.61
Including: Interest receivables		51,632,471.99	38,582,434.11
Dividends receivables		3,615,840,000.00	
Inventories		1,139,135.32	73,974,562.87
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		337,476,209.01	459,309,301.58
Total current assets		21,449,016,556.04	18,512,794,223.27
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVIII.3	52,513,760,277.77	52,290,227,070.21
Investments in other equity instruments		1,615,450,032.92	804,334,894.58
Other non-current financial assets			

Investment properties			
Fixed assets		179,789,817.34	196,529,502.16
Construction in progress		17,569,516.17	8,319,418.36
Biological assets for production			
Oil and gas assets			
Right-of-use assets		1,217,186.49	2,076,376.95
Intangible assets		55,171,485.39	62,103,457.66
Development cost			
Goodwill			
Long-term prepaid expenses		3,781,398.54	4,208,602.97
Deferred income tax assets		159,338,211.77	154,335,216.49
Other non-current assets		803,323,404.28	26,894,836.99
Total non-current assets		55,349,401,330.67	53,549,029,376.37
Total assets		76,798,417,886.71	72,061,823,599.64
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payables		183,690,889.86	248,172,640.78
Receipts in advance			
Contract liabilities		12,605,139.93	8,716,599.17
Payables for staff's remuneration		12,323,670.21	86,872,482.44
Taxes payable		1,747,023.87	55,756,358.98
Other payables		34,484,355,762.60	29,642,219,320.03
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		877,995.65	20,840,106.80
Other current liabilities		5,420,156.55	5,538,254,928.01
Total current liabilities		34,701,020,638.67	35,600,832,436.21
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			



Lease liabilities			877,995.63
Long-term payable			
Long-term payables for staff's remuneration			
Estimated liabilities			
Deferred income		19,270,000.00	24,250,000.00
Deferred income tax liabilities		448,965,654.25	219,544,771.62
Other non-current liabilities			
Total non-current liabilities		468,235,654.25	244,672,767.25
Total liabilities		35,169,256,292.92	35,845,505,203.46
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)		9,398,704,530.00	9,027,846,441.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		25,802,279,483.13	20,408,352,380.95
Less: treasury stock		1,495,170,675.08	
Other comprehensive income		621,302,944.83	-10,030,704.15
Special reserve			
Surplus reserve		2,833,469,684.39	2,440,188,314.15
Undistributed profits		4,468,575,626.52	4,349,961,964.23
Total owners' equity (or shareholders' equity)		41,629,161,593.79	36,216,318,396.18
Total liabilities and owners' equity (or shareholders' equity)		76,798,417,886.71	72,061,823,599.64

Person in charge of the Company: Liang Haishan Person in charge of accounting function: Gong

Wei Person in charge of accounting department: Ying Ke

### Consolidated Profit Statement

January-December 2021

Unit and Currency: RMB

Items	Notes	2021	2020
I. Total operating revenue		227,556,143,618.17	209,723,430,081.03
Including: Operating revenue	VII.47	227,556,143,618.17	209,723,430,081.03
Interest income			
Insurance premiums earned			

Fee and commission income			
II. Total cost of operations		213,331,476,543.09	199,875,942,230.54
Including: Operating cost	VII.47	156,482,657,366.94	147,471,922,284.89
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	806,978,590.56	660,602,624.67
Selling expenses	VII.49	36,553,667,004.06	33,641,711,147.72
Administrative expenses	VII.50	10,444,475,658.24	10,052,645,415.72
R&D expenses	VII.51	8,357,332,946.25	6,852,861,422.32
Financial expenses	VII.52	686,364,977.04	1,196,199,335.22
Including: Interest expenses		712,448,120.18	1,327,091,393.08
Interest income		564,584,788.99	486,204,314.18
Add: Other income	VII.53	957,500,458.03	1,150,848,182.38
Investment income (losses are represented by '-')	VII.54	2,403,102,640.29	4,060,104,212.78
Including: investment income of associates and joint ventures			
Income generated from the derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by '-')			
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')	VII.55	119,277,623.85	62,629,747.80
Loss on credit impairment (losses are represented by '-')	VII.56	-520,299,915.42	-166,380,605.76
Loss on assets impairment (losses are represented by '-')	VII.57	-1,418,753,618.82	-1,335,630,451.94
Gain from disposal of assets (losses are represented by '-')	VII.58	110,983,720.04	-12,807,590.96
III. Operating profit (losses are represented by '-')		15,876,477,983.05	13,606,251,344.79

Add: non-operating income	VII.59	198,793,345.45	197,945,472.39
Less: non-operating expenses	VII.60	159,240,779.44	241,918,187.91
IV. Total profit (total losses are represented by '-')		15,916,030,549.06	13,562,278,629.27
Less: income tax expense	VII.61	2,698,963,370.55	2,233,126,505.02
V. Net profit (net losses are represented by '-')		13,217,067,178.51	11,329,152,124.25
(1) Classification by continuous operation			
1. Net profit from continuous operation (net losses are represented by '-')		13,217,067,178.51	11,329,152,124.25
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 '-')		13,067,038,271.85	8,883,129,055.16
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')		150,028,906.66	2,446,023,069.09
VI. Other comprehensive income, net of tax	VII.62	-148,110,004.96	-2,576,197,838.54
(I) Other comprehensive income attributable to owners of the Parent Company, net of tax		-132,249,780.03	-2,537,334,822.50
1. Other comprehensive income that cannot be reclassified into the profit or loss		1,201,363,091.13	-73,070,215.55
(1) Changes arising from re-measurement of defined benefit plans		36,214,421.81	-23,030,495.09
(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		1,165,148,669.32	-50,039,720.46
(4) Changes in fair value of credit risks of the enterprise			
2. Other comprehensive income to be reclassified into the profit or loss		-1,333,612,871.16	-2,464,264,606.95
(1) Other comprehensive income that can be transferred into profit or loss under equity method		-50,414,905.68	-368,885,317.13

(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		102,858,281.74	-104,122,543.00
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-1,386,056,247.22	-1,991,256,746.82
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-15,860,224.93	-38,863,016.04
VII. Total comprehensive income		13,068,957,173.55	8,752,954,285.71
(I) Total comprehensive income attributable to the owners of Parent Company		12,934,788,491.82	6,345,794,232.66
(II) Total comprehensive income attributable to the minority shareholders		134,168,681.73	2,407,160,053.05
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	XVIII.1	1.41	1.34
(II) Diluted earnings per share (RMB/share)	XVIII.1	1.40	1.31

Person in charge of the Company: Liang Haishan Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

### Profit Statement of the Parent Company

January-December 2021

Unit and Currency: RMB

Items	Notes	2021	2020
I. Operating income	XVIII.4	353,798,248.52	7,367,641,013.39
Less: operating cost	XVIII.4	315,357,106.14	6,067,653,816.35
Taxes and surcharges		1,315,011.31	25,848,932.07
Selling expenses		8,325,070.07	395,396,033.18
Administration expenses		126,563,950.19	308,014,697.80
R&D expenses		29,294,763.78	301,514,824.27
Financial expenses		-41,920,112.37	40,412,640.04
Including: interest expenses		7,328,997.57	96,677,861.04
Interest income		56,558,735.54	60,291,871.74

Add: other income		45,491,181.80	57,446,351.54
Investment income (losses are represented by '-')	XVIII.5	3,918,401,070.56	4,283,510,237.79
Including: investment income of associates and joint ventures			
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 '-')		187,273.03	363,022.59
Loss on assets impairment (losses are represented by '-')			-41,019,305.94
Gain from disposal of assets (losses are represented by '-')		40,509,776.77	
II. Operating profit (losses are represented by '-')		3,919,451,761.56	4,529,100,375.66
Add: non-operating income		855,197.78	816,497.38
Less: non-operating expenses		53,850.65	1,544,188.81
III. Total profit (total losses are represented by '-')		3,920,253,108.69	4,528,372,684.23
Less: income tax expenses		-12,560,593.69	628,301,342.84
IV. Net profit (net losses are represented by '-')		3,932,813,702.38	3,900,071,341.39
(I) Net profit from continuous operations (net losses are represented by '-')		3,932,813,702.38	3,900,071,341.39
(II) Net profit from discontinued operations (net losses are represented by '-')			
V. Other comprehensive income, net of tax		631,333,648.98	-21,108,181.60
(I) Other comprehensive income that cannot be reclassified into the profit or loss		608,336,353.75	-954,819.46
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		608,336,353.75	-954,819.46
4. Changes in fair value of credit risks of the enterprise			

(II) Other comprehensive income to be reclassified into the profit or loss		22,997,295.23	-20,153,362.14
1. Other comprehensive income that can be transferred into profit or loss under equity method		22,997,295.23	-20,153,362.14
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		4,564,147,351.36	3,878,963,159.79
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Person in charge of the Company: Liang Haishan Person in charge of accounting function: Gong Wei  
Person in charge of accounting department: Ying Ke\_\_\_\_\_

### Consolidated Cash Flow Statement

January-December 2021

Unit and Currency: RMB

Items	Notes	2021	2020
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering services		259,627,755,397.89	207,932,234,800.67
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		1,759,232,414.94	1,028,615,379.56
Cash received from other related operating activities	VII.63	1,881,414,522.08	1,538,619,649.49
Sub-total of cash inflows from operating activities		263,268,402,334.91	210,499,469,829.72
Cash paid on purchase of goods and services		180,877,179,178.59	141,661,861,466.13
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 contact			
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		24,366,034,563.46	22,098,193,430.86
Cash paid for all types of taxes		10,068,357,244.98	8,022,305,290.30
Cash paid to other operation related activities	VII.64	24,827,190,930.16	21,107,595,810.79
Sub-total of cash outflows from operating activities		240,138,761,917.19	192,889,955,998.08
Net cash flow from operating activities	VII.68	23,129,640,417.72	17,609,513,831.64
II. Cash flow from investing activities:			
Cash received from recovery of investments		6,687,038,126.49	7,645,625,690.38
Cash received from return on investments		699,858,754.46	616,767,534.63
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		289,831,105.17	324,276,028.59

Net cash received from disposal of subsidiaries and other operating entities			861,212,858.63
Other cash received from investment activities			187,717,849.30
Sub-total of cash inflows from investing activities		7,676,727,986.12	9,635,599,961.53
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		7,372,428,832.38	7,783,249,528.98
Cash paid for investments		8,151,830,046.62	6,816,360,337.69
Net increase in secured loans			
Net cash paid on acquisition of subsidiaries and other operating entities			309,348,956.95
Other cash paid on investment activities	VII.65	219,292,645.55	317,462.62
Sub-total of cash outflows from investing activities		15,743,551,524.55	14,909,276,286.24
Net cash flow from investing activities		-8,066,823,538.43	-5,273,676,324.71
III. Cash flow from financing activities:			
Cash received from capital contributions		41,513,900.00	1,331,296,569.70
Including: cash received from capital contributions by minority shareholders of subsidiaries			
Cash received from borrowings		12,051,534,836.66	28,732,212,245.36
Other cash received from financing activities	VII.66	1,091,077.43	14,082,437.17
Sub-total of cash inflows from financing activities		12,094,139,814.09	30,077,591,252.23
Cash paid on repayment of loans		19,550,437,489.34	23,508,653,041.48
Cash paid on distribution of dividends, profits or repayment of interest expenses		4,017,661,595.21	4,290,278,773.42
Including: dividend and profit paid to minority shareholders by subsidiaries			
Other cash paid to financing activities	VII.67	4,167,468,873.11	3,304,582,534.88
Sub-total of cash outflows from financing activities		27,735,567,957.66	31,103,514,349.78
Net cash flow from financing activities		-15,641,428,143.57	-1,025,923,097.55
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-105,423,623.70	-636,852,569.96
V. Net increase in cash and cash equivalents		-684,034,887.98	10,673,061,839.42
Add: balance of cash and cash equivalents at the beginning of the period	VII.69	45,641,535,671.08	34,968,473,831.66



VI. Balance of cash and cash equivalents at the end of the period	VII.69	44,957,500,783.10	45,641,535,671.08
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Person in charge of the Company: Liang Haishan Person in charge of accounting function: Gong Wei  
Person in charge of accounting department: Ying Ke

### Cash Flow Statement of the Parent Company

January-December 2021

Unit and Currency: RMB

Items	Notes	2021	2020
<b>I. Cash flow from operating activities:</b>			
Cash received from the sale of goods and rendering of services		5,372,947,747.51	3,603,881,541.71
Refunds of taxes		21,335,747.71	24,537,663.34
Other cash received from operating activities		68,763,057.13	75,205,449.89
Sub-total of cash inflows from operating activities		5,463,046,552.35	3,703,624,654.94
Cash paid on purchase of goods and services		129,965,401.55	10,101,283,560.88
Cash paid to and on behalf of employees		111,120,434.68	515,906,240.68
Cash paid for all types of taxes		45,674,576.87	235,780,589.82
Other cash paid to operation activities		63,480,813.55	141,423,832.28
Sub-total of cash outflows from operating activities		350,241,226.65	10,994,394,223.66
Net cash flow from operating activities		5,112,805,325.70	-7,290,769,568.72
<b>II. Cash flow from investing activities:</b>			
Cash received from recovery of investments		660,600,000.00	4,234,131,825.64
Cash received from return on investments		251,846,511.15	4,203,101,788.48
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		40,244,472.35	
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		952,690,983.50	8,437,233,614.12
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		39,508,054.66	107,123,777.09
Cash paid for investments		710,121,200.00	2,159,770,900.00
Net cash paid on acquisition of subsidiaries and other operating entities			
Other cash paid on investment activities		155,218,996.43	217,500,000.00

Sub-total of cash outflows from investing activities		904,848,251.09	2,484,394,677.09
Net cash flow from investing activities		47,842,732.41	5,952,838,937.03
III. Cash flow from financing activities:			
Cash received from capital injections			
Cash received from borrowings			10,000,000,000.00
Other cash received from financing activities		2,877,023,451.15	1,071,070,663.49
Sub-total of cash inflows from financing activities		2,877,023,451.15	11,071,070,663.49
Cash paid on repayment of borrowings		5,520,000,000.00	4,500,000,000.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		3,463,452,916.42	2,528,459,679.57
Other cash paid on financing activities		3,296,944,621.19	42,665,759.89
Sub-total of cash outflows from financing activities		12,280,397,537.61	7,071,125,439.46
Net cash flow from financing activities		-9,403,374,086.46	3,999,945,224.03
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-288,145.81	128,500.51
V. Net increase in cash and cash equivalents		-4,243,014,174.16	2,662,143,092.85
Add: balance of cash and cash equivalents at the beginning of the period		8,286,549,909.64	5,624,406,816.79
VI. Balance of cash and cash equivalents at the end of the period		4,043,535,735.48	8,286,549,909.64

Person in charge of the Company: Liang Haishan 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 2021

Unit and Currency: RMB

Items	2021											
	Equity attributable to owners of the Parent Company										Minority shareholders' interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Surplus reserve	General risk provision	Undistributed profits		
		Preference shares	Perpetual bonds	Others								
I. Closing balance for the previous year	9,027,846,441.00			2,364,195,333.79	15,009,027,407.40	28,896,550.65	-1,046,216,729.06	3,045,334,539.60	-	38,445,132,172.47	1,294,584,557.09	68,111,007,171.64
Add: changes in accounting policies												
Error correction for prior period												
Business combination under common control					-1,551,800.00					22,654,887.32		21,103,087.32
Others												

II. Opening balance for the current year	9,027,846,441.00			2,364,195,333.79	15,007,475,607.40	28,896,550.65	-1,046,216,729.06	3,045,334,539.60		38,467,787,059.79	1,294,584,557.09	68,132,110,258.96
III. Increase/decrease for the current period (decrease is represented by '-')	370,858,089.00			-2,246,177,826.20	7,541,869,961.54	2,395,142,269.05	-130,634,970.86	393,281,370.24		9,439,347,269.01	-22,550,456.92	12,950,851,166.76
(I) Total comprehensive income							-132,249,780.03			13,067,038,271.85	134,168,681.73	13,068,957,173.55
(II) Capital injection and reduction by owners	370,858,089.00			-2,246,177,826.20	7,542,034,703.88	2,395,142,269.05				-	-93,710,059.35	3,177,862,638.28
1. Ordinary shares invested by owners					-136,417,222.36						-93,710,059.35	-230,127,281.71
2. Capital contribution by holders of other	403,210,889.00			-2,246,177,826.20	8,211,218,327.05							6,368,251,389.85

equity instruments												
3. Share-based payment included in owners' equity					261,635,166.10							261,635,166.10
4. Others	-32,352,800.00				-794,401,566.91	2,395,142,269.05						-3,221,896,635.96
(III) Profit distribution	-							393,281,370.24		-3,804,025,640.63	-63,252,252.15	-3,473,996,522.54
1. Withdrawal of surplus reserves								393,281,370.24		-393,281,370.24		-
2. Withdrawal of general risk provision												-
3. Distribution to owners (or shareholders)										-3,410,744,270.39	-63,252,252.15	-3,473,996,522.54
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 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					-164,742.34		1,614,809.17			176,334,637.79	243,172.85	178,027,877.47
IV. Closing balance for the period	9,398,704,530.00	-	-	118,017,507.59	22,549,345,568.94	2,424,038,819.70	-1,176,851,699.92	3,438,615,909.84	-	47,907,134,328.80	1,272,034,100.17	81,082,961,425.72

Items	2020											
	Equity attributable to owners of the Parent Company										Minority shareholders’ interests	Total owners’ equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Surplus reserve	General risk provision	Undistributed profits		
		Preference shares	Perpetual bonds	Others								
I. Closing balance for the previous year	6,579,566,627.00			431,424,524.07	4,435,890,845.47		1,317,988,619.66	2,655,327,405.46	-	32,468,121,744.26	17,101,540,502.01	64,989,860,267.93

Add: changes in accounting policies												
Error correction for prior period												
Business combination under common control					-1,551,800.00					16,119,040.35		14,567,240.35
Others												-
II. Opening balance for the current year	6,579,566,627.00			431,424,524.07	4,434,339,045.47		1,317,988,619.66	2,655,327,405.46	-	32,484,240,784.61	17,101,540,502.01	65,004,427,508.28
III. Increase/decrease for the current period (decrease is represented by '-')	2,448,279,814.00			1,932,770,809.72	10,573,136,561.93	28,896,550.65	-2,364,205,348.72	390,007,134.14	-	5,983,546,275.18	-15,806,955,944.92	3,127,682,750.68



(I) Total comprehensive income							-2,537,334,822.50			8,883,129,055.16	2,407,160,053.05	8,752,954,285.71
(II) Capital injection and reduction by owners	2,448,279,814.00			1,932,770,809.72	10,732,277,435.61	28,896,550.65	13,988,600.10				-17,488,531,204.72	-2,390,111,095.94
1. Ordinary shares invested by owners	2,448,279,814.00				12,696,003,281.09	28,896,550.65					-17,488,531,204.72	-2,373,144,660.28
2. Capital contribution by holders of other equity instruments				1,932,770,809.72	-1,936,586,159.16							-3,815,349.44
3. Share-based payment included in owners' equity												
4. Others					-27,139,686.32		13,988,600.10					-13,151,086.22
(III) Profit distribution								390,007,134.14		-2,857,344,619.27	-725,584,793.25	-3,192,922,278.38

1. Withdrawal of surplus reserves								390,007,134.14		-390,007,134.14		
2. Withdrawal of general risk provision												
3. Distribution to owners (or shareholders)										-2,467,337,485.13	-725,584,793.25	-3,192,922,278.38
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 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					-159,140,873.68		159,140,873.68			-42,238,160.71		-42,238,160.71

IV. Closing balance for the period	9,027,846,441.00			2,364,195,333.79	15,007,475,607.40	28,896,550.65	-1,046,216,729.06	3,045,334,539.60	-	38,467,787,059.79	1,294,584,557.09	68,132,110,258.96
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Legal representative of the Company:LiangHaishan Person in charge of accounting function:Gong Wei Person in charge of accounting department:YingKe

**Statement of Changes in Owners' Equity of the Parent Company**  
January-December 2021

Unit and Currency: RMB

Items	2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Closing balance for the previous year	9,027,846,441.00				20,408,352,380.95		-10,030,704.15		2,440,188,314.15	4,349,961,964.23	36,216,318,396.18
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	9,027,846,441.00				20,408,352,380.95		-10,030,704.15		2,440,188,314.15	4,349,961,964.23	36,216,318,396.18
III. Increase/decrease for the current period (decrease is represented by '-')	370,858,089.00				5,393,927,102.18	1,495,170,675.08	631,333,648.98		393,281,370.24	118,613,662.29	5,412,843,197.61
(I) Total comprehensive income							631,333,648.98			3,932,813,702.38	4,564,147,351.36
(II) Capital injection and reduction by owners	370,858,089.00				5,393,927,102.18	1,495,170,675.08					4,269,614,516.10
1. Ordinary shares invested by owners					-17,642,864.51						-17,642,864.51

2. Capital contribution by holders of other equity instruments	403,210,889.00				5,965,040,500.85						6,368,251,389.85
3. Share-based payment included in owners' equity					245,199,533.31						245,199,533.31
4. Others	-32,352,800.00				-798,670,067.47	1,495,170,675.08	-				-2,326,193,542.55
(III) Profit distribution									393,281,370.24	-3,814,200,040.09	-3,420,918,669.85
1. Withdrawal of surplus reserves									393,281,370.24	-393,281,370.24	-
2. Distribution to owners (or shareholders)										-3,420,918,669.85	-3,420,918,669.85
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	9,398,704,530.00				25,802,279,483.13	1,495,170,675.08	621,302,944.83	-	2,833,469,684.39	4,468,575,626.52	41,629,161,593.79

Items	2020										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Closing balance for the previous year	6,579,566,627.00				7,036,531,178.83		11,077,477.45		2,050,181,180.01	3,307,235,242.11	18,984,591,705.40
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	6,579,566,627.00				7,036,531,178.83		11,077,477.45		2,050,181,180.01	3,307,235,242.11	18,984,591,705.40
III. Increase/decrease for the current period (decrease is represented by '-')	2,448,279,814.00				13,371,821,202.12		-21,108,181.60		390,007,134.14	1,042,726,722.12	17,231,726,690.78
(I) Total comprehensive income							-21,108,181.60			3,900,071,341.39	3,878,963,159.79
(II) Capital injection and reduction by owners	2,448,279,814.00				13,371,821,202.12						15,820,101,016.12
1. Ordinary shares invested by owners	2,448,279,814.00				13,371,821,202.12						15,820,101,016.12
2. Capital contribution by holders of other equity instruments											
3. Share-based payment included in owners' equity											

4. Others											
(III) Profit distribution									390,007,134.14	-2,857,344,619.27	-2,467,337,485.13
1. Withdrawal of surplus reserves									390,007,134.14	-390,007,134.14	
2. Distribution to owners (or shareholders)										-2,467,337,485.13	-2,467,337,485.13
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	9,027,846,441.00				20,408,352,380.95		-10,030,704.15		2,440,188,314.15	4,349,961,964.23	36,216,318,396.18

Legal representative of the Company:LiangHaishan

Person in charge of accounting function:Gong Wei

Person in charge of accounting department:YingKe

### 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 Industrial Park of Laoshan District, Qingdao, Shandong Province, and the headquarters is located at the Haier Industrial 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 30 March 2022.

#### 2. Scope of consolidated financial statements

√Applicable    □Not Applicable

For details of changes in the scope of consolidated financial statements for the current period, please refer to 'VIII. Changes in Consolidation Scope' and 'IX. 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 2014) of CSRC as well as the following significant accounting policies and accounting estimation.

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.10); the measurement of inventories (Note V.11); the depreciation and amortization of the investment properties (Note V.13); the depreciation of fixed assets (Note V.14), the amortization of intangible assets (Note V.18), the criterion for determining of long-term assets impairment (Note V.19); and the date of revenue recognition (Note V.25), 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 and 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 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. 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.

In case the consideration for long-term equity investments formed in business combination under common control is paid by ways of cash, transfer of non-cash assets or assumption of debts, the Company will regard the share of carrying amounts of the net assets of the transferor in the ultimate controller's consolidated financial statements obtained as the initial investment cost of long-term equity investments as at the date of combination. For carrying value of net assets of the transferor is negative as at the date of combination, investment cost of long-term equity investment is calculated as zero. In case the transferor is controlled by the ultimate controller by the business combination under non-common control before combination, the initial investment cost of the long-term equity investment of the acquirer includes relevant goodwill. The Company should adjust the capital reserve (capital premium or share premium) in accordance with the differences between initial investment cost of the long-term equity investment and the cash paid, the non-cash assets transferred and the carrying value of liability assumed; in

case the balance of the capital reserve (capital premium or share premium) is insufficient for the elimination, the surplus reserves and undistributed profits shall be used to dilute such expenses in order. In case the consideration for the combination is paid by issuance of equity instruments, the aggregate nominal value of shares issued will be deemed as the share capital. The difference between the initial investment cost of long-term equity investments and aggregate nominal value of shares issued shall be adjusted to capital reserve (capital premium or share premium), in case the capital reserve (capital premium or share premium) is insufficient for the elimination, the surplus reserves and undistributed profits shall be used to dilute such expenses in order.

Intermediary fees (such as audit, legal services and valuation consultancy) and other relevant management fees incurred in the business combination by 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.

For business combination under common control realized through several transactions step by step, in case of a package transaction, all the transactions are accounted as one transaction that has acquired the control; in case of not a package transaction, in the financial statement of parent company the capital reserve (share premium) is adjusted by the difference between the initial investment cost and the sum of the carrying value of the original long-term equity investment and the book value of the new payment consideration for further acquisition of shares with the share of acquirer's owner's equity on the date of combination in case calculated on the proportion of shareholding on the date of combination as its initial investment cost; where the capital reserve is insufficient, the retained earnings will be used to offset such expenses.

In the consolidated financial statements, the long-term equity investment held by the combining party before the date of acquiring control of the combined parties, and the profit and loss, the other comprehensive income and changes in the other owners' equity recognized during the period between the later of the date of acquisition and the date when the combining and the combined parties are under the common control of the same party and the date of combination, are written down to the retained earnings or profit or loss at the beginning of the comparative reporting period, respectively.

**(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 shall be the sum of the assets paid, obligations incurred or assumed and the fair value of the equity securities issued by the acquirer 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 acquirer 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 acquirer 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 acquirer in a business combination 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 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.

In business combination involving entities not under common control that is realized in phases through multiple exchange transactions, in the Company individual financial statements, the sum of the book value of the equity investment of the transferor held

before the date of acquisition and the cost of new investment on the date of acquisition are recognized as the initial investment cost of such investment.

In the consolidated financial statement, the equity of the transferor held before the date of acquisition is re-measured at the fair value on the date of acquisition, and the difference between the fair value and book value is included in current investment income; where the equity of the transferor held before the date of acquisition involves the other comprehensive income, such equity and relevant other comprehensive income are transferred to current investment income on the date of acquisition, other than the other comprehensive income that cannot be reclassified in the profit or loss.

The fair value on the acquisition date of equity interest in the transferor prior to the acquisition date and the fair value of the considerations paid for the acquisition of the new equity on the acquisition date are regarded as the combination costs of the Company, comparing with acquirer's share of the fair value on the acquisition date of the transferor's net identifiable assets on the proportion of the shareholding on the acquisition date to confirm the goodwill that required to be recognized on the acquisition date or the amount that shall be included in the profit or loss.

## **6. Preparation method of consolidated financial statements**

☒Applicable ☐Not Applicable

### **(1) Scope of consolidated financial statements**

The Company incorporated all of its subsidiaries (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.

### **(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 on the basis of the balance sheets of the Company and subsidiaries, which offset the internal transactions incurred between the Company and subsidiaries and among subsidiaries. The owner's equity of

the subsidiaries not attributable to the Company shall be presented as ‘minority equity’ under the owner’s equity item in the consolidated balance sheet.

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, the assets, liabilities, operating results and cash flow of the subsidiaries are included in the consolidated financial statements from the beginning of the period in which the combination took place, as if the combination has taken since the ultimate controller began its control. When preparing the consolidated financial statements, for the subsidiaries acquired from business combination under non-common control, separate financial statement will be adjusted on the basis of their fair values of the identifiable net assets on the date of acquisition.

### **7. 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.

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.

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 '12 Long-term equity investment' of Note V.

## **8. 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.

## **9. 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 spot exchange rate at the transaction date.

Monetary items denominated in foreign currencies are translated 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, except ① 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; ② those arising from the other changes in the balance other than amortized cost of available-for-sale monetary items denominated in foreign currency are recognized in the other comprehensive income.

Non-monetary items in foreign currency measured at historical cost are translated 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 balance sheet 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 income statement 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 is translated using the approximate rate of the spot exchange rate on the transaction date. The impact of exchange rate changes on cash amount is reflected separately in the cash flow.

When disposing overseas operations, the translation difference related to the overseas operation shall be transferred together or as the percentage of disposing the overseas operation to profit or loss in the current period of disposal.

## **10. 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 is recognized when the Company becomes a party to the contract of a financial instrument.

### **(1) Financial assets**

#### **① Classification and measurement**



According to the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: (1) Financial assets measured at amortized cost; (2) financial assets measured at fair value through other comprehensive income; (3) 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, the Company shall take the consideration amount entitled to be received as the initial recognized amount.

#### **a. Debt instrument**

The debt instruments held by the Company refer to the tools that are in conformity with the definition of financial liability from the perspective of the issuing party, which are measured in the following three ways, respectively:

##### **(a) 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 mainly include cash and cash equivalents, bills receivable and 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.

##### **(b) 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 are listed as other creditor's rights investments. Other creditor's rights investments matured within one year (including one year) from the balance sheet date are listed 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.

(c) Measured at fair value through profit or loss of the current period:

The Company lists its held debt instruments that are neither measured at amortized cost nor at fair value through other comprehensive income as financial assets held for trading measured at fair value through profit or loss of the current period. 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. Investments 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.

## **b. Equity instruments**

The Company lists equity instrument investments that have no control, joint control and significant influence on itself as financial assets held for trading 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. The relevant dividends and interest income of such financial assets are included in profit and loss of the current period.

## **② Impairment**

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 contractual 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.

### ③Derecognition

A financial asset is derecognized when any of the below criteria is met: a. the contractual rights to receive the cash flow from the financial asset have been transferred; b. the financial asset has been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; c. the financial asset has been transferred and the Company has not retained control of the financial asset, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

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

## (2) Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities at fair value through profit and loss of the current period at initial recognition.

The 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.

When all or partial current obligations of financial liabilities have been discharged, such financial liabilities or the part with obligations discharged are derecognized by the Company. The difference between the carrying amount of a financial liability de-recognized and the consideration paid is recognized in the profit and loss of the current period.

### **(3) Determination of fair value of financial instruments**

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. 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.

### **(4) Significant accounting estimates and judgment**

#### **① Significant accounting estimates and underlying key assumptions**

##### **Measurement of expected credit loss ("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.

#### **② Key judgment made in the adoption of accounting policies**

##### **a. Classification of financial assets**

The determination of the classification of financial assets involves significant judgment, including analysis of the business model and characteristics of contract cash flow.

The Company determines the business model for managing financial assets at the level of financial asset groups. Factors considered include the methods by which the performance of financial assets are assessed and reported to key management members, risks affecting the performance of financial assets and how such risks are managed and the method in which related business management personnel are remunerated.

In assessing whether the contract cash flow of financial assets is consistent with the basic loan arrangement, the Company exercises the following principal judgments: whether the time distribution or amount of principal during the period could change as a result of early repayment or other reasons; whether interest include only the time value of the currency, cost of credit risk and other basic risk and consideration for profit. For example, whether the early repayment amount reflects only the outstanding principal amount and interests accrued thereon, and reasonable compensation paid for premature termination of contract.

#### **b. Judgment of significant increase in credit risk**

The Company's principal criteria for the judgment that credit risk has significantly increased is an overdue for more than 30 days, or significant change in one or more of the following indicators: significant change in the business environment in which the debtor operates, its internal and external credit ratings, and its actual or expected operating results, and significant decrease in the value of collaterals or the credit rating of the guarantor, among others.

The Company's principal criteria for the judgment that a credit impairment has occurred is an overdue for more than 90 days (namely, default has occurred), or fulfillment of one or more of the following conditions: the debtor experiences significant financial difficulties, is undergoing other debt restructuring or is likely to go into bankruptcy.

### **11. Inventory**

☒Applicable   ☐Not Applicable

#### **(1) Classification of inventory**

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**

An inventory item is accounted for using the weighted average method upon dispatch.

#### **(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 a 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 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.

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

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

## 12. 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. Long-term equity investments in which the Company does not exercises control, joint control or significant influence over the investee are classified as other equity instruments investments.

(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 For equity investment other than long-term equity investments acquired through business 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 should be determined in accordance with relevant provisions under “Accounting Standards for Business Enterprises No.12 — Debt Restructuring”; the initial investment cost of long-term equity investment 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 investor 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. When profit distribution or cash dividend is declared, the portion of entitlement is recognised as investment income.

② Equity method

The equity method is used to account for long-term equity investments in associates and joint ventures. If a part of the equity investment in an associate is held indirectly through risk investment institutions, mutual funds, trust companies or similar principals (including investment-cum-insurance funds), the investor may elect to measure such indirectly held investment at fair value through profit or loss and measure the remaining portions using the equity method, in accordance with relevant provisions of “Accounting Standards for Business Enterprises No.22- Recognition and Measurement of Financial Instruments”, whether or the aforesaid principals are exercising significant influence over this part of the investment.

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 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 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 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

① Basis for determining joint control over an investee: decisions on activities having a significant impact on the reward of a certain arrangement must be made with unanimous approval of parties sharing the joint control, such as the sale and purchase of commodities or labour services, management of financial assets, asset acquisition and disposal, R&D activities and financing activities.

② Basis for determining significant influence over an investee: holding of capital with more than 20 and up to 50 voting rights is deemed to be having significant influence. Or even though it is less than 20, fulfillment of one of the following conditions is also deemed as having significant influence:

- 1) Representation at the board or similar authority of the investee;
- 2) Participation in the decision-making process of the investee;
- 3) Posting of management personnel at the investee;
- 4) Dependence of the investee on the investing party's technology and technical data;
- 5) Having important transactions with the investee.

**(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 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.

**13. Investment properties**

The Company's investment properties included leased land-use rights and leased buildings.

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

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.

**14. Fixed assets****(1) Recognition criteria**

☒Applicable   ☐Not Applicable

Fixed assets 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 enterprise;
- ② The cost of the fixed assets can be reliably measured.

## (2) Classification and depreciation of fixed assets

The Company's fixed assets are mainly classified into: buildings, production equipment, transportation equipment and office 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, the Company measures depreciation for all fixed assets.

Type of fixed assets	Useful life	Estimated residual
Land ownership	-	-
Buildings	8-40 years	0%-5%
Machinery equipment	4-20 years	0%-5%
Transportation equipment	5-10 years	0%-5%
Office equipment and others	3-10 years	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.

**15. 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.

**16. 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.

**17. Right-of-use assets**

√Applicable    □Not Applicable

Right-of-use assets are the rights of the Company as lessee to use leased assets during the lease period. At the inception date of the lease, the Company as lessee should recognise right-of-use assets and lease liabilities in respect of the lease, other than short-term leases and leases of low-value assets

which are subject to simplified treatment. The inception date of the lease means the date on which the provision of the leased asset by the lessor for use by the lessee is started.

The Company's right-of-use assets are initially measured at cost, which includes:

- (1) The amount of lease liability under initial measurement;
- (2) The lease payment made on or before the inception date of the lease term, less the relevant amount of lease incentive received if such incentive is available;
- (3) The initial direct cost of the Company as lessee;
- (4) Estimated cost to be incurred for the demolishing and removal of leased assets, restoration of venues where the leased assets are located or restoration of the leased assets to the conditions agreed under the lease terms.

The Company charges depreciation in respect of right-of-use assets in accordance with "Accounting Standards for Business Enterprises No. 4 — Fixed Assets". Where the acquisition of ownership of the leased asset at the end of the lease period can be reasonably ascertained by the Company, depreciation is charged over the remaining useful life of the leased assets. If the acquisition of ownership of the leased asset at the end of the lease period cannot be reasonably ascertained, depreciation is charged during the lease term or the remaining useful life of the leased assets, whichever is shorter.

The Company shall determine whether impairment of right-of-use assets has occurred and account for impairment loss which has been identified in accordance with the provisions of "Accounting Standards for Business Enterprises No. 8 — Asset Impairment".

When the Company remeasures lease liabilities in accordance with the accounting standard, the carrying value of the right-of-use assets is adjusted accordingly. If the carrying value of the right-of-use assets is reduced to zero but the lease liabilities still require further adjustment, the remaining amount is charged to current profit or loss.

Where lease modification results in a reduced scope of lease or shortened lease term, the carrying value of the right-of-use assets is reduced accordingly, and the relevant gain or loss resulting from the partial or full termination of the lease is included in current profit or loss. For other lease modifications resulting in the remeasurement of lease liabilities, the carrying value of the right-of-use assets is adjusted accordingly.

**18. Intangible assets**

Intangible assets are the identifiable non-monetary assets which have no physical form and are possessed or controlled by the Company.

**(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.

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**

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 useful lives of the intangible assets with indefinite useful lives are reviewed. 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 recognized as intangible assets if all of the following conditions are met: ①the technical feasibility of completing the intangible assets so that they will be available for use or for sale; ②the 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: research stage refers to 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 stage of applying the research achievements and other knowledge in a plan or design to produce new or substantially improved materials, equipment and products is regarded 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.

## 19. 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 is tested for impairment at least at the end of each year.

In terms of impairment test of the goodwill of the Company, 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 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 on goodwill shall be recognized when the recoverable amount of the related asset groups or asset group portfolios is lower than the carrying amount thereof.

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

## **20. 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.

## **21. 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.

Short-term remunerations 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, short-term remunerations that actually incurred shall be recognized as liabilities and credited into the current profit or loss or the cost of relevant assets on an accrual basis by the benefit objects.

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 cost for providing benefits is determined 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.

Termination benefits: 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 following conditions are met, the Company will recognize and credit into the profit or loss the accrued liabilities arising from the indemnity as a result of terminating labor relations with the employees: the Company has made a formal plan for termination of labor relations or has made an offer for voluntary redundancy which will be implemented immediately; and the Company could not unilaterally withdraw the plan for termination of labor relations or the redundancy offer. Early retirement plans for employees will be handled in the principle the same as the termination benefits above. The Company will credit the salaries and social insurance premiums to be paid to the early retirees during the period from the date of early retirement to the normal retirement date to the profit or loss when recognition conditions for estimated liabilities are met.

## 22. Lease liabilities

☒Applicable ☐Not Applicable

On the commencement date of the lease term, the Company as the lessee shall recognize the right-of-use assets and lease liabilities for the lease. The Company's lease liabilities are initially measured at the present value of the lease payment that has not been paid on the commencement date of the lease term.

When calculating the present value of the lease payment, the Company adopts interest rate implicit in lease as discount rate; if it is impossible to determine the interest rate implicit in lease, the incremental borrowing rate of the Company (i.e. lessee) shall be adopted as the discount rate.

The interest rate implicit in lease refers to the interest rate that makes the sum of the present value of the lessor's lease receivable amount and the present value of the unguaranteed residual value equal to the sum of the fair value of the leased asset and the initial direct cost of the lessor. The lessee's incremental borrowing rate refers to the interest rate that the lessee is required to pay for borrowing funds under similar mortgage conditions in a similar economic environment in order to obtain assets close to the value of the right-of-use assets during a similar period.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into current profit or loss or assets cost.

After the commencement date of the lease term, where the assessment results of the renewal of the option, the termination of the lease option and the purchase option have changed, the Company re-

determines the lease payment and re-measures the lease liabilities in accordance with the present value of the lease payment after changes and the revised discount rate. After the commencement date of the lease term, in the event that the future lease payment changes due to a change in expected payment under a guaranteed remaining value or changes in an index or rate used in determining the lease payments, the Company shall re-measure lease liabilities based on present value of the lease payment after changes. In such cases, the discount rate adopted by the Company shall remain unchanged; however, if the change in lease payment results from a change in floating interest rates, the Company shall use a revised discount rate.

### **23. 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 two or more 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.

### **24. Share-based payments**

☒Applicable ☐Not Applicable

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 grant date. For the payment of such fair value that may only be exercised if services are fulfilled during the vesting period or the specified performance condition is achieved, the amount of such fair value shall, based on the best estimate of the number of exercisable equity instruments during the vesting period, be recognized in relevant costs or expenses in straight-line method 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 Company shall consider the modified vesting conditions 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, it 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.

## 25. 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 any third party. 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.

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;
- ⑤ 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 contractual asset, and contractual 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.

## 26. 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.

## **27. Deferred tax assets/deferred tax liabilities**

☒Applicable ☐Not Applicable

Deferred income tax assets and deferred income tax liabilities of the Company are recognized:

(1) Based on the difference between the carrying amount and the tax base amount of an asset or a liability (items not recognized as assets and liabilities but their tax base is ascertained by the tax laws and regulations, the tax base is the difference), deferred income tax asset or deferred income tax liability is

calculated using the applicable tax rate prevailing at the expected time of recovering the asset or discharging the liability.

(2) Deferred income tax asset 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) Deferred income tax liability is recognized 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. For deductible temporary differences arising from investments in subsidiaries and associated companies, deferred income tax asset is recognized 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) No deferred income tax liability is recognized 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 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.

## **28. 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 at the inception 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.

## 29. Changes in significant accounting policies and accounting estimates

### (1) Changes in significant accounting policies

☐Applicable ☒Not Applicable

### (2) Changes in significant accounting estimates

☐Applicable ☒Not Applicable

## VI. TAXATION

### 1. Main tax categories and rates

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:

<b>Company</b>	<b>Tax rate (%)</b>	<b>Preferential tax</b>
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
Hefei Haier Refrigerator Co., 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 Tech Model 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
Qingdao Haier Air Conditioner Gen Corp., 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
Beijing Zero Micro Technology Co., Ltd.	15.00	entitled to the preferential taxation policies as a hi-tech enterprise
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 Jiaonan Haier Washing Machine 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. (天津海尔洗涤电器有限公司)	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
Foshan Drum Washing Machine Co., Ltd.	15.00	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Strauss Water Equipment Co., Ltd.	15.00	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Lejia Haier Smart Living Appliances Co., Ltd. (青岛乐家海尔智慧生活电器有限公司)	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 Ririshun 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
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
Beijing Lingli Technology Co., Ltd.	15.00	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Hairuijieing 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
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
Qingdao Ririshun Lejia IOT Technology Co., Ltd.	15.00	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Electrical Equipment Limited	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 Heilong 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
Chongqing Haier Electronics Sales Co., Ltd. and some Western companies	15.00	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Xin Ririshun Electric 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
Guizhou Haier Electronics 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
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
Haier Smart Home (Qingdao) Network Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Haier Smart Home (Qingdao) Network Operations Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haixiangxue Human Resources Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise

Qingdao Three-Winged Bird Technology Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Haier Smart Home Technology (Hebei Xiong'an) Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haier Quality Testing Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haiyongcheng Certification Service Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haishuzhi Enterprise Consultancy Service Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haier Innovative Technology Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Ririshun Lexin Information Technology Service Co., Ltd.	20.00	entitled to the preferential policies as a small/micro enterprise
Dalian Free Trade Zone Haier Refrigerator Trading Co., Ltd.	5.00	entitled to the preferential policies as a small/micro enterprise
Qingdao Haimeihui Management Consulting Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
GE Appliance (Shanghai) Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Shanghai Haier Zhongzhi Fang Chuang Ke Management Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Tianjin Internet of Clothing Ecosystem Technology Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Dalian Haier Precise Manufacturing Co., Ltd.	5.00	entitled to the preferential policies as a small/micro enterprise
Qingdao Haizhi Yunlan Technology Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haixianghui Technology Co., Ltd.	2.50	entitled to the preferential policies as a small/micro enterprise
Qingdao Haier Technology Co., Ltd.	10.00	entitled to half deduction the preferential taxation policies as a key software enterprise



## VII. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise specified, the following closing balances represent the amount as at 31 December 2021 and opening balances represent the amount as at 31 December 2020; amount for the period represents the amount from 1 January to 31 December 2021 and amount for the previous period represents the amount from 1 January to 31 December 2020.

### 1. Monetary funds

√Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	3,085,964.28	2,257,666.98
Cash in bank	44,771,536,799.60	45,312,481,450.19
Other cash balances	1,082,547,511.52	1,152,993,342.34
Total	45,857,170,275.40	46,467,732,459.51
Include: —total amount of overseas deposits	8,966,246,518.74	10,409,047,820.91

Other explanation

The investment fund in the closing balance of other monetary funds was RMB51,432,853.25, deposit on third party payment platforms was RMB131,445,165.97 and the security deposit was RMB755,120,965.62, the frozen fund was RMB7,619,238.06, and other restricted fund was RMB136,929,288.62.

### 2. Financial assets held for trading

Items	Closing balance	Opening balance
Short-term wealth management products	2,168,622,090.00	1,862,036,322.21
Investments in other equity instruments	330,557,610.82	83,949,637.05
Investment funds	150,516,274.37	113,759,845.57
Forward foreign exchange contracts	136,379,553.90	105,446,693.00
Total	2,786,075,529.09	2,165,192,497.83

### 3. Derivative financial assets

Items	Closing balance	Opening balance
Forward foreign exchange contracts	72,822,190.59	52,194,232.55
Forward commodity contracts	6,997,783.42	25,644,774.08
Total	79,819,974.01	77,839,006.63

#### 4. Bills receivable

(1) Bills receivable presented by types

Items	Closing balance	Opening balance
Bank acceptance notes	13,053,809,505.49	3,091,631,183.91
Commercially acceptance notes	368,076,810.80	11,056,075,267.03
Balance of bills receivable	13,421,886,316.29	14,147,706,450.94
Allowance for bad debts	67,095,248.00	11,356,696.60
Bills receivable, net	13,354,791,068.29	14,136,349,754.34

(2) Changes in allowance for bad debts of bills receivable in the current period:

☐Applicable ☒Not Applicable

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Allowance for bad debts	11,356,696.60	61,256,000.00		5,517,448.60		67,095,248.00
Total	11,356,696.60	61,256,000.00		5,517,448.60		67,095,248.00

The bills receivable pledged by the Company at the end of the period was RMB12,526,757,275.50.

#### 5. Accounts receivable

①Accounts receivable are disclosed by aging as follow:

<b>Aging</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within one year	14,782,898,997.57	15,866,291,515.38
1–2 years	375,662,087.58	229,618,450.58
2–3 years	78,861,353.76	91,669,887.74
Over 3 years	135,768,657.33	184,125,877.54
Balance of accounts receivable	15,373,191,096.24	16,371,705,731.24
Allowance for bad debts	742,172,698.81	441,681,444.57
Accounts receivable, net	14,631,018,397.43	15,930,024,286.67

## ② By method of provision of allowance for bad debts

<b>Categories</b>	<b>Closing balance</b>			
	<b>Book balance</b>	<b>Allowance for bad debts</b>	<b>Percentage of provision (%)</b>	<b>Carrying value</b>
Account receivables subject to provision for bad debts on a separate basis	381,406,983.17	320,303,932.13	83.98	61,103,051.04
Account receivables subject to provision for bad debts on a collective basis	14,991,784,113.07	421,868,766.68	2.81	14,569,915,346.39
Total	15,373,191,096.24	742,172,698.81	4.83	14,631,018,397.43

(continued)

Categories	Opening balance			
	Book balance	Allowance for bad debts	Percentage of provision (%)	Carrying value
Account receivables subject to provision for bad debts on a separate basis	1,737,051.69	1,737,051.69	100.00	
Account receivables subject to provision for bad debts on a collective basis	16,369,968,679.55	439,944,392.88	2.69	15,930,024,286.67
Total	16,371,705,731.24	441,681,444.57	2.70	15,930,024,286.67

③ Account receivables subject to provision for bad debts on a collective basis as at the end of the period

√Applicable □Not Applicable

Items	Book balance	Allowance for bad debts	Percentage of provision (%)
Within 1 year	14,560,959,317.86	312,565,470.27	2.15
1-2 years	223,861,765.61	9,396,866.15	4.20
2-3 years	75,991,817.89	23,388,497.43	30.78
Over 3 years	130,971,211.71	76,517,932.83	58.42
Total	14,991,784,113.07	421,868,766.68	2.81

④ Changes in allowance for bad debts of 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 movement	Reversal	Write-off/ other movement	
Allowance for bad debts	441,681,444.57	408,834,958.95		46,625,275.84	61,718,428.87	742,172,698.81

⑤ The aggregate amount of the top 5 account receivables as at the end of the period was RMB3,856,035,612.12, accounting for 25.08% of the book balance of account receivables.

⑥ Actual write-off of accounts receivable in the current period

The amount of accounts receivable actually written off in the current period is RMB32,949,945.78 and there is no important bad debt write-off of accounts receivable.

⑦ The company's accounts receivable that were terminated due to the transfer of financial assets in the current period

In the current period, the amount of accounts receivable that the company terminated due to the transfer of financial assets was RMB4,127,671,197.04 and the transfer method was outright sale factoring/asset securitization.

⑧ Restricted accounts receivable in the current period

The amount of accounts receivable restricted at the end of the period is RMB1,913,582,226.30.

## 6. Prepayments

(1) Prepayments are presented by aging:

Aging	Closing balance	Opening balance
Within one year	816,905,110.58	698,370,175.05
1-2 years	22,367,994.84	30,590,250.54
2-3 years	9,728,842.63	4,580,733.23
Over 3 years	8,231,174.95	32,280,992.88
Total	857,233,123.00	765,822,151.70

(2) The total amount of the top 5 in the prepayments at the end of the period is RMB174,076,576.41, which accounts for 20.31% of the prepayment balance.

## 7. Other receivables

**Presented by item:**

☒Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	294,379,438.82	322,473,254.91
Dividend receivable		4,915,409.42
Other receivables	1,660,702,724.43	1,390,303,134.99
Total	1,955,082,163.25	1,717,691,799.32

Interest receivable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Item	Closing balance	Opening balance
Within one year	231,011,687.28	230,234,039.92
1-2 years	47,983,727.86	82,575,210.18
2-3 years	15,384,023.68	8,925,141.80
Over 3 years		738,863.01
Total	294,379,438.82	322,473,254.91

**Dividend receivable**

√Applicable    □Not Applicable

Unit and Currency: RMB

Item (or investee)	Closing balance	Opening balance
Within one year		4,915,409.42
1-2 years		
2-3 years		
Over 3 years		
Total		4,915,409.42

**Other receivables**

①Other receivables are disclosed by aging as follows:

Aging	Closing balance	Opening balance
Within one year	1,273,332,768.49	931,793,427.44
1-2 years	109,677,138.52	417,514,929.49
2-3 years	355,219,038.13	61,251,809.96
Over 3 years	113,113,998.61	75,401,513.32
Balance of other receivables	1,851,342,943.75	1,485,961,680.21
Allowance for bad debts	190,640,219.32	95,658,545.22
Other receivables, net	1,660,702,724.43	1,390,303,134.99

② The total amount of the top 5 other receivables at the end of the period is RMB588,207,363.50, which accounts for 31.77% of the book balance of other receivables.

③ Provision of allowance for bad debts

Allowance for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for the coming 12 months	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
31 December 2020	12,652,199.27		83,006,345.95	95,658,545.22
Provision for the current period	106,691,852.67			106,691,852.67
Reversal for the current period	751,371.76		3,588,800.00	4,340,171.76
Write-off and others for the current period	6,570,006.81		800,000.00	7,370,006.81
31 December 2021	112,022,673.37		78,617,545.95	190,640,219.32

④ Changes in allowance for bad debt provision of 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	Other movement	Reversal	Write-off/ other movement	
Allowance for bad debts	95,658,545.22	106,691,852.67		4,340,171.76	7,370,006.81	190,640,219.32

⑤ Other receivables written off during the period

The amount of other receivables actually written off in the current period is RMB5,202,064.68 and no significant other receivables are written off for bad debts.

⑥ Other receivables mainly include deposits, quality guarantees, employee loans, tax refunds, and advance payments, etc.

## 8. Inventories

(1) Category of inventories

Items	Closing Balance		Opening Balance	
	Book value balance	Impairment Provision	Book value balance	Impairment Provision
Raw materials	5,160,836,755.15	117,428,681.85	2,785,611,125.08	115,958,355.70
Work in progress	115,676,026.77		336,866,878.61	
Finished goods	35,952,553,480.95	1,248,466,540.71	27,613,569,305.90	1,173,115,549.14
Total	41,229,066,262.87	1,365,895,222.56	30,736,047,309.59	1,289,073,904.84

## (2) Impairment provision of inventories

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Raw materials	115,958,355.70	26,258,008.75		7,348,287.53	17,439,395.07	117,428,681.85
Work in progress						
Finished goods	1,173,115,549.14	1,044,919,101.14		6,170,082.33	963,398,027.24	1,248,466,540.71
Total	1,289,073,904.84	1,071,177,109.89		13,518,369.86	980,837,422.31	1,365,895,222.56

## 9. Contractual assets

## (1) Details

Items	Closing Balance		Opening Balance	
	Book value balance	Impairment Provision	Book value balance	Impairment Provision
Relating to construction service contract	304,434,294.70		263,412,927.58	
Total	304,434,294.70		263,412,927.58	

## 10. Other current assets

## (1) Details

Items	Closing Balance		Opening Balance	
	Book value balance	Impairment Provision	Book value balance	Impairment Provision
Bank deposit for wealth management products	316,590,333.42		554,131,037.76	
Deductible taxes	3,273,993,417.28		2,439,951,209.94	2,907,303.98
Returns cost receivables	585,140,752.69	328,552,987.70	418,107,603.27	242,502,616.01
Others	71,809,601.50		118,077,350.40	
Total	4,247,534,104.89	328,552,987.70	3,530,267,201.37	245,409,919.99

## (2) Impairment Provision

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
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		Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Deductible input tax	2,907,303.98			2,905,520.72	1,783.26	
Returns cost receivables	242,502,616.01	328,552,987.70			242,502,616.01	328,552,987.70
Total	245,409,919.99	328,552,987.70		2,905,520.72	242,504,399.27	328,552,987.70

## 11. Long-term equity investments

√Applicable □Not Applicable

Investees	Opening balance	Increase/decrease for the current period				
		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.	6,526,237,270.67		631,292,558.96	-16,151,956.03		-218,400,000.00
Bank of Qingdao Co., Ltd.	2,463,096,567.92		199,119,144.81	58,051,969.41		-66,019,246.02
Wolong Electric (Jinan) Motor Co., Ltd.	143,847,870.70		23,879,508.29			-15,890,000.00
Qingdao Hegang New Material Technology Co., Ltd.	297,154,935.85		20,073,071.70		-4,734,751.34	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	385,797,036.73		90,366,894.80			-82,565,558.94
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	654,581,961.84		94,920,014.89			-66,600,000.00
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	415,298,165.93		18,829,952.52			-25,074,310.40
Qingdao Haier Multimedia Co., Ltd.	328,987,205.07		-51,884,641.19			
Qingdao Haier Moulds Co., Ltd.	259,696,084.44		9,462,450.10			
Hefei Feier Smart Technology Co., Ltd.	1,491,024.72		-1,225,918.45			

Anhui Kunhe Smart Technology Co., Ltd.		3,000,000.00	-1,122,425.86			
Zhejiang Futeng Fluid Technology Co., Ltd.		84,150,000.00	-2,051,152.25			
Beijing Mr. Hi Network Technology Company Limited	7,507,759.75					
Beijing Xiaobei Technology Co., Ltd.	2,687,341.82					
Beijing ASU Tech Co., Ltd.	32,365,969.45		-21,104,770.00		4,268,500.56	
Shenzhen Genyuan Environmental Protection Technology Co., Ltd.	6,914,487.73					
Qingdao Haimu Investment Management Co., Ltd.	2,349,240.51		116,059.19			
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	47,870,696.66		11,553,965.78			
Guangzhou Heying Investment Partnership (Limited Partnership)	288,209,197.58	-2,650,839.24	235,219.53			
Qingdao Home Wow Cloud Network Technology Co., Ltd.	2,629,009.63		-28,959.13			
Qingdao Ririshun Service Co., Ltd.	33,010,000.00		-1,693,481.32			
Bingji (Shanghai) Corporate Management Co., Ltd.	928,444,178.47		43,756,309.41			
Youjin (Shanghai) Corporate Management Co., Ltd.	1,687,262,142.67		79,556,926.19			
RRS (Shanghai) Investment Co., Ltd.	3,066,931,168.49		144,648,956.72			
Haier Best Water Technology Co., Ltd.	33,455,159.59	52,627,176.00	-6,296,778.20			
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	120,000,000.00		-991,032.97			
Qingdao Ririshun Huizhi Investment Co., Ltd.	2,100,000.00		-16,517.22			

Qingdao Xinchenghui Technology Co., Ltd.		10,000,000.00	-35,226.48			
Meiling Candy Washing Machine Co., Ltd.	22,558,307.10		193,924.97			
EuropaltersItaliaS.r.l.		9,361,965.48				
Konan Electronic Co., Ltd.	77,561,552.87		1,597,435.48	-9,620,675.74		-264,600.00
HNR Company (Private) Limited	92,141,887.27		31,133,180.32	-9,219,748.62		
HPZ LIMITED	66,827,745.66		9,235,751.42	-4,794,448.11		
HaierRayaElectricS.A.E	10,741,234.10	1,257,900.00	-1,430,626.70			
CONTROLADORAMABES.A.deC.V	3,667,310,241.31		590,464,695.25	-66,623,131.23	15,816,589.94	-74,984,722.17
MiddleEast Air conditioning Company,Limited	19,002,595.66		-6,770,031.76	-1,913,665.77		
Total	21,694,068,040.19	157,746,202.24	1,905,784,458.80	-50,271,656.09	15,350,339.16	-549,798,437.53

(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.	185,731,501.78		7,108,709,375.38	
Bank of Qingdao Co., Ltd.			2,654,248,436.12	
Wolong Electric (Jinan) Motor Co., Ltd.			151,837,378.99	
Qingdao Hegang New Material Technology Co., Ltd.			312,493,256.21	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)			393,598,372.59	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.			682,901,976.73	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.			409,053,808.05	-21,000,000.00
Qingdao Haier Multimedia Co., Ltd			277,102,563.88	-88,300,000.00
Qingdao Haier Moulds Co., Ltd.			269,158,534.54	
Hefei Feier Smart Technology Co., Ltd.			265,106.27	
Anhui Kunhe Smart Technology Co., Ltd.			1,877,574.14	
Zhejiang Futeng Fluid Technology Co., Ltd.			82,098,847.75	
Beijing Mr. Hi Network Technology Company Limited			7,507,759.75	-7,507,759.75
Beijing Xiaobei Technology Co., Ltd.			2,687,341.82	-2,687,341.82
Beijing ASU Tech Co., Ltd.			15,529,700.01	
Shenzhen Genyuan Environmental Protection Technology Co., Ltd.			6,914,487.73	-6,914,487.73
Qingdao Haimu Investment Management Co., Ltd.			2,465,299.70	
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)			59,424,662.44	
Guangzhou Heying Investment Partnership (Limited			285,793,577.87	

Partnership)				
Qingdao Home Wow Cloud Network Technology Co., Ltd.			2,600,050.50	
Qingdao Ririshun Service Co., Ltd.			31,316,518.68	
Bingji (Shanghai) Corporate Management Co., Ltd.			972,200,487.88	
Youjin (Shanghai) Corporate Management Co., Ltd.			1,766,819,068.86	
RRS (Shanghai) Investment Co., Ltd.			3,211,580,125.21	
Haier Best Water Technology Co., Ltd.			79,785,557.39	
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)			119,008,967.03	
Qingdao Ririshun Huizhi Investment Co., Ltd.			2,083,482.78	
Qingdao Xinchenghui Technology Co., Ltd.			9,964,773.52	
Meiling Candy Washing Machine Co., Ltd.			22,752,232.07	
EuropaltersItaliaS.r.l.			9,361,965.48	
Konan Electronic Co., Ltd.			69,273,712.61	
HNR Company (Private) Limited			114,055,318.97	
HPZ LIMITED			71,269,048.97	
HaierRayaElectricS.A.E			10,568,507.40	
CONTROLADORAMABES.A.deC.V.			4,131,983,673.10	
MiddleEast Air conditioning Company,Limited			10,318,898.13	
Total	185,731,501.78		23,358,610,448.55	-126,409,589.30

**12. Investments in other equity instruments**

## (1) Details of investments in other equity instruments

√Applicable    □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
SINOPEC Fuel Oil Sales Corporation Limited	1,290,487,901.40	1,117,637,000.00
Haier COSMO IOT Ecosystem Technology Co., Ltd.	2,812,000,000.00	1,396,555,521.94
Other	746,221,537.56	144,832,743.60
Total	4,848,709,438.96	2,659,025,265.54

## (2) Dividends from investment in other equity instruments during the current period:

Items	Amount for the current period
SINOPEC Fuel Oil Sales Corporation Limited	57,678,519.95
Other	880,275.10
Total	58,558,795.05

**13. 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	46,978,578.83	2,128,550.51	49,107,129.34
2. Increase for the period			
(1) External acquisition			
(2) Inventories/fixed assets/construction in progress transferred in			
(3) Increase in business combinations			
3. Decrease for the period			
(1) Disposal	11,716,051.65		11,716,051.65

(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Translation difference of foreign currency statement	-1,239,815.68		-1,239,815.68
5. Closing balance	34,022,711.50	2,128,550.51	36,151,262.01
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	20,129,742.37	590,384.16	20,720,126.53
2. Increase for the period			
(1) Provision or amortization	1,296,955.14	40,236.22	1,337,191.36
3. Decrease for the period			
(1) Disposal	10,722,484.32		10,722,484.32
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Translation difference of foreign currency statement	-148,460.04		-148,460.04
5. Closing balance	10,555,753.15	630,620.38	11,186,373.53
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. Translation difference of foreign currency statement			
5. Closing balance			
IV. Book value			
1. Closing book value	23,466,958.35	1,497,930.13	24,964,888.48

2. Opening book value	26,848,836.46	1,538,166.35	28,387,002.81
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(2) The depreciation and amortization amount charge for the period is RMB1,337,191.36.

(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.

#### 14. Fixed assets

##### Presented by item

√Applicable    □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	22,302,546,431.63	20,894,802,468.57
Disposals of fixed assets	4,543,369.52	16,987,772.82
Total	22,307,089,801.15	20,911,790,241.39

##### (1) Fixed assets:

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	10,162,375,605.28	24,419,389,978.14	169,128,209.23
2. Increase for the period			
(1) Acquisition	90,801,047.72	1,006,202,589.34	5,104,975.09
(2) Construction in progress transferred in	1,412,983,726.05	2,381,586,393.12	17,694,321.22
(3) Increase in business combinations			
3. Decrease for the period			
(1) Disposal or write-off	55,567,496.52	871,744,635.26	11,723,854.89
(2) Disposal of subsidiaries		6,926,964.50	
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-256,723,859.20	-375,264,070.37	-1,119,962.72
5. Closing balance	11,353,869,023.33	26,553,243,290.47	179,083,687.93
II. Accumulated depreciation			
1. Opening balance	3,513,815,327.49	11,613,034,474.08	99,044,833.13
2. Increase for the period			
(1) Provision	492,924,941.20	2,309,299,744.13	18,925,788.82



(2) Increase in business combinations			
3. Decrease for the period			
(1) Disposal or write-off	26,407,163.11	628,235,406.18	9,785,922.11
(2) Disposal of subsidiaries		6,383,333.90	
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-57,880,698.45	-79,705,314.18	-234,440.54
5. Closing balance	3,922,452,407.13	13,208,010,163.95	107,950,259.30
III. Provision for impairment			
1. Opening balance	33,638,997.63	39,684,984.39	185,490.35
2. Increase for the period			
(1) Provision		4,234,330.15	948.59
(2) Increase in business combinations			
3. Decrease for the period			
(1) Disposal or write-off		19,989,491.58	
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-4,139,559.42	-2,282,260.87	-12,953.81
5. Closing balance	29,499,438.21	21,647,562.09	173,485.13
IV. Book value			
1. Closing book value	7,401,917,177.99	13,323,585,564.43	70,959,943.50
2. Opening book value	6,614,921,280.16	12,766,670,519.67	69,897,885.75

## Fixed assets (continued)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	953,174,443.16	2,313,836,002.70	38,017,904,238.51
2. Increase for the period			
(1) Acquisition	11,926,966.11	103,267,926.65	1,217,303,504.91
(2) Construction in progress transferred in	186,749,076.20	269,993,951.27	4,269,007,467.86
(3) Increase in business combinations			
3. Decrease for the period			

(1) Disposal or write-off	97,545,918.17	102,341,010.65	1,138,922,915.49
(2) Disposal of subsidiary	172,000.00		7,098,964.50
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-23,368,552.40	-120,369,213.64	-776,845,658.33
5. Closing balance	1,030,764,014.90	2,464,387,656.33	41,581,347,672.96
II. Accumulated depreciation			
1. Opening Balance	484,523,249.85	1,333,389,832.83	17,043,807,717.38
2. Increase for the period			
(1) Provision	156,708,729.58	234,997,884.46	3,212,857,088.19
(2) Increase in business combinations			
3. Decrease for the period			
(1) Disposal or write-off	70,524,439.03	77,143,107.86	812,096,038.29
(2) Disposal of subsidiary	163,400.00		6,546,733.90
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-5,339,893.54	-72,757,899.31	-215,918,246.02
5. Closing Balance	565,204,246.86	1,418,486,710.12	19,222,103,787.36
III. Provision for impairment			
1. Opening balance	367,009.63	5,417,570.56	79,294,052.56
2. Increase for the period			
(1) Provision	42,859.26	346,792.91	4,624,930.91
(2) Increase in business combinations			
3. Decrease for the period			
(1) Disposal or write-off	24,657.37	260,018.77	20,274,167.72
(2) Disposal of subsidiary			
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-126,683.44	-385,904.24	-6,947,361.78
5. Closing balance	258,528.08	5,118,440.46	56,697,453.97
IV. Book value			
1. Closing book value	465,301,239.96	1,040,782,505.75	22,302,546,431.63
2. Opening book value	468,284,183.68	975,028,599.31	20,894,802,468.57

(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 RMB4,269,007,467.86.

(3) There was no mortgage secured by the fixed assets mortgage at the end of the period.

(4) Disposals of fixed assets

Items	Closing Balance	Opening Balance	Reason for transferring to disposal
Relocation of Qingdao Industrial Park	4,543,369.52	12,964,689.10	Demolition
Other		4,023,083.72	Scrap cleanup
Total	4,543,369.52	16,987,772.82	

## 15. Construction in progress

### Presented by item

☒Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Construction in progress	4,183,263,398.79	3,610,195,094.37
Construction materials		
Total	4,183,263,398.79	3,610,195,094.37

## CONSTRUCTION IN PROGRESS

### (1) Balance of 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
America GEA Project	722,008,600.99		722,008,600.99	518,260,493.01		518,260,493.01
Smart home appliance technology project	598,122,551.15		598,122,551.15	291,584,097.58		291,584,097.58
Foshan freezer Project	199,726,996.70		199,726,996.70	89,437,456.94		89,437,456.94
Hefei Refrigerator Project	208,080,465.14		208,080,465.14	87,566,220.44		87,566,220.44
Special freezer Project	220,203,225.72		220,203,225.72	26,181,149.22		26,181,149.22

Projects	Closing Balance			Opening Balance		
	Book balance	Impairment Provision	Book Value	Book balance	Impairment provision	Book Value
Haier Russian Project	182,497,069.58		182,497,069.58	76,966,572.40		76,966,572.40
Haier Indian Project	179,479,688.03		179,479,688.03	400,955,285.59		400,955,285.59
Europe Candy Project	153,117,404.68		153,117,404.68	611,529,115.13		611,529,115.13
Qingdao Haier Washing Machine Project	139,065,246.00		139,065,246.00	107,072,469.09		107,072,469.09
Zhengzhou New Energy Project	125,734,579.67		125,734,579.67	134,884,592.49		134,884,592.49
New Zealand FPA Project	111,516,266.46		111,516,266.46	96,050,392.73		96,050,392.73
Wuhan Haier freezer Project	103,052,450.36		103,052,450.36	29,444,043.15		29,444,043.15
Haier Dishwasher Project	91,964,708.57		91,964,708.57	25,231,410.35		25,231,410.35
Beijing Haixianghui Project	87,901,666.83		87,901,666.83	11,010,911.27		11,010,911.27
Tianjin Haier Washing Appliance Project	59,409,379.45		59,409,379.45	28,524,965.12		28,524,965.12
Hailvyuan Recycling Technology Project	58,589,285.46		58,589,285.46			
Haier Air Conditioning Electronics Project	57,933,662.48		57,933,662.48	56,560,330.52		56,560,330.52
Special Refrigerator Project	55,838,238.24		55,838,238.24	28,379,142.82		28,379,142.82
Hefei Haier Drum Washing Machine Project	54,949,612.93		54,949,612.93	21,461,405.85		21,461,405.85
Chongqing Haier Drum Washing Machine Project	49,077,644.27		49,077,644.27	29,138,857.36		29,138,857.36
Jiaonan Washing Machine Project	47,486,780.72		47,486,780.72	48,681,689.86		48,681,689.86
Others	678,712,857.08	1,204,981.72	677,507,875.36	892,112,229.30	837,735.85	891,274,493.45
Total	4,184,468,380.51	1,204,981.72	4,183,263,398.79	3,611,032,830.22	837,735.85	3,610,195,094.37

## (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	Other decrease	Exchange differences	Closing balance	Source of fund
America GEA Project	518,260,493.01	679,115,465.43	460,892,584.42		-14,474,773.03	722,008,600.99	Self-funding
Smart home appliance technology project	291,584,097.58	306,538,453.57				598,122,551.15	Self-funding
Foshan freezer Project	89,437,456.94	324,364,137.25	214,074,597.49			199,726,996.70	Self-funding
Hefei Refrigerator Project	87,566,220.44	264,844,650.10	144,330,405.40			208,080,465.14	Self-funding
Special freezer Project	26,181,149.22	220,770,669.22	26,748,592.72			220,203,225.72	Self-funding
Haier Russian Project	76,966,572.40	358,283,591.35	248,927,128.96		-3,825,965.21	182,497,069.58	Self-funding
Haier Indian Project	400,955,285.59	522,285,330.49	732,409,681.02		-11,351,247.03	179,479,688.03	Self-funding /fund raising
Europe Candy Project	611,529,115.13	304,791,921.03	637,122,648.23		-126,080,983.25	153,117,404.68	Self-funding
Qingdao Haier Washing Machine Project	107,072,469.09	31,992,776.91				139,065,246.00	Self-funding
Zhengzhou New Energy Project	134,884,592.49	119,251,117.02	128,401,129.84			125,734,579.67	Self-funding
New Zealand FPA Project	96,050,392.73	142,298,231.49	119,808,789.54		-7,023,568.22	111,516,266.46	Self-funding
Wuhan Haier freezer Project	29,444,043.15	82,772,652.72	9,164,245.51			103,052,450.36	Self-funding
Haier Dishwasher Project	25,231,410.35	159,346,735.80	92,613,437.58			91,964,708.57	Self-funding
Beijing Haixianghui Project	11,010,911.27	132,587,372.62	55,696,617.06			87,901,666.83	Self-funding
Tianjin Haier Washing Appliance Project	28,524,965.12	59,601,486.19	28,717,071.86			59,409,379.45	Self-funding
Hailvyuan Recycling Technology Project		58,589,285.46				58,589,285.46	Self-funding
Haier Air Conditioning Electronics Project	56,560,330.52	31,788,177.06	30,414,845.10			57,933,662.48	Self-funding

Special Refrigerator Project	28,379,142.82	64,543,973.25	37,084,877.83			55,838,238.24	Self-funding
Hefei Haier Drum Washing Machine Project	21,461,405.85	44,908,605.51	11,420,398.43			54,949,612.93	Self-funding
Chongqing Haier Drum Washing Machine Project	29,138,857.36	52,427,535.19	32,488,748.28			49,077,644.27	Self-funding
Jiaonan Washing Machine Project	48,681,689.86	58,666,753.38	59,861,662.52			47,486,780.72	Self-funding
Others	892,112,229.30	994,366,893.44	1,198,830,006.07		-8,936,259.59	678,712,857.08	Self-funding /fund raising
Total	3,611,032,830.22	5,014,135,814.48	4,269,007,467.86		-171,692,796.33	4,184,468,380.51	

## (3) Impairment provision of construction in progress

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Other decrease	Exchange differences	Closing balance
Lejia IOT Project	837,735.85					837,735.85
Others		372,747.55			-5,501.68	367,245.87
Total	837,735.85	372,747.55			-5,501.68	1,204,981.72

## 16. Right-of-use assets

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	3,363,666,439.28	39,645,820.91	194,507,833.03
2. Increase for the current period			
(1) Increase	590,379,460.52	6,330,101.00	57,543,799.23
3. Decrease for the current period			
(1) Disposal	250,622,974.89	226,268.14	23,908,878.73
(2) Disposal of subsidiary			
4. Translation difference of foreign currency statements	-140,113,129.94	-2,607,473.37	-23,137,512.47
5. Closing balance	3,563,309,794.97	43,142,180.40	205,005,241.06
II. Accumulated depreciation			
1. Opening balance	885,680,688.93	12,842,957.01	89,243,999.98

2. Increase for the current period			
(1) Provision	532,226,885.47	12,630,223.08	53,395,839.74
3. Decrease for the current period			
(1) Disposal	187,866,877.23	226,268.14	23,849,617.69
(2) Disposal of subsidiary			
4. Translation difference of foreign currency statements	-44,598,513.32	-6,708,374.15	-13,962,599.81
5. Closing balance	1,185,442,183.85	18,538,537.80	104,827,622.22
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. Translation difference of foreign currency statements			
5. Closing balance			
IV. Book Value			
1. Closing book balance	2,377,867,611.12	24,603,642.60	100,177,618.84
2. Opening book balance	2,477,985,750.35	26,802,863.90	105,263,833.05

## Right-of-use assets (continued)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	48,709,675.83	355,706,633.95	4,002,236,403.00
2. Increase for the current period			
(1) Increase	18,479,561.69	77,418,603.09	750,151,525.53
3. Decrease for the current period			
(1) Disposal	2,873,441.85	32,226,895.74	309,858,459.35
(2) Disposal of subsidiary			
4. Translation difference of foreign currency statements	-7,430,164.08	-8,669,580.22	-181,957,860.08
5. Closing balance	56,885,631.59	392,228,761.08	4,260,571,609.10
II. Accumulated depreciation			
1. Opening balance	14,096,013.92	160,514,483.89	1,162,378,143.73

2. Increase for the current period			
(1) Provision	9,913,547.88	75,492,399.87	683,658,896.04
3. Decrease for the current period			
(1) Disposal	2,873,441.85	32,052,592.44	246,868,797.35
(2) Disposal of subsidiary			
4. Translation difference of foreign currency statements	-3,154,691.04	-4,189,200.17	-72,613,378.49
5. Closing balance	17,981,428.91	199,765,091.15	1,526,554,863.93
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. Translation difference of foreign currency statements			
5. Closing balance			
IV. Book Value			
1. Closing book balance	38,904,202.68	192,463,669.93	2,734,016,745.17
2. Opening book balance	34,613,661.91	195,192,150.06	2,839,858,259.27

## 17. Intangible assets

Items	Proprietary technology	Licenses and franchises	Land use rights
I. Original book value			
1. Opening balance	1,842,005,662.53	4,010,777,802.58	1,200,138,465.93
2. Increase for the current period			
(1) Purchase		170,453,877.93	110,696,693.03
(2) Internal research and development	137,493,871.57		
(3) Increase in business combination			
3. Decrease for the current period			
(1) Disposal	26,777,550.69		38,133,428.22
(2) Disposal of subsidiary			
(3) Transfer to hold for sale			



4. Translation difference of foreign currency statements	-100,044,350.84	60,451,857.10	-6,255,398.64
5. Closing balance	1,852,677,632.57	4,241,683,537.61	1,266,446,332.10
II. Accumulated amortization			
1. Opening balance	871,204,292.17	564,045,820.06	139,165,642.83
2. Increase for the current period			
(1) Provision	152,156,601.55	123,653,462.19	76,470,555.49
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal	26,763,782.11		
(2) Disposal of subsidiary			
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-50,287,715.47	135,286,362.99	-335,926.52
5. Closing balance	946,309,396.14	822,985,645.24	215,300,271.80
III. Impairment provision			
1. Opening balance			
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 hold for sale			
4. Translation difference of foreign currency statements			
5. Closing balance			
IV. Book Value			
1. Closing book balance	906,368,236.43	3,418,697,892.37	1,051,146,060.30
2. Opening book balance	970,801,370.36	3,446,731,982.52	1,060,972,823.10

## Intangible assets (continued)

Items	Trademark rights	Application management	Total
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		<b>software and others</b>	
I. Original book value			
1. Opening balance	2,713,444,699.59	3,828,496,475.88	13,594,863,106.51
2. Increase for the current period			
(1) Purchase		105,569,123.12	386,719,694.08
(2) Internal research and development		405,327,526.09	542,821,397.66
(3) Increase in business combination			
3. Decrease for the current period			
(1) Disposal	33,427,012.30	77,637,764.05	175,975,755.26
(2) Disposal of subsidiary			
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements	-204,300,544.66	-67,013,460.78	-317,161,897.82
5. Closing balance	2,475,717,142.63	4,194,741,900.26	14,031,266,545.17
II. Accumulated amortization			
1. Opening balance		1,946,261,208.96	3,520,676,964.02
2. Increase for the current period			
(1) Provision		553,646,765.63	905,927,384.86
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal		47,488,233.09	74,252,015.20
(2) Disposal of subsidiary			
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements		-11,286,960.87	73,375,760.13
5. Closing balance		2,441,132,780.63	4,425,728,093.81
III. Impairment provision			
1. Opening balance		56,040,248.43	56,040,248.43
2. Increase for the current period			
(1) Provision	29,631,196.82		29,631,196.82
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal	29,631,196.82	102,076.80	29,733,273.62

(2) Disposal of subsidiary			
(3) Transfer to hold for sale			
4. Translation difference of foreign currency statements		-7,638.40	-7,638.40
5. Closing balance		55,930,533.23	55,930,533.23
IV. Book Value			
1. Closing book balance	2,475,717,142.63	1,697,678,586.40	9,549,607,918.13
2. Opening book balance	2,713,444,699.59	1,826,195,018.49	10,018,145,894.06

At the end of the period, the intangible assets developed through the Company accounted for the 17.06% of the original value at the end of the period.

### 18. Development cost

Items	Opening balance	Increase for the current period	Decrease for the current period			Translation difference of foreign currency statements	Closing balance
			Recognized as intangible asset	Included in current profit and loss	Disposal of subsidiary		
91ABD. ERP IT Program	97,893,800.99	74,915,278.41	129,278,261.16			-1,584,565.77	41,946,252.47
IOT Project		110,027,251.84					110,027,251.84
Others	69,852,923.14	634,136,234.69	413,543,136.50	209,806,757.83		-4,720,538.68	75,918,724.82
Total	167,746,724.13	819,078,764.94	542,821,397.66	209,806,757.83		-6,305,104.45	227,892,229.13

### 19. Goodwill

Items	Opening balance	Increase for the current period	Decrease for the current period	Effect of fluctuations in exchange rates for the current period	Closing balance
GEA	19,382,602,366.26			-444,138,636.83	18,938,463,729.43
Candy	2,086,499,983.95			-209,377,998.39	1,877,121,985.56
Others	1,049,357,987.43			-37,840,641.66	1,011,517,345.77
Total	22,518,460,337.64			-691,357,276.88	21,827,103,060.76

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 2%) 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 3%- 15.54%) and the EBITDA profit margin (mainly 3%-14%) 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 9.42%-17.85%). 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.

## 20. Long-term amortized expenses

Items	Opening balance	Increase for the current period	Amortization for the current period	Other decrease	Translation difference of foreign currency statements	Closing balance
Renovation	169,271,684.58	365,418,857.03	193,374,991.17		-34,833.08	341,280,717.36
Improvement on leased property	170,612,483.47	11,540,486.75	26,650,376.39		-1,673,364.70	153,829,229.13
Others	116,470,471.46	15,890,708.64	37,491,766.35		-1,302,971.33	93,566,442.42
Total	456,354,639.51	392,850,052.42	257,517,133.91		-3,011,169.11	588,676,388.91

## 21. Deferred income tax assets / deferred income tax liabilities

### (1) Deferred income tax assets before elimination

Items	Closing balance	Opening balance
Provision for assets impairment	354,806,051.43	374,373,978.37
Liabilities	1,402,480,307.20	1,745,260,196.51
Internal unrealized earnings eliminated due to combination	619,291,715.60	668,981,845.53
Government grants	163,806,221.87	124,822,115.15
Uncovered losses	817,306,157.01	806,710,012.75
Others	286,586,600.19	237,331,301.90
Total	3,644,277,053.30	3,957,479,450.21

### (2) Deferred income tax liabilities before elimination

Items	Closing balance	Opening balance
Asset amortisation	2,318,829,386.48	2,371,032,689.77
Remeasurement of fair value of the remaining equity on the day when the control right was lost	878,623,804.46	878,623,804.46
Changes in fair value of investments in other equity instruments	292,476,080.49	6,593,323.58
Others	421,341,222.80	393,329,640.12
Total	3,911,270,494.23	3,649,579,457.93

(3) The deferred income tax assets and the deferred income tax liabilities eliminated at the end of the period was RMB1,789,467,320.40.

## 22. Other non-current assets

Items	Closing balance	Opening balance
Prepayments for equipment and land	1,859,693,694.07	1,403,997,069.15
Others	304,690,319.07	521,764,491.02
Total	2,164,384,013.14	1,925,761,560.17

## 23. Short-term borrowings

(1) Category of short-term borrowings

☒Applicable ☐Not Applicable

Unit and Currency: RMB

Item	Closing balance	Opening balance
Borrowings — secured by pledge	255,103,925.36	472,098,030.36
Borrowings — secured by credit	10,661,927,352.96	7,200,328,217.00
Borrowings — secured by guarantee	304,896,830.40	
Interest payable for short-term borrowings	4,284,025.67	15,481,918.52
Total	11,226,212,134.39	7,687,908,165.88

## 24. Financial liabilities held for trading

Items	Closing balance	Opening balance
Forward foreign exchange contracts	6,294,014.40	26,952,508.66
Total	6,294,014.40	26,952,508.66

## 25. Derivative financial liabilities

☒Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	60,527,532.76	188,695,788.30
Interest rate swap agreement	19,684,900.48	50,886,744.60
Total	80,212,433.24	239,582,532.90

**26. Bills payable**

√Applicable    □Not Applicable

Unit and Currency: RMB

Category	Closing balance	Opening balance
Commercial acceptance notes	3,022,602,833.31	2,710,903,499.32
Bank acceptance notes	22,000,635,573.41	18,525,153,554.35
Total	25,023,238,406.72	21,236,057,053.67

**27. Accounts payables**

√Applicable    □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Accounts payables	42,344,857,144.49	36,309,048,800.85
Total	42,344,857,144.49	36,309,048,800.85

The book balance at the end of the period was mainly the unpaid expenditures on material and labour.

**28. Contractual liabilities**

√Applicable    □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Contractual liabilities	10,016,870,340.44	6,269,584,417.32
Total	10,016,870,340.44	6,269,584,417.32

The book balance at the end of the period is mainly the receipt in advance.

**29. 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	3,626,057,331.52	23,693,152,376.11	23,335,695,144.59	3,983,514,563.04
II. Post-employment benefits defined contribution plan	21,043,040.29	1,224,424,105.01	1,226,517,443.13	18,949,702.17
III. Termination benefits	9,818,188.41	1,956,763.54	1,956,763.54	9,818,188.41
IV. Other benefits due within one year	106,117,562.97	115,774,332.29	120,292,761.92	101,599,133.34
Total	3,763,036,123.19	25,035,307,576.95	24,684,462,113.18	4,113,881,586.96

## (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	2,525,846,505.03	17,512,726,575.91	17,194,737,310.61	2,843,835,770.33
II. Employee welfare	320,384,691.00	973,611,847.84	971,999,744.62	321,996,794.22
III. Social benefit	183,954,347.24	1,575,512,243.06	1,587,820,756.64	171,645,833.66
IV. Housing fund	5,093,655.54	421,467,144.94	415,423,178.97	11,137,621.51
V. Labor union fee and education fund	1,323,116.90	117,422,341.74	115,233,417.25	3,512,041.39
VI. Short-term compensated leave	276,729,127.32	420,876,453.84	429,392,416.31	268,213,164.85
VII. Others	312,725,888.49	2,671,535,768.78	2,621,088,320.19	363,173,337.08
Total	3,626,057,331.52	23,693,152,376.11	23,335,695,144.59	3,983,514,563.04

## (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	20,356,802.61	1,144,702,494.45	1,146,662,819.95	18,396,477.11
2. Unemployment insurance	170,304.70	28,705,475.59	28,743,362.94	132,417.35
3. Enterprise annuity payment	515,932.98	51,016,134.97	51,111,260.24	420,807.71
Total	21,043,040.29	1,224,424,105.01	1,226,517,443.13	18,949,702.17

**(4) Termination benefits**

Items	Closing balance	Opening balance
Termination compensation	9,818,188.41	9,818,188.41
Total	9,818,188.41	9,818,188.41

**30. Taxes payable**√Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	961,177,432.37	645,186,165.21
Corporate income tax	1,305,299,090.59	1,372,787,595.03
Individual income tax	94,858,745.38	144,339,932.23
City maintenance and construction tax	40,370,470.67	14,014,839.95
Education surcharge	16,171,169.64	5,970,374.68
The electrical and electronic products waste treatment fund	95,522,090.50	88,989,555.00
Other taxes	90,284,462.69	129,834,269.97
Total	2,603,683,461.84	2,401,122,732.07

**31. Other payables****Presented by item:**√Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Interest payable		
Dividends payable	10,639,313.22	
Other payables	17,513,520,752.48	17,063,294,004.33
Total	17,524,160,065.70	17,063,294,004.33

## (1) Dividends payable:

Name of unit	Closing balance	Opening balance
Qingdao Ruidecheng Information Management Consulting Enterprise (Limited Partnership)	1,191,000.00	
Others	9,448,313.22	
Total	10,639,313.22	

## (2) Other payables:

Items	Closing balance	Opening balance
Other payables	17,513,520,752.48	17,063,294,004.33
Total	17,513,520,752.48	17,063,294,004.33

The closing balance mainly included the incurred but unpaid costs.

**32. 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	6,745,950,334.20	4,950,555,670.08
Long-term payables due within one year		20,000,000.00
Lease liabilities due within one year	686,666,860.72	670,863,763.75
Anticipated liabilities due within one year	2,190,397,652.84	1,881,305,479.57
Total	9,623,014,847.76	7,522,724,913.40

**33. Other current liabilities**

Status of other current liabilities

√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Payable refund	655,801,519.33	540,552,003.81
Tax amount to be transferred to output tax	1,565,649,557.85	799,241,847.23
Ultra-short-term payable bonds		5,535,262,500.00
Others	13,079,047.64	16,053,035.75
Total	2,234,530,124.82	6,891,109,386.79

**34. Long-term borrowings**

√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — unsecured by credit	3,038,573,824.53	11,821,416,259.81
Total	3,038,573,824.53	11,821,416,259.81

The interest rates of the Company's long-term borrowings: 0.80%-7.50%.

### 35. Bonds payable

In November 2017, Harvest International Company, the Company's wholly-owned subsidiary, issued HK\$8 billion five-year exchangeable corporate bonds, with a coupon rate of zero and a rate on investment of 1%. In September 2020, the Company considered and approved the scheme to convert the exchangeable bonds into convertible bonds. The underlying shares of the original exchangeable bonds were changed from the shares of Haier Electronic to newly issued H-shares of Haier Smart Home (referred to as EB to CB Scheme). On 23 December 2020, H-shares of Haier Smart Home were listed and traded, and the EB-to-CB Scheme took effect. The outstanding principle amount of the original exchangeable bonds was HK\$7.993 billion. The maturity date, coupon rate and yield rate of the bond remain unchanged. The liability component and equity component of convertible bonds at the initial recognition:

Items	Convertible corporate bonds on 23 December 2020
Initial recognition:	9,105,660,619.93
Including :	
Equities of the convertible bond	2,364,195,333.79
Liabilities of the convertible bond	6,741,465,286.14

## Changes in the liability portion of corporate bonds in the current period:

Items	Opening balance	Increase for the current period	Accrued bond Interest for the current period	Less: bond interest paid for the current period	Redemption in the current period	Shares converted in the current period	Exchange rate impact	Closing balance
Convertible corporate bonds (CB)	6,713,501,050.27		49,610,212.45			6,368,251,389.85	-60,129,824.05	334,730,048.82
Total	6,713,501,050.27		49,610,212.45			6,368,251,389.85	-60,129,824.05	334,730,048.82

## 36. Lease liabilities

Items	Closing balance	Opening balance
Lease liabilities	2,647,561,842.19	2,743,566,116.43
Less: lease liabilities due within one year	686,666,860.72	670,863,763.75
Total	1,960,894,981.47	2,072,702,352.68

## 37. Long-term payables

Items	Closing balance	Opening balance
Investment from CDB development fund	36,500,000.00	56,500,000.00
Others	63,102,707.76	61,703,261.27
Less: long-term payables due within one year		20,000,000.00
Total	99,602,707.76	98,203,261.27

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 31 December 2021, the subsidiaries of the Company made buyback in amount of RMB36.5 million. From 2022 to 2025, the Company and its subsidiaries will repurchase the investments made by China Development Fund Co. Ltd. to the subsidiaries of the Company.

**38. Long-term employee benefits payable**

√Applicable    □ Not Applicable

**(1) Presented by 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	517,077,143.43	602,802,957.77
II. Termination benefits	453,425,129.57	429,651,733.32
III. Other long-term benefits		
IV. Provision for work-related injury compensation	202,649,488.64	213,320,333.26
Total	1,173,151,761.64	1,245,775,024.35

**(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 Asia Co., Ltd., a subsidiary of the Company***Actuarial assumptions used to defined benefit plans*

Items	Rate
Discount rate	0.50%
Expected rate of return	2.00%

*Present value of defined benefit obligations*

Items	Amount
I. Opening balance	324,375,540.91

II. Defined benefit cost recognized in current profit or loss	10,011,449.19
1. Current service cost	8,502,422.76
2. Past service cost	
3. Settlement gains (loss indicated in ‘ — ’)	
4. Interest cost	1,509,026.43
III. Defined benefit cost recognized in other comprehensive income	-73,957.13
1. Actuarial loss (gain indicated in ‘ — ’)	-73,957.13
IV. Other changes	-55,160,610.85
1. The consideration paid at the time of settlement	
2. Benefit paid	-15,357,112.08
3. Exchange differences	-39,803,498.77
V. Closing balance	279,152,422.12

*Fair value of plan assets*

Items	Amount
I. Opening balance	371,501,327.98
II. Defined benefit cost recognized in current profit and loss	6,747,900.43
1. Interest income	6,747,900.43
III. Defined benefit cost recognized in other comprehensive income	11,440,127.15
1. Return on plan assets (except those included in net interests)	11,440,127.15
2. Changes in impact of asset cap (except those included in net interests)	
IV. Other changes	-52,607,670.32
1. Employer contributions	2,770,993.80
2. Benefit paid	-8,719,907.93
3. Exchange differences	-46,658,756.19
V. Closing balance	337,081,685.24

Neither the Company's ordinary shares or bonds, nor the properties occupied by the Company are included in the plan assets.

*Net liability (net asset) of defined benefit plan*

Items	Amount
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I. Opening balance	-47,125,787.08
II. Defined benefit cost recognized in current profit or loss	3,263,548.76
III. Defined benefit cost recognized in other comprehensive income	-11,514,084.28
IV. Other changes	-2,552,940.52
V. Closing balance	-57,929,263.12

The average term for the defined benefit obligation is 11.73 years at the balance sheet date.

② The defined benefit plan of Roper Corporation, a subsidiary of the Company

Roper Corporation, a subsidiary of the Company, has provided post-employment defined benefit plan of health care benefits to eligible employees.

*Actuarial assumptions used in defined benefit plans*

Items	Rate
Discount rate	2.91%

*Present value of defined benefit obligations*

Items	Amount
I. Opening balance	151,567,760.38
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	10,034,855.69
1. Current service cost	6,640,419.89
2. Past service cost	
3. Settlement gains (loss indicated in ' — ')	
4. Interest cost	3,394,435.80
IV. Defined benefit cost recognized in other comprehensive incomes	-12,591,840.29
1. Actuarial loss (gain indicated in ' — ')	-12,591,840.29
V. Other changes	-20,031,091.61
1. The consideration paid at the time of settlement	
2. Benefit paid	-8,640,362.09
3. Exchange differences	-11,390,729.52
VI. Closing balance	128,979,684.17

*Net liability (net asset) of defined benefit plan*

Items	Amount
I. Opening balance	151,567,760.38
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	10,034,855.69
IV. Defined benefit cost recognized in other comprehensive incomes	-12,591,840.29
V. Other changes	-20,031,091.61
VI. Closing balance	128,979,684.17

The average term for the defined benefit obligation is 10.68 years at the balance sheet date.

③ 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	2.62%

*Present value of defined benefit obligations*

Items	Amount
I. Opening balance	293,063,281.71
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	4,996,390.09
1. Current service cost	
2. Past service cost	
3. Settlement gains (loss indicated in ‘ — ’)	
4. Interest cost	4,996,390.09
IV. Defined benefit cost recognized in other comprehensive incomes	-29,917,008.35
1. Actuarial loss (gain indicated in ‘ — ’)	-29,917,008.35
V. Other changes	-46,540,207.93
1. The consideration paid at the time of settlement	
2. Benefit paid	-24,853,891.14
3. Exchange differences	-21,686,316.79



VI. Closing balance	221,602,455.52
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*Net liability (net asset) of defined benefit plan*

Items	Amount
I. Opening balance	293,063,281.71
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	4,996,390.09
IV. Defined benefit cost recognized in other comprehensive incomes	-29,917,008.35
V. Other changes	-46,540,207.93
VI. Closing balance	221,602,455.52

④ 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 defined benefit plan of pension for the eligible employees.

*Actuarial assumptions used in defined benefit plans*

Items	Rate
Discount rate	2.61%

*Present value of defined benefit obligations*

Items	Amount
I. Opening balance	224,286,521.09
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	3,928,310.86
1. Current service cost	
2. Past service cost	
3. Settlement gains (loss indicated in ' — ')	
4. Interest cost	3,928,310.86
IV. Defined benefit cost recognized in other comprehensive incomes	-7,089,253.36
1. Actuarial loss (gain indicated in ' — ')	-7,089,253.36
V. Other changes	-54,615,138.72
1. The consideration paid at the time of settlement	
2. Benefit paid	-38,055,774.79
3. Exchange differences	-16,559,363.93

VI. Closing balance	166,510,439.87
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*Fair value of plan assets*

Items	Amount
I. Opening balance	160,409,027.51
II. Defined benefit cost recognized in current profit or loss	
1. Interest income	
III. Defined benefit cost recognized in other comprehensive incomes	1,407,910.01
1. Return on plan assets (except those included in net interests)	1,407,910.01
2. Changes in impact of asset cap (except those included in net interests)	
IV. Other changes	-35,796,859.67
1. Employer contributions	14,186,495.90
2. Benefits paid out	-38,055,774.79
3. Exchange differences	-11,927,580.78
V. Closing balance	126,020,077.85

*Net liability (net asset) of defined benefit plan*

Items	Amount
I. Opening balance	63,877,493.58
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	3,928,310.86
IV. Defined benefit cost recognized in other comprehensive income	-8,497,163.37
V. Other changes	-18,818,279.05
VI. Closing balance	40,490,362.02

**(3) Provision for work-related injury compensation**

Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company, made a provision for work-related injury claims for the staff injured during the production accidents from 1 January 1991, which was used to pay for the claim made by the injured staff. The provision was calculated by Beechercarlson Insurance Services, LLC., based on actuarial method and a discount rate of 3.72%.

Items	Amount
I. Opening balance	213,320,333.26
II. Business combination not under common control	
III. Compensation recognized in current profit and loss	81,545,079.75
IV. Actual compensation paid	-67,284,048.24
V. Other changes	-24,931,876.13
VI. Closing balance	202,649,488.64

*Classification of the balance of defined benefit plan*

Items	Closing balance	Opening balance
Short-term Benefit	32,502,729.33	38,202,187.93
Long-term Benefit	517,077,143.43	602,802,957.77
Total	549,579,872.76	641,005,145.70

### 39. Estimated liabilities

√Applicable    □ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Closing balance
Active litigation	21,550,139.03	29,259,869.48
Others	238,570,708.44	252,996,489.56
Projection of warranty expenses and installation fees	1,182,723,189.26	1,666,309,118.07
Total	1,442,844,036.73	1,948,565,477.11

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	633,761,669.48	317,666,578.97	98,633,681.25	852,794,567.20

Total	633,761,669.48	317,666,578.97	98,633,681.25	852,794,567.20
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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	9,027,846,441	403,210,889	32,352,800	9,398,704,530
1. Ordinary shares in RMB	6,308,552,654			6,308,552,654
2. Domestic listed foreign Shares				
3. Offshore listed foreign Shares	2,719,293,787	403,210,889	32,352,800	3,090,151,876
4. Others				
III. Total shares	9,027,846,441	403,210,889	32,352,800	9,398,704,530

**42. Other equity instruments**

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Equity portion of convertible bond	2,364,195,333.79		2,246,177,826.20	118,017,507.59
Total	2,364,195,333.79		2,246,177,826.20	118,017,507.59

**43. 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)	14,193,795,340.17	8,254,921,278.43	974,220,232.21	21,474,496,386.39
Others capital reserve	813,680,267.23	265,903,666.66	4,734,751.34	1,074,849,182.55
Total	15,007,475,607.40	8,520,824,945.09	978,954,983.55	22,549,345,568.94

The main reasons for the change in capital premium: The conversion of convertible bonds (CB) resulted in the increase in capital premium of RMB8,211,218,327.05; the cancellation of treasury stock resulted in the decrease in capital premium of RMB793,935,316.13.

The main reasons for the change in other capital reserves: share-based payment resulted in the increase in capital reserves of RMB 261,635,166.10.

#### 44. Other comprehensive income

Items	Opening balance	Amounts for the current period					Closing balance
		Amount before current income tax	Deduction of Impact on income tax	Attributable to the parent company after tax	Attributable to minority shareholders after tax	Others	
a	-292,647,416.24	-50,271,656.09	0.68	-50,414,905.68	143,250.27	1,591,633.47	-341,470,688.45
b	-101,239,895.27	143,932,964.92	-42,933,731.28	102,858,281.74	-1,859,048.10		1,618,386.47
c	-530,525,234.75	-1,400,161,188.22		-1,386,056,247.22	-14,104,941.00	-32,973.82	-1,916,614,455.79
d	-159,428,469.24	1,472,225,880.04	-307,119,421.90	1,165,148,669.32	-42,211.18	56,149.52	1,005,776,349.60
e	37,624,286.44	50,627,475.68	-14,410,328.79	36,214,421.81	2,725.08		73,838,708.25
Total	-1,046,216,729.06	216,353,476.33	-364,463,481.29	-132,249,780.03	-15,860,224.93	1,614,809.17	-1,176,851,699.92

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.

#### 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	2,997,677,738.01	393,281,370.24		3,390,959,108.25
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	3,045,334,539.60	393,281,370.24		3,438,615,909.84

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.

#### 46. Undistributed profits

☒ Applicable ☐ Not Applicable

Items	Amounts
Undistributed profits at the end of previous year	38,445,132,172.47
Change in accounting policy	
Combination under common control	22,654,887.32
Undistributed profits at the beginning of the year	38,467,787,059.79
Add: net profit attributable to owners of the parent company	13,067,038,271.85
Other transfer in	-7,703,624.31

Adjustment due to implementation of enterprise accounting standard <sup>①</sup>	184,038,262.10
Profit available for appropriation for the year	51,711,159,969.43
Less: appropriation of statutory surplus reserve	393,281,370.24
Appropriation of staff incentive and welfare fund	
Dividend payable for ordinary shares	3,410,744,270.39
Undistributed profits at the end of period	47,907,134,328.80

- ① The amount is the result of the adjustment to the opening amount for the implementation of the new financial instruments standard for financial enterprises accounted for by the equity method of the Company.

#### 47. Operating income and operating cost

##### (1) Operating income

Items	Amount for the current period	Amount for the previous period
Primary business	226,577,061,321.69	208,590,878,160.05
Other Business	979,082,296.48	1,132,551,920.98
Total	227,556,143,618.17	209,723,430,081.03

##### (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	37,531,431,456.40	27,048,946,901.15	29,998,860,385.28	21,775,814,158.53
Refrigerator	71,569,789,213.81	48,835,867,469.21	61,538,038,448.75	41,567,754,922.29
Kitchen appliance	35,244,040,315.09	23,735,209,066.45	31,361,319,774.44	21,420,569,709.06
Water appliance	12,470,593,776.21	6,760,377,744.75	9,856,730,639.50	5,349,058,135.46
Washing machine	54,758,839,273.57	36,334,162,716.43	48,452,426,668.33	32,402,560,443.74
Equipment product and integrated channel services	15,002,367,286.61	13,523,061,580.33	27,383,502,243.75	24,610,805,601.74
Total	226,577,061,321.69	156,237,625,478.32	208,590,878,160.05	147,126,562,970.82

#### 48. Taxes and surcharge

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
City maintenance and construction tax	302,029,468.26	222,160,876.09

Education surcharge	216,731,035.53	158,108,924.81
Property tax	58,844,071.60	56,952,660.77
Land use tax	16,126,888.33	16,516,606.32
Stamp duty	176,130,521.55	159,658,266.08
Others	37,116,605.29	47,205,290.60
Total	806,978,590.56	660,602,624.67

**49. Selling expenses**√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Selling expenses	36,553,667,004.06	33,641,711,147.72
Total	36,553,667,004.06	33,641,711,147.72

The Company's selling expenses are mainly salary expenses, transportation and storage fees, advertising and promotion fees, and after-sales expenses.

**50. Administrative expenses**√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Administrative expenses	10,444,475,658.24	10,052,645,415.72
Total	10,444,475,658.24	10,052,645,415.72

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	8,357,332,946.25	6,852,861,422.32
Total	8,357,332,946.25	6,852,861,422.32

The Company's R&D expenses are mainly salary expenses, R&D equipment expenses, inspection and testing fees.

**52. Financial expenses**



Items	Amount for the current period	Amount for the previous period
Interest expense	712,448,120.18	1,327,091,393.08
Less: interest income	564,584,788.99	486,204,314.18
Less: cash discount	163,118,260.27	143,826,274.59
Exchange gains and losses	577,459,958.22	385,010,384.45
Others	124,159,947.90	114,128,146.46
Total	686,364,977.04	1,196,199,335.22

Interest expenditure in lease liabilities in the current period is RMB113,089,361.42.

### 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	874,974,469.27	1,081,735,842.10
Government grants related to assets	82,525,988.76	69,112,340.28
Total	957,500,458.03	1,150,848,182.38

### 54. Investment income (losses are represented by '-')

Items	Amount for the current period	Amount for the previous period
Long-term equity investments income calculated by the equity method	1,886,217,552.85	1,619,755,825.37
Investment income from disposal of long-term equity investments	5,189,653.78	2,261,114,345.13
Investment income from other equity instrument investments during holding period	58,558,795.05	21,366,723.72
Income from wealth management products	60,011,933.94	88,139,276.75
Investment income from disposal of financial assets measured at fair value with changes included in current profit and loss	393,124,704.67	69,728,041.81
Total	2,403,102,640.29	4,060,104,212.78

### 55. Gains on changes in fair value (losses are represented by '-')

Items	Amount for the current period	Amount for the previous period
Change in fair value of forward foreign exchange contracts	53,963,469.20	40,882,087.10
Change in fair value of equity instrument investments	46,729,587.36	3,507,512.50
Others	18,584,567.29	18,240,148.20
Total	119,277,623.85	62,629,747.80

**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	-55,738,551.40	3,700,000.00
Bad debts losses on accounts receivable	-464,561,364.02	-170,080,605.76
Total	-520,299,915.42	-166,380,605.76

**57. Impairment loss on assets (losses are represented by ‘-’)**

Items	Amount for the current period	Amount for the previous period
Impairment losses on inventory	-1,057,658,740.03	-1,014,527,325.32
Impairment losses on other current assets	-325,647,466.98	-230,024,566.63
Impairment losses on fixed assets	-4,624,930.91	-413,079.67
Impairment losses on construction in progress	-372,747.55	-837,735.85
Impairment losses on intangible assets	-29,631,196.82	-46,077,744.47
Impairment losses on long-term equity investment	-818,536.53	-43,750,000.00
Total	-1,418,753,618.82	-1,335,630,451.94

**58. Gains on disposal of assets (losses are represented by ‘-’)**

Items	Amount for the current period	Amount for the previous period
Gains on disposal of non-current assets	127,727,521.31	33,997,251.62
Less: losses on disposal of non-current assets	16,743,801.27	46,804,842.58
Total	110,983,720.04	-12,807,590.96

**59. Non-operating income**√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
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Total gains on disposal of non-current assets	1,546,396.81	13,544,653.33
Quality claims and fines	37,375,030.81	43,211,550.06
Others	159,871,917.83	141,189,269.00
Total	198,793,345.45	197,945,472.39

**60. Non-operating expenses**

√Applicable    □ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Total losses on disposal of non-current assets	22,276,231.85	112,009,363.05
Others	136,964,547.59	129,908,824.86
Total	159,240,779.44	241,918,187.91

**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	2,500,983,850.06	2,116,781,342.14
Deferred income tax expense	197,979,520.49	116,345,162.88
Total	2,698,963,370.55	2,233,126,505.02

(2) Reconciliation between accounting profit and income tax expenses for the current period

Items	Amounts
Total accounting profit	15,916,030,549.06
Income tax expense calculated pursuant to statutory tax rate	3,979,007,637.26
Impact from different tax rates applicable to subsidiaries	-494,977,318.87
Impact from adjustment to income tax in prior periods	-354,744,458.06
Impact from non-taxable income	-534,225,422.28
Impact from non-deductible cost, expense and loss	270,381,075.17
Impact from deductible provisional differences or deductible losses of unrecognized deferred tax	-166,478,142.67
Total income tax expense	2,698,963,370.55

**62. Other comprehensive income**

√Applicable    □ Not Applicable

Please refer to notes VII.44 for details.

**63. Other cash received from operating activities**

√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Deposits and securities	185,423,029.27
Government grants	964,636,149.19
Non-operating income excluding government grants	96,076,482.19
Interest income	566,384,075.56
Others	68,894,785.87
Total	1,881,414,522.08

**64. Other cash paid to operating activities**√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Cash paid on selling expenses	17,323,147,912.48
Cash paid on administrative and R&D expenses	7,305,126,302.31
Cash paid on financial expenses	135,730,144.52
Non-operating expenses	43,959,971.99
Others	19,226,598.86
Total	24,827,190,930.16

**65. Other cash paid to investing activities**√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Disposal of subsidiary	219,042,645.55
Others	250,000.00
Total	219,292,645.55

**66. Other cash received from financing activities**√Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Others	1,091,077.43
Total	1,091,077.43

**67. Other cash paid to financing activities**

√Applicable    □ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Cash paid to lease	769,383,299.55
Repurchase of shares	3,221,079,401.36
Expenses from issuance of H-shares	176,588,472.20
Others	417,700.00
Total	4,167,468,873.11

**68. Net profit adjusted to cash flow of operating activities**

Net profit adjusted to cash flow of operating activities	Amount for the current period	Amount for the previous period
1. Net profit	13,217,067,178.51	11,329,152,124.25
Add: impairment provision for assets	1,939,053,534.24	1,502,011,057.70
Depreciation of fixed assets	3,897,853,175.59	3,954,878,769.18
Amortization of intangible assets	905,927,384.86	950,566,688.96
Amortization of long-term prepaid expenses	257,517,133.91	189,323,872.70
Losses on disposal of fixed assets, intangible assets and other long-term assets ('-' represents 'gains')	-90,253,885.00	111,272,300.68
Loss and gains on change of fair value ('-' represents 'gains')	-119,277,623.85	-62,629,747.80
Financial expenses ('-' represents 'gains')	1,289,908,078.40	1,712,106,376.89
Loss on investments ('-' represents 'gains')	-2,403,102,640.29	-4,060,104,212.78
Decrease in deferred income tax assets ('-' represents 'increase')	115,721,268.20	-495,054,794.76
Increase of deferred income tax liabilities ('-' represents 'decrease')	82,258,252.29	611,399,957.64
Decrease in inventories ('-' represents 'increase')	-11,473,856,375.59	-3,118,305,579.15
Decrease of operational account receivables ('-' represents 'increase')	5,027,066,051.66	-5,382,355,896.89
Increase of operational account payables ('-' represents 'decrease')	10,123,490,037.44	9,956,434,869.15
Others	360,268,847.35	410,818,045.87
Net cash flow generated from operational activities	23,129,640,417.72	17,609,513,831.64

2. Significant investment and financing activities not involving cash inflows and outflows:		
Capital transferred from debts	6,368,251,389.85	
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	44,957,500,783.10	45,641,535,671.08
Less: cash balance at the beginning of the period	45,641,535,671.08	34,968,473,831.66
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	-684,034,887.98	10,673,061,839.42

#### 69. Cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	44,957,500,783.10	45,641,535,671.08
Including: Cash on hand	3,085,964.28	2,257,666.98
Bank deposits always available for payment	44,771,536,799.60	45,312,481,450.19
Other monetary funds always available for payment	182,878,019.22	326,796,553.91
II. Cash equivalents		
Including: bond investments due within three months		
III. Closing balance of cash and cash equivalents	44,957,500,783.10	45,641,535,671.08

#### 70. 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	850,630,647.69	6.3757	5,423,365,820.48	924,028,432.95	6.5249	6,029,193,122.15
EUR	149,225,110.60	7.2197	1,077,360,530.99	196,320,365.21	8.0250	1,575,470,930.80
JPY	10,520,503,841.74	0.055415	582,993,720.39	6,477,692,063.70	0.063236	409,623,335.34
HKD	483,444,582.35	0.8176	395,264,290.53	834,174,659.07	0.8416	702,041,393.07
Others			2,955,290,563.22			3,237,415,723.48
Subtotal			10,434,274,925.61			11,953,744,504.84
Accounts receivables						

USD	721,343,093.77	6.3757	4,599,067,162.94	670,644,124.35	6.5249	4,375,885,846.99
EUR	413,528,990.85	7.2197	2,985,555,255.25	416,947,689.18	8.0250	3,346,005,205.68
JPY	4,064,574,659.93	0.055415	225,238,404.78	2,804,117,973.94	0.063236	177,321,204.20
Others			3,668,237,038.46			3,303,192,557.86
Subtotal			11,478,097,861.43			11,202,404,814.73
Short-term borrowings						
USD	347,844,969.69	6.3757	2,217,755,173.25	338,394,354.56	6.5249	2,207,989,324.04
EUR	883,863,602.21	7.2197	6,381,230,048.85	365,208,045.49	8.0250	2,930,794,565.08
JPY	623,360,869.80	0.055415	34,543,542.60	559,047,191.47	0.063236	35,351,908.20
HKD	2,600,000,000.00	0.8176	2,125,760,000.00	2,601,626,661.87	0.8416	2,189,528,998.63
Others			328,850,057.11			17,716,918.41
Subtotal			11,088,138,821.81			7,381,381,714.36
Accounts payables						
USD	2,033,952,669.54	6.3757	12,967,872,035.21	1,686,174,380.87	6.5249	11,002,119,217.74
EUR	640,851,532.98	7.2197	4,626,755,812.65	509,699,528.76	8.0250	4,090,338,718.32
JPY	8,161,874,338.90	0.055415	452,290,266.49	5,948,544,811.66	0.063236	376,162,179.71
NZD	151,371,298.46	4.3553	659,267,416.20	184,521,657.35	4.7050	868,174,397.82
Others			3,268,885,987.84			2,331,300,734.45
Subtotal			21,975,071,518.39			18,668,095,248.04
Non-current liabilities due in one year						
USD	757,148,488.12	6.3757	4,827,351,615.72	460,056,675.99	6.5249	3,001,823,805.15
EUR	214,053,730.55	7.2197	1,545,403,718.47	362,785,908.96	8.0250	2,911,356,919.41
JPY	3,705,244,389.61	0.055415	205,326,117.85	409,229,611.46	0.063236	25,878,043.71
RUB	651,073,870.06	0.0855	55,666,815.89	172,776,559.98	0.087700	15,152,504.31
Others			1,589,397,292.33			347,591,362.24
Subtotal			8,223,145,560.26			6,301,802,634.82
Long-term borrowings						
USD	403,838,717.50	6.3757	2,574,754,511.17	1,338,974,588.19	6.5249	8,736,675,290.47
EUR	37,498,911.17	7.2197	270,730,888.98	143,342,874.40	8.0250	1,150,326,567.02
RUB	186,061,000.00	0.0855	15,908,215.50	500,000,000.00	0.087700	43,850,000.00
NZD				319,947,612.96	4.7050	1,505,353,518.98
JPY	3,197,333,012.36	0.055415	177,180,208.88	5,861,628,375.61	0.063236	370,665,931.96
Others						14,544,951.38
Subtotal			3,038,573,824.53			11,821,416,259.81

**VIII. CHANGES OF CONSOLIDATION SCOPE****1. Business combination not under common control**

☐ Application    ☒ Not application

**2. Business combination under common control**

☒ Applicable    ☐ Not Applicable

**(1) Business combination under common control occurring in the current period**

<b>Name of the acquiree</b>	<b>The proportion of equity acquired in the business combination</b>	<b>The basis for the transaction of constituting business combination under common control</b>	<b>Combination date</b>	<b>Recognition basis of combination date</b>
Qingdao Haier Quality Inspection Co., Ltd. (青岛海尔质量检测有限公司)	100.00%	Controlled by Haier Group Corporation before and after combination	2021.12	Subject equity-related right and obligation transferred to the Company

(Continued)

<b>Name of the acquiree</b>	<b>The income of the acquiree from the beginning of the current period to combination date</b>	<b>Net profit of the acquiree from the beginning of the current period to combination date</b>	<b>The income of the acquiree during the comparison period</b>	<b>Net profit of the acquiree during the comparison period</b>
Qingdao Haier Quality Inspection Co., Ltd. (青岛海尔质量检测有限公司)	84,673,565.56	-1,015,618.64	76,623,721.00	6,535,846.97

**(2) Combination cost**

<b>Combination cost</b>	<b>-----Cash</b>	<b>-----Equity</b>
Qingdao Haier Quality Inspection Co., Ltd. (青岛海尔质量检测有限公司)	36,300,000.00	N/A

**(3) Acquiree's assets and liabilities**



Items	Qingdao Haier Quality Inspection Co., Ltd. (青岛海尔质量检测有限公司)	
	Combination date	End of the previous period
Monetary funds	9,910,049.02	6,403,032.60
Accounts receivables		3,861,071.67
Other current assets	715,080.00	968,380.80
Fixed assets	15,433,189.54	16,285,519.18
Construction in progress	10,288,776.92	13,292,647.30
Intangible assets	1,976,261.74	278,248.13
Long-term amortized expenses	335,191.20	612,135.38
Less: Accounts payables	-14,422,407.78	-16,144,531.42
Payables for staff's remuneration	-3,921,004.81	-2,936,144.37
Taxes payable	-127,667.15	-1,417,271.95
Net assets	20,187,468.68	21,203,087.32

### 3. Disposal of subsidiary

Whether single disposal of investment in subsidiary will result in losing control power:

Items	Wuhan Haier Energy and Power Co., Ltd. (武汉海尔能源动力有限公司)
Equity disposal price	15,315,825.00
Proportion of equity disposal	75%
Method of equity disposal	Disposal
Time of loss-of-control	2021.12
Basis for determination the time of loss-of-control	Transfer
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	2,195,693.03

### 4. Changes of consolidation scope due to other reasons

(1) Qingdao Haier Technology Investment Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Tianjin Yilian Ecological Technology Co., Ltd. for the current period.

(2) Shanghai Haier Medical Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Jiangxi Haier Medical Technology Co., Ltd. for the current period.

(3) Qingdao Haier Intelligent Home Appliance Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Qingdao Haizhi Shenlan Technology Co., Ltd. for the current period.

(4) Qingdao Haier Air-Conditioner Electronics Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Qingdao Haishengze Technology Co., Ltd. for the current period.

(5) Qingdao Haizhi Investment Management Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary Qingdao Hailvyuan Recycling Technology Co., Ltd. for the current period.

(6) Qingdao Haier Air-Conditioner Electronics Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier HVAC Equipment Co., Ltd. (青岛海尔暖通空调设备有限公司) for the period.

(7) Qingdao Weixi Smart Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Zhejiang Weixi IoT Technology Co., Ltd. (浙江卫玺物联科技有限公司) for the period.

(8) Qingdao Haier Air Conditioner General Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haixianghui Technology Co., Ltd. (青岛海享汇科技有限公司) for the period.

(9) Chongqing Haier Electronics Sales Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Haier Smart Home (Xiongan, Hebei) Technology Co., Ltd. (海尔智家科技(河北雄安)有限公司) for the period.

(10) The Company established a wholly-owned subsidiary, Qingdao Ruibo Ecological Environmental Technology Co., Ltd. (青岛瑞博生态环保科技有限公司) for the period.

(11) Haier Smart Home Experience Cloud Ecological Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Sanyiniaoyou Technology Co., Ltd. (青岛三翼鸟科技有限公司) for the period.

(12) 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 wholly-owned subsidiary, Qingdao Jingzhi Recycle Environmental Technology Co., Ltd. (青岛鲸智再生环保科技有限公司) for the period.

(13) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Yunshang Jieshen Yilian Technology Co., Ltd. (青岛云裳洁神衣联科技有限公司) for the period.

(14) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Shanghai Yunshang Yuyi IoT Technology Co., Ltd. (上海云裳羽衣物联科技有限公司) for the period.

(15) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Shijiazhuang Yunshang Yilian Technology Co., Ltd. (石家庄云裳衣联科技有限公司) for the period.

(16) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Nanjing Yunshang Yilian Technology Co., Ltd. (南京云裳衣联科技有限公司) for the period.

(17) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Yunshang Zhonglian Technology (Shanghai) Co., Ltd. (云裳众联科技 (上海) 有限公司) for the period.

(18) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Shanxi Yunshang Yilian Technology Co., Ltd. (山西云裳衣联科技有限公司) for the period.

(19) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Tianjin Yunshang Yilian Technology Co., Ltd. (天津云裳衣联网科技有限公司) for the period.

(20) Chongqing Yunshang Yilian Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Chongqing Yunshang Haihong Yilian Technology Co., Ltd. (重庆云裳海宏衣联科技有限公司) for the period.

(21) Qingdao Haier Air Conditioner General Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haixiangmian Technology Co., Ltd. (青岛海享眠科技有限公司) for the period.

(22) Qingdao Haier Smart Kitchen Appliance Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier Kitchen IoT Technology Co., Ltd. (青岛海尔厨联网物联科技有限公司) for the period.

(23) Shanghai Haier Medical Technology Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Tibet Haifeng Intelligent Innovation Technology Co., Ltd. (西藏海峰智能创新科技有限公司) for the period.

(24) The Company established a wholly-owned subsidiary 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) for the period.

(25) Haier America Company, LLC, a subsidiary of the Company was deregistered for the period.

## IX. 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 (%)		% of voting right (%)	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		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	100.00		100.00	Establishment

			equipment, distribution service				
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	100.00	Establishm ent
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	100.00	Business combinati on 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	100.00	Business combinati on under common control
Candy S.p.A	Europe	Italy	Group company, which mainly engage in home appliances production and distribution business		100.00	100.00	Business combinati on 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	100.00		100.00	Business combinati on 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		59.00	Business combinati on under common control

Hefei Haier Air-conditioning Co., Limited	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Manufacture and sale of air-conditioners	99.22		99.22	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	60.00		60.00	Business combination under common control
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sale of air-conditioners	100.00		100.00	Business combination under common control
Qingdao Haier Information Plastic Development Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacturing of plastic products	100.00		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		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	77.36	4.83	82.19	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	100.00	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	100.00	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	100.00		100.00	Establishment
Qingdao Haier Refrigerator (International) Co., Ltd.	Pingdu Development Zone, Qingdao	Pingdu Development Zone, Qingdao	Manufacture of refrigerators	100.00		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		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		98.33	Establishment
Qingdao Haier Special Refrigerator Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sales of fluorine-free refrigerators	100.00		100.00	Establishment
Qingdao Haier Dishwasher Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture of dish washing machine and gas stove	100.00		100.00	Establishment
Qingdao Haier Special Freezer Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Research, manufacture and sales of freezer and other refrigeration products	100.00		100.00	Establishment
Dalian Haier Air-conditioning Co., Ltd.	Dalian Export	Dalian Export	Air conditioner processing and manufacturing	90.00		90.00	Establishment

	Expressing Zone	Expressing Zone					
Dalian Haier Refrigerator Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Refrigerator processing and manufacturing	100.00		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		100.00	Establishment
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	95.00	5.00	100.00	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	100.00	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	98.91	1.09	100.00	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	100.00	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	70.00	Establishm ent
Qingdao Haier Air Conditioning Equipment Co., Ltd.	Jiaonan City, Qingdao	Jiaonan City, Qingdao	Manufacture of home appliances and electronics		100.00	100.00	Establishm ent
Dalian Free Trade Zone Haier Air-conditioning Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00	100.00	Establishm ent
Dalian Free Trade Zone Haier Refrigerator Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00	100.00	Establishm ent
Chongqing Haier Electronics Sales Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances	95.00	5.00	100.00	Establishm ent
Chongqing Haier Refrigeration Appliance Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Processing and manufacturing of refrigerator	84.95	15.05	100.00	Establishm ent
Haier Refrigerator Co., Ltd.	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Processing and manufacturing of refrigerator	100.00		100.00	Establishm ent
Qingdao Haier HVAC Engineering Co., Ltd.	Qingdao Developme nt Zone	Qingdao Developme nt Zone	Air-conditioning engineer		100.00	100.00	Establishm ent
Chongqing Goodaymart Electric Appliance Sale Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances and electronics		51.00	51.00	Establishm ent

Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	Jiaozhou City, Qingdao	Jiaozhou City, Qingdao	Manufacture and sale of air-conditioners		100.00	100.00	Establishment
Qingdao Haier Component Co., Ltd.	Jiaozhou City, Qingdao	Jiaozhou City, Qingdao	Manufacture and sales of plastic and precise sheet metal products		100.00	100.00	Establishment
Haier Shareholdings (Hong Kong) Limited	Hong Kong	Hong Kong	Investment	100.00		100.00	Establishment
Harvest International Company	Cayman Islands	Cayman Islands	Investment		100.00	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		100.00	Establishment
Foshan Haier Freezer Co., Ltd.	Sanshui District, Foshan City	Sanshui District, Foshan City	Manufacture and sales of refrigerator	100.00		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		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		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		100.00	Establishment
Qingdao Hairi Hi-Tech Model Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Design, manufacture and sales of product model and mould		100.00	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	75.00	Business combination under common control
Beijing Haier Guangke Digital Technology Co., Ltd.	Beijing	Beijing	Development, promotion and transfer of technology		55.00	55.00	Business combination under common control
Shanghai Haier Medical Technology Co., Ltd.	Shanghai	Shanghai	Wholesale and retail of medical facility		80.93	80.93	Establishment
Qingdao Haier Technology Co., Ltd.	Qingdao	Qingdao	Development and sales of software and information product	100.00		100.00	Business combination under common control
Qingdao Haier Technology Investment Co., Ltd.	Qingdao	Qingdao	Entrepreneurship investment and consulting	100.00		100.00	Establishment
Qingdao Casarte Smart Living Appliances Co., Ltd.	Qingdao	Qingdao	Development, production and sales of appliances		100.00	100.00	Establishment
Qingdao Haichuangyuan Appliances Sales Co., Ltd.	Qingdao	Qingdao	Sales of home appliances and digital products		100.00	100.00	Establishment
Haier Overseas Electric Appliance Co., Ltd.	Qingdao	Qingdao	Sales of home appliances, international freight forwarding	100.00		100.00	Establishment
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd.	Dalian	Dalian	Sales of home appliances, international freight forwarding	100.00		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	100.00	Establishment
Chongqing Haier Home Appliance Sale Hefei Co., Ltd.	Hefei	Hefei	Sales of home appliances		100.00	100.00	Establishment
Qingdao Weixi Smart Technology Co., Ltd.	Qingdao	Qingdao	Intelligent sanitary ware		71.43	71.43	Establishment
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	Beijing	Beijing	Software development	100.00		100.00	Establishment
Haier (Shanghai) Electronics Co., Ltd.	Shanghai	Shanghai	Sales, research and development of home appliances	100.00		100.00	Establishment
Shanghai Haier Zhongzhi Fang Chuang Ke Management Co., Ltd.	Shanghai	Shanghai	Business management consulting, chuangke management	100.00		100.00	Establishment
Qingdao Haier Smart Kitchen Appliance Co., Ltd.	Qingdao	Qingdao	Production and sales of kitchen smart home appliances		100.00	100.00	Establishment
GE Appliance (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of home appliances		100.00	100.00	Establishment
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	Qingdao	Qingdao	Production and sales of home appliances		100.00	100.00	Establishment
Beijing Zero Micro Technology Co., Ltd.	Beijing	Beijing	Promotion of technological development		55.00	55.00	Establishment

Laiyang Haier Smart Kitchen Appliance Co., Ltd.	Laiyang	Laiyang	Production and sales of home appliances		100.00	100.00	Establishment
Hefei Haier Air Conditioning Electronics Co., Ltd.	Hefei	Hefei	Production and sales of home appliances		100.00	100.00	Establishment
Haier (Shanghai) Home Appliance Research and Development Center Co., Ltd.	Shanghai	Shanghai	Research and development of home appliances		100.00	100.00	Establishment
Haier (Shenzhen) R&D Co., Ltd.	Shenzhen	Shenzhen	Development, research and technical services of household and commercial electrical		100.00	100.00	Establishment
Guangzhou Haier Air Conditioner Co., Ltd.	Guangdong	Guangdong	Manufacturing of refrigeration and air conditioning equipment		100.00	100.00	Establishment
Qingdao Yunshang Yuyi IOT Technology Co., Ltd.	Qingdao	Qingdao	IoT technology research and development		70.00	70.00	Establishment
Qingdao Haizhi Investment Management Co., Ltd.	Qingdao	Qingdao	Asset management, equity investment		100.00	100.00	Establishment
Qingdao Jijia Cloud Intelligent Technology Co., Ltd.	Qingdao	Qingdao	R&D and sales of lighting appliances		80.00	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	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	100.00	Establishment
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	Scientific research and technical service		37.75	37.75	Establishment
Hangzhou Gandao Intelligent Technology Co., Ltd. (杭州甘道智能科技有限公司)	Hangzhou	Hangzhou	Technology development, service		52.58	52.58	Establishment
Qingdao Haidacheng Procurement Service Co., Ltd.	Qingdao	Qingdao	Develop, purchase and sell electrical products and components	100.00		100.00	Establishment
Guangdong Heilong Intelligent Technology Co. Ltd (广东黑龙智能科技有限公司)	Guangzhou	Guangzhou	Scientific research and technology service sector		76.72	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	100.00	Establishment
Qingdao Hairuijieing Electronics Co., Ltd.(青岛海瑞洁净电子有限公司)	Qingdao	Qingdao	Electronic equipment technology research, development, transfer, consulting and services		51.00	51.00	Business combination not under common control
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		100.00	Establishment

Haier Smart Home (Qingdao) Network Co., Ltd.(海尔智家(青岛)网络科技有限公司)	Qingdao	Qingdao	Technical services, development, consulting, transfer, etc.		100.00	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	100.00	Establishment
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	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	100.00	Establishment
Chongqing Yunshang Yilian Technology Co., Ltd.(重庆云裳衣联科技有限公司)	Chongqing	Chongqing	Food business, commodity import and export, technology import and export, Internet information services, etc.		100.00	100.00	Establishment
Shenzhen Yunshang Yilian Technology Co., Ltd. (深圳云裳衣联科技有限公司)	Shenzhen	Shenzhen	Import and export business, Internet, Internet of things, big data, AI, AR and		100.00	100.00	Establishment

			technical services operation				
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		100.00	Establishment
Jiangxi Haier Medical Technology Co., Ltd.	Jiangxi	Jiangxi	Wholesale and retail of medical equipment		100.00	100.00	Establishment
Qingdao Haizhi Shenlan Technology Co., Ltd.	Qingdao	Qingdao	Technical service development		100.00	100.00	Establishment
Qingdao Haishengze Technology Co., Ltd.	Qingdao	Qingdao	Air conditioning equipment technical services		100.00	100.00	Establishment
Qingdao Hailvyuan Recycling Technology Co., Ltd.	Qingdao	Qingdao	Electrical and electronic products waste treatment		100.00	100.00	Establishment
Tianjin Internet of clothes Ecological Technology Co., Ltd.	Tianjin	Tianjin	IoT technology development		100.00	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		100.00	100.00	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	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	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		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	100.00	Business combination under common control
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	100.00	Business combination under common controls
Qingdao Haixianghui Technology Co., Ltd. (青岛海享汇科技有限公司)	Qingdao	Qingdao	Software development and sale of daily necessities		100.00	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	100.00	Establishment
Qingdao Ruiibo 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	100.00		100.00	Establishment
Qingdao Sanyinia Technology Co., Ltd. (青岛三翼鸟科技有限公司)	Qingdao	Qingdao	Technology service and advertisement design		100.00	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	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	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	IoT technology research and development		51.00	51.00	Establishment

Shijiazhuang Yunshang Yilian Technology Co., Ltd. (石家庄云裳衣联科技有限公司)	Shijiazhuang	Shijiazhuang	Engineering technology research and development		51.00	51.00	Establishment
Nanjing Yunshang Yilian Technology Co., Ltd. (南京云裳衣联科技有限公司)	Nanjing	Nanjing	Export of goods, technology		51.00	51.00	Establishment
Yunshang Zhonglian Technology (Shanghai) Co., Ltd. (云裳众联科技(上海)有限公司)	Shanghai	Shanghai	Technology services in the field of science and technology		51.00	51.00	Establishment
Shanxi Yunshang Yilian Technology Co., Ltd. (山西云裳衣联科技有限公司)	Shanxi	Shanxi	Technology service in computer software and hardware		51.00	51.00	Establishment
Tianjin Yunshang Yilian Technology Co., Ltd. (天津云裳衣联网科技有限公司)	Tianjin	Tianjin	5G communication technology service		51.00	51.00	Establishment
Chongqing Yunshang Haihong Yilian Technology Co., Ltd. (重庆云裳海宏衣联科技有限公司)	Chongqing	Chongqing	Live internet technology service		51.00	51.00	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	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	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	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 small companies like Qingdao Hai Heng Feng Electrical Appliances Sale & Service Co., Ltd, which were included into the scope of consolidated financial statements.

(2) Material non-wholly owned subsidiaries

Name of subsidiaries	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders for the current period	Distribute dividends to minority shareholders in the current period	Balance of minority shareholders' equity at the end of the period
Guizhou Haier Electronics Co., Ltd.	41.00%	14,337,990.71	12,300,000.00	108,678,010.60
Wuhan Haier Electronics Holding Co., Ltd.	40.00%	6,000,188.28	8,000,000.00	248,923,194.12

(3) Summarized financial information in respect of material non-wholly owned subsidiaries

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guizhou Haier Electronics Co., Ltd.	548,369,499.75	90,003,558.19	638,373,057.94	368,134,127.34	5,170,612.06	373,304,739.40
Wuhan Haier Electronics Holding Co., Ltd.	795,204,982.68	144,368,337.05	939,573,319.73	317,265,334.43		317,265,334.43

(continued)

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guizhou Haier Electronics Co., Ltd.	598,503,571.44	99,869,513.40	698,373,084.84	432,050,892.47	6,224,582.87	438,275,475.34
Wuhan Haier Electronics Holding Co., Ltd.	857,372,778.47	162,182,594.22	1,019,555,372.69	392,247,858.10		392,247,858.10

Name of subsidiary	Amount for the current period
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	<b>Operating income</b>	<b>Net profit</b>	<b>Total comprehensive income</b>	<b>Cash flow of operating activities</b>
Guizhou Haier Electronics Co., Ltd.	1,434,916,082.22	34,970,709.04	34,970,709.04	428,271,861.58
Wuhan Haier Electronics Holding Co., Ltd.	1,658,928,537.91	15,000,470.71	15,000,470.71	124,310,705.76

(continued)

Name of subsidiary	Amount for the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow of operating activities
Guizhou Haier Electronics Co., Ltd.	1,108,361,158.81	16,627,945.41	16,627,945.41	-182,379,402.95
Wuhan Haier Electronics Holding Co., Ltd.	1,226,979,947.42	-35,650,596.23	-35,650,596.23	-102,707,239.57

**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	Others
Total Consideration for acquisition/disposal	242,078,260.00
Less: share of net assets of subsidiaries in respect to the shareholding proportion acquired/disposed	152,660,912.57
Difference	-89,417,347.43
Including: adjustment to increase capital reserve	-89,417,347.43

**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	Nature of business	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	8.13%	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 Carrier Refrigeration Equipment Co., Ltd.	Qingdao	Qingdao	Manufacturing of home appliances	49.00%	Equity method
Qingdao Haier Multimedia Co., Ltd	Qingdao	Qingdao	R&D and sales of television	20.20%	Equity method
Qingdao Haier Moulds Co., Ltd.	Qingdao	Qingdao	Mold processing and manufacturing	25.00%	Equity method
Hefei Feier Smart Technology Co., Ltd.	Hefei	Hefei	Technology development	40.00%	Equity method
Anhui Kunhe Intelligent Technology Co., Ltd.	Hefei	Hefei	Electrical equipment R&D	30.00%	Equity method
Zhejiang Futeng Fluid Technology Co., Ltd.	Huzhou	Huzhou	Gas compression machinery development and manufacturing	48.00%	Equity method
Beijing Mr. Hi Network Technology Company Limited	Beijing	Beijing	Technology development	36.29%	Equity method
Beijing Xiaobei Technology Co., Ltd.	Beijing	Beijing	Sales of home appliances	42.75%	Equity method
Beijing ASU Tech Co., Ltd.	Beijing	Beijing	Technical service import and export business	36.45%	Equity method
Shenzhen Genyuan Environmental Protection Technology Co., Ltd.	Shenzhen	Shenzhen	Technical advisory services	14.70%	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
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	24.93%	Equity method
Qingdao RRS Service Co., Ltd.	Qingdao	Qingdao	Water equipment technical service	40.00%	Equity method

Bingji (Shanghai) Corporate Management Co., Ltd.	Shanghai	Shanghai	Investment management	45.00%	Equity method
Youjin (Shanghai) Corporate Management Co., Ltd	Shanghai	Shanghai	Investment management	45.00%	Equity method
RRS (Shanghai) Investment Co., Ltd. (日日顺 (上海) 投资有限公司)	Shanghai	Shanghai	Investment management	45.00%	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
Qingdao RRS Huizhi Investment Co., Ltd.	Qingdao	Qingdao	Investment management	50.00%	Equity method
Qingdao Xinsenghui Technology Co., Ltd. (青岛 鑫晟汇科技有限公司)	Qingdao	Qingdao	Technology service development	20.00%	Equity method
Meiling Candy Washing Machine Co., Ltd.(美菱卡 迪洗衣机有限公司)	Hefei	Hefei	Manufacturing of home appliances	40.00%	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 Company (Private) Limited	Pakistan	Pakistan	Manufacturing of home appliance	31.72%	Equity method
Haier Raya Electric S.A.E	Egypt E	Egypt E	Manufacturing of home appliance	15.00%	Equity method
ControladoraMabeS.A.deC.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). Major financial information of important associates

### ①The 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.

## ②Financial information of important associates:

Items	Finance company	
	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Current assets	61,294,606,916.47	62,750,087,810.02
Non-current assets	9,404,030,263.35	12,907,238,025.07
Total assets	70,698,637,179.82	75,657,325,835.09
Current liabilities	53,403,515,414.15	59,895,340,204.39
Non-current liabilities	369,623,253.07	223,325,462.63
Total liabilities	53,773,138,667.22	60,118,665,667.02
Minority equity interests		
Equity attributable to shareholders of the parent company	16,925,498,512.60	15,538,660,168.07
Including: share of net assets calculated per shareholding percentage	7,108,709,375.29	6,526,237,270.60
Operating income	2,039,657,544.66	2,225,723,222.45
Net profit	1,503,077,521.32	1,550,909,520.81
Other comprehensive income	-38,457,038.17	-23,229,657.93
Total comprehensive income	1,464,620,483.15	1,527,679,862.88
Dividend received from associates for the year	218,400,000.00	126,000,000.00

## (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.	2,654,248,436.12	2,463,096,567.92
Wolong Electric (Jinan) Motor Co., Ltd.	151,837,378.99	143,847,870.70
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	312,493,256.21	297,154,935.85
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	393,598,372.59	385,797,036.73
Mitsubishi Heavy Industries Haier (Qingdao) Airconditioners Co., Ltd.	682,901,976.73	654,581,961.84



Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	409,053,808.05	415,298,165.93
Qingdao Haier Multimedia Co., Ltd	277,102,563.88	328,987,205.07
Qingdao Haier Moulds Co., Ltd.	269,158,534.54	259,696,084.44
Hefei Feier Smart Technology Co., Ltd.	265,106.27	1,491,024.72
Anhui Kunhe Intelligent Technology Co., Ltd.	1,877,574.14	
Zhejiang Futeng Fluid Technology Co., Ltd.	82,098,847.75	
Beijing Mr. Hi Network Technology Company Limited	7,507,759.75	7,507,759.75
Beijing Xiaobei Technology Co., Ltd.	2,687,341.82	2,687,341.82
Beijing ASU Tech Co., Ltd.	15,529,700.01	32,365,969.45
Shenzhen Genyuan Environmental Protection Technology Co., Ltd.	6,914,487.73	6,914,487.73
Qingdao Haimu Investment Management Co., Ltd.	2,465,299.70	2,349,240.51
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	59,424,662.44	47,870,696.66
Guangzhou Heying Investment Partnership (Limited Partnership)	285,793,577.87	288,209,197.58
Qingdao Home Wow Cloud Network Technology Co., Ltd	2,600,050.50	2,629,009.63
Qingdao RRS Service Co., Ltd.	31,316,518.68	33,010,000.00
Bingji (Shanghai) Corporate Management Co., Ltd.	972,200,487.88	928,444,178.47
Youjin (Shanghai) Corporate Management Co., Ltd	1,766,819,068.86	1,687,262,142.67
RRS (Shanghai) Investment Co., Ltd. (日日顺(上海) Investment 有限公司)	3,211,580,125.21	3,066,931,168.49
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	79,785,557.39	33,455,159.59
HuizhiXiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	119,008,967.03	120,000,000.00
Qingdao RRS Huizhi Investment Co., Ltd.	2,083,482.78	2,100,000.00
Qingdao Xinchenghui Technology Co., Ltd.(青岛鑫晟汇科技有限公司)	9,964,773.52	
Meiling Candy Washing Machine Co., Ltd.(美菱卡迪洗衣机有限公司)	22,752,232.07	22,558,307.10
EuropaltersItaliaS.r.l.	9,361,965.48	
Konan Electronic Co., Ltd	69,273,712.61	77,561,552.87
HNR Company (Private) Limited	114,055,318.97	92,141,887.27
HPZ LIMITED	71,269,048.97	66,827,745.66

Haier Raya Electric S.A.E	10,568,507.40	10,741,234.10
ControladoraMabeS.A.deC.V.	4,131,983,673.10	3,667,310,241.31
Middle East Air conditioning Company,Limited	10,318,898.13	19,002,595.66
Total book value of investment	16,249,901,073.17	15,167,830,769.52
Total amount of the following financial data of associates calculated based on shareholding percentage		
Net profit	1,274,491,899.84	984,566,512.00
Other comprehensive income	-34,119,700.06	-314,658,014.39
Total comprehensive income	1,240,372,199.78	669,908,497.61

## X. SEGMENT REPORT

### (1) Basis for determining the reporting segments and accounting policy

√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 three business segments: (1) China smart home business segment; (2) Overseas home appliance and smart home business segment; (3) Other business segments. 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.

(1) China smart home business segment consists of:

- ① Internet of Food solutions: mainly engages in production and sales of refrigerator/freezers and kitchen appliances.
- ② Internet of Clothing solutions: mainly engages in production and sales of washing machine products.
- ③ Air energy solutions: mainly engages in production and sales of air conditioners.
- ④ Whole house water solutions: mainly engages in production and sales of water home appliances such as water heaters and water purification products.

(2) Overseas home appliance and smart home business segment mainly includes overseas business segments such as GEA, FPA, Candy and so on.

(3) Other business segments: mainly include channel, equipment components, small home appliance business and others.

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, other equity instruments investment, long-term accounts receivable, long-term equity investment, 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.

(1) Information of reportable segments

Segment information for the period

Segment information	China smart home business				
	Internet of Food solutions		Air energy solutions	Internet of clothing solutions W	Whole house water solutions
	Refrigerator/freezers	Kitchen appliances	Air conditioners	Washing machine	Water home appliances
Segment revenue	41,743,157,017.74	3,495,589,873.43	32,192,834,146.73	30,658,121,874.87	12,701,189,534.01
Including: external revenue	36,854,876,837.94	3,013,351,768.25	27,412,948,533.30	25,916,495,249.83	12,478,797,708.26
Inter-segment revenue	4,888,280,179.80	482,238,105.18	4,779,885,613.43	4,741,626,625.04	222,391,825.75
Total segment operating cost	38,754,084,806.60	3,442,698,782.42	31,944,204,039.40	27,951,528,749.31	11,242,746,656.47
Segment operating profit	2,989,072,211.14	52,891,091.01	248,630,107.33	2,706,593,125.56	1,458,442,877.54
Total segment assets	17,849,098,835.46	2,547,615,110.79	17,958,004,697.79	20,919,506,189.82	8,406,963,618.39
Total segment liabilities	42,593,142,081.38	2,371,416,306.28	15,600,383,361.76	11,249,225,999.71	7,865,505,122.98

(continued)

Segment information	Overseas home appliance and smart home business	Other business	Inter-segment eliminations	Total
Segment revenue	113,725,197,263.88	92,166,599,326.81	-99,126,545,419.30	227,556,143,618.17
Including: external revenue	113,090,283,595.32	8,789,389,925.27	-	227,556,143,618.17
Inter-segment revenue	634,913,668.56	83,377,209,401.54	-99,126,545,419.30	-
Total segment operating cost	107,799,170,859.34	92,379,974,264.60	-99,170,658,940.10	214,343,749,218.04
Segment operating profit	5,926,026,404.54	-213,374,937.79	44,113,520.80	13,212,394,400.13
Total segment assets	57,368,272,498.73	51,069,491,924.21	-63,373,327,405.31	112,745,625,469.88
Total segment liabilities	33,874,070,274.78	59,664,263,444.00	-63,106,428,270.31	110,111,578,320.58

Segment information for the corresponding period of last year

Segment information	China smart home business				
	Internet of Food solutions		Air energy solutions	Internet of clothing solutions	Internet of clothing solutions
	Refrigerator/freezers	Kitchen appliances	Air conditioners	Air conditioners	Water home appliances
Segment revenue	34,392,366,627.27	2,772,514,504.29	25,512,310,018.54	25,985,087,875.74	10,217,370,018.95
Including: external revenue	30,571,800,331.77	2,636,709,451.75	21,867,508,645.86	22,482,809,819.55	9,832,880,899.81
Inter-segment revenue	3,820,566,295.50	135,805,052.54	3,644,801,372.68	3,502,278,056.19	384,489,119.14
Total segment operating cost	32,050,102,593.72	2,732,391,511.07	25,412,035,059.34	23,785,181,115.90	9,051,888,737.91
Segment operating profit	2,342,264,033.55	40,122,993.22	100,274,959.20	2,199,906,759.84	1,165,481,281.04

Total segment assets	11,689,348,816.41	2,532,594,848.74	20,925,304,799.58	10,136,244,423.99	4,136,849,021.24
Total segment liabilities	29,205,929,335.98	1,538,646,245.07	13,440,305,435.84	8,218,924,225.44	5,108,347,965.67

(continued)

Segment information	Overseas home appliance and smart home business	Other business	Inter-segment eliminations	Total
Segment revenue	100,622,879,428.15	92,707,457,540.87	-82,486,555,932.78	209,723,430,081.03
Including: external revenue	100,043,920,934.59	22,287,799,997.70	-	209,723,430,081.03
Inter-segment revenue	578,958,493.56	70,419,657,543.17	-82,486,555,932.78	-
Total segment operating cost	96,622,453,341.44	92,705,972,354.35	-82,483,992,857.84	199,876,031,855.89
Segment operating profit	4,000,426,086.71	1,485,186.52	-2,563,074.94	9,847,398,225.14
Total segment assets	50,763,259,766.21	57,018,026,183.75	-54,988,029,529.27	102,213,598,330.65
Total segment liabilities	31,137,719,930.78	60,188,210,663.05	-54,848,048,847.94	93,990,034,953.89

## (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

**External transaction revenue**

Items	Amount for the current period	Amount for the previous period
Mainland China	112,316,894,142.15	107,675,765,368.40
Other countries/regions	115,239,249,476.02	102,047,664,712.63
Among which:		
America	70,277,292,639.70	63,704,731,841.17
Australia	7,011,702,914.33	5,978,691,773.66

South Asia	7,138,132,421.70	5,471,774,634.45
Europe	19,736,797,708.72	16,512,783,759.03
Southeast Asia	4,740,118,325.43	4,122,964,419.05
Middle East and Africa	1,478,785,406.72	1,205,510,726.84
Japan	3,491,226,268.28	3,613,139,400.23
Others	1,365,193,791.14	1,438,068,158.20
Total	227,556,143,618.17	209,723,430,081.03

### Total non-current assets

Items	Closing balance	Opening balance
Mainland China	16,570,598,653.17	14,745,600,858.85
Other countries/regions	25,209,296,729.73	25,212,638,556.86
Total	41,779,895,382.90	39,958,239,415.71

Total non-current assets exclude: other equity instrument investments, long-term receivable, long-term equity investments, goodwill, deferred income tax assets, and other non-current financial assets.

## XI. 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			
	Quotes in an active market (Level 1)	Important observable input (Level 2)	Important unobservable input (Level 3)	Total
Continuously measured at fair value				
Financial assets held for trading	374,782,417.76	2,305,001,643.90	106,291,467.43	2,786,075,529.09
Including: Bank wealth management products		2,168,622,090.00		2,168,622,090.00
Forward foreign exchange contract		136,379,553.90		136,379,553.90

Investment fund	150,516,274.37			150,516,274.37
Investment in equity instruments	224,266,143.39		106,291,467.43	330,557,610.82
<b>Derivative financial assets</b>		79,819,974.01		79,819,974.01
Including: Forward foreign exchange contract		72,822,190.59		72,822,190.59
Forward commodity contract		6,997,783.42		6,997,783.42
Other equity instruments	21,055,159.54	2,812,000,000.00	2,015,654,279.42	4,848,709,438.96
Including: Equity instruments measured at fair value and changes of which included in other comprehensive income	21,055,159.54	2,812,000,000.00	2,015,654,279.42	4,848,709,438.96
<b>Other non-current assets</b>			46,832,494.61	46,832,494.61
Including: Other non-current financial assets			46,832,494.61	46,832,494.61
<b>Financial liabilities held for trading</b>		6,294,014.40		6,294,014.40
Including: Forward foreign exchange contract		6,294,014.40		6,294,014.40
<b>Derivative financial liabilities</b>		80,212,433.24		80,212,433.24
Including: Forward foreign exchange contract		60,527,532.76		60,527,532.76
Interest rate swap agreement		19,684,900.48		19,684,900.48

At the beginning of the period

Items	Input used for fair value measurement			
	Quotes in an active market (Level 1)	Important observable input (Level 2)	Important unobservable input (Level 3)	Total
<b>Continuously measured at fair value</b>				
<b>Financial assets held for trading</b>	113,759,845.57	1,967,483,015.21	83,949,637.05	2,165,192,497.83
Including: Bank wealth management products		1,862,036,322.21		1,862,036,322.21
Forward foreign exchange contract		105,446,693.00		105,446,693.00
Investment fund	113,759,845.57			113,759,845.57

Investment in equity instruments			83,949,637.05	83,949,637.05
<b>Derivative financial assets</b>		77,839,006.63		77,839,006.63
Including: Forward foreign exchange contract		52,194,232.55		52,194,232.55
Interest rate swap agreement		25,644,774.08		25,644,774.08
<b>Other equity instruments</b>	19,802,461.70		2,639,222,803.84	2,659,025,265.54
Including: Equity instruments measured at fair value and changes of which included in other comprehensive income	19,802,461.70		2,639,222,803.84	2,659,025,265.54
<b>Other non-current assets</b>		46,832,494.61		46,832,494.61
Including: Other non-current financial assets		46,832,494.61		46,832,494.61
<b>Financial liabilities held for trading</b>		26,952,508.66		26,952,508.66
Including: Forward foreign exchange contract		26,952,508.66		26,952,508.66
<b>Derivative financial liabilities</b>		239,582,532.90		239,582,532.90
Including: Forward foreign exchange contract		188,695,788.30		188,695,788.30
Interest rate swap agreement		50,886,744.60		50,886,744.60

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.

## 2. The basis for determining the fair value of the continual Level 2 fair value measurement items

Items	Fair value at the end of the period	Valuation techniques
Financial assets held for trading		
Including: Bank wealth management products	2,168,622,090.00	Discounted cash
Forward foreign exchange contract	136,379,553.90	Discounted cash flow
Derivative financial assets		
Including: Forward foreign exchange contract	72,822,190.59	Discounted cash flow



Forward commodity contract	6,997,783.42	Discounted cash flow
Other equity instruments investment	—	—
Including: equity instruments measured at fair value through other comprehensive income	2,812,000,000.00	Recent transaction methods
<b>Financial liabilities held for trading</b>		
Including: Forward foreign exchange contract	6,294,014.40	Discounted cash flow
<b>Derivative financial liabilities</b>		
Including: Forward foreign exchange contract	60,527,532.76	Discounted cash flow
Interest rate swap agreement	19,684,900.48	Discounted cash flow

**3. Continual Level 3 fair value measurement major items, the valuation techniques adopted and information of important parameters**

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: SINOPEC Fuel Oil Sales Corporation Limited (中国石化销售股份有限公司)	1,290,487,901.40	Market approach	1. Average P/E multiple of peers 2. Discount for lack of marketability	1. 27.43 to 29.43 2. 30.74% to 32.74%	1. 1% increase (decrease) in average P/E multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB45,300,000.00. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB18,900,000.00.
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#### 4. Financial instruments not measured at fair value

Items	Closing book value	Closing fair value
Bonds payable (convertible corporate bonds)	334,730,048.82	567,173,133.58

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. Except for the difference between the book value and the fair value of bonds payable disclosed above, 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.

## XII. RELATIONSHIP BETWEEN RELATED PARTIES AND THEIR 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 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	11.41%	11.41%
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	Joint-stock company	Qingdao High-tech Zone Haier Park	631,930,000	Zhou Yunjie	Subsidiary of Parent Company	13.39%	13.39%
HCH (HK) Investment Management Co., Limited	Private company	Hong Kong	HKD 10,000	/	Parties acting in concert of Parent Company	5.73%	5.73%
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	1.83%	1.83%
Qingdao Haichuangzhi	Limited partnership	Qingdao High-tech Zone Haier Park	1,616,120,000	Zhang Ruimin	Parties acting in concert of	1.12%	1.12%

Management Consulting Enterprise (Limited Partnership)	company				Parent Company		
Haier International Co., Limited	Private company	Hong Kong	HKD 2	/	Parties acting in concert of Parent Company	0.62%	0.62%

## 2. Subsidiaries

The details of the subsidiaries of the Company are detailed in Note IX.1.

## 3. Joint ventures and associates

The details of associates and joint ventures of the Company are detailed in Note VII.11 and IX.3.

## 4. Connected companies with no relationship of control

Name	Relationship with the Company
Gooday Supply Chain Technologies Co., Ltd.	Subsidiary of Haier Group
Shanghai Cotai Supply Chain Management Co., Ltd.	Subsidiary of Haier Group
Qingdao Goodaymart Supply Chains Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier Industrial Intelligence Research Institute Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier Robot Co., Ltd.	Subsidiary of Haier Group
Qingdao Blue Whale Technology Co., Ltd.	Subsidiary of Haier Group
Chongqing Zhonglian Energy Technology Co., Ltd.	Subsidiary of Haier Group
Dalian Haier International Trade Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier Parts Procurement Co., Ltd.	Subsidiary of Haier Group
Hefei Haier Logistics Co., Limited	Subsidiary of Haier Group
Chongqing Haier Electrical Appliances Sales Co., Ltd.	Subsidiary of Haier Group
Chongqing Haier Logistics Co., Ltd.	Subsidiary of Haier Group
CosmoplatChuangzhi IOT Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier International Trading Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier International Travel Agency Co., Ltd.	Subsidiary of Haier Group
Qingdao Haiyongda Property Management Co., Ltd.	Subsidiary of Haier Group
Shanghai Zhiyu Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier Special Plastic Development Co., Ltd.	Subsidiary of Haier Group
Qingdao Haina Cloud Intelligent System Co., Ltd.	Subsidiary of Haier Group

Qingdao Dingxin Electronic Technology Co., Ltd.	Subsidiary of Haier Group
Hefei Haier Smart Electronics Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier Industry and City Innovation Group Co., Ltd.	Subsidiary of Haier Group
Chongqing Haier Smart Electronics Co., Ltd.	Subsidiary of Haier Group
Laiyang Haier Electrical Co. Ltd.	Subsidiary of Haier Group
Qingdao Haier New Materials R & D Co., Ltd.	Subsidiary and associate of Haier Group
Wolong Electric (Jinan) Motor Co., Ltd.	Associate
Controladora Mabe S.A.deC.V.	Associate
HNR Company (Private) Limited	Associate
Qingdao Hegang New Material Technology Co., Ltd.	Associate
Qingdao Haier Moulds Co., Ltd.	Associate
HPZ Limited	Associate
Qingdao HBIS Composite New Material Co., Ltd.	Subsidiary of associate
Hefei Hegang New Material Technology Co., Ltd.	Subsidiary of associate

### (III) Related transactions

- Details of the Company's procurement of goods and services from related parties are as follows:

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.deC.V.	12,314,855,657.89	11,999,474,973.38
Chongqing Haier Electrical Appliances Sales Co., Ltd.	5,274,865,476.66	3,551,418,241.21
Gooday Supply Chain Technologies Co., Ltd.	3,847,847,323.30	2,597,452,446.62
HNR Company (Private) Limited	2,733,833,669.59	2,018,249,351.88
Cosmoplat Chuangzhi IOT Technology Co., Ltd.	2,121,388,092.90	555,538,358.70
Shanghai Cotai Supply Chain Management Co., Ltd.	1,624,701,243.17	1,716,167,555.69
Hefei Hegang New Material Technology Co., Ltd.	1,190,287,247.15	906,960,612.06
Chongqing Haier Intelligent Electronics Co., Ltd.	1,031,357,405.38	241,701,291.50
Wolong Electric (Jinan) Motor Co., Ltd.	1,013,817,589.80	773,829,886.35
Qingdao HBIS Composite New Material Co., Ltd.	923,986,491.86	778,581,344.26

Qingdao Ding Xin Electronics Technology Co., Ltd.	885,837,757.21	226,464,559.30
Qingdao Goodaymart Supply Chains Co., Ltd.	688,451,059.64	424,574,287.86
Other related parties	6,954,266,150.51	13,425,132,973.66
Total	40,605,495,165.06	39,215,545,882.47

2. Details of the Company's sales of goods to related parties are as follows:

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.deC.V.	730,275,993.98	556,773,753.65
Qingdao Haier Special Plastic Development Co., Ltd.	701,097,705.82	623,502,863.63
HNR Company (Private) Limited	681,960,950.97	434,316,420.93
Qingdao Haier International Trading Co., Ltd.	613,132,319.62	587,335,502.32
Qingdao Haier International Travel Agency Co., Ltd.	214,648,613.53	141,625,117.57
HPZ Limited	90,831,902.38	48,089,463.32
Chongqing Haier Electrical Appliances Sales Co., Ltd.	90,815,520.61	100,306,070.59
Other related parties	906,110,423.34	1,666,886,162.31
Total	4,028,873,430.25	4,158,835,354.32

3. Amount of unsettled items of related parties

Items and name of customers	Closing Balance	Opening Balance
<b>Bills receivable:</b>		
Qingdao Haina Cloud Intelligent System Co., Ltd.	21,511,057.07	
Cosmoplat Chuangzhi IOT Technology Co., Ltd.	13,520,000.00	
Qingdao Hegang New Material Technology Co., Ltd.	10,440,243.35	
Hefei Haier Smart Electronics Co., Ltd.	4,324,429.00	1,106,165.28
Other related parties	8,690,387.26	
<b>Accounts receivable:</b>		
HNR Company (Private) Limited	588,605,242.72	388,679,073.55
Controladora Mabe S.A.deC.V.	123,524,843.42	81,498,939.68

Qingdao Haier International Travel Agency Co., Ltd.	99,648,729.88	113,933,378.64
Chongqing Zhonglian Energy Technology Co., Ltd.	45,403,951.21	24,860,829.14
Shanghai Zhiyu Technology Co., Ltd.	43,349,588.61	12,817,842.19
Qingdao Haier Special Plastic Development Co., Ltd.	39,101,648.72	187,101,398.95
Qingdao Haier International Trading Co., Ltd.	34,284,071.61	72,248,862.19
Qingdao Haina Cloud Intelligent System Co., Ltd.	31,824,063.09	17,159,667.62
Other related parties	224,141,742.32	663,077,856.12
<b>Prepayments:</b>		
HNR Company (Private) Limited	82,148,476.31	78,420,575.44
Qingdao Haier International Trading Co., Ltd.	32,539,796.91	80,759,659.73
Qingdao Haier International Travel Agency Co., Ltd.	23,936,807.36	26,860,737.70
Hefei Haier Logistics Co., Limited	18,382,367.83	1,398,654.93
Qingdao Haiyongda Property Management Co., Ltd.	17,069,128.00	16,353,318.00
Other related parties	27,184,746.15	76,852,557.93
<b>Other receivables:</b>		
Gooday Supply Chain Technologies Co., Ltd.	27,180,000.00	1,405,264.35
Qingdao Haier International Trading Co., Ltd.	16,601,596.21	4,779,282.75
Controladora Mabe S.A.deC.V.	16,260,655.41	15,777,379.54
Qingdao Junyi Holding Group Co., Ltd.		88,640,000.00
Other related parties	93,718,348.16	164,345,066.12
<b>Bills payable:</b>		
Laiyang Haier Electrical Co. Ltd.	50,019,985.82	49,720,701.09
Qingdao Haier New Materials R & D Co., Ltd.	90,348,253.59	56,956,689.86
Other related parties	4,127,872.00	
<b>Accounts payable:</b>		
Qingdao Haier Parts Procurement Co., Ltd.	1,985,902,077.10	1,647,724,215.65
Controladora Mabe S.A.deC.V.	941,545,815.41	316,079,431.43
Hefei Haier Logistics Co., Limited	337,481,850.21	242,590,693.06
Chongqing Haier Electrical Appliances Sales Co., Ltd.	332,415,203.41	407,357,263.21

Chongqing Haier Logistics Co., Ltd.	305,338,331.45	290,743,396.11
Cosmoplat Chuangzhi IOT Technology Co., Ltd.	268,605,818.56	671,426,347.70
Dalian Haier International Trade Co., Ltd.	175,739,251.85	197,461,939.55
Qingdao HBIS Composite New Material Co., Ltd.	161,242,782.98	104,132,210.10
Hefei Hegang New Material Technology Co., Ltd.	151,305,730.27	120,733,728.22
Qingdao Haier Moulds Co., Ltd.	136,685,798.49	134,769,248.08
Other related parties	753,058,673.76	1,324,746,884.11
<b>Contract liabilities:</b>		
Qingdao Haier Parts Procurement Co., Ltd.	91,082,063.05	
Wolong Electric (Jinan) Motor Co., Ltd.	21,373,101.27	520,294.42
Chongqing Zhonglian Energy Technology Co., Ltd.	17,210,554.92	17,210,554.92
Other related parties	24,928,637.72	19,659,969.53
<b>Other payables:</b>		
Gooday Supply Chain Technologies Co., Ltd.	687,378,382.22	790,674,332.08
Shanghai Cotai Supply Chain Management Co., Ltd.	154,351,301.35	183,123,979.68
Qingdao Goodaymart Supply Chains Co., Ltd.	72,545,343.35	77,995,078.37
Qingdao Haier Industrial Intelligence Research Institute Co., Ltd.	30,783,024.61	25,622,538.88
Qingdao Haier Robot Co., Ltd.	28,372,133.16	49,076,364.39
Qingdao Blue Whale Technology Co., Ltd.	27,367,393.54	3,056,124.30
Chongqing Zhonglian Energy Technology Co., Ltd.	22,715,499.00	59,926,366.50
Dalian Haier International Trade Co., Ltd.	21,800,000.00	21,800,000.00
Qingdao Haier Moulds Co., Ltd.	21,298,170.87	73,679,757.76
Other related parties	109,983,863.60	259,025,181.20

#### 4. Others

√Applicable    □ Not Applicable

(1) On 29 April 2021, 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



2020 Annual General Meeting held on 25 June 2021. The Financial Services Framework Agreement became effective from the passing of the resolution at the general meeting.

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	28,632,146,919.30	24,964,098,241.74
Interest receivable from the Finance Company	260,262,550.46	120,777,203.01
Loans of the Finance Company	336,507,659.12	454,470,450.05
Interest payable to the Finance Company	1,813,534.66	2,808,989.55
Bank acceptance note issued	21,697,666,574.19	18,314,739,389.38
Foreign exchange derivatives of the Finance Company	1,577,848.15	29,804,904.63

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	339,728,297.25	158,335,607.74
Interest expense of the Finance Company	8,137,583.63	86,769,880.74
Service fee of the Finance Company	23,493,333.12	17,649,560.80

- (2) The lease expense of the Company and its subsidiaries for production and operation leased from related parties for the current period was RMB106 million.
- (3) Related information on the guarantor of the Company's guaranteed borrowings as a related party at the end of period:

Lender	Borrowing amounts	Guarantor
Haier Russian Electric Co., Ltd.	304,896,830.40	Haier Group Corporation
Total	304,896,830.40	

#### (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 November 2020, 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 the listing date to 31 December 2022, which can be renewed for another three years upon expire.

## 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 November 2020, 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 the listing date to 31 December 2022, 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 June 2021, 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 2023, which can be renewed for another three years upon expire.

#### 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.

### **XIII. SHARE-BASED PAYMENTS**

## (1) Employee Stock Ownership Plan

The A Share Core Employee Stock Ownership Plan (2021-2025), H Share Core Employee Stock Ownership Plan (2021-2025) and H Share Restricted Share Unit Plan (2021-2025) were adopted at the 2020 General Meeting held on 25 June 2021.

## (a) A Share Core Employee Stock Ownership Plan (2021-2025)

According to the relevant arrangement in respect of the A Share Core Employee Stock Ownership Plan (2021-2025) considered and passed at the 2020 General Meeting held on 25 June 2021, 25,440,807 Shares in the “securities account for repurchase of Haier Smart Home Co., Ltd.” were transferred in a non-transactional manner to the specific account of “Haier Smart Home Co., Ltd. - A Share Core Employee Stock Ownership Plan (2021-2025)” on 22 July 2021. The shares purchased by the plan are subject to a lock-up period of 12 months.

## (b) H Share Core Employee Stock Ownership Plan (2021-2025)

According to the relevant arrangement in respect of the H Share Core Employee Stock Ownership Plan (2021-2025) considered and passed at the 2020 General Meeting held on 25 June 2021, the Company had engaged an asset management company to purchase 3,757,000 H Shares in aggregate in the secondary market through the Hong Kong Stock Connect. The shares purchased by the plan are subject to a lock-up period of 12 months.

## (2) Share Options

① According to the “resolution on the first grant of share options to the incentive target of Haier Smart Home Co., Ltd.” passed on the 23rd meeting of the 10th session of the Board of Directors of the Company on 15 September 2021, it was agreed that on the date of the first grant on 15 September 2021, 46,000,000 share options would be granted to 400 qualifying incentive targets at the exercise price of RMB25.63 per Share.

Share Options	Number for the current period	Number for the previous period
At the beginning of the period		
Granted during the period	46,000,000.00	
Vested during the period		
Lapsed during the period		
At the end of the period	46,000,000.00	

② According to the “resolution on the grant of share options reserved for the 2021 Share Option of A Share Incentive Plan to the incentive target of Haier Smart Home Co., Ltd.” passed on the 25rd meeting of the 10th session of the Board of Directors of the Company on 15 December 2021, it was agreed that on the date of

the grant of reserved share options on 15 December 2021, 4,525,214 share options would be granted to 18 qualifying incentive targets at the exercise price of RMB25.63 per Share.

Share Options	Number for the current period	Number for the previous period
At the beginning of the period		
Granted during the period	4,525,214.00	
Vested during the period		
Lapsed during the period		
At the end of the period	4,525,214.00	

### (3) Restricted Shares

(a) According to the arrangement in respect of the H Share Restricted Share Unit Plan (2021-2025) considered and passed at the 2020 General Meeting held on 25 June 2021, the number of restricted shares granted by the Company during the period was 4,438,027 Shares. Subject to the satisfaction of the predetermined result condition by the Company, restricted shares granted and received would be vested on the first, second and third anniversary of 1 August 2021, respectively.

#### (b) Changes of restricted share for the current period

Number of restricted shares	Number for the current period	Number for the previous period
At the beginning of the period		
Granted during the period	4,438,027.00	
Vested during the period		
Lapsed during the period		
At the end of the period	4,438,027.00	

### (4) Method of determining the fair value of equity instrument on the date of grant:

(a) The Company has adopted the B-S model to determine the fair value of the share options.

The B-S model is subject to six variables: current price of the target share (S), exercise price of the option (K), risk-free rate (r), valid term of the option (t), expected volatility of the share price ( $\sigma$ ), and the dividend rate of the target share (i).

Parameters selected for the calculation of the value of the option of the Company are as follows:

The first tranche (1) share price (S): RMB26.02 per share (closing price on the date of grant on 15 September 2021). (2) exercise price (K): RMB25.63 per share. (3) risk-free rate (r): according to the maturity yield rate of the China Government Bonds from Bloomberg's system, the risk-free rate for one

year was 2.40%; 2.54% for two years; 2.59% for three years; 2.67% for four years; and 2.74% for five years, where the risk-free rate for the fourth year was calculated as the arithmetic average of the risk-free rate of the third and fifth year. (4) lifetime of the option (t): 1 year, 2 years, 3 years, 4 years and 5 years, respectively (from the date of grant to the deadline of the first exercisable date of each tranche). (5) historical volatility rate ( $\sigma$ ): 0.4050 (1 year); 0.3983 (2 years); 0.3864 (3 years); 0.3784 (4 years); 0.3568 (5 years). The interval adopted for the calculation of historical volatility was the continuous closing price of the Company in the preceding five years. At the same time, the historical volatility for the preceding 1, 2, 3, 4, and 5 years was calculated, respectively, based on the differences in waiting period. (6) yield rate (i) 1.4066% based on the yield rate shown in Bloomberg's system on the valuation date (15 September 2021), dividing the dividend per share by the closing price on the date of grant. According to the calculation under the above pricing model, the theoretical aggregate value of the 46,000,000 share options granted under this incentive plan of the Company amounted to RMB308,000,000.

The second tranche (1) share price (S): RMB29.40 per share (closing price on the date of grant on 15 December 2021). (2) exercise price (K): RMB25.63 per share. (3) risk-free rate (r): according to the maturity yield rate of the China Government Bonds from Bloomberg's system, the risk-free rate for one year was 2.30%; 2.49% for two years; 2.58% for three years; 2.64% for four years; and 2.70% for five years, where the risk-free rate for the fourth year was calculated as the arithmetic average of the risk-free rate of the third and fifth year. (4) lifetime of the option (t): 1 year, 2 years, 3 years, 4 years and 5 years, respectively (from the date of grant to the deadline of the first exercisable date of each tranche). (5) historical volatility rate ( $\sigma$ ): 0.4040 (1 year); 0.4098 (2 years); 0.3891 (3 years); 0.3827 (4 years); 0.3584 (5 years). The interval adopted for the calculation of historical volatility was the continuous closing price of the Company in the preceding five years. At the same time, the historical volatility for the preceding 1, 2, 3, 4, and 5 years was calculated, respectively, based on the differences in waiting period. (6) yield rate (i) 1.2449% based on the yield rate shown in Bloomberg's system on the valuation date (15 December 2021), dividing the dividend per share by the closing price on the date of grant. According to the calculation under the above pricing model, the theoretical aggregate value of the 4,525,214 share options granted under this incentive plan of the Company amounted to RMB41,000,000.

(b) The fair value on the date of grant was arrived at on the basis of the share price of the Company on the date of grant, taking into account the current value of cash dividend.

(5) Based on the latest available subsequent information, such as change in number of vesting employee, result condition of the Company and evaluation of personal performance appraisal of incentive targets, the Company makes the best estimation of the number of vesting equity instruments, based on which, the Company includes services received for the current period in relevant costs of expenses in accordance with the fair value of the equity instrument on the date of grant, and accordingly included in the capital reserve.

Expense recognized in respect of the share-based payment incentive plan for the period: RMB209,000,000 for the stock ownership plan; RMB36,000,000 for the share options; and RMB20,000,000 for the restricted shares.

On 31 December 2021, balance associated with the above share-based payment incentive plans provided in the capital reserve amounted to RMB262,000,000.

#### **XIV. CONTINGENCIES**

☐Applicable    ☒Not Applicable

As of 30 March 2022, the Company has no significant contingencies that need to be disclosed.

#### **XV. EVENTS AFTER THE BALANCE SHEET DATE**

1. According to the resolution of the 27th meeting of the Tenth session of the Board of Directors of the Company held on 30 March 2022, 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 RMB4.60 (including taxes) for every 10 shares to all shareholders.

2. On the 26th meeting of the 10th session of the Board of Directors of the Company on 11 January 2022, the “resolution on the placing of new H Shares under the general mandate of Haier Smart Home Co., Ltd.” was considered and passed. According to the placing agreement, the Company intended to issue 41,413,600 H Shares. As at 21 January 2022, the Company had received, in aggregate, newly injected capital (share capital) contributed by the shareholders of RMB41,413,600.

3. The Company has subsidiaries in Russia engaging in the production and sale of home appliances. As of the date of this report, the Russian-Ukrainian conflict has not imposed a material impact on the Company's production and sales in Russia. The financial impact of the incident on the Company is uncertain, but the Company will continue to assess the effects of the incident in the future as it develops.

**XVI. RISKS RELATED TO FINANCIAL INSTRUMENTS**

√Applicable    □ Not Applicable

**The book value of various financial instruments on the balance sheet date is as follows:****Financial assets**

Items	Closing Balance			
	Financial assets measured at fair value and changes of which included in current profit and loss	Measured at amortized cost	Financial assets measured at fair value and changes of which included in other comprehensive income	Total
Monetary funds		45,857,170,275.40		45,857,170,275.40
Financial assets held for trading	2,786,075,529.09			2,786,075,529.09
Derivative financial assets			79,819,974.01	79,819,974.01
Receivable		13,354,791,068.29		13,354,791,068.29
Accounts receivable		14,631,018,397.43		14,631,018,397.43
Other receivables		1,955,082,163.25		1,955,082,163.25
Other current assets		316,590,333.42		316,590,333.42
Long-term receivables		308,998,755.30		308,998,755.30
Other equity instruments			4,848,709,438.96	4,848,709,438.96
Other non-current assets	46,832,494.61			46,832,494.61



**Financial assets (continued)**

Items	Opening Balance			
	Financial assets measured at fair value and changes of which included in current profit and loss	Measured at amortized cost	Financial assets measured at fair value and changes of which included in other comprehensive income	Total
Monetary funds		46,467,732,459.51		46,467,732,459.51
Financial assets held for trading	2,165,192,497.83			2,165,192,497.83
Derivative financial assets			77,839,006.63	77,839,006.63
Receivable		14,136,349,754.34		14,136,349,754.34
Accounts receivable		15,930,024,286.67		15,930,024,286.67
Other receivables		1,717,691,799.32		1,717,691,799.32
Other current assets		554,131,037.76		554,131,037.76
Long-term receivables		330,588,978.97		330,588,978.97
Other equity instruments			2,659,025,265.54	2,659,025,265.54
Other non-current assets	46,832,494.61			46,832,494.61

**Financial liabilities**

Items	Closing Balance		
	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Total
Short-term borrowings		11,226,212,134.39	11,226,212,134.39
Financial liabilities held for trading	6,294,014.40		6,294,014.40
Derivative financial liabilities	80,212,433.24		80,212,433.24
Bills payable		25,023,238,406.72	25,023,238,406.72
Accounts payable		42,344,857,144.49	42,344,857,144.49
Other payables		17,524,160,065.70	17,524,160,065.70
Non-current liabilities due in one year		6,745,950,334.20	6,745,950,334.20
Long-term borrowings		3,038,573,824.53	3,038,573,824.53
Bonds payable		334,730,048.82	334,730,048.82
Long-term payables		99,602,707.76	99,602,707.76

**Financial liabilities (continued)**

Items	Opening Balance		
	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Total
Short-term borrowings		7,687,908,165.88	7,687,908,165.88
Financial liabilities held for trading	26,952,508.66		26,952,508.66
Derivative financial liabilities	239,582,532.90		239,582,532.90
Bills payable		21,236,057,053.67	21,236,057,053.67
Accounts payable		36,309,048,800.85	36,309,048,800.85
Other payables		17,063,294,004.33	17,063,294,004.33
Non-current liabilities due in one year		4,950,555,670.08	4,950,555,670.08
Other current liabilities		5,535,262,500.00	5,535,262,500.00
Long-term borrowings		11,821,416,259.81	11,821,416,259.81
Bonds payable		6,713,501,050.27	6,713,501,050.27
Long-term payables		98,203,261.27	98,203,261.27

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.

#### 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.

## 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.

## XVII. OTHER SIGNIFICANT EVENTS

The Company has no other significant events that need to be disclosed.

## XVIII. NOTES TO MAIN ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

### 1. Accounts receivable

Aging	Closing Balance	Opening Balance
Within one year	546,532,442.90	5,491,427,973.11
1–2 years		416,430.64
2–3 years		
Over 3 years		
Accounts receivable balance	546,532,442.90	5,491,844,403.75
Allowance for bad debts		308,333.33
Net receivables	546,532,442.90	5,491,536,070.42

The total amount of the top 5 accounts receivable at the end of the period was RMB546,349,942.90, accounting for 99.97% of book balance of the accounts receivable.

Provision for bad debts is made on a portfolio basis:

☐ Applicable ☒ Applicable

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	308,333.33			308,333.33		

**2. Other receivables****Presented by items**√Applicable   ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Interest receivable	51,632,471.99	38,582,434.11
Dividend receivable	3,615,840,000.00	
Other receivables	12,577,807,696.42	3,867,790,953.50
Total	16,245,280,168.41	3,906,373,387.61

**Interest receivable**√Applicable   ☐ Not Applicable

Unit and Currency: RMB

Item	Closing Balance	Opening Balance
Within 1 year	51,632,471.99	38,582,434.11
More than 1 year		
Total	51,632,471.99	38,582,434.11

**Dividend receivable**√Applicable   ☐ Not Applicable

Unit and Currency: RMB

Aging	Closing Balance	Opening Balance
Within 1 year	3,615,840,000.00	
More than 1 year		
Total	3,615,840,000.00	

**Other receivables**

① The disclosure of other receivables by aging is as follows:

Aging	Closing Balance	Opening Balance
Within one year	12,040,141,153.64	3,501,616,045.85
More than one year	537,791,379.00	366,178,683.57
Other receivables balance	12,577,932,532.64	3,867,794,729.42
Allowance for bad debts	124,836.22	3,775.92
Net other receivables	12,577,807,696.42	3,867,790,953.50

② The total amount of the top 5 other receivables at the end of the period is RMB9,951,615,765.33, accounting for 79.12% of book balance of other receivables.

③ 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	Other increase	Reversal	Write-off and other movement	
Allowance for bad debts	3,775.92	121,060.30				124,836.22

**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
Investments to subsidiaries	49,377,425,428.31	7,100,000.00	49,231,447,092.82	7,100,000.00
Investments to associates and joint ventures	3,252,734,849.46	109,300,000.00	3,175,179,977.39	109,300,000.00
Total	52,630,160,277.77	116,400,000.00	52,406,627,070.21	116,400,000.00

(2) Long-term equity investments to subsidiaries

Investee	Opening Balance	Increase/Decrease for the period	Closing Balance	Impairment provisions at the end of the period
<b>I. Subsidiaries:</b>				
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.	329,832,047.28		329,832,047.28	
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.	42,660,583.21		42,660,583.21	
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.	48,000,000.00	21,200,000.00	69,200,000.00	
Dalian Haier Refrigerator Co., Ltd.	99,000,000.00	39,600,000.00	138,600,000.00	
Dalian Haier Air-conditioning Co., Ltd.	99,000,000.00		99,000,000.00	
Guizhou Haier Electronics Co., Ltd.	96,904,371.71		96,904,371.71	
Hefei Haier Air-conditioning Co., Limited	67,110,323.85		67,110,323.85	
Qingdao Haier Refrigerator (International) Co., Ltd.	238,758,240.85		238,758,240.85	
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	1,113,433,044.51	17,674,900.00	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.	442,684,262.76	28,846,300.00	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	26,022,782,526.24		26,022,782,526.24	
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	
Qingdao Haier Technology Investment Co., Ltd.	367,505,635.00		367,505,635.00	
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.	16,730,707,938.63	-12,751,300,336.02	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.		20,000,000.00	20,000,000.00	
Haier Zhijia Experience Cloud Ecological Technology Co., Ltd.	100,000,000.00		100,000,000.00	
Total	49,231,447,092.82	145,978,335.49	49,377,425,428.31	7,100,000.00

## (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.	136,709,910.73		24,389,362.58	-15,890,000.00	145,209,273.31	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	385,797,036.73		90,366,894.80	-82,565,558.94	393,598,372.59	
Bank of Qingdao Co., Ltd.	975,756,025.82		78,881,075.12	-3,156,237.67	1,051,480,863.27	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	654,581,961.84		94,920,014.89	-66,600,000.00	682,901,976.73	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	415,298,165.93		18,829,952.52	-25,074,310.40	409,053,808.05	21,000,000.00

Qingdao Haier Multimedia Co., Ltd	328,987,205.06		-51,884,641.19		277,102,563.87	88,300,000.00
Hefei Hegang New Material Technology Co., Ltd.	278,049,671.28		20,073,071.70	-4,734,751.34	293,387,991.64	
Total	3,175,179,977.39		275,575,730.42	-198,020,858.35	3,252,734,849.46	109,300,000.00

#### 4. Operating revenue and operating cost

##### (1) Information of 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	208,799,283.50	197,653,713.44	7,221,635,652.63	5,941,477,236.22
Other Business	144,998,965.02	117,703,392.70	146,005,360.76	126,176,580.13
Total	353,798,248.52	315,357,106.14	7,367,641,013.39	6,067,653,816.35

#### 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	3,633,540,000.00	191,366,562.3000
Long-term equity investments income calculated by the equity method	275,575,730.42	111,755,685.69
Investment income generated from disposal of long-term equity investment		3,962,491,511.91
Income from wealth management products	9,015,443.80	17,628,284.37
Investment income from investment in other equity instrument during the holding period	269,896.34	268,193.52
Total	3,918,401,070.56	4,283,510,237.79

**XIX. APPROVAL OF FINANCIAL REPORT**

This financial report was approved for publication by the Directors of the Company on 30 March 2022.

**XX. OTHER SUPPLEMENTARY INFORMATION****1. Basic earnings per share and diluted earnings per share**

Items	Amount for the current period			Amount for the previous period		
	Weighted average return on net assets	Earnings per share (RMB)		Weighted average return on net assets	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.29%	1.41	1.40	17.68%	1.34	1.31
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	15.65%	1.27	1.27	12.85%	0.97	0.94

**1.Details of extraordinary profit and loss for the current period**

√Applicable    □ Not Applicable

Unit and Currency: RMB

Items	Amounts
Profit or loss from disposal of non-current assets	95,443,538.78
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's business , to be enjoyed in a fixed amount or fixed quantity according to national unified standards	717,084,575.78
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	-1,015,618.64
Profit or loss from fair value changes of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative	512,402,328.52

financial liabilities, as well as investment gains arising from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and other debt investments, except the effective hedging related to the normal operations of the Company	
Other non-operating income and expenses except the aforementioned items	60,282,401.05
reduction: Effect of income tax	135,105,480.15
Effect of minority equity interest (After Tax)	13,326,031.78
Total	1,235,765,713.56

Chairman: Liang Haishan

Date of approval for publication by the Board: 30 March 2022

**Revised information**☐ Applicable ☒ Not Applicable

## Section XI Responsibility Statement

“As the executive directors of the Board of Haier Smart Home Co., Ltd, we hereby confirm to the best of our knowledge, and in accordance with the applicable reporting principles, that the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and the management report includes a fair review of the development and performance of the business including the results and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.”

Qingdao, 30 March 2022

The Board of Haier Smart Home Co., Ltd

Liang Haishan \_\_\_\_\_

Li Huagang \_\_\_\_\_

XieJuzhi \_\_\_\_\_