Company Code: 600690.SH, 690D.DE Short Name: Haier Smart Home

Haier Smart Home Co., Ltd.

2026 Interim Report



Important Notice

I. The Board of Directors, directors and senior management of Haier Smart Home Co., Ltd. (the "Company") are individually and collectively responsible for the content set out therein and hereby assure that the content set out in the interim report is true, accurate and complete, and free from any false record, misleading representation or material omission.

II. All directors attend the Board of Directors.

III. The interim report is unaudited.

IV. Li Huagang (legal representative of the Company), Sun Jiacheng (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 interim report is true, accurate and complete.

V. Proposal of profit distribution or proposal of converting capital reserves into share capital for this reporting period resolved and passed by the Board

NIL

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 our substantial commitment to investors. Investors are advised to pay attention to investment risks.

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

No

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

No

IX. Are there more than half of the Directors could not warrant the truthfulness, accuracy and completeness of the interim 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 of the Board: LI Huagang
Haier Smart Home Co., Ltd
27 August 2026

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Documents Available for Inspection	I.	2026 Interim Report of Haier Smart Home Co., Ltd. with signature of the legal representative.
	II.	Financial statements with signatures or seals of the person in charge of the entity, chief accountant and person in charge of accounting department.
	III.	All documents publicly disclosed in China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and on the website of the Shanghai Stock Exchange (www.sse.com.cn) during the reporting period.

Section I Definitions

Unless otherwise stated in 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	*China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily*
Haier Electronics, 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 Electronics has been privatized by way of H shares issuance on 23 December 2020 and became a wholly-owned subsidiary of the Company since then.
GE Appliances	Household appliances assets and business of General Electric Group, which are currently owned by the Company.
FPA	Fisher & Paykel Appliances Holdings Limited (Chinese Name: 斐雪派克) was established in 1934 and is known as the national appliance brand of New Zealand, the global top-level kitchen appliance brand and the famous luxury brand of the world. It has products including ventilator, gas stove, oven, dishwasher, microwave oven, built-in freezer, washing machine, clothes dryer and etc. Its business covers 50 countries/regions across the world. FPA is wholly-owned subsidiary of the Company.
Candy	Candy Group (Candy S.p.A) is an international professional appliances manufacturer from Italy. Since its establishment in 1945, it has been committed to enabling the global users to enjoy a higher quality of life through innovative technologies and quality services. Candy Group has been prestigious in the global market with users all over the world via its various self-owned professional household appliance brands. In January 2019, Candy became a wholly-owned subsidiary of the Company.
GfK CMM	GfK CMM is a wholly-owned subsidiary of Germany's GfK Group in China, specializing in market research within the durable consumer goods sector. It is an authoritative retail monitoring and market research institute in Chinese household appliance and consumer electronics industries.

Euromonitor	Euromonitor, established in 1972, is the leading strategic market information supplier and has over 40-years of experience in respect of publishing market report, commercial reference data and on-line database. They create data and analysis on thousands of products and services around the world.
GfK	GfK Group, the world's leading market research company. After a long period of development and accumulation, GfK Group's global market research business covers consumer durables research, consumer research, media research, healthcare market research and special studies.
All View Cloud	All View Cloud (AVC) is a big data integrated solution provider to the smart home field, providing enterprises with big data information services, regular data information services and special data services.
Model of *Rendanheyi* (人单合一)	The concept of "Achieving win-win via Rendanheyi (人单合一) "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 (人单合一) "management model encourages employees to create value for users with an entrepreneurial mindset, and to achieve self-value in line with the those of the Company and its shareholders.

Section II General Information of the Company and Key Financial Indicators

I. INFORMATION OF THE COMPANY

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

II. CONTACT PERSON AND CONTACT INFORMATION

	Secretary to the Board	Representative of securities affairs	Company Secretary (D/H shares)	Others
Name	Liu Xiaomei	Liu Tao	Ng Chi Yin, Trevor	Global Customer Service Hotline
Address	Department of Securities of Haier Smart Home Co., Ltd. Haier Science and Technology Innovation Ecological Park, No. 1 Haier Road, Qingdao City	Department of Securities of Haier Smart Home Co., Ltd. Haier Science and Technology Innovation Ecological Park, No. 1 Haier Road, Qingdao City	Room 1908, 19/F, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong	/
Tel	0532-8893 1670	0532-8893 1670	+852 2169 0000	4006 999 999
Fax	/	/	+852 2169 0880	/
Email	finance@haier.com	finance@haier.com	ir@haier.hk	/

III. SUMMARY OF THE CHANGES IN GENERAL INFORMATION

Registered address	Haier Industrial Park, Laoshan District, Qingdao City (now known as Haier Science and Technology Innovation Ecological Park, Laoshan District, Qingdao City)
Historical change of the registered address	Prior to the Company's listing in 1993, the registered address of the Company was No.165 Xiaobaigan Road, Sifang District, Qingdao City, Shandong Province, and has changed to the current address since 1994, during which the address name was adjusted in line with the change of name of the industrial park but the actual site remains unchanged.
Business address	Haier Science and Technology Innovation Ecological Park, Laoshan District, Qingdao City
Postal code of the business address	266101
Website	https://smart-home.haier.com/cn/
Email	9999@haier.com
Query index for any changes during the reporting period	Not applicable

IV. MOVEMENT OF PLACE FOR INFORMATION DISCLOSURE AND DEPOSIT

Designated newspaper for information disclosure	*Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily*
Website for publishing interim report	www.sse.com.cn; https://smart-home.haier.com/cn/; www.xetra.com, www.dgap.de; https://www.hkexnews.hk
Deposit place of interim report	Department of Securities of Haier Smart Home Co., Ltd. Haier Science and Technology Innovation Ecological Park, No. 1 Haier Road, Qingdao City
Query index for any changes during the reporting period	Not applicable

V. 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 share	Shanghai Stock Exchange	Haier Smart Home	600690	Qingdao Haier
D share	Frankfurt Stock Exchange	Haier Smart Home	690D	Qingdao Haier
H Share	Hong Kong Stock Exchange	Haier Smart Home	6690	/

VI. OTHER RELATED INFORMATION

☐ Applicable √ Not Applicable

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit and Currency: RMB

Key accounting data	For the reporting period (January-June)	The corresponding period of last year	Increase/decrease for the reporting period compared with the corresponding period of last year (%)
Operating revenue	152,115,050,237.63	156,494,034,448.85	−2.80
Total profit	13,071,173,672.62	14,997,056,148.11	−12.84
Net profit attributable to shareholders of the listed Company	10,316,254,946.26	12,032,995,820.27	−14.27
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	9,298,750,602.78	11,702,408,556.70	−20.54
Net cash flows from operating activities	9,752,033,977.71	11,139,045,781.34	−12.45

	As at the end of the reporting period	As at the end of last year	Increase/decrease as at the end of the reporting period compared with the end of last year (%)
Net assets attributable to shareholders of the listed Company	119,678,355,042.24	118,698,401,416.58	0.83
Total assets	311,911,862,184.62	295,795,068,591.57	5.45

(II) Key financial indicators

Key financial indicators	For the reporting period (January-June)	The corresponding period of last year	Increase/decrease for the reporting period compared with the corresponding period of last year (%)
Basic earnings per share (RMB/share)	1.12	1.30	-13.85
Diluted earnings per share (RMB/share)	1.12	1.29	-13.18
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	1.01	1.27	-20.47
Weighted average return on net assets (%)	8.36	10.34	Decreased by 1.98 percentage points
Weighted average return on net assets after deducting non-recurring profit or loss (%)	7.53	10.05	Decreased by 2.52 percentage points

Explanation of the key accounting data and financial indicators of the Company

☐ Applicable √ Not Applicable

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

√ Applicable ☐ Not Applicable

(I) Difference in net profit and net assets attributable to shareholders of the listed company in financial statements as disclosed in accordance with International Accounting Standards and Chinese 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 as disclosed in accordance with International Accounting Standards and Chinese Accounting Standards by the Company.

(II) Difference in net profit and net assets attributable to shareholders of the listed company in financial statements as disclosed in accordance with overseas accounting standards and Chinese Accounting Standards

☐ Applicable √ Not Applicable

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

(III) Explanation on difference in domestic and overseas accounting standards

☐ Applicable √ Not Applicable

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNT

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Non-recurring profit and loss items	Amount
Profit or loss from disposal of non-current assets, including the write-off of provision for asset impairment	46,798,107.26
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, conformed to requirements of state policies and granted according to specific criteria, and have a sustained impact on the Company's profit or loss	442,385,559.68
Profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial entities, and profit or loss arising from disposal of financial assets and financial liabilities, except for effective hedging activities related to the Company's normal business operations	255,690,662.50
One-off impact on profit or loss for the current period arising from adjustments to tax, accounting and other relevant laws and regulations	511,749,126.68
Other non-operating income and expenses except the aforementioned items	51,650,188.36
Less: Effect of income tax	277,532,620.82
Effect of minority equity interest (After Tax)	13,236,680.18
Total	1,017,504,343.48

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

☐ Applicable √ Not Applicable

X. COMPANIES WITH EQUITY INCENTIVES AND EMPLOYEE STOCK OWNERSHIP PLANS MAY CHOOSE TO DISCLOSE NET PROFITS AFTER DEDUCTION OF THE IMPACT OF SHARE-BASED PAYMENTS

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Key accounting data	For the reporting period (January-June)	The corresponding period of last year	Increase/decrease for the reporting period compared with the corresponding period of last year (%)
Net profit after deduction of the impact of share-based payment	10,651,627,748.72	12,706,189,738.83	−16.17

XI. OTHERS

☐ Applicable √ Not Applicable

Section III Management Discussion and Analysis

I. INTRODUCTION OF THE INDUSTRY WHERE THE COMPANY OPERATES AND ITS MAJOR BUSINESS DURING THE REPORTING PERIOD

Industry Analysis for the First Half of 2026

(1) Home Appliance Industry

I. China Market

In the first half of 2026, the diminishing impact of the home appliance trade-in policy, a high base from the same period last year, and subdued consumer willingness to spend left the industry under pressure overall. According to AVC, China's all-category home appliance retail sales (excluding 3C products) totaled RMB425 billion in the first half of the year, down 9.9% year-on-year, with declines of 6.0% in the first quarter and 12.4% in the second.

The industry's transformation continued to deepen, with several defining trends: (1) Demand is diverging at an accelerating pace. Different generations, household structures, and usage scenarios are creating a need for more granular features. Washing machines with zone-washing and multi-drum functions, along with categories such as coffee makers that address the pain points of specific consumer groups, still achieved structural growth. (2) The competitive focus has shifted toward delivering tangible user value. Consumer motivation has evolved from policy-driven incentives to a desire for quality. Competition has moved beyond technical specifications and price wars to an emphasis on user experience, supported by technological innovation and scenario applications. Key areas for product upgrades include AI capabilities, health management features, enhanced user comfort, and premium design. (3) Channels have moved into a phase of intensive omnichannel development. As the online traffic windfall faded and consumer purchasing journeys became more diverse, home appliance channels continued to evolve toward integrated online and offline operations. Deeply integrated omnichannel retail and end-to-end user operations have become core competitive factors.

Sub-industry Performance

Refrigeration Industry: In the first half of 2026, the refrigeration industry faced pressure from multiple factors. According to AVC, industry retail sales totaled RMB64.2 billion, down 7.2% year-on-year. The refrigerator market showed clear signs of a shift toward high-end models. With narrowing price premiums on hardware specifications, the industry turned to product mix upgrades and functional innovations to offset downward price pressure. Upgrades continued to focus on large capacity, precise storage, and smart preservation. Products with capacities over 500L, dual cooling systems, and automatic ice makers remained strongly competitive. Preservation technology also shifted from competition on single parameters to all-scenario food management and precise AI control. Visible, tangible smart-preservation interaction became the basis for product differentiation and a barrier to entry at the premium end. The new refrigerator energy efficiency standard, implemented in June 2026, raised the threshold for high-efficiency products. It also prompted sales channels to accelerate the switch away from stock rated under the old standard, which in turn solidified the market position of leading brands.

Laundry Care Industry: The laundry care industry faced significant headwinds in the first half of 2026, marked by a weakening overall market and intensifying structural divergence. According to AVC, industry retail sales reached RMB51 billion in the first half of the year, down 7.6% year-on-year, while the tumble dryer segment recorded retail sales of RMB4.46 billion, down 19.3% year-on-year. The traditional laundry sector left behind pure specification-led competition, and its core growth strategy shifted to unlocking niche segments through innovation in product form. The washing machine market showed clear structural divergence: the top-load category rebounded against the trend, while the front-load category experienced sluggish growth. Meanwhile, innovative categories such as zone-washing and multi-drum machines, large-capacity models above 12 kg, and heat pump washer-dryers rapidly gained ground. Product upgrades built around garment separation, maternity and baby care, health and sanitization, and space efficiency became the industry's primary source of structural growth. For example, in the first half of 2026, retail sales of zone-washing multi-drum washing machines grew 88% year-on-year online and 87% offline.

Home Air Conditioning Industry: In the first half of 2026, the air conditioning industry faced multiple headwinds that suppressed end-user demand, including low consumer confidence, declining pre-installation demand from the real estate sector, a reduction in the trade-in subsidy cap from three units per person to one, and a rainy summer in southern China. According to AVC, omnichannel retail volume in the first half fell by 13.1% year-on-year to 40.96 million units, while retail sales decreased by 15.9% to RMB122.1 billion. Product upgrades primarily focused on green energy efficiency, comfortable airflow, healthy air quality, and smart interaction. Features such as AI human detection, voice control, and whole-house air management are becoming practical user experiences rather than mere demonstrations. The growing segment of younger consumers, who are more willing to pay for smart features, is driving higher adoption rates for these technologies. According to AVC, smart-feature penetration in floor-standing units sold offline rose by approximately 3 percentage points year-on-year to 6.4%.

Kitchen Appliance Industry: The kitchen appliance industry remained in a replacement-driven adjustment cycle during the first half of 2026. While the overall market experienced a contraction, performance varied significantly among product categories. According to AVC, industry retail sales reached RMB69.6 billion, down 10.7% year-on-year. Specifically, the range hood and cooktop markets contracted, whereas the dishwasher segment outperformed the broader industry as competitive pricing helped stimulate consumer demand. The range hood market remained under pressure overall, though premiumization and specialized channels continued to provide structural support. Products priced above RMB3,000 accounted for 35.1% of the online market, and products above RMB6,000 accounted for 40.0% offline. The adoption of features such as self-cleaning also continued to increase. The gas stove market upgraded slowly, with product innovation focused on high-power burners, improved thermal efficiency, and safety and easy cleaning. The dishwasher sector entered a phase of rapid consumer adoption, with product development driven by advancements in drying technology, health-focused features, smart capabilities, and multi-function integration. Meanwhile, built-in microwave-steam-oven combos and integrated steam ovens created value in the mid-to-high-end market by integrating functions such as microwaving, steaming, baking, and air frying.

Water Heater Industry: In the first half of 2026, overall demand for water heaters remained subdued, but structural opportunities emerged in the energy-saving, health-focused, and large-capacity segments. According to AVC, in the first half of 2026, retail sales for electric storage water heaters decreased by 2.0% year-on-year to RMB10.4 billion, and gas water heater sales fell by 8.9% to RMB11.9 billion. Market opportunities were concentrated in niche segments. Adoption of Level 1 energy-efficient gas water heaters rose sharply as trade-in subsidies were weighted toward the top efficiency grade. The sales revenue share of these models reached 20.5% online and 33.9% offline, up 6.9 percentage points and 21.3 percentage points year-on-year respectively. Electric storage water heaters made notable progress in feature innovation, focusing on upgrades for healthier showering, with visible water quality achieved through filtration and fresh-water circulation. Skin-care add-on features such as mineral enrichment grew steadily, with these products accounting for 9.9% of online and 19.6% of offline sales revenue.

II. Overseas Markets

In the first half of 2026, the global home appliance market experienced accelerating regional divergence, affected by geopolitical events such as the Middle East conflict. Mature markets faced short-term structural challenges amid inflation and high interest rate pressures, while emerging markets held medium- to long-term growth potential, supported by secular trends including income growth, urbanization and the continued expansion of modern trade and e-commerce channels.

North America: Under the dual pressures of tariffs and high inflation, the US consumer confidence index remained at its lowest level in almost five years, and demand in the home appliance industry stayed subdued, with core major appliance sales posting a low single-digit decline in the first half.

Europe: The European home appliance industry was generally stable. According to GfK data, unit sales in the refrigeration segment grew 2.0% year-on-year while value sales declined 2.2%, and the laundry segment showed a similar trend; this combination of rising volumes and falling value reflected a certain intensification of price competition in the industry. Regionally, demand in Western Europe came under pressure, while Central and Eastern Europe maintained growth.

South Asia: India's home appliance market grew by approximately 7% overall. Consumer demand came under some pressure from imported inflation caused by the Middle East conflict, yet penetration of home appliances and Heating, Ventilation and Air Conditioning ("HVAC") products still offers substantial headroom. The Pakistani market saw increases in both volume and prices, with overall unit sales achieving double-digit growth and penetration of high energy-efficiency products (such as inverter air conditioners) increasing.

Southeast Asia: Overall demand for home appliances maintained growth. In Thailand, white goods industry unit sales grew while value sales were broadly flat, with refrigerators and air conditioners expanding steadily. In Vietnam, white goods industry unit sales rose 22% year-on-year and value sales rose 26%, making it one of the fastest-growing sub-markets in the region. In Malaysia, industry demand remained relatively stable, and Chinese brands effectively expanded market share through value-for-money strategies, strengthening their competitive position.

Middle East and Africa: Affected by the geopolitical conflict in the Middle East, the region's home appliance market came under short-term pressure with pronounced divergence: the Gulf region bore the brunt of the impact, while demand in North Africa remained relatively resilient. Over the medium to long term, the region's young population structure and continuing urbanization leave considerable room for penetration of home appliances and HVAC products to rise, indicating substantial industry growth potential.

Australia and New Zealand: Australia's CPI rose 3.8% year-on-year in the first half and the central bank's cash rate remained at 4.35%, keeping consumer spending intentions subdued; according to the Australian Bureau of Statistics' monthly retail data, household goods retail sales registered only limited year-on-year growth. New Zealand's unemployment rate climbed to 5.6% in the second quarter, a multi-year high, and consumer spending on durable goods weakened year-on-year.

Japan: HVAC products remained on a growth trajectory, with the overall air conditioner market growing for several consecutive months, driven by factors such as raised energy efficiency standards and front-loaded purchasing demand. By contrast, consumption of refrigerators and washing machines was relatively sluggish: amid continued yen depreciation and rising living costs, consumers remained relatively cautious about purchasing durable goods.

(2) Central Air Conditioning Industry

In the first half of 2026, China's central air conditioning industry experienced diverging trends, with domestic demand under pressure while export demand recovered. According to China IOL, total industry sales in the first half of the year reached RMB68.43 billion, down 1.7% year-on-year. Specifically, domestic sales contracted by 5.7% year-on-year to RMB53.28 billion, while export sales grew by 15.4% to RMB15.15 billion.

In the domestic market, the decline was primarily caused by continued weak demand in traditional sectors such as office buildings, shopping malls, and rail transit. This led to sluggish performance in the commercial project market, which accounts for the majority of industry demand. Meanwhile, the data center air conditioning segment continued its upward trend and emerged as a key area of growth. According to China IOL, domestic sales of data center air conditioning approached RMB20 billion in 2025, growing 22.4%. In the first half of this year, a surge in demand for AI computing power accelerated data center construction. As critical infrastructure, thermal management systems benefited directly, leading to further market expansion.

Growth in the export market was driven by: (1) leading companies accelerating the build-out of overseas channels and marketing networks, leveraging supply chain coordination and value-for-money advantages to speed up market expansion; (2) the ongoing boom in overseas data center construction, which sustained demand for products such as large-scale chillers.

(3) Commercial Refrigeration Industry

In the first half of 2026, the global commercial refrigeration industry continued to grow steadily, though structural divergence became increasingly pronounced.

At the regional level, Europe's low-carbon transition accelerated markedly, driven by the continued tightening of the EU F-gas regulations. North America retained its global dominance, accounting for approximately 50% of the global commercial refrigeration market, where stricter GWP limits and energy efficiency standards going forward will continue to drive replacement of the installed equipment base. In China, membership warehouse clubs — led by Sam's Club — entered a phase of rapid expansion in the first half of 2026, and membership stores became one of the key engines of commercial refrigeration growth, not only contributing a substantial volume of equipment orders directly, but also accelerating the industry's upgrade toward high-efficiency, environmentally friendly and intelligent solutions. For refrigeration companies, the ability to form deep partnerships with these fast-growing leading customers and to deliver solutions that meet their high standards will be decisive for future market positions.

At the product and technology level, the substitution of environmentally friendly refrigerants has become an irreversible trend, and low-GWP refrigerants are profoundly reshaping the industry landscape: global HFC production capacity has contracted by 40% compared with 2020, while the installed base of eco-friendly refrigerant systems expanded by 21% year-on-year. Meanwhile, the share of CO_2 transcritical and subcritical systems applied in large-format supermarkets has increased significantly. Display cabinets are likewise evolving from single-purpose temperature-control equipment into in-store terminal platforms that integrate digital, modular and scenario-based capabilities: smart connectivity, remote operation and maintenance, and energy-consumption data analytics are becoming standard features of high-end products, and digital capability has become a key benchmark for product premiums.

Industry Outlook for the Second Half of 2026

(1) Home Appliance Industry

Domestic Market

Looking ahead to the second half of 2026, the industry's year-on-year decline is expected to narrow gradually, supported by a lower base from the second half of 2025 and the trade-in policy continuing to provide a floor. With high ownership rates and a saturated base in the current domestic market, future growth will largely be driven by replacements and product mix upgrades. Consumers are willing to pay a premium for features such as green energy efficiency, health and comfort, smart interaction, and home furnishing integration. Products that address specific user scenarios, such as zone-washing multi-drum washing machines, large-capacity refrigerators with precision freshness preservation, dishwashers, built-in kitchen appliances, and air conditioners with comfortable airflow, have shown stronger demand resilience.

Companies will need to build defensible barriers through product innovation and proactively identify structural opportunities in the replacement market to navigate the economic cycle. Channel competition will shift from a singular focus on price to an emphasis on tangible product value, scenario-based experiences, and service capabilities. Leading enterprises with comprehensive advantages in branding, R&D, supply chain, and omnichannel operations are well-positioned to keep gaining market share as the industry recovers.

Overseas Markets

In the second half of 2026, uncertainty in international trade policy, commodity price pressures and intensifying regional competition will remain the major challenges facing the home appliance industry. Mature markets will be dominated by replacement demand, with rising energy efficiency standards in Europe and the United States continuing to drive growth of premium, energy-efficient products. Emerging markets will maintain relatively rapid growth, driven by urbanization, rising household incomes and increasing appliance penetration; among them, regions such as South Asia, Southeast Asia, the Middle East and Africa, and Latin America — with their young demographics and considerable room for growth in appliance ownership — are becoming priority markets for global home appliance companies.

(2) Central Air Conditioning Industry

Domestic Market: In the second half of 2026, the industry remains in a bottoming-out phase ahead of recovery. Growth will be constrained by the slow recovery in new real estate and commercial construction projects and in home renovation retail. However, the market's decline is expected to narrow gradually, driven by a lower comparison base, an improving pace of project delivery, and new demand from energy-saving renovations and equipment upgrades in existing buildings.

Export Market: Overseas markets are becoming a key growth engine for Chinese central air conditioning enterprises. Sustained infrastructure demand in emerging markets and an accelerating global low-carbon transition are creating clear growth opportunities for Chinese companies. China's leading integrated HVAC brands are deepening their overseas presence by leveraging extensive product lines, channel management expertise, and low-carbon system solutions that cover all scenarios. They are accelerating the shift from exporting products to local manufacturing and overseas service delivery.

(3) Commercial Refrigeration Industry

Looking ahead to the second half of 2026, the global commercial refrigeration market will continue its structural growth under the three key factors of tightening regulation, technology iteration and diverging regional demand. Nevertheless, geopolitical uncertainty, price volatility of key raw materials such as copper and aluminum, and persistent shortages of skilled labor in the European and US markets are emerging as common bottlenecks constraining industry development. Going forward, companies that build systematic capabilities — in core natural-refrigerant technologies, digital transformation, deep engagement in niche segments, and globalized supply chain footprints — will gain the initiative amid increasingly fierce competition.

Explanation of the company's new material non-core business during the reporting period

√ Applicable □ Not Applicable

II. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Industry Trends and the Company's Strategic Initiatives in the First Half of 2026

In the first half of 2026, the Company's primary markets came under short-term pressure from contracting demand and rising costs. In China, industry demand declined due to an ongoing real estate market correction, weak consumer confidence, and the pull-forward effect of the home appliance trade-in policy. In the U.S. market, high inflation and high interest rates continued to suppress real estate sales, temporarily curbing demand for home appliances. Tariffs also increased the cost of products exported to the U.S. compared to the same period last year, adding to operational pressures. On the cost side, prices for bulk raw materials such as copper and plastic remained high during the reporting period while the RMB continued to appreciate against the U.S. dollar. These factors pushed up operating costs and financial expenses.

The fragmentation of user touchpoints has restructured the user traffic landscape and how users interacted with brands. The rise of new media has profoundly altered the user's decision-making journey. Under the traditional model, users followed a linear path of needs trigger, channel search, brand comparison, in-store experience, and purchase; that path has become a non-linear process of scenario trigger, content-driven recommendation, multi-platform price comparison, cross-channel evaluation, and scenario-based purchase, with a longer cycle and more touchpoints. Traffic has accordingly continued to disperse from concentrated search-based e-commerce platforms toward diverse platforms such as short-form video, content communities, and live streaming, while offline channels faced pressure from shrinking in-store footfall. This change requires companies to move from "channel management" to "user operations", which means identifying demand precisely within fragmented scenarios, shortening the cycle from recommendation to delivery, building reputation on the end-to-end experience, and establishing a new edge in a saturated market.

Geopolitics is reshaping the global supply chain landscape. Tariff barriers have shifted from a temporary trade measure to a structural cost, and the model of large-scale exports from a single manufacturing base now faces rising costs, less reliable supply, and restricted market access. This change requires companies to move from "efficiency first" to "resilience first", and from single-origin supply to multi-regional footprints plus flexible local supply.

The HVAC industry is entering a period of medium- and long-term opportunity. Rising global temperatures are systematically increasing cooling demand and unlocking demand faster in low-penetration markets such as Europe. Data center expansion is driving rapid growth in demand for cooling infrastructure. Building energy efficiency upgrades and the energy transition are reshaping the product mix, with heat pump adoption accelerating. China's top HVAC companies have already built a leading manufacturing advantage based on coordination across the entire supply chain. With continued technological breakthroughs and deeper deployment of overseas capacity and localized operations, there is ample room for them to increase global market share.

Advances in AI are equipping home appliances with multi-modal sensing capabilities such as computer vision, transforming them from passive devices into proactive systems that can sense, understand context, and provide autonomous services. The competitive landscape has broadened accordingly. At the product level, competition extends from hardware specifications alone to the precision of AI algorithms. At the scenario level, it moves from single-product functionality to seamless cross-device coordination. At the ecosystem level, the focus is expanding from closed brand systems to influencing and establishing interoperability standards. Companies with a diverse product portfolio and end-to-end scenario capabilities, and that can separate and isolate personal data across geopolitical regions, are well positioned to seize the initiative in this competition.

Facing multiple short-term pressures alongside medium- and long-term opportunities, the Company leveraged its global supply chain footprint, the application of AI, and organizational structure reform to absorb near-term challenges and build competitiveness for the longer term.

1. **We reshaped our global supply chain and improved its efficiency to support continued development of our global business.**

   To mitigate the negative impacts of tariffs and trade policy uncertainty, the Company accelerated the transition to a supply model that combines localized production with a globally integrated network, mapping global production bases to their target markets to ensure factory capacity aligns with market demand. During the reporting period, we accelerated the development of strategic supply hubs in Southeast Asia. Our Thai refrigerator plant has taken over exports of large refrigerators to the U.S., reducing ex-factory cost per unit. We also consolidated our air conditioner manufacturing bases in Thailand, boosting overall operational efficiency by 20%. Construction of manufacturing bases in the U.S. for washing machines and water heaters is progressing steadily and will strengthen cost competitiveness once they begin production. Additionally, we conducted systematic review of capacity utilization and cost structures across all production sites, closed inefficient factories and phased out outdated capacities, and built super factories to optimize costs through economies of scale.

2. **We used AI as a core engine to improve end-to-end efficiency and advance user experience.**

   (1) In terms of operations, the Company integrated AI across R&D, manufacturing, supply chain, marketing, services, and corporate management through our in-house enterprise vertical-domain large model, and with the "Zhi Xiaoneng" (智小能) super agent as a unified portal. Our employees have built more than 14,000 smart applications, and over 60,000 digital partners are now active across our businesses. During the reporting period, we shortened our product design cycle by 12%, our AI-assisted content reached more than 120 million views in total, our Net Promoter Score rose 21%, and smart customer service handled 83% of all interactions. (2) For products, the Company launched the industry's first whole-house smart appliance suite that met the L4 standard. Unlike conventional products that respond only to manual control, these appliances can sense the home environment on their own. For example, our refrigerators can identify food items in both the fridge and freezer, while our air conditioners can dynamically detect human presence and adjust

airflow in milliseconds. The appliances also coordinate across devices to anticipate and meet user needs. Drawing on AI and embodied intelligence, we also accelerated the launch of new categories such as housekeeping service robots and wellness exoskeleton robots. (3) For scenarios, the Xiao You home management agent, with user authorization, can identify household scenario needs through on-device local computing. By incorporating individual user preferences and enabling voice-based natural interaction, it orchestrates the entire suite of home appliances, delivering a proactive and convenient smart home experience. (4) In data management, we separate and isolate data across geopolitical regions, so that capabilities are shared while data stays isolated, secure, and compliant.

In July 2026, the Company was selected to build the National Artificial Intelligence Application Pilot Base (Consumer Sector, Home and Home Appliances). Recommended by the Ministry of Commerce and approved by the National Development and Reform Commission, it is the first national AI application pilot base in China dedicated to the home and home appliance sector. The base is intended to address the difficulty of moving AI from corporate internal use to industry-wide sharing. It will support the implementation of national interoperability standards, lower the barriers to innovation, shorten R&D cycles, and produce standardized solutions that can be replicated and scaled, using AI in a new generation of smart appliances to drive the industry forward.

3. We advanced organizational reform to amplify our advantages in white goods and the China market, drive breakthroughs in HVAC, and step up localization overseas.

The Company continued to pursue organizational reform to capture opportunities in the global HVAC industry, lead the trend toward scenario-based smart homes, strengthen localized operations in overseas markets, and improve user experience and reputation in the domestic market. Following the establishment of the smart HVAC solutions (unified HVAC) division at the end of 2025, in July 2026 we formed the smart home appliances (major white goods) division and restructured our overseas brand-building platform and the China regional platform, thereby establishing a user-centered, platform-based operating system. (1) Business structure: Our smart home appliances division oversees core categories including refrigerators, kitchen appliances, and washing machines. It breaks down category silos and amplifies economies of scale through unified planning and coordinated operations, accelerating the transformation to a direct-to-consumer model and delivering one-stop, full-suite smart home solutions. The smart HVAC solutions division brings together the home air conditioning, commercial air conditioning, heat pump, water heater, and water purifier lines, concentrating resources on growth opportunities in HVAC. During the reporting period, the initial synergies from this integration came through, and the smart HVAC solutions division delivered revenue performance well ahead of the industry. (2) Overseas markets: The Company concentrated on building deep localization capabilities. By connecting business units directly to the end market, we strengthened local product planning and R&D, and raised the standard of local operations across the integrated networks of logistics, service, marketing, and information. Headquarters provided enhanced platform support in supply chain, finance, and digitalization, improving country-level efficiency and global synergy to strengthen end-to-end competitiveness in the overseas business, thereby driving gains in both market share and profitability. (3) China market: The domestic home appliance market has entered a replacement-driven stage of development.

Remarkable user experience and strong reputation are key to maintaining industry leadership. We integrated the pre-sales, sales, and after-sales chain in China, and developed a unified-warehouse direct-to-consumer distributor platform and a user lifecycle experience management platform, resulting in full transparency across the user journey from engagement, purchase, delivery, installation, use, and maintenance through to replacement. By optimizing end-to-end efficiency and upgrading user experience, we shifted from selling individual products to selling solutions and built a stronger reputation among users.

(II) Analysis of Financial Indicators

In the first half of 2026, the Company recorded operating revenue of RMB152.115 billion, down 2.8% year-on-year. The decline was mainly attributable to the following: (1) China market: Overall demand in the domestic home appliance industry softened due to an ongoing real estate market correction, weak consumer confidence, and the tapering effects of the home appliance trade-in policy. Although our domestic revenue fell in line with the industry, our market share grew steadily. (2) Overseas markets: In the U.S. market, high inflation and high interest rates kept real estate sales weak and curbed demand for home appliances, shrinking the size of the industry. Although we continued to gain share in the U.S. market, the industry-wide downturn left our U.S. revenue under pressure. At the same time, the European, South Asian, and Southeast Asian markets continued to grow, which further balanced the regional revenue mix, offset the downward pressure from the U.S. market, and kept overall overseas revenue broadly stable.

In the first half of 2026, the Company recorded operating profit[1] of RMB12.367 billion, representing a decrease of 5.3% compared with the same period in 2025. Net profit attributable to shareholders of the parent company amounted to RMB10.316 billion, representing a decrease of RMB1.716 billion compared with the same period in 2025, or a year-on-year decrease of 14.3%. Due to the appreciation of the RMB during the period, an exchange loss of RMB911 million was recognised in finance expenses during the period. After taking into account hedging gains of RMB207 million recognised under changes in fair value and investment income, the exchange loss amounted to RMB704 million (for the same period in 2025, an exchange gain of RMB881 million was recognised in finance expenses and, after taking into account hedging gains of RMB1 million recognised under changes in fair value and investment income, the exchange gain amounted to RMB882 million). The fluctuation in exchange gains and losses resulted in an impact of RMB1.586 billion. Excluding the impact of fluctuations in exchange gains and losses, the decrease in profit before tax compared with the same period would have been substantially smaller.

(1) The Company's gross profit margin was 27.2% in the first half of 2026, up 0.4 percentage points from the same period of 2025. In the China market, facing surging commodity prices, we advanced end-to-end cost optimization through hedging commodity risks, fostering competition within the supplier network, improving parts commonality, launching platforms for best-selling products, and raising the level of in-house manufacturing, all of which contributed to a higher gross profit margin year-on-year. In overseas markets, we responded to tariffs and rising commodity and shipping costs through global supply chain initiatives and end-to-end cost optimization, and we also benefited from a one-time tax rebate, leaving the gross profit margin flat year-on-year.

1 Operating profit=operating revenue-operating cost-taxes and surcharges-selling/administrative/R&D expenses+loss on credit impairment+loss on assets impairment

(2) The selling expense ratio was 10.8% in the first half of 2026, up 0.7 percentage points from the same period of 2025. In the domestic market, faced with intensifying competition and demand pressure, we rolled out the direct-to-consumer unified warehouse model and reshaped our end-to-end value chain. We moved user benefit resources from distributor-level deployment to centralized operation on our platforms, with the resource pool managed as a whole. We also adopted a more proactive approach to brand and marketing operations, intensified its new media marketing efforts, and increased its marketing investments. In overseas markets, we accelerated our expansion in emerging markets, continued to upgrade our integrated four-network system and e-commerce channels, and increased investment in building our retail touchpoint network. Brand marketing efforts were also intensified, particularly through sports event sponsorships, to enhance our international profile.

(3) The administrative expense ratio was 4.0% in the first half of 2026, up 0.2 percentage points from the same period of 2025. This was primarily due to higher overseas administrative expenses. As we pushed to develop emerging markets, we increased investment in human resources to support that expansion and to build the capabilities of our integrated overseas networks of logistics, service, marketing, and information.

(4) The financial expense ratio was 0.7% in the first half of 2026 (where expense is "+" and income is "−"), up 0.9 percentage points from the same period of 2025, mainly due to higher foreign exchange losses arising from the appreciation of the RMB.

In the first half of 2026, the Company's net cash flow from operating activities was RMB9.752 billion, a decrease of RMB1.387 billion from the same period of 2025, primarily attributable to lower sales revenue.

(III) Analysis of Business Operations

1. Smart Home Appliances Division

(1) Refrigeration Business

1. Market Position

According to All View Cloud (AVC), in the first half of 2026, the Company's online and offline shares of refrigerator retail sales by value in China reached 41.9% and 42.2%, respectively, up 3.7 and 2.1 percentage points year on year. With both shares exceeding 40%, the Company maintained its market-leading position.

According to GfK, during the reporting period, the Company's combined share of refrigerator retail sales by value across the UK, France, Italy and Spain increased by 1.0 percentage point year on year.

2. *Product Innovation*

During the reporting period, the Company focused product innovation on helping consumers keep track of food stored in the refrigerator, thaw frozen food and make ice on demand. It also adapted product configurations to local usage patterns in different markets.

In China, the Company expanded its ultra-premium offering with the AI Multi-Compartment Cube Refrigerator from the Haier Seeker smart appliance suite and an AI cell-level thawing refrigerator from the Casarte Maestro (指揮家) appliance suite. Equipped with AI Vision, the Seeker refrigerator automatically identifies and logs food items. Consumers can check the contents of the refrigerator while shopping, receive storage guidance and reminders on when to use each item, and locate items quickly using voice commands and indicator lights. It can also recommend recipes based on dietary habits and work with connected kitchen appliances to assist with cooking.

The Casarte Maestro appliance suite includes a refrigerator equipped with proprietary AI cell-level thawing technology. The system identifies the characteristics of different foods, automatically selects an appropriate thawing programme and precisely controls how energy is applied. This allows food to thaw evenly inside and out, shortens thawing time and helps reduce nutrient loss. The Haier Seeker smart appliance suite received the 2026 AWE Gold Award; the AI cell-level thawing technology won a Gold Medal at the 51st International Exhibition of Inventions Geneva.

For the mainstream market, the Company introduced the Flash Ice refrigerator to address long waiting times for ice. Under normal room-temperature conditions, the refrigerator can make a batch of ice in 10 minutes. By the end of the reporting period, cumulative retail sales volume had exceeded 20,000 units, helping to lift the Company's retail volume share in the RMB4,000–5,000 price band by 4.8 percentage points year on year.

Outside China, the Company adapted the design and feature configurations of models in the Horizon Collection to regional preferences for fresh-food storage capacity, food preservation integration with kitchen cabinetry, ice-making and water dispensing. The Horizon Collection began rolling out across Europe in March 2026. Models in the collection offer capacities of up to 700 litres and a multi-door layout, providing ample space for fresh-food storage. Their freestanding, ultraslim design allows them to sit neatly alongside kitchen cabinetry. Depending on the configuration, selected models feature magnetic-field preservation technology to help keep food fresh and a dedicated ice-making system for everyday use.

The Horizon Collection is positioned primarily in the multi-door refrigerator segment. According to GfK, in the first half of 2026, the Company ranked first by retail value share in the multi-door refrigerator category in both Spain and Italy, with shares of 31.7% and 30.5%, respectively.

In Southeast Asia, the Company introduced Horizon models in Vietnam between April and May 2026, with configurations designed to meet local demand for ice-making, water dispensing and food preservation. Depending on the model, features included an ice maker, an external water dispenser and magnetic-field preservation technology. This rollout helped lift the Company's retail value share of the multi-door refrigerator market in Southeast Asia by 5 percentage points year on year.

(2) Washing Machine Business

During the reporting period, the Company's washing machine business maintained its leading position in the domestic industry. According to GfK CMM data, our share of online washing machine retail sales was 41.6%, up 2.8 percentage points year-on-year, and our share of offline retail sales was 48.8%, up 2.4 percentage points. We also accelerated development in overseas emerging markets, where revenue grew by more than 10% year-on-year.

On product competitiveness and technology innovation, we focused new product development on zone-washing, large-capacity models, heat pump washer-dryers, and washer-dryer sets. In large-capacity and slim built-in models, Casarte continued to develop its fully flush built-in design, and its Zhongzi (中子) series launched the world's first 12 kg large-capacity slim wash-dry-care all-in-one machine. For heat pump washer-dryers, the Casarte Gemini series featured rapid heat pump drying technology, the Haier Space Fit X11 washer-dryer set entered the price band above RMB6,000 with a large-capacity heat pump product, and Leader launched its first triple-drum heat pump washer-dryer during the period. For zone-washing, Leader continued to develop its Lazy Wash zone-washing series, lifting the brand's revenue by nearly 40% year-on-year.

Domestic market: We expanded our presence on content e-commerce and new retail platforms and strengthened new media capabilities. Centering on conveying the true value of our products, we improved our content strategy, social media management, and campaign efficiency, creating a virtuous cycle of engaging content, positive reputation, and remarkable user experience. For example, our Leader brand promoted its Lazy Wash Triple-Drum series, emphasizing the unique "three drums in one machine" feature, and collaborated with Douyin and Xiaohongshu on user co-created IP. The campaign generated more than 140 million impressions, tripled the Leader brand's association with the Lazy Wash concept, and boosted search volume for the brand and hit-product keywords by 169%.

Overseas markets: We maintained our premiumization strategy. On the product front, we leveraged our global product platform to launch highly differentiated models, led by the X Series fresh-air washing machines. This series addresses real user pain points such as wrinkling and mildew and has driven product mix upgrades. The X Series has become a mainstream product in Southeast Asia, contributing to overall emerging-market revenue growth of more than 10% year-on-year. On the channel front, we expanded our retail touchpoint coverage and strengthened retail operation to improve conversion rates. In India, our market share in chain retail channels doubled.

In Southeast Asia, deeper collaboration with key channels and enhanced store operating standards raised our market share to 15.8%, ranking second in the industry.

(3) Kitchen Appliance Business

1. Market Position

According to GfK China Market Monitor (CMM), in the first half of 2026, the Company's aggregate retail value share across its major kitchen appliance categories in China reached 9.4% in offline channels and 9.0% in general e-commerce channels, up 1.7 and 2.1 percentage points year on year, respectively.

In North America, despite subdued industry demand, the Company continued to gain market share year on year across its core kitchen appliance categories in major retail channels while retaining its leading market position.

2. Product Innovation

During the reporting period, the Company focused product development on integrated kitchen design, safer and smarter cooking, and easier cleaning. Key products achieved leading positions in premium price bands and selected categories.

In China, the Casarte Ultra-Realm fully integrated range hood is designed to fit within standard kitchen cabinetry. Its AI Vision 2.0 system recognises different stages of cooking and automatically adjusts extraction power as pressure in the exhaust duct changes. It also works in tandem with the hob and includes safeguards against boil-overs and cookware being heated while empty.

The Casarte drawer dishwasher features a proprietary floating spray-arm system that uses water flow to keep the spray arm rotating continuously, delivering 360-degree coverage for more targeted cleaning. Its upper and lower drawers can operate independently, allowing separate wash programmes for delicate tableware and heavily soiled cookware. For smaller loads, one drawer can be used for washing while the other stores clean tableware. Rapid drying and hygienic storage functions help keep tableware dry between uses.

According to AVC, during the reporting period, the Casarte Ultra-Realm fully integrated range hood ranked first by online retail sales value in the RMB5,500-and-above price band, and the Company's drawer dishwashers remained first in the industry by retail volume share.

The Company also introduced a range hood and dishwasher from the Haier Seeker smart appliance suite. The Seeker range hood detects different stages of cooking and changes in cooking fumes, automatically adjusting the height at which fumes are captured and the extraction power.

The Seeker dishwasher features an AI-powered quad-drive, dual-sided wash system. The quad-drive mechanism directs water jets from above, below and both sides to create three-dimensional spray coverage, while the dual-sided wash cleans both sides of each item at the same time. This provides more thorough coverage of deep cups, irregularly shaped tableware and heavily soiled areas. The dishwasher also detects the degree of soiling, automatically selects the appropriate wash programme and determines the detergent dose, reducing manual setup and dosing.

In North America, the Company broadened its premium portfolio with new GE Profile cooking products featuring smart cooking assistance and new Monogram premium dishwashers.

2. Smart HVAC Solutions Division

During the reporting period, the Company advanced the integration of our home air conditioning, smart building, and water solutions businesses, bringing together products across categories to build complete HVAC solutions covering cooling, heating, ventilation, water, and smart control, and to accelerate our transformation into a global leading provider of multi-energy, all-scenario integrated HVAC solutions. Through restructuring across businesses and categories, we connected R&D, procurement, supply chain, and sales end to end, optimizing resource allocation, amplifying economies of scale, shortening decision chains, and improving profitability. The integration began to show results during the reporting period, with global revenue of the smart HVAC solutions division reaching RMB45.362 billion, up 6.1%.

The Company's main integration measures were as follows. (1) In R&D, we established a digital lifecycle management platform for the unified HVAC solutions, enabling home and commercial air conditioners to share indoor and outdoor unit platforms. SKUs were streamlined by 18% and model efficiency improved by 23%. (2) On the procurement side, we deepened organizational reform and pooled resources more tightly, consolidating core procurement resources including suppliers, materials, and prices to convert scale advantages into pricing power. We brought more supplier resources into competition and returned prices to reasonable levels by opening up our network, streamlining internal processes, updating our tendering model, and digitalizing the full procurement chain. Procurement costs fell 15% in the first half of the year. (3) In the market, we stayed centered on user needs and strengthened our in-house R&D and manufacturing capability across the full chain from development to production to sales, offering users one-stop solutions covering cooling, heating, ventilation, water, and smart control. ① In the domestic market, HVAC's position as a pre-installed category has driven linked sales of complete appliance suites, and by offering integrated solution suites, distributors' profitability was enhanced. We also expanded into professional channels using digital tools like HVAC Cloud Vision (暖通雲視) to integrate the full chain of services from AI-assisted equipment selection and design to installation supervision and maintenance. We added industry partners and exclusive stores, and achieved steady growth in channel contract signings and retail conversion. ② In overseas markets, we used our comprehensive HVAC solutions to penetrate professional channels, helping partner channels evolve into providers of whole-house system solutions by building local capabilities in design, sales, delivery,

service, and training. (4) On the supply chain side, we continued to raise the level of our in-house manufacturing for home air conditioning and smart building businesses to enhance cost competitiveness. We have established PCB production across bases in Zhengzhou, Chongqing, India, and Thailand. In-house production of materials such as cross-flow fans and plate heat exchangers is also underway. In the first half of the year, air conditioner manufacturing efficiency improved by 13%, and we expect to realize further cost benefits from our increased in-house production rate in the second half and beyond.

(1) Home Air Conditioning Business

During the reporting period, amid the challenge of an industry downturn, the Company's home air conditioning business grew against the downward trend. In terms of market share: ① In the domestic market, according to GfK CMM, Haier air conditioners' online and offline retail shares reached 12.4% and 20.6% respectively, up 0.9 and 0.8 percentage points year-on-year. ② In overseas markets, the Company's market share in Pakistan exceeded 40%. In Thailand, according to GfK data, we achieved the number one market share by sales value for the first time, reaching 13.9%, an increase of 1.7 percentage points year-on-year.

Our home air conditioning business focused on innovation in reliability, energy efficiency, and smart interaction to build a distinct technological advantage. (1) To address the sharp indoor temperature swings caused by the frequent defrosting cycles air conditioners undergo when heating in cold, humid conditions, we pioneered heat-flow defrosting technology, which overturns the conventional defrosting path by heating and defrosting at the same time. It delivered continuous heating for 25.35 hours, with indoor temperature fluctuation during defrosting as low as 0.5ºC. To address the industry-wide challenge of frequent shutdowns and declining cooling capacity in extreme heat, we upgraded our PKC full-frequency-range pulsation suppression technology, which substantially increased the accuracy of rotor position estimation. We also paired it with our side-draft natural air Cool Core Bridge technology to increase cooling capacity to more than 20% above the industry average at 53ºC and enable stable operation at temperatures as high as 70ºC. These technologies won the First Prize of the 2025 Shandong Provincial Science and Technology Progress Award, a Gold Medal at the 2025 iENA Nuremberg International Trade Fair for Ideas, Inventions and New Products, and a Gold Medal at the 2026 International Exhibition of Inventions of Geneva. (2) Our photovoltaic direct-drive air conditioning technology introduced the industry's first adaptive AC/DC inverter control, allowing one-touch switching to pure photovoltaic mode so that the unit runs on solar power during the day. During the reporting period, our sales volume of photovoltaic air conditioners in Pakistan doubled year-on-year. (3) Drawing on a 14B reasoning large model and integrating three decades of air conditioning control expertise and operational data, we developed a specialized large model for air conditioning. It enables personalized comfort control at the touch of a button, responds in as little as 1.5 seconds, and reduces manual adjustments by 80%, thereby enhancing user comfort.

In addition, the project Precision Brazing Manufacturing Technology for Complex Heterogeneous Multi-Cavity Components and Its Application, in which the Company participated, won the Second Prize of the 2025 National Science and Technology Progress Award, making us the only company in the air conditioning sector honored in this round. With this award, Haier air conditioning became the only brand in the industry to have won the National Science and Technology Progress Award four times.

Product strategy: We expanded market scale through best-selling products and increased our high-end share through product mix upgrades. (1) Wall-mounted units: The Haier Smart Wind series features innovative powered mechanical arm technology that precisely controls the airflow angle, effectively resolving the long-standing pain point of direct cold drafts. Cumulative sales of the series have exceeded 1 million units. (2) Floor-standing units: Our Air Wash air conditioners pioneered waterfall water-washing technology and a six-in-one air management solution, redefining the air conditioner from a temperature control appliance into an air management terminal. According to GfK CMM data, Haier air conditioners held a 50.9% market share in the RMB12,000 price segment and a 36% share in the price band above RMB14,000, ranking first in both. (3) Home central air conditioning: We launched the industry's first 4Hz ultra-wide-frequency home central air conditioner, which runs around the clock with no start-stop cycling, low noise, and low energy consumption. The Casarte Maestro central air conditioner pioneered a fully concealed indoor unit design. Backed by over 30 patents, it combined the supply air outlet, return air inlet, and service access port into one, eliminating the conventional return air grille and service panel and allowing the unit to blend into the interior design.

China market: We focused on enhancing brand value through product mix upgrades, channel reforms, and an AI-driven marketing transformation, all of which yielded positive results. (1) On the product side, we achieved clear, tiered coverage of user groups through the differentiated positioning of our three brands (Casarte, Haier, and Leader) and the optimization of product mix. We also adjusted our product portfolio to reduce resource input on low-value products. (2) In terms of channels, we established clear rules for product planning, channel policies, performance evaluation, and expected returns to clarify distributors' expectations. We also provided systematic support across stocking and turnover, logistics fulfillment, after-sales installation, and payment settlement to strengthen distributor confidence and retail capability. In the first half of 2026, we added 6,514 sales outlets. (3) On the marketing front, we employed a multi-layered strategy combining major brand events, influencer marketing, and coordinated social media campaigns to drive precise user acquisition and build brand awareness. Brand communications for Haier air conditioning generated over 1.58 billion impressions, and innovative campaigns drove RMB5.5 billion in retail sales, continuously improving our retail efficiency.

Overseas markets: We broadened our source of growth through localized operations and differentiated strategies. (1) In emerging markets, we strengthened our position in retail channels by focusing on top retail chains. We now rank in the top three by share in two of India's three largest chains. Our market shares in both top chains and retail channels across Southeast Asia have also grown. As air conditioning adoption in emerging markets continues to rise, our strong channel positioning will become increasingly valuable. During the reporting period, our market share rose by roughly 1 percentage point in Vietnam, Indonesia, the Philippines, and India. (2) In developed markets, we broke into professional channels through unified HVAC synergies. With whole-house smart HVAC solutions, we entered professional channels and reached commercial project clients. In Europe, we launched products with a "four-easy" design that made them easy to install, repair, clean, and select, enhancing our reputation as an installer-friendly brand. This approach improved installer efficiency and, combined with a range of training and incentives, encouraged more installers to recommend Haier air conditioners. In Spain, revenue from the appliance channel grew by more than 100%. (3) In Brazil and South Africa, we have established local teams, entered mainstream retail channels, and started to generate sales.

(2) Smart Building Business

During the reporting period, the central air conditioning industry diverged, with domestic sales under pressure and export demand expanding. The Company sustained growth by advancing core proprietary technologies, creating differentiated solutions for high-growth sectors such as data centers, and strengthening overseas localization. In terms of market share, according to China IOL, our domestic market share for central air conditioning rose 0.37 percentage points year-on-year to 11.76% in the first half of 2026, and our export market share rose 0.36 percentage points to 16.03%.

Product innovation: We accelerated the commercialization of technological breakthroughs in high-efficiency cooling for data centers, smart control platform upgrades, and Variable Refrigerant Flow ("VRF") product innovations, solidifying our industry leadership. (1) For data centers, to meet the heat dissipation needs of high-density computing, we completed the systematic development of a combined liquid- and air-cooling solution and launched an integrated magnetic levitation chiller solution for large data centers, extending single-unit cooling capacity to the 1,000 RT class and raising overall energy efficiency by more than 20% over the previous generation. (2) For smart controls, we launched a new-generation smart control platform with a three-layer architecture of cloud collaboration, edge computing, and terminal intelligence, which enables real-time collection, smart analysis, and self-adaptive control of equipment operating data. The platform supports multi-protocol interconnection and cross-brand device integration, unifying the scheduling and coordinated optimization of building subsystems such as air conditioning, ventilation, and lighting, and raising comprehensive energy savings to 25%. (3) For VRF, we built on our AI VRF technology to launch a second-generation large-model AI VRF product, extending single-unit capacity to 56 HP and retaining the industry record for the largest single-unit capacity. Leveraging a complete technology stack of in-house chips, control algorithms, and scenario adaptation, we added group

control coordination and load self-adaptation, allowing the system to optimize its operating strategy automatically based on building usage. Operational energy savings rose to 18%, and comprehensive energy savings reached 33%.

Domestic market: We achieved growth against the downward trend by drawing on synergies from our business integration, deepening channel penetration, and pursuing high-value opportunities in sectors such as data centers. On touchpoint expansion, by sharing channel and distributor resources between our home air conditioning and water solution businesses, we broadened touchpoint coverage with 245 new shared touchpoints and at the same time offered distributors a more complete solution spanning cooling, heating, ventilation, water, and smart control. We refined our network operations by tier and category. Through benchmarking and policy support, we improved individual store performance and business quality. For high-value sectors such as data centers, healthcare, smart manufacturing, and rail transit, we provided customized full-scenario smart energy-saving solutions. During the reporting period, we won bids for the Guizhou data center cooling system project, the Changan Automobile Global R&D Center construction project in Chongqing, and the Chengdu Metro and Shanghai Metro projects.

Overseas markets: We sustained rapid growth by focusing on brand premiumization, developing HVAC solution capabilities through multi-product platform integration, and implementing tailored, country-specific strategies. By integrating brands, product technology, marketing, and channels, we assembled efficient, well-coordinated professional teams to support a systematic shift from single-product sales to unified HVAC solutions. We further localized our service networks and strengthened our rapid response and customized delivery capabilities to drive quality business growth. In the U.S., we established a differentiated advantage in ducted units, increasing business revenue by nearly 30% year-on-year. In Spain and Egypt, we achieved rapid growth by broadening our product lines, expanding into new channels, and improving localized marketing and supply chain capabilities. In the first half, revenue grew by over 50% in Spain and over 90% in Egypt.

(3) Water Solution Business

Guided by the strategy to be a water solutions provider for all home scenarios, our water solution business pursued a core approach focused on market expansion, product mix upgrades, and industry leadership through transformation. Through coordinated efforts across products, branding, and channels, we increased our domestic market share and achieved rapid revenue growth overseas. In the domestic market, according to GfK CMM, Haier water heaters held a 43.3% share of online retail sales, up 5 percentage points year-on-year, while offline share was 35.7%, up 4 percentage points. Haier water purifiers held a 19.5% share of online retail sales, up 7.2 percentage points year-on-year, while offline share was 21.6%, up 3.3 percentage points.

Our water solution business strengthened its competitive advantages through product mix upgrades and core technology innovation. For electric water heaters, we advanced innovation along the three main lines of water quality, water temperature, and water volume. Casarte gained a competitive edge with its crystal liner technology, securing the top market share in the high-end segment above RMB4,000. For gas water heaters, we upgraded products using our core aerospace-grade centrifugal atomization technology, which raised our share of Level 1 energy efficiency models across all channels. According to GfK CMM, our sales share of Level 1 energy efficiency models reached 42.5%, a year-on-year increase of 28.9 percentage points, and was 23.7 percentage points above the industry average. For water purifiers, we kept pace with the industry's adoption of mineral purification technology and continued to advance innovation in mineralized water technology. Casarte water purifiers established a key advantage with their "eight-in-one mineral" feature powered by third-generation ore activation technology, securing the top market share in the high-end segment above RMB8,000.

In the domestic market, we drove new growth through measures including precise channel segmentation, rapid expansion into new channels, and direct management-to-user engagement. During the reporting period, we made targeted adjustments to our channel strategy that spurred rapid growth in new channels, with revenue from new-opportunity e-commerce channels up more than 40%. To expand into new channels, we are actively developing four new types of touchpoints: hardware and plumbing stores, after-sales service providers, home decoration companies, and community group buying, all of which open new routes to market and new sources of growth. At the same time, we strengthened omnichannel fan engagement and facilitated direct communication between management and users. By building a matrix of video channels, recommendation content, and scenario-based displays, we helped users intuitively understand the unique benefits of our "condensate-drain-free" and "aerospace-grade centrifugal atomization" technologies. This approach shortened the user decision-making process and improved in-store conversion rates.

In overseas markets, we accelerated our premium brand-building transformation and strengthened e-commerce channel capabilities to reach users directly, lifting overseas revenue by more than 40%. In Malaysia, for instance, we continued to advance this premium transformation by improving our product mix and in-store competitiveness, profitability kept improving as our product price index exceeded 100. In e-commerce, we built dedicated teams, sharpened online product differentiation, and integrated marketing with operations, raising e-commerce retail sales by 200% year-on-year. At the same time, following the acquisition of the South African water heater brand Kwikot, we have continued to grow its market share through comprehensive synergies in technology, products, and channels.

(IV) Key Market Performance

China

During the reporting period, the Company focused on our omnichannel direct-to-consumer model transformation and systematically advanced key projects in digital inventory and digital marketing. We strengthened our high-end brand building and continued to raise our market share, maintaining a leading position in the premium market. According to AVC data, in the first half of 2026, our retail sales share offline and online rose by 1.5 percentage points and 3.1 percentage points year-on-year respectively.

Digital inventory: shortening the transaction chain and improving end-to-end operational efficiency. (1) Centered on the direct-to-consumer unified warehouse model, we restructured our inventory and order fulfillment processes. As of the end of the reporting period, the direct-to-consumer share of unified-warehouse orders reached 64%. In the first half of the year, we processed an average of 96,000 orders a day, up 59% year-on-year. Our direct-to-consumer delivery lead time was an industry-leading 22 hours, and the rate of synchronized delivery and installation increased by 3.7 percentage points year-on-year. (2) The unified warehouse model lowered distributors' warehousing, delivery, and installation costs, allowing them to focus on building retail capabilities. The resolution time for replacing damaged products was shortened from an average of 15.3 days to 3.3 days, significantly enhancing the after-sales experience for consumers. (3) Through synergies across logistics, services, business divisions, and digital systems, we accelerated order forecasting and inventory turnover. During the reporting period, the order response cycle improved by 5.3% year-on-year.

Digital marketing: driving precision outreach, cost reduction, and efficiency gains with AI. We integrated AI tools across the entire marketing journey, from insight and content creation to placement, review, and data accumulation. During the reporting period, the AI adoption rate across business scenarios reached 80%, resulting in total marketing cost savings of over RMB70 million. In the media placement stage, AI agents automated influencer screening and placement decisions, increasing the proportion of AI-selected influencers to 54.35% and improving placement cost-efficiency by 36%. In the content stage, our AIGC workbench has generated close to 348,000 pieces of content, boosting production efficiency by 60% and reducing costs by 36% compared to manual methods. In terms of user asset accumulation, we leveraged our customer data platform to build precise user profiles. We published over 13,000 posts through our Key Opinion Consumer (KOC) word-of-mouth content matrix, generating over 8,000 sales leads and accumulating 53,000 user tags.

Advancing multi-brand synergy: (1) Casarte deepened its "AI + product suites" strategy to strengthen its competitive advantage as a premium brand. We released the Casarte Maestro suite featuring the newly upgraded AI Eye 2.0 technology. By integrating analysis of vision, voice, and the surrounding environment, the suite is the first to achieve a "multi-modal perception" standard, enabling appliances to "see, hear, sense, and think". We have formed a complete product matrix with our four suites: the Maestro, Ultra-Realm (致境), Lamina (攬光), and Light-Year (光年), and continued to raise the share of suite products, which accounted for 75% of total sales, a year-on-year increase of 26.5 percentage points. (2) The Leader brand continued to focus on understanding real user needs and creating differentiated hit products. It launched

products tailored to young users, with revenue growing by over 20% in the first half. The Leader Lazy Wash Triple-Drum washing machine family has sold more than 600,000 units cumulatively since launch.

Americas

During the reporting period, demand in the U.S. home appliance industry remained soft amid elevated mortgage rates, subdued housing activity, and continued affordability pressure. Against this backdrop, GE Appliances gained core-appliance share and maintained a leading industry position in both revenue and profitability. In the second quarter, the business delivered positive year-over-year sales growth (in US dollar) despite an approximately 3% decline in demand in the core-appliance industry, supported by pricing actions, new product introductions, and double-digit revenue growth in Air & Water Solutions and Small Domestic Appliances. The Company also accelerated manufacturing and logistics productivity, sourcing and technology initiatives to mitigate input-cost pressures.

The Company continued to strengthen its product leadership by introducing new offerings across refrigeration, cooking, and dish care, including GE Profile products featuring Kitchen Assistant and Cooking Assistant technologies. Air & Water Solutions expanded its residential and commercial HVAC offerings and introduced a connected whole-home water-protection ecosystem. The Company also advanced manufacturing investments to support greater flexibility, capacity, and long-term competitiveness.

GE Appliances further reinforced its commitment to the contract channel by launching GEAppliances.com/pro, a dedicated digital platform providing builders, developers, and property professionals with easier access to product information, planning tools, and specialized support. Together with Bodewell's established last-mile delivery, installation, and after-sales service capabilities, these actions support a differentiated experience for consumers and contract-channel customers.

Europe

During the reporting period, Europe, one of the core regions of the Company's globalization strategy, recorded year-on-year revenue growth of 4.9%. Within the region, the smart home appliance business remained at a critical stage of in-depth integration and transformation, while the HVAC and commercial refrigeration businesses continued to grow rapidly. Against a complex and evolving macroeconomic and geopolitical backdrop, the Company remained user-centric, driving its businesses from scale-oriented growth toward high-quality growth, and continued to enhance operating quality and profitability.

In the smart home appliance business, the Company maintained steady development in core markets such as the United Kingdom, Italy, France and Spain, establishing a differentiated pattern of regional leadership.

In terms of market share, the refrigeration and laundry businesses continued to gain share in the core markets of the UK, France, Italy and Spain. According to GfK data, retail sales value share in refrigeration rose from 9.8% to 10.8%, while laundry share increased from 14.2% to 14.7%, firmly holding the No. 2 position in the industry.

In terms of product premiumization, the Haier Horizon refrigerator series, developed on a unified global platform, was officially launched, driving a doubling of share in the premium multi-door refrigerator segment; the three-drum washing machine, co-created with young users in China, was introduced to Europe and won the Consumer Choice Product of the Year Award in France; sales of premium T-platform ovens grew by 60%.

In marketing, the Company entered into partnerships with top-tier football properties such as Liverpool FC and Paris Saint-Germain, as well as the Roland-Garros Grand Slam tennis tournament, in support of its product premiumization strategy.

In channels, the Company continued to deepen its integrated "offline + online" channel structure. Offline, it focused on pan-European key account management, forming multi-tiered collaboration mechanisms through Top-to-Top and Local-to-Local dialogues to consolidate customer relationships and deepen business ties; it also signed a pan-European strategic cooperation agreement with MediaMarkt, leveraging MediaMarkt's European logistics infrastructure to strengthen channel synergies. Online expansion accelerated, with sales through the Amazon channel growing by more than 20% and sales through pan-European customers' online channels growing by more than 10%.

In logistics and supply chain, the Company established a hub warehouse in northern Italy, improving delivery lead times in Southern Europe and reducing logistics costs. By building a multimodal transportation system and optimizing its CKD solutions, the Company effectively hedged against geopolitical risks and rising cost pressures.

The European HVAC business sustained its high-growth momentum in the first half of 2026, with profitability improving further, and has become one of the key growth engines of the Company's European operations.

By market, core markets maintained high growth, with Spain in particular delivering a standout performance with year-on-year growth of more than 50%; the recovery in France and the UK became firmly established, with market expansion and channel deepening advancing in parallel, laying the foundation for sustainable growth.

In products and technology, in line with Europe's energy transition and the electrification of buildings, the Company focused on building out its portfolio of low-carbon heating products such as heat pumps, continuously strengthening its competitiveness in energy-efficiency standards and product technologies.

On the organizational front, following the consolidation of the HVAC businesses, the Company reinforced capability building at the country-level operating units, further increasing the speed of market response.

Following the conclusion of the post-closing transition period, the commercial refrigeration business sustained revenue growth, while advancing integration and synergies with the HVAC and other businesses.

In Europe, the commercial refrigeration business delivered near-double-digit revenue growth, with both the food retail and industrial solutions businesses expanding, a substantial inflow of new customer orders, and continued enhancement of product and service capabilities. In Asia, the business achieved revenue growth of more than 10%, substantially improved profitability, and built an order backlog growing faster than revenue. In North America, through joint development with key customers, the business rapidly scaled up sales of CO_2 CDUs on the basis of rack sales, doubling its revenue.

South Asia

During the reporting period, the South Asia market recorded revenue of RMB10.149 billion, representing year-on-year growth of 17.1%. As one of the key growth engines of the Company's overseas business, South Asia focused on the two core markets of India and Pakistan and, through localized in-depth market cultivation and innovation that combines global technologies with local needs, achieved rapid growth well above the industry average.

By country, following the successful introduction of strategic partners Bharti Enterprise and Warburg Pincus, India continued to develop at a rapid pace, with revenue growing by more than 20% year-on-year in Indian Rupees. India is a core market among the Company's overseas operations, and market share in its core categories — refrigerators, washing machines, air conditioners and televisions — all increased during the first half of the year. In Pakistan, the Company's revenue grew by more than 30% in Pakistani Rupees, cementing an undisputed leading position in the industry.

In product innovation, premium products are built on the unified global platform combined with localized adaptation; mid-to-high-end products are developed on regional iteration platforms to create best-selling models; and for lower-tier markets, locally adapted models are engineered for extreme cost efficiency. To address South Asia's extreme operating conditions — high temperatures, frequent power outages and salt mist corrosion — the Company developed dedicated products, including T3-rated air conditioners (capable of normal operation at ambient temperatures of 60–70ºC), direct-drive solar air conditioners (requiring no inverter or battery storage), side-by-side refrigerators (designed to meet the needs of vegetarian consumers in India) and large-drum washing machines. These core differentiated products deliver both scale and profitability.

In marketing and channels, the Company shifted from the traditional model of cricket sponsorships and celebrity endorsements to SKU-level, scenario-based precision marketing, focusing on short-video and live-streaming e-commerce in cooperation with Amazon. The business achieved omni-channel coverage, with traditional retail, premium chains, township markets and e-commerce channels each matched with corresponding customized product and marketing strategies.

Emerging Markets

1. Southeast Asia

During the reporting period, revenue in the Southeast Asia market recorded a double-digit growth.

By country, the Company continued to lead the industry in white goods sales volume in Thailand, where its household air conditioners ranked No. 1 in the industry in both sales volume and sales value; in Vietnam, the Company ranked No. 1 in white goods sales volume.

In product innovation, the Company introduced its global product platforms: in refrigeration, T-door large-capacity units with built-in ice maker were brought to market; in laundry, multi-drum products were introduced under a "health and premium care" proposition; and in air conditioning, smart voice-control series were rolled out, focused on AI-enabled high-airflow models and a full lineup of high energy-efficiency 5/3/1-star combinations, lifting mid-to-high-end sales volumes.

In channel transformation, Thailand advanced a new DTC retail model that reaches users directly and improves service efficiency, upgraded the user experience in offline brand zones and, combined with sports marketing campaigns, drove a broad-based increase in retail market share. Vietnam achieved rapid e-commerce growth of more than 50% and the launch of Haier-brand refrigerators and air conditioners further elevated the brand. In Indonesia, the Company strengthened its display presence in chain retail channels, reaching 90% store coverage.

In supply chain optimization, the three industrial parks in Thailand, Vietnam and Indonesia have formed a mutually supportive and collaborative system which, in addition to serving Southeast Asia, will also support other regional markets such as North America and Europe.

2. Middle East and Africa

During the reporting period, the Middle East and Africa market came under pressure due to the short-term impact of the conflict in the region. Given the significant differences across sub-regions, the Company continued to pursue a "one country, one strategy" customized approach to penetrate core markets. In response to the short-term market and supply chain disruptions caused by the conflict in the Middle East, the Company responded proactively and accelerated the build-out of localized manufacturing bases in key countries, keeping the business on a rapid growth trajectory through measures such as regional partnerships and channel reforms.

In product innovation, new products were launched in markets including Saudi Arabia, Egypt and South Africa — such as Horizon and Space Fit refrigerators, as well as three-drum, twin-drum and X-series washing machines — effectively enhancing brand premium and high-end market share.

In channels, in addition to continued in-depth cultivation of the Egyptian and Saudi markets, the Company's white goods successfully entered South Africa's largest local chain retailer as well as independent stores, leveraging local channels and resource advantages to establish deep local roots and achieve sustainable growth.

Production lines for refrigerators and other product categories in Phase II of the Company's Eco-Park are under construction in Egypt and are expected to commence production in the second half of the year. Meanwhile, the Company is improving the efficiency of the Kwikot production base in South Africa.

Asia Pacific

1. Australia and New Zealand

During the reporting period, sales revenue grew 4.3% (8% in local currency) in Australia and New Zealand, while consolidated market leadership in refrigerators, washing machine, kitchen appliances and dish washers with Haier and FPA brands in New Zealand.

The Company continued to launch new products across categories including FPA and Haier 790 energy star refrigerator, FPA FCS200 washing machine and premium series 9 built-in dish washer, Haier X series washing machine and built-in oven, all of which help the Company to outperform the market.

The Company raised brand recognition across social media platforms and Youtube by sponsoring 2026 Australian Open; FPA participated in Milan Design Week to accelerate premium brand implementation achieving a global social media reach of more than 10 million through content creators. The Company introduced Procure to Pay project to improve efficiency while created AI tool for service centres and end users to increase self-help ratio to 60–70%, significantly reducing service call time. The Company also provided AI tools to optimize R&D lead time and system upgrade. Meanwhile, the Company deepened cooperation with mainstream distributors from product planning stage, thus laying down solid foundations for new product launches in Australia in second half this year.

2. Japan

During the reporting period, sales revenue went up by 9.9% in local currency in Japan, and market share by sales volume in refrigerator, freezer and washing machine reached 17.8% up 0.5 percentage points, while continued to lead the freezer market with 42.7% share by sales volume and 39.9% share by sale revenue.

The Company remained dedicated to product upgrade by launching 400L AQUA refrigerator, Japanese style front-loading washing machine and Haier Ultra refrigerator.

The Company increased the number of sales representatives and renovated store display to focus on comprehensive solutions in order to create best consumer experience, while doubling revenue online by working closely with Amazon.com. In addition, the Company carried out a series of promotional activities including theme store, fans meetings, pop-up stores with elite athlete to raise awareness and promote content creation on social media.

(V) Operating Plan for the Second Half of 2026

In the second half of 2026, the Company will deepen AI-driven transformation across all processes. With this as our engine, we will improve operational efficiency, strengthen our ability to create user value, solidify our core competitiveness, and achieve sustainable business growth.

(1) China market: deepening digital transformation to reshape our value chain and user relationships

Through end-to-end digital upgrades across R&D, supply chain, logistics, and services, we will build an efficient and agile value chain centered on the best user experience. In marketing and user operations, we will build a multi-level professional content system for our best-selling products, categories, and brands to enhance brand influence and user loyalty. We will also leverage our full-lifecycle user data platform for precise demand insights and efficient sales conversion, thereby increasing market share and customer retention.

(2) Overseas markets: focusing on high-end breakthroughs and localized operations to improve profitability

On the product side, we will integrate global R&D resources to establish a rapid product iteration system, focusing on sharpening our ability to customize and develop premium products for local markets. In the market, we will promote the comprehensive localization of our marketing, logistics, service, and information networks. By optimizing channel management, the retail-end experience, and sales team effectiveness, we will increase the share of mid-to-high-end products in our sales mix to improve the profit structure of our overseas business.

(3) Unified HVAC and unified white goods divisions: strengthening synergies and integration to achieve economies of scale

To unlock greater growth potential, we will deepen the integration of our two business divisions, breaking down organizational barriers to share resources and align capabilities across core platforms such as R&D, procurement, and supply chain. This will reduce duplicated investment in shared modules and channel penetration, and improve operating efficiency across the entire industry chain. We will also strengthen the collaborative development of professional channels and enhance retail-end effectiveness to unleash synergies, creating new momentum for growth.

Significant changes in the Company's operating conditions during the reporting period, and matters occurring during the reporting period that have and expected to have a significant impact on the Company's operating conditions

☐ Applicable √ Not Applicable

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable □ Not Applicable

The Company has built a robust strategic framework and durable competitive advantages across global markets. In China, the Company maintains full-category leadership in major home appliances. Internationally, its commitment to premium brand positioning has driven consistent share gains. The RenDanHeYi management model serves as the organizational foundation for sustainable growth and provides the Company with management guidance. Key competitive advantages include:

(I) Brand Strength: Multi-Brand Portfolio Synergies and Consolidated Premium Brand Positioning

① Through organic development and acquisitions, the Company has assembled a seven-brand portfolio — Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel, and AQUA — covering major global markets and price segments. The Company implements a user-centric, differentiated multi-brand strategy across regions to achieve broad and in-depth user coverage: in China, Casarte, Haier, and Leader address premium, mainstream, and value segments, respectively; in the U.S., six brands — Monogram, Café, GE Profile, GE, Haier, and Hotpoint — span all price tiers. The brand matrix was further enriched with CCR in commercial refrigeration and Kwikot in African water heating.

② In premium brand building, Casarte has grown into an iconic brand in China's premium home appliance market through more than two decades of sustained investment and has earned the trust of consumers in China's premium market. Its competitive advantage lies not in any single technology or product, but in a systematic, hard-to-replicate framework built around the needs of high-end consumers —spanning global R&D, product definition, manufacturing excellence, exclusive marketing, and differentiated services. During the reporting period, Casarte's brand value rose to RMB107.853 billion, and the brand accumulated 20 million premium members. According to GfK CMM data, Casarte maintained its leading position in China's premium major appliance market during the first half of 2026: 52% market share in refrigerators priced above RMB10,000; 74% in washing machines priced above RMB10,000; 18% in water heaters by offline retail revenue (No. 1 in the industry); and 38% in air conditioners priced above RMB15,000.

(II) Global Footprint and Synergistic Empowerment: Extensive Localized Operations and Deep Global Resource Integration

① **Localized operational capabilities.** In overseas markets, the Company pursues a dual-track international strategy combining proprietary brand expansion with strategic M&A. This approach has enabled the Company to establish an integrated, multi-brand, multi-category, multi-regional operating model spanning R&D, manufacturing, and marketing. Deeply localized teams and agile management structures in each overseas region enable rapid consumer insight and responsiveness. To enhance global supply chain resilience, the Company has innovatively built a "1+1+N" multi-source supply chain system — anchored in local supply, supported by regional coordination, and secured by global resource integration — creating a flexible global supply network that effectively hedges against the uncertainties of tariffs and trade policies. To date, the Company operates a 10+N global innovation ecosystem, multiple manufacturing centers and marketing hubs across more than 200 countries and regions.

② **Global synergies.** The Company fully leverages its global platform across R&D, product development, procurement, supply chain, marketing, and brand promotion — sharing and replicating proven strategies across markets. With global synergies, the Company injects sustained momentum into its future growth.

- **Product synergies:** By coordinating R&D between headquarters and regional teams, the Company launches localized best-selling products tailored to diverse global consumer needs. During the reporting period, GE Appliances launched the first R32 refrigerant RV air conditioner in the U.S., developed in collaboration with headquarters, along with a proprietary PTAC air conditioner featuring 55% higher heating efficiency and 18% higher cooling efficiency — delivering approximately US$200 in annual energy savings per user. A new heat pump washer-dryer combo platform, jointly developed by Qingdao headquarters, Haier Europe, and Haier Australia, has been rolling out globally to serve markets including China, Japan, the EU, Australia and New Zealand, and Southeast Asia. A new French-door refrigerator, developed through cross-regional collaboration for the Australia and New Zealand market, achieved the No. 1 energy efficiency rating among comparable products.

- **Capability synergies:** Focused on cost reduction and efficiency improvement, and driven by R&D at Qingdao headquarters, the Company has implemented cross-functional integration and digital enhancements globally across new product development processes, materials management, tooling management, and industrial design, and has already achieved phased results. Global R&D collaboration has demonstrably accelerated product development and time-to-market, improved materials and tooling management and reuse, and enhanced design language compatibility.

- **Design synergies:** A globally coordinated industrial design system, centered on user experience and brand identity, enables cross-regional design collaboration and elevates design quality.

- **Procurement synergies:** The Company has established a Global Procurement Committee and built a digital procurement platform that facilitates cross-industry and cross-regional collaboration and resource sharing. This initiative creates an autonomous, controllable global supply chain ecosystem and a repository of preferred global suppliers and materials. By consolidating resources across common product categories, the Company achieves cost savings and shares value across the organization.

- **Supply chain synergies:** An end-to-end digital supply chain management system uses intelligent algorithms to dynamically optimize global capacity allocation, enabling global factories to share and co-develop smart manufacturing technologies. The Company's global manufacturing footprint has been further optimized: GE Appliances completed production transfers for air conditioning and refrigeration lines; Fisher & Paykel shifted capacity from its Mexico plant to Thailand; and refrigerator and washing machine plants in Romania and Italy were closed, with capacity fully consolidated in China.

- **Marketing and brand synergies:** With a user-centric approach, the Company has built a three-tier global brand matrix that meets the diverse needs of different user groups across regions. The Company continues to deepen its "1+X" sports sponsorship strategy — leveraging Paris Saint-Germain, Liverpool, LaLiga, Serie A, the French Open, the Australian Open, and the ATP— to create a closed-loop marketing ecosystem integrating brand visibility, user traffic, and retail sales. Successful sales and marketing models from China's third- and fourth-tier markets have been replicated in India, Pakistan, and Thailand.

(III) M&A and Integration Capabilities

The Company has a proven track record in cross-border acquisitions and post-merger integration: Haier Group's overseas white goods business (including Sanyo's Japan and Southeast Asia operations) in 2015; GE Appliances in 2016; Fisher & Paykel in 2018; Candy in 2019; and CCR and Kwikot in 2024.

The Company's integration capability rests on three pillars. First, the RenDanHeYi model:a value-sharing mechanism aligning team incentives with value creation energizes acquired organizations and their employees. Second, global platform empowerment: the Company leverages its global platform in strategy, R&D, and procurement to strengthen acquired businesses' competitiveness. Third, an open and inclusive culture: the Company supports flexible and autonomous management at acquired companies, fostering alignment and accelerating integration outcomes.

(IV) R&D Capabilities and Deep AI Application in Smart Homes

1. Backed by a comprehensive, industry-leading R&D infrastructure, the Company advances high-end, intelligent, and sustainable product solutions while delivering customized smart living experiences.

   ① ***Proprietary technology: expanding industry boundaries through technological breakthroughs***

   During the reporting period, the Company remained committed to its proprietary technology strategy. The official launch of the Conductor suites, equipped with AI Vision 2.0, marked a leap in home appliances from "function execution" to "thinking and decision-making." Casarte introduced several industry-first products — including an ice bar, wine cabinet, and tea cabinet — and unveiled next-generation technologies such as AI-powered cellular-level freshness preservation and AI-powered dual-system independent control. In the China market, Casarte has held the No. 1 market share in the premium home appliance segment (priced at RMB15,000 and above) for ten consecutive years, with domestic market shares for refrigerators and washing machines exceeding 71% and 80%, respectively during the reporting period. In overseas markets, the AI-powered cellular-level defrost refrigerator and AI-powered multi-compartment refrigerator were launched in Europe; and the Haier Horizon refrigerator series was unveiled at the Royal Observatory in Greenwich, the UK, redefining freshness standards for European consumers with innovations including magnetic-controlled freshness preservation and a 100% independent ice-making system.

   ② ***AI product applications: moving from "AI-assisted housework" to "automated housework"***

   The Company is leveraging AI Vision 2.0 and home robots to drive the evolution of smart homes from "AI-assisted" to "automated housework".

   AI Vision 2.0 delivers three major upgrades: More comprehensive recognition — Refrigerator AI Vision has expanded from recognizing 230 ingredients to full-category coverage, with recognition extending from the refrigerator compartment to both refrigerator and freezer compartments. More accurate recognition— Washing machines feature pioneering multimodal fusion technology combining visual recognition with large language models, capable of identifying 12 colors to prevent color bleeding. Faster recognition— Air conditioner AI Vision achieves millisecond-level person detection and dynamic tracking, supporting real-time airflow direction adjustment.

   Three categories of home robots were officially launched: The Haiwa Cleaning Robot enables proactive, command-free cleaning. The Haiwa Companion Robot features medication reminders for the elderly, fall detection, and emergency response. The Haiwa Household Robot performs household chores in coordination with home appliances.

AI core capability platform: The Company has upgraded its Smart Home Brain, building an AI core capability platform on UHomeOS — the industry's first AI-native, cross-ecosystem smart home vertical operating system. The Company is also gradually building its smart home agents.

③ ***Core patents and standardsstrategy: consolidating global technological influence***

Patents: As of the end of the reporting period, the Company had received a total of 18 National Science and Technology Progress Awards and 13 National Patent Gold Awards, and had ranked first on the Global Smart Home Invention Patent Ranking for 15 consecutive years.

Standards: As of the end of the reporting period, the Company had led or participated in the publication of 127 international standards and 905 national/industry standards, covering the entire smart home technology chain. During the reporting period, the Company, in collaboration with the China Household Electric Appliance Research Institute, led the release of the industry's first "Evaluation Standard for the Intelligence Level of Smart Home Appliances Based on Artificial Intelligence" and the "Technical Requirements and Evaluation Standard for Intelligent Agents in Household and Similar Appliances", laying a solid technical foundation for the full implementation of spatial intelligence and transforming innovations into tangible, measurable user value. The Company also led the release of the "Home AI White Paper (2026)", defining the direction of smart living technology evolution for the next decade.

2. Deep AI Application.

① **AI-driven product upgrades and scenario deployment**

During the reporting period, leveraging its comprehensive appliance portfolio, the Company advanced AI-powered intelligent upgrades across its core product categories. The Company showcased its AI-powered smart scenario solutions at the Ministry of Housing and Urban-Rural Development's "Quality Housing Technology Exhibition," covering a wide range of scenario-based experiences spanning homes, commuting and communities. Building on this foundation, the Company continued to drive the integration and optimization of entire process from engagement, transaction and after-sales services on a unified platform, thereby achieving swift response to user needs and enhancing service efficiency.

② **Unified global user access.** Global smart home interactions exceeded 86.0 billion during the period. In China and Belt and Road markets, the HaiSmart platform connects over 100 million devices, with monthly active users (MAU) exceeding 18 million and over 6,600 ecosystem partners. In Australia, Europe, and the Americas, the SmartHQ platform connects over 21 million active devices, with MAU exceeding 5 million and over 6,500 ecosystem partners.

③ **Build AI core capabilities for Haier Smart Home. The Company launched the Xiaoyou AI Agent, a multimodal assistant with voice comprehension, visual recognition, environmental sensing, and contextual reasoning capabilities, and began exploring spatial intelligence.**

Four domain-specific AI models were released — covering freshness preservation, fabric care, cooking, and air management — to deliver professional smart living solutions. The Company's smart home app now features a 3D home view and became the first in the domestic industry to receive 3D digital twin interaction certification, enabling an immersive, spatially aware user experience.

④ **Establish a global data compliance team and software platform to differentiate and segregate data across different geopolitical regions, thereby achieving AI "capability sharing, data segregation, security and compliance".**

(V) Industry-Leading Logistics and Delivery Capabilities in China

Haier's RRS (Ri Ri Shun) supply chain has evolved from a traditional delivery provider into a full-process, multi-scenario supply chain management solutions provider — establishing a differentiated competitive moat. Powered by digital operations, the Company integrates warehousing, transportation, and service resources into a logistics network reaching every village in China. Digital and intelligent technologies serve as the core driving force. Through the in-depth optimisation of the underlying network, the Group supports industry collaboration and strengthens its competitive barriers, enabling the provision of end-to-end services from procurement and manufacturing through to end consumers.

RRS is also transitioning from customized client solutions to standardized, scalable supply chain products for omni-channel needs, deepening strategic client relationships and improving solution profitability. Internationally, the Company is building a digital cross-border supply chain platform covering intermodal logistics, digital customs clearance, and localized warehousing to support global client expansion.

(VI) Sustainability Capabilities

As green transformation accelerates under global industrial policies, capital markets are placing increasing importance on ESG ratings, while consumer preference for green and healthy home appliances is translating from awareness into purchasing decisions. During the reporting period, the Company focused on the key strategy of "green and sustainable development", and coordinated environmental, social, and governance initiatives to transform ESG from an external constraint into an endogenous growth driver and a source of differentiated advantage.

Environment: Building a full-lifecycle green management system

The Company regards "6-Green" as the core of its environmental competitive strategy. In green design, the Company has implemented modular, easy-to-disassemble, and high-efficiency design principles, promoted the use of recycled materials and eco-friendly packaging, and continuously increased the share of high-efficiency products. In green manufacturing, eleven factories were recognized as national-level green factories in 2025, bringing the cumulative total to 27. Through process upgrades and clean energy substitution, green electricity accounted for 10.1% of total consumption during the reporting period, while energy costs per unit declined 10% year on year, delivering both efficiency gains and tangible cost reductions. At the recycling and reuse stages, the Company strive to close the loop on the circular economy. Leveraging its industry-leading "Internet +" waste appliance recycling network, the Company has built a nationwide reverse logistics system, in China, with cumulative recycling volume exceeding 30 million units. Through enhanced production processes and increased investment in recycling technology research and development, the Company has achieved a recycled material purity level of 99.9%.

Social: Building a foundation for sustainable development through RenDanHeYi

The Company places importance on employee development and follows a principle of "segmentation and precision matching", designing differentiated incentive plans based on regional business development levels, local talent market conditions, and the development stage of each business unit.

Meanwhile, the Company's continued investment in rural education and community care further strengthens its image as a responsible and caring corporate citizen, winning broader social trust for its brands in global markets.

Governance: Embedding ESG deeply into strategic decision-making and risk management

A high-standard ESG governance structure is essential to strategy execution. During the reporting period, the Company further strengthened the sustainable strategy formulation and oversight functions of the Board and the ESG Committee, by systematically incorporating key ESG indicators — including carbon targets, supplier audits, renewable energy usage ratio, and safety incident rate — into the performance management of relevant business units.

During the reporting period, the Company prioritized AI safety and compliance within its ESG agenda and conducted nearly 40 training sessions. AI compliance reviews were carried out for key scenarios, including the Haier Knowledge Platform and supply chain applications, to ensure that AI applications and platform data remain secure and compliant. Data localization compliance was further deepened in key overseas markets to effectively manage geopolitical regulatory risks.

(VII) Commitment to "People Value First"

The principle of "People Value First" has guided Haier since its founding — from early self-managed work teams to the current RenDanHeYi model. RenDanHeYi aligns individual incentives with user value creation: "Ren" represents entrepreneurial employees, "Dan" represents user value, and "HeYi" represents the alignment between the two. Under this framework, the Company cultivates an ownership mindset at every level, empowering individuals to act as entrepreneurs within an open ecosystem platform — driving innovation and accountability in pursuit of the Company's ambition to lead the global smart home industry in the IoT era.

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis of principal business

1. Table of movement analysis on the related items in financial statements

Unit and Currency: RMB

Items	Current period	Corresponding period of last year	Change (%)
Operating revenue	152,115,050,237.63	156,494,034,448.85	−2.80
Operating cost	110,695,148,022.32	114,437,933,108.76	−3.27
Selling expenses	16,438,747,513.12	15,816,814,510.07	3.93
Administrative expenses	6,024,554,539.54	5,891,046,898.48	2.27
Financial expenses	1,103,388,705.41	−350,857,561.47	N/A
R&D expenses	5,071,691,950.54	5,790,436,804.10	−12.41
Net cash flow generated from operating activities	9,752,033,977.71	11,139,045,781.34	−12.45
Net cash flow generated from investing activities	−10,277,372,565.34	−10,021,560,348.60	N/A
Net cash flow generated from financing activities	4,844,966,771.15	−2,065,226,988.46	N/A
Gain on changes in fair value	176,005,204.07	34,753,540.63	406.44
Loss on credit impairment	−225,824,005.48	−71,912,087.85	N/A
Gain on disposal of assets	56,289,701.71	−7,368,037.54	N/A
Non-operating expenses	49,281,642.29	257,738,776.06	−80.88

Reasons for significant changes in certain indicators:

1) Reasons for the changes in financial expenses: the increase of 414.48% in financial expense over the corresponding period was mainly due to the increase in foreign exchange losses resulting from the appreciation of RMB during the current period.

2) Reasons for the changes in net cash flow from financing activities: the increase of 334.6% in net cash inflow from financing activities over the corresponding period was mainly due to the increase in cash received from investment activities during the current period.

3) Reasons for the changes in the gains on changes in fair value: the increase of 406.44% in the gains on changes in fair value over the corresponding period was mainly due to the increase in changes in fair value of forward foreign exchange contracts over the corresponding period.

4) Reasons for the changes in loss on credit impairment: the increase of 214.03% in loss on credit impairment over the corresponding period was mainly due to the increase in the bad debt provisions for receivables.

5) Reasons for the changes in gain on disposal of assets: the increase of 863.97% in gain on disposal of assets over the corresponding period was mainly due to the increase in gains from the disposal of non-current assets in the current period compared with the corresponding period.

6) Reasons for the changes in non-operating expenses: the decrease of 80.88% in non-operating expenses over the corresponding period was mainly due to the year-on-year decrease in expenses generated during the current period that were not directly related to the Company's ordinary operation.

2. Detailed explanation on significant changes in the operation types and the components of profit or sources of profit of the Company during the period

☐ Applicable √ Not Applicable

(II) Explanations on the major changes in profits caused by non-principal businesses

☐ Applicable √ Not Applicable

(III) Analysis of assets and liabilities

√ Applicable □ Not Applicable

1. Assets and liabilities

Unit and Currency: RMB

Name of Item	Amount at the end of Current Period	Percentage of Amount at the End of Current Period to Total Assets (%)	Amount at the End of the Corresponding Period of Last Year	Percentage of Amount at the End of the Corresponding Period of Last Year to Total Assets (%)	Percentage of Change in Amount from the End of the Corresponding Period of Last Year to Current Period (%)
Monetary funds	50,859,093,158.21	16.31	47,621,657,441.30	16.10	6.80
Account receivables	32,955,141,174.95	10.57	27,065,839,108.45	9.15	21.76
Inventories	45,317,406,207.70	14.53	46,848,790,687.12	15.84	−3.27
Contract assets	1,329,460,303.75	0.43	1,007,695,591.67	0.34	31.93
Investment properties	440,961,699.58	0.14	334,429,715.96	0.11	31.85
Long-term equity investments	21,857,255,997.55	7.01	21,756,902,299.19	7.36	0.46
Fixed assets	38,998,215,934.86	12.50	40,353,013,813.33	13.64	−3.36
Construction in progress	6,384,892,211.86	2.05	4,885,331,872.38	1.65	30.70
Right-of-use assets	5,990,249,813.24	1.92	6,024,233,315.08	2.04	−0.56
Short-term borrowings	21,678,038,269.11	6.95	17,420,784,420.86	5.89	24.44
Contract liabilities	6,651,241,840.11	2.13	8,534,516,748.92	2.89	−22.07
Long-term borrowings	12,096,041,519.66	3.88	11,165,886,169.09	3.77	8.33
Lease liabilities	4,569,011,749.05	1.46	4,551,410,567.84	1.54	0.39
Financial assets held for trading	7,749,691,157.61	2.48	2,034,270,761.53	0.69	280.96
Derivative financial assets	399,827,749.92	0.13	80,641,860.30	0.03	395.81
Bills receivable	9,633,287,181.99	3.09	6,482,353,046.34	2.19	48.61
Financing receivables	727,973,336.89	0.23	1,787,975,081.92	0.60	−59.29
Non-current assets due within one year	13,860,674,375.48	4.44	8,666,892,203.60	2.93	59.93
Long-term prepaid expenses	932,588,362.37	0.30	661,484,963.82	0.22	40.98
Derivative financial liabilities	66,787,912.41	0.02	190,868,603.05	0.06	−65.01
Other payables	28,307,179,628.54	9.08	19,493,605,624.57	6.59	45.21
Non-current liabilities due within one year	5,205,051,085.63	1.67	8,678,897,462.98	2.93	−40.03
Treasury stock	5,596,835,397.36	1.79	4,261,082,044.07	1.44	31.35
Other comprehensive income	−2,323,483,071.48	−0.74	432,012,498.23	0.15	−637.83
Minority shareholders' interests	9,697,133,261.41	3.11	7,278,599,898.53	2.46	33.23

Reasons for significant changes in certain indicators

1) The increase in financial assets held for trading of 280.96% from the beginning of the period was mainly due to an increase in short-term wealth management products;

2) The increase in derivative financial assets of 395.81% from the beginning of the period was mainly due to fluctuations in the fair value of forward foreign exchange contracts;

3) The increase in bills receivable of 48.61% from the beginning of the period was mainly due to the increase bills undue for settlement;

4) The decrease in financing receivables of 59.29% from the beginning of the period was mainly due to the decrease in bills expected to be discounted and endorsed for transfer;

5) The increase in contract assets of 31.93% from the beginning of the period was mainly due to the increase in accounts receivable with performance obligations;

6) The increase in non-current assets from the beginning of the period due within one year of 59.93% was mainly due to the increase in time deposits due within one year;

7) The increase in investment properties from the beginning of the period of 31.85% was mainly due to the increase in leases;

8) The increase in construction in progress of 30.7% from the beginning of the period was mainly due to the increase in investment to factory construction;

9) The increase in long-term prepaid expenses of 40.98% from the beginning of the period was mainly due to increase in costs for upgrading and renovating stores and factories;

10) The decrease in derivative financial liabilities of 65.01% from the beginning of the period was mainly due to the fluctuations in the fair value of forward foreign exchange contracts;

11) The increase in other payables of 45.21% from the beginning of the period was mainly due to the increase in dividend payable;

12) The decrease in non-current liabilities due within one year of 40.03% from the beginning of the period was mainly due to the decrease in long-term borrowings due within one year;

13) The increase in treasury stock increased of 31.35% from the beginning of the period was mainly due to share repurchases;

14) The decrease in other comprehensive income of 637.83% was mainly due to changes in exchange differences on translation of financial statement.

15) The increase in minority shareholders' interests of 33.23% from the beginning of the period was mainly due to the capital contribution by minority shareholders.

2. Overseas Assets

√ Applicable □ Not Applicable

(1) Scope of assets

Among the assets, overseas assets amounted to 15,251,666.84 (unit and currency:RMB'0,000), representing 48.9% of the total assets.

(2) Explanation of high percentage of overseas assets

√ Applicable ☐ Not Applicable

Unit and Currency: RMB'0,000

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	7,877,644	406,147

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

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

☐ Applicable √ Not Applicable

4. Other Explanations

☐ Applicable √ Not Applicable

(IV) Analysis of investment

1. Overall analysis on external equity investment

☐ Applicable √ Not Applicable

(1). Significant equity investment

☐ Applicable √ Not Applicable

(2). Significant non-equity investment

☐ Applicable √ Not Applicable

(3). Items measured at fair value

Unit and Currency: RMB

Asset Type	Opening Balance	Profits or Losses of Changes in Fair Value during the Period	Cumulative Changes in Fair Value Included in Equity	Provision for Impairment of during the Period	Purchases during the Period	Sold/Redeemed Amount during the Period	Other Changes	Closing Balance
Wealth management products	1,485,993,504.45	17,252,632.79			28,160,237,000.00	22,424,472,000.00		7,239,011,137.24
Investment in other equity instruments	5,405,101,489.33	–	-220,897,821.68			29,291,138.08	-2,652,202.30	5,152,260,327.27
Investment in trading equity instruments	209,183,404.17	-34,819,799.28				26,536,062.18		147,827,542.71
Investment funds	339,093,852.91	37,549,340.05			6,289,212.51	9,149,042.86	-10,930,884.95	362,852,477.66
Financing receivables	1,787,975,081.92				5,564,547,977.14	6,624,549,722.17		727,973,336.89
Derivative financial instruments	-110,226,742.75	408,644,496.23	39,996,432.90				-5,374,348.87	333,039,837.51
Total	9,117,120,590.03	428,626,669.79	-180,901,388.78		33,731,074,189.65	29,113,997,965.29	-18,957,436.12	13,962,964,659.28

Investment in securities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Type of Securities	Securities Code	Securities Abbreviation	Initial investment cost	Sources of funding	Carrying amount at the beginning of the Period	Profit and loss arising from changes in fair value during the Period	Accumulated fair value changes included in equity	Purchases during the Period	Disposals during the Period	Investment profit or loss during the period	Carrying amount at the end of the Period	Accounting items
Stock	601328	Bank of Communications	1,803,769.50	Self-funding	9,876,327.00		-383,133.00				9,493,194.00	Investments in other equity instruments
Stock	600827	Bailian Group	154,770.00	Self-funding	354,098.12						354,098.12	Investments in other equity instruments
Stock	300183	Neusoft Carrier	18,713,562.84	Self-funding	11,592,403.38						11,592,403.38	Investments in other equity instruments
Stock	688455	KENGIC	9,535,273.33	Self-funding	108,880,346.61	-34,819,799.28			4,284,780.15	0.00	69,775,767.18	Trading financial assets
Total	/	/	30,207,375.67	/	130,703,175.11	-34,819,799.28	-383,133.00		4,284,780.15	0.00	91,215,462.68	/

Explanation of investment in securities

☐ Applicable √ Not Applicable

Private equity investment

√ Applicable ☐ Not Applicable

By the end of the reporting period, the Company has historically invested in private equity funds as follows: the Company invested 63.13% share in Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership) (青岛海尔赛富智慧家庭创业投资中心(有限合伙)); Qingdao RRS Huitong Investment Management Co., Ltd. (青岛日日顺汇通投资管理有限公司), a subsidiary of the Company, invested 49% share in Guangzhou Heying Investment Partnership (Limited Partnership) (广州合赢投资合夥企业(有限合伙)); Qingdao Haishang Chuangzhi Investment Co., Ltd. (青岛海尚创智投资有限公司), a subsidiary of the Company, invested 30% share in Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership) (汇智翔顺股权投资基金(青岛)合夥企业(有限合伙)), a private equity fund, and 50% equity of Qingdao Ririshun Huizhi Investment Co., Ltd. (青岛日日顺汇智投资有限责任公司), a managing partner of the fund; Qingdao Haier Technology Investment Co., Ltd. (青岛海尔科技投资有限公司), a subsidiary of the Company, invested in private equity funds: 1.265% share in Beijing-Tianjin-Hebei Industrial Coordinated Development Investment Fund (Limited Partnership) (京津冀产业协同发展投资基金 (有限合伙)), 14.85% share in Shenzhen TopoScend Capital Phase I Fund (Limited Partnership) (深圳市投控东海一期基金 (有限合伙)), 24% share in Qingdao Haimu Smart Home Investment Partnership (Limited Partnership) (青岛海慕智家投资合夥企业(有限合伙)), and invested in fund management companies: 5.272% equity of CMG-SDIC Capital Co., Ltd. (国投招商投资管理有限公司), 15% equity of Shenzhen TopoScend Capital Co., Ltd. (深圳市投控东海投资有限公司), 49% equity of Qingdao Haimu Investment Management Co., Ltd. (青岛海慕投资管理有限公司).

Derivative investment

√ Applicable ☐ Not Applicable

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

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Type of derivatives investment	Initial investment amount	Opening amount	Gains or losses on fair value changes for the current period	Accumulative changes in fair value included in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing amount	Proportion of Closing amount to net assets of the Company at the end of the reporting period (%)
Forward foreign exchange contracts	18,387,840,000.00	18,387,840,000.00	408,644,496.23	39,996,432.90	16,057,978,036.23	15,846,447,327.74	18,599,370,708.49	15.54
Total	18,387,840,000.00	18,387,840,000.00	408,644,496.23	39,996,432.90	16,057,978,036.23	15,846,447,327.74	18,599,370,708.49	15.54

Explanation on any significant changes in the accounting policies and specific accounting and auditing principles for the hedging business during the reporting period as compared to the last reporting period	Accounting principles are based on the Accounting Standards for Business Enterprises. The Company carried out the accounting treatment for its business in accordance with the relevant regulations of "Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 24 — Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments" and "Accounting Standards for Business Enterprises No. 39 — Fair Value Measurement" published by the Ministry of Finance and its guidance, to reflect the relevant items in the balance sheet and the statement of profit or loss, which are consistent with those of the previous reporting period.
Explanation on actual profit or loss during the reporting period	The actual profit and loss for the reporting period amounted to RMB-45,077,735.85.
Explanation on the effect of hedging	Under the premise of ensuring normal production and operation, the Company carried out hedging business to reduce the impact of exchange rate fluctuations on the Company's production and operation and to realize the Company's long-term stable development.
Source of funds for derivative investments	Self-owned funds
Risk analysis and explanations on risk control measures for positions in derivatives during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	**I. Foreign exchange hedging business** **1. Risk Analysis** The Company and its holding subsidiaries conduct foreign exchange derivatives business in accordance with the principle of stability, and do not conduct the foreign exchange transaction for speculative purposes. All foreign exchange funds businesses are based on normal production and operation and rely on specific business operations to avoid and prevent exchange rate risks. However, there are also certain risks in conducting foreign exchange funds business: (1) Market risk: Forward settlement of foreign exchange: the Company will determine whether to sign a forward contract based on the cost of the product (basically consisting of RMB) and market risk. Signing the contract equals to fixing the price of currency exchange. It is effective to resist market fluctuation risk and ensure a reasonable and stable profit level of the Company through forward settlement of foreign exchange. Forward purchase of foreign exchange: according to the import contract entered with the customer and exchange rate risk, the future currency exchange cost will be fixed through the unilateral forward purchase of foreign exchange. Although there is a certain risk of loss, the forward purchase of foreign exchange will effectively reduce the market fluctuation risk and fix procurement costs. Other NDF and options businesses are mainly carried out when failed to sign the ordinary forward settlement/purchase of foreign exchange or the costs are too high, only serving as the supplement of the above businesses. Exchange rate fluctuation risk in currency swap business is avoided by adjusting the currency of assets and liabilities in order to match the currency of the assets with the currency of liabilities. Interest rate fluctuation risk in interest rate swap business is avoided by transfer the floating-rate business to fix-rate business or transfer the fixed-rate business to floating-rate business when the rate is going downward to reduce the costs. All of the above businesses have a real business background and there is no speculation. (2) Exchange rate fluctuation risk: After the Company fixing the forward exchange rate according to the foreign exchange management strategy, if the actual trend of the foreign exchange rate deviates significantly from the direction of the Company's fixed exchange rate fluctuation, the cost of the Company after fixing the exchange rate expenditure may exceeds the cost of not fixing the exchange rate, thus forming a loss of the Company. When the foreign exchange rate changes greatly, if the fluctuating direction of the Company's fixed foreign exchange hedging contract is inconsistent with that of the foreign exchange rate, the foreign exchange loss will be formed; if the exchange rate does not fluctuate in the future, the vast deviation from the foreign exchange hedging contract will also form a foreign exchange loss. (3) Internal control risk: The foreign exchange derivatives business is highly specialized and complex so it may cause risks due to imperfect internal control systems. (4) Transaction default risk: In the event of a default in the counterparty of foreign exchange derivative transaction, the Company would not be able to obtain hedging profits as agreed to hedge the Company's actual exchange losses, resulting in a loss of the Company. (5) Customer default risk: The overdue of customer's accounts receivable and the customer's order adjustment will make the actual payment inconsistent with the expected payment, which may result in the actual cash flow could not match the carried out foreign exchange derivative business term or amount completely, leading to a loss of the Company. **2. Risk Control Measures Taken by the Company** (1) The Company may not engage in any foreign exchange derivative transactions except those carried out for the purpose of avoiding exchange rate risks, and only for foreign exchange operations related to the Company's import and export business and overseas asset/liability management.

(2) The Company implemented approval process in strict compliance with the Foreign Exchange Risk Management Policy and the Foreign Exchange Derivatives Transaction Management Rules. The shareholders' meeting of the Company and the Board of Directors delegate the President/President Office to take responsibility for the operation and management of the foreign exchange derivatives business, the Treasury Department shall act as the handling department, and finance department shall act as the daily review department.

(3) The Company conducts foreign exchange derivatives business with financial institutions such as large banks with legal qualifications. The financial department timely tracks the changes in the transaction and strictly controls the occurrence of closing default risk.

(4) The Company conducts foreign exchange derivatives business must base on the Company's cautious forecast on the foreign currency receipts and payments and actual business exposure. The delivery date of the foreign exchange derivatives business must match with the Company's predicted receipt time, deposit time or payment time of the foreign currency, or match with the corresponding redemption term of the foreign currency bank borrowing.

II. Bulk Raw Materials Hedging Business

1. Risk Analysis

(1) Market risk: The futures and derivatives market itself has certain systematic risks, while hedging requires certain level of price trend prediction. If the price prediction is directionally incorrect, it may cause losses to the Company.

(2) Policy risk: Significant changes in laws and regulations of the futures and derivatives markets may cause market fluctuations or make trading impossible, which may result in risks.

(3) Funding risk: Due to the strict margin system and daily mark-to-market system in the futures market, there may be corresponding funding floating loss risks. The Company will reasonably allocate its own funds for hedging business, control the scale of funds, and conduct funding projections while formulating trading plans to ensure sufficient funds. In the process of business operations, the Company will plan and utilize margins reasonably, and adjust funds appropriately to avoid risks.

(4) Operational risk: There may be cases in which suppliers violate their agreements and cancel or delay deliveries, resulting in a mismatch between the actual hedging quantity and period, causing losses to the Company.

(5) Internal control risk: Futures and derivatives transactions are more specialized and complex, which may give rise to risks caused by inadequate internal control systems or human errors in operations. The Company has formulated the Management Measures for Hedging Business of Bulk Raw Materials, which contains clear provisions on the authorization scope, approval procedures, risk management and other aspects of hedging transactions. The Company shall strengthen internal control management and improve professionalism, implement risk prevention measures and improve the management standard of hedging business.

2. Risk control measures adopted by the Company

(1) Matching hedging business with the Company's production and operation to maximize hedging against the risk of market fluctuations.

(2) Strictly control the scale of hedging funds and reasonably plan and use margins. The Company will reasonably allocate its own funds for hedging business, and will not use raised funds directly or indirectly for hedging.

(3) The Company has formulated the Management Measures for Hedging Business of Bulk Raw Materials, which contains clear provisions on the organizational structure and its responsibilities, business processes, risk management, file management, etc. The Company will strictly follow the provisions of the internal control system to control all aspects of the business, and will implement the Management Measures in accordance with the established regulations.

(4) The Company will strengthen the training of relevant personnel to enhance their professionalism and overall quality; strengthen research on the futures and derivatives market to grasp market changes and design specific operational plans for trading business.

(5) The internal audit department of the Company will conduct regular and irregular inspections of hedging trading business, supervise hedging trading business personnel in the implementation of the risk management system and risk management procedures, and prevent operational risks in the business in a timely manner.

Changes in market price or fair value of invested derivatives during the reporting period, where specific methodology used and the settings of relevant assumptions and parameters should be disclosed in the fair value analysis of derivatives	In respect of changes in market prices or fair value of products, gains or losses actually realized from the invested derivatives amounted to RMB-45,077,735.85 million during the reporting period. As for the specific methodology used and the related assumptions and parameter settings: Foreign exchange and interest rate swap forward quotations from financial institutions were used.
Litigation case (if applicable)	N/A
Disclosure date of announcement in relation to the consideration and approval of derivatives investment by the Board (if any)	27 March 2026
Disclosure date of announcement in relation to the consideration and the approval of derivatives investment by shareholders' general meeting (if any)	25 June 2026

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

☐ Applicable √ Not Applicable

(V) Sale of material assets and equity

☐ Applicable √ Not Applicable

(VI) Analysis on major subsidiaries and Investees

√ Applicable ☐ Not Applicable

Major subsidiaries and investees with an impact of more than 10% on the Company's net profit

☐ Applicable √ Not Applicable

Acquisition and disposal of subsidiaries during the reporting period

☐ Applicable √ Not Applicable

There were no acquisitions or disposals of subsidiaries that had a material impact during the reporting period. For details of other changes, please refer to the relevant contents of sections headed "CHANGES OF CONSOLIDATION SCOPE" in "Section VIII Financial Report" of this report.

Other explanations

☐ Applicable √ Not Applicable

(VII) Structured entities controlled by the Company

☐ Applicable √ Not Applicable

V. OTHER DISCLOSURES

(I) Potential risks

√ Applicable ☐ Not Applicable

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibit inherent cyclicality tied to discretionary consumer spending patterns and their expectations of future disposable income growth. Economic downturn will reduce consumer spending and cause headwinds to industry growth. In addition, the persistent sluggish property market will also indirectly affect market demand for home appliances negatively.

2. Risk of price war caused by intensified industry competition. As the industry concentration level has continued to increase in recent years, the white goods industry is highly competitive with persistent commoditization pressures across core product categories. However, the increase in inventory levels in specific verticals due to demand-supply imbalance may lead to price wars. Furthermore, rapid technological development, scarcity of talent in the industry, shortened product life cycles, and the relative ease of copycatting increase the difficulty of maintaining margin levels. Nevertheless, new products, services and technologies are often associated with higher selling prices. The Company will actively invest more in R&D to sustain the product roll-out, attract more users through continuous innovation, and maintain its brand awareness.

3. Risk of fluctuations in raw material prices. The Company's products and core components use metals such as steel, aluminium, and copper, as well as commodities such as plastics and foams. If raw material prices continue to increase, it will put certain pressure on production and operations. In addition, the Company relies on third-party manufacturers and suppliers for selected raw materials, components, and manufacturing equipment. Any disruption in the supply chain or significant price increases will hurt the Company's business. As a leader in the industry, the Company will take actions and have contingency plans, including volume and price adjustment mechanisms and hedging to reduce the volatility of raw material prices.

4. Operational risks in overseas markets. As evidenced by the growing share of revenue from overseas markets, the Company has expanded its global business to a certain extent and established production bases, R&D centres, and marketing centres in key international regions. Overseas markets are subject to political and economic events (including events such as military conflicts and wars), different legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose particular risks to the Company's local operations. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the relevant impact on the Company's overall cost of sales, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect its employees and assets.

5. Risk of tariff increases. Potential tariff policies implemented and/or to be introduced by the U.S. and other major economies could negatively impact the existing supply chains of the industry and the global home appliance players. Higher tariffs would incur extra costs for export and import, reduce profit margins, weaken consumer sentiment and demand, and intensify market competition in target markets. The increasing uncertainties regarding tariff policies would force home appliance players to reevaluate their supply chain strategies and footprints, increase operational complexities and management costs. To cope with the potential tariff shocks, the Company will actively leverage its localised supply chain resources in respective markets, further optimise supply chain management, enhance production flexibility, and strengthen regional manufacturing and collaboration capabilities.

6. Risk of exchange rate fluctuations. In conjunction with the Company's ongoing expansion of global business operations, a material portion of its import/export transactions and cross-border settlements are denominated in foreign currencies, including but not limited to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). If the exchange rates of these currencies fluctuate to a certain extent, it will impact the Company's financial performance and potentially increase the economic costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while subsidiaries' financial statements are measured and reported in the local currencies where they operate. The Company is therefore also exposed to currency exchange risk. To mitigate these exposures, the Company maintains a currency risk management program utilising hedging instruments.

7. Risk of relevant policy changes. The home appliance industry is closely related to the consumer market and the property market. Changes in macroeconomic policies, consumption and investment policies, property policies, and relevant laws and regulations will affect demand, and in turn, the sales of the Company. The Company will closely monitor changes in applicable policies, rules, and regulations, and make forecasts of market changes to ensure the Company's further development.

8. Credit risk. There are possibilities that either the Company may be unable to collect all trade receivables from its distributors, or the distributors are unable to settle the Company's trade receivables promptly. If that is the case, the Company's business, financial status, and operational performance may be affected negatively. To mitigate this risk, the Company will maintain flexibility by offering a credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.

9. Inventory risk. Excess inventory may occur because the Company cannot always accurately predict trends and events, which can lead to suboptimal inventory levels. Therefore, the Company may be forced to offer discounts or promotions to accelerate the slow-moving inventory in these extreme cases. On the other hand, an inventory shortage may lead to a loss of revenue. The Company will actively manage its inventory and adjust levels according to market demand movements, in addition to the regular impairment tests.

10. Capital expenditure risk. In the current macroeconomic environment characterised by a slowing global economy and declining consumer demand, the existing production capacities may overwhelm the market in extreme cases. This could lead to a low utilisation rate across the industry, which in turn would lower profitability and return on assets. The Company will actively manage the changes in the macroeconomic environment by forecasting and recalibrating market demand trends, optimising capacity footprint, and improving existing utilisation rate, to minimise capital expenditure risks.

(II) Other disclosures

☐ Applicable √ Not Applicable

Section IV Corporate Governance, Environmental and Social

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

√ Applicable ☐ Not Applicable

Name	Position Held	Description of Change	Reason for Change	Explanation of Reason for Change
Wong Hak Kun	Independent director	Resigned	Others	Term expired
Siu, Paul Yu Hay	Independent director	Elected	Others	Newly elected

Explanation of changes in Directors, Supervisors and senior management of the Company

√ Applicable ☐ Not Applicable

During the reporting period, Mr. Wong Hak Kun, an independent director of the Company, resigned upon the expiration of his six-year term. Following approval by the Company's general meeting, Mr. Siu, Paul Yu Hay was elected as the Company's new independent director.

II. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE

Proposal for interim profit distribution and proposal for conversion of capital reserve into share capital

Whether distributed or converted No

III. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS THEREOF

(I) Relevant incentive events disclosed in temporary announcements and without any subsequent progress or change

√ Applicable ☐ Not Applicable

Summary of Matters	Query Index
Cancellation of certain 2021 and 2022 equity incentive options: In view of the fact that the fifth exercise period of the first/reserved grant portion of the 2021 A Share Option Incentive Scheme and the fourth exercise period of the 2022 A Share Option Incentive Scheme of the Company did not meet the exercise conditions, and due to the resignation or redesignation of some of the incentive recipients, the Company cancelled the corresponding 8,409,355 share options and 23,547,639 share options that had been granted but had not yet been exercised.	For details, please refer to the Announcement of Haier Smart Home Co., Ltd on the Cancellation of Certain Share Options in the 2021 A Share Option Incentive Scheme, the 2022 A Share Option Incentive Scheme disclosed by the Company on 29 April 2026, the Announcement of Haier Smart Home Co., Ltd on the Completion of Cancellation of Certain Share Options in the 2021 A Share Option Incentive Scheme, the 2022 A Share Option Incentive Scheme and relevant contents disclosed by the Company on 15 May 2026.
Introduction of New Phase of A Share Employee Stock Ownership Plan: In order to further improve the governance mechanism of the Company, create shareholder value and promote the comprehensive implementation of the Company's IoT smart home ecological brand strategy, the Company considered and introduced the 2026 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) at the fifth meeting of the 12th session of the Board of Directors held by the Company on 27 April 2026 and the 2025 Annual General Meeting held by the Company on 24 June 2026. As at the disclosure date of this report, the establishment of positions for 2026 A Share Employee Stock Ownership Plan has been completed.	For details, please refer to the 2026 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) disclosed by the Company on 28 April 2026, the Announcement of Resolutions at the General Meeting disclosed on 25 June 2026, the Announcement of the Completion of the Establishment of Positions for A Share Employee Stock Ownership Plan disclosed on 11 July 2026 and relevant contents.

(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

IV. ENVIRONMENTAL INFORMATION OF LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF ENTERPRISES THAT DISCLOSE ENVIRONMENTAL INFORMATION IN ACCORDANCE WITH THE LAW

√ Applicable ☐ Not Applicable

Number of enterprises included in the list of enterprises that disclose environmental information in accordance with the law (unit)		3
No.	Name of enterprise	Query index for reports on legal disclosure of environmental information
1	Hefei Haier Refrigerator Co., Ltd.	https://39.145.37.16:8081/zhhb/yfplpub_html/#/home
2	Qingdao Haier Special Refrigerator Co., Ltd.	http://221.214.62.226:8090/EnvironmentDisclosure/
3	Wuhan Haier Electronics Holding Co., Ltd.	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/index

Other explanations

☐ Applicable √ Not Applicable

V. PARTICULARS ON THE EFFORTS TO CONSOLIDATE AND EXPAND ITS ACHIEVEMENTS IN RURAL AREA INVIGORATION

√ Applicable □ Not Applicable

The Company attaches importance to the work of rural revitalization. In accordance with the series of national planning and filing requirements and within the scope of authorization of the general meeting on donations and other matters, the Company has provided targeted support to support technology development and rural revitalization. In the first half of 2026, the Company's capital expenditure amounted to approximately RMB3,060,000, which was mainly used for supporting education, technology development, etc. The Company has actively responded to the call of the government to fulfill its social responsibilities.

I. FULFILLMENT STATUS OF UNDERTAKINGS

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

√ Applicable ☐ Not Applicable

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertaking related to significant reorganization of assets	Eliminate the property right defects in land 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 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 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 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 then condition of each Covenantee, Haier Group will constantly assure that Covenantees will lease the land and property owned by Haier Group for free. Haier Group will make compensation in the event that the Covenantees suffer loss due to the unavailability of such land and property.	27 September 2006	Yes	Long-term	Yes
	Address peer competition	Haier Smart Home Co., Ltd.	Prior to the Transaction (hereinafter "the Transaction" refers to the transaction in relation to the privatisation of Haier Electronics by Haier Smart Home), Haier Electric was a controlling subsidiary of the Company and did not compete with the Company; after the completion of the Transaction, Haier Electric became a wholly-owned or controlling subsidiary of the Company and no new 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 controllers of the Company.	31 July 2020	Yes	Long-term	Yes

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Address connected transactions	Haier Group Corporation	1. The Transaction constitutes a connected transaction and the connected transaction procedures performed under the Transaction are in compliance with the relevant regulations. The pricing of the connected transaction is fair and there are no circumstances under which the interests of the listed company and the non-connected shareholders are prejudiced. 2. Upon completion of the Transaction, the Company (in this paragraph, the "Company" refers to "Haier Group Corporation") and its affiliates will take lawful and effective measures to minimize and regulate the connected transactions with the listed company, take the initiative to safeguard the interests of the listed company and all shareholders, and refrain from taking advantages of connected transactions for improper benefits. 3. Provided that there is no conflict with laws and regulations, if connected transactions between the Company and its affiliates and the listed company occur or exist which cannot be avoided or for which there are reasonable reasons, the Company and its affiliates will legally enter into a transaction agreement with the listed company to ensure strict compliance with the procedures of connected transactions required by the laws, regulations, regulatory documents and the articles of association of the Company, conduct transactions in accordance with the principles of marketability and fair prices to ensure the fairness and compliance of connected transactions, and refrain from taking advantages of such connected transactions to engage in any acts that are detrimental to the interests of the listed company or its minority shareholders, and at the same time, comply with the information disclosure obligations in accordance with relevant regulations.	29 July 2020	Yes	Long-term	Yes
	Address peer competition	Haier Group Corporation	1. The Company (in this paragraph, the "Company" refers to "Haier Group Corporation") 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 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 competing relationship in any business areas both within and outside the PRC. During the reporting period, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) did not have any new peer competition with Haier Smart Home; 4. Upon completion of the Transaction, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) and its affiliates do not have any new or potential peer competition with Haier Smart Home; 5. During the period when the Company is the controlling shareholder of Haier Smart Home and the shares of Haier Smart Home are listed on the Hong Kong Stock Exchange, the Company and its other subsidiaries and entities with more than 30% shareholding will not operate any business that competes with the business engaged by Haier Smart Home and will not engage in real or potential competition with Haier Smart Home.	29 July 2020	Yes	Long-term	Yes

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Others	Haier Group Corporation	Upon completion of the Transaction, the Company (in this paragraph, the "Company" refers to "Haier Group Corporation") will strictly comply with the Company Law, the Securities Law, the relevant regulations of the China Securities Regulatory Commission, the Shanghai Stock Exchange and the articles of association of Haier Smart Home, etc., fairly exercise shareholders' rights and fulfill shareholders' obligations, refrain from taking advantage of its shareholding position for improper benefits, ensure the listed company will continue to be completely separate from the Company and other enterprises on which the Company exercises control and exerts significant influence in terms of management, personnel, assets, finance, organization and business operations, and maintain the continued independence of the listed company in terms of management, personnel, assets, finance, organization and business operations. Upon completion of the Transaction, the Company will comply with the provisions of the Notice on Several Issues concerning Regulating Fund Transactions between Listed Companies and Their Affiliates and the External Guarantee of Listed Companies and the Circular of China Securities Regulatory Commission and China Banking Regulatory Commission on Regulating the External Guaranties Provided by Listed Companies to regulate the external guarantees by listed companies and their subsidiaries, and will not misappropriate the funds of the listed company and their subsidiaries. The Company undertakes to strictly fulfill the above commitments. In the event that the interests of the listed company are damaged as a result of any breach of the above commitments by the Company and other enterprises on which the Company exercises control and exerts significant influence, the Company will legally bear the corresponding liability for damage.	29 July 2020	Yes	Long-term	Yes
	Address connected transactions	HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	1. The Transaction constitutes a connected transaction and the connected transaction procedures performed under the Transaction are in compliance with the relevant regulations. The pricing of the connected transaction is fair and there are no circumstances under which the interests of the listed company and the non-connected shareholders are prejudiced. 2. Upon completion of the Transaction, the Company (in this paragraph, the "Company" refers to "HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED") and other enterprises on which the Company exercises control will take lawful and effective measures to minimize and regulate the connected transactions with the listed company, take the initiative to safeguard the interests of the listed company and all shareholders, and refrain from taking advantages of connected transactions for improper benefits. 3. Provided that there is no conflict with laws and regulations, if connected transactions between the Company and other enterprises on which the Company exercise control and the listed company occur or exist which cannot be avoided or for which there are reasonable reasons, the Company and other enterprises on which the Company exercises control will legally enter into a transaction agreement with the listed company to ensure strict compliance with the procedures of connected transactions required by the laws, regulations, regulatory documents and the articles of association of the Company, conduct transactions in accordance with the principles of marketability and fair prices, and refrain from taking advantages of such connected transactions to engage in any acts that are detrimental to the interests of the listed company or its minority shareholders, and at the same time, comply with the information disclosure obligations in accordance with relevant regulations. 4. Any covenants and arrangements between the Company and other enterprises on which the Company exercise control and the listed company in relation to connected transactions shall not prevent the other party from conducting business or dealing with any third party for its own benefit and on equal competitive terms in the market.	29 July 2020	Yes	Long-term	Yes

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertaking related to refinancing	Eliminate the property right defects in land etc.	Haier Group Corporation	Haier Group Corporation undertakes that it will assure Haier Smart Home and its subsidiaries of the constant, stable and unobstructed use of the leased property. In the event that Haier Smart Home or any of its subsidiaries suffers any economic loss due to the fact that leased property has no relevant ownership certificate, Haier Group Corporation will make compensation to impaired party in a timely and sufficient way and take all reasonable and practicable measures to support the impaired party to recover to normal operation before the occurrence of loss. Upon the expiration of relevant leasing period, Haier Group Corporation will grant or take practicable measures to assure Haier Smart Home and its subsidiaries of priority to continue to lease the property at a price not higher than the rent in comparable market at that time. Haier Group Corporation will assure Haier Smart Home and its subsidiaries of the constant, stable, free and unobstructed use of self-built property and land of the Group. In the event that Haier Smart Home or any of its subsidiaries fails to continue to use self-built property according to its own will or in original way due to the fact that self-built property has no relevant ownership certificate, Haier Group Corporation will take all reasonable and practicable measures to eliminate obstruction and impact, or will support Haier Smart Home or its affected subsidiary to obtain alternative property as soon as possible, if Haier Group Corporation anticipates it is unable to cope with or eliminate the external obstruction and impact with its reasonable effort. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	24 December 2013	Yes	Long-term	Yes
Undertakings related to equity incentive	Others	Haier Smart Home Co., Ltd	The Company will not provide loans or any other forms of financial assistance, including guaranteeing their loans, to any incentive recipient for acquiring relevant stock options under this incentive plan.	15 September 2021/28 June 2022	Yes	The completion of equity incentive implementation (Completed on 15 May 2026)	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 2030. For more details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Changes in Commitments of Certain Asset Injection (L2025-013) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 28 March 2025, the Announcement of relevant general meeting resolutions disclosed on 29 May 2025.	December 2015/March 2025	Yes	30 June 2030	Yes

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. INFORMATION ON INTERIM AUDIT

☐ Applicable √ Not Applicable

V. CHANGES IN MATTERS COVERED BY THE NON-STANDARD AUDIT OPINION ON THE PREVIOUS YEAR'S ANNUAL REPORT AND ITS HANDLING

☐ Applicable √ Not Applicable

VI. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

☐ Applicable √ Not Applicable

VII. MATERIAL LITIGATION AND ARBITRATION MATTERS

☐ Material litigation and arbitration matter during the reporting period

√ No material litigation and arbitration matters during the reporting period

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

X. SIGNIFICANT RELATED-PARTY TRANSACTIONS

(I) Related-party transactions relating to daily operation

1. Matters that have been disclosed in temporary announcements and with no subsequent progress or change

√ Applicable □ Not Applicable

Summary of Matters	Query Index
Renewal of the Framework Agreement on Financial Related-Party Transaction: During the reporting period, the Company renewed the Framework Agreement on Financial Services with Haier Group Corporation and Haier Group Finance Co., Ltd., and established the transaction limits for financial related-party transactions for the term of the agreement (2027–2029), which was approved by the Company's Board of Directors and general meeting.	For details, please refer to the Announcement on the Renewal of the Framework Agreement on Financial Services with Haier Group Corporation and Haier Group Finance Co., Ltd and the Estimated Related-Party Transaction Limit of Haier Smart Home Co., Ltd and the Announcement of the Resolutions of the Board of Directors disclosed by the Company on 27 March 2026, as well as the Announcement of Resolutions at the General Meeting disclosed on 25 June 2026.

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

√ Applicable □ Not Applicable

Pursuant to, among others, the "Product and Materials Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation" (《海尔智家股份有限公司与海尔集团公司之产品及物料采购框架协议》) and the "Services Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation" (《海尔智家股份有限公司与海尔集团公司之服务采购框架协议》) considered and approved at the 13th meeting of the 11th session of the Board of Directors or/and the 2024 Annual General Meeting, and the "Resolution of Haier Smart Home Co., Ltd. on Renewing the Framework Agreement on Financial Services with Haier Group Corporation and Haier Group Finance Co., Ltd. and Estimated Amount of Connected Transactions" (《海尔智家股份有限公司关于与海尔集团公司、海尔集团财务有限责任公司续签〈金融服务框架协议〉暨预计关联交易额度的议案》) considered and approved at the 4th meeting of the 11th session of the Board of Directors and the 2022 Annual General Meeting, the Company has made estimation on the connected transactions for the next three years (Including 2026), as detailed in the aforesaid announcements regarding the resolutions of the meetings.

For the actual performance of the Company's connected transactions during the first half of 2026, please refer to "Related parties and related-party transactions" under Section VIII. Financial 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. Matters 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

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 not disclosed in temporary announcements

☐ Applicable √ Not Applicable

(V) Financial business between the Company and the finance company with which it has a related relationship, 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	Changes of the period			
				Balance as at the beginning of the period	Total amount deposited during the period	Total amount withdrawn during the period	Balance as at the end of the period
Haier Group Finance Co., Ltd.	a subsidiary of Haier Group	34 billion	0.0001% to 3.96%	33,974,434,136.12	308,022,971,207.82	308,021,849,894.64	33,975,555,449.30
Total	/	/	/	33,974,434,136.12	308,022,971,207.82	308,021,849,894.64	33,975,555,449.30

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: Total amount deposited during the period	Changes of the period: Total amount withdrawn during the period	Balance as at the end of the period
Haier Group Finance Co., Ltd.	a subsidiary of Haier Group	10 billion	1.828%-4.9%	3,766,573,712.52	507,841,578.88	477,174,859.01	3,797,240,432.39
Total	/	/	/	3,766,573,712.52	507,841,578.88	477,174,859.01	3,797,240,432.39

3. Trustee business or other finance businesses

√ Applicable □ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Type of business	Total amount	Actual number of occurrence
Haier Group Finance Co., Ltd.	a subsidiary of Haier Group	Foreign exchange derivatives	5.5 billion	1,215,437,938.68
Haier Group Finance Co., Ltd.	a subsidiary of Haier Group	Service fees	80 million	4,426,322.95

4. Other explanations

□ Applicable √ Not Applicable

(VI) Other material related transactions

□ Applicable √ Not Applicable

(VII) Others

□ Applicable √ Not Applicable

XI. SIGNIFICANT CONTRACTS AND THEIR EXECUTION

(I) Trusteeship, contracting and leasing

□ 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 on further supporting the development of Qingdao Haier and resolving peer competition to reduce connected transactions, based on the fact that Qingdao Haier Optoelectronics Co., Ltd. (青岛海尔光电有限公司) and its subsidiaries, the main body of Haier Group engaging in the color television business, are still in a period of transformation and integration, and their financial performance has not yet met the Company's expectations, Haier Group is unable to complete the transfer before the aforesaid commitment period. Haier Group intends to entrust the Company with the operation and management of the escrow assets and pay the Company an annual escrow fee of RMB1 million during the escrow period.

(II) Significant guarantees performed and outstanding during the reporting period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB'0,000

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	Main debt situation	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)															
Total balance of guarantee at the end of the reporting period (A) (excluding guarantees for subsidiaries)															
Guarantees provided by the Company for subsidiaries															
Total amount of guarantees for subsidiaries occurred during the reporting period															366,624.88
Total balance of guarantees for subsidiaries at the end of the reporting period (B)															705,874.74
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)															
Total amount of guarantee (A + B)															705,874.74
Ratio of total amount of guarantees to net assets of the Company (%)															5.90
Including:															
Amount of guarantees for shareholders, ultimate controllers and their related parties (C)															
Amount of debt guarantees provided directly or indirectly for the secured party with asset-liability ratio exceeding 70% (D)															609,839.74
The amount of total amount of guarantee in excess of 50% of net assets (E)															
Total amount of the above three guarantees (C + D + E)															609,839.74
Explanation of possibly bearing related discharge duty for premature guarantees															Nil
Explanation of guarantee status															Nil

(III) Other major contracts

☐ Applicable √ Not Applicable

XII. EXPLANATION OF PROGRESS IN USE OF PROCEEDS

☐ Applicable √ Not Applicable

XIII. STATEMENT ON OTHER SIGNIFICANT EVENTS

√ Applicable ☐ Not Applicable

Entrusted wealth management: By the end of the reporting period, the balance of the Company's entrusted wealth management amounted to RMB7.220 billion. This consists of two parts: ① Investment of temporarily idle funds by certain subsidiaries of the Company: under the premise of ensuring sufficient capital required by the principal operating activities and daily operations, the some of the Company's subsidiaries purchased some short-term principal-protected wealth management products and structured deposits from major commercial banks to improve the yield of temporarily-idle funds and the return for shareholders within the authority of the president's office meeting and under the condition of ensuring fund safety. By the end of the reporting period, the balance of these entrusted wealth management products was RMB7.170 billion yuan. (2) Surplus funds in the employee stock ownership plan's asset management account: There were surplus funds in the Company's employee stock ownership plan's asset management account. The asset management institution purchased monetary funds and other cash-equivalent products based on the liquidity of the products, with the balance of cash-equivalent assets amounting to RMB50 million.

Section VI Changes in Shares and Information About Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in shares

1. Table of Changes in shares

During the reporting period, there was no change in the total number of shares and share capital structure of the Company.

2. Statement on the changes in shares

☐ Applicable √ Not Applicable

3. Effect of changes in shares on the financial indicators such as earnings per share and net assets per share (if any) after the reporting period to the disclosure date of interim report

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

(II) Changes in shares with selling restrictions

☐ Applicable √ Not Applicable

II. INFORMATION ON SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders by the end of the reporting period	262,405
Total numbers of preferential shareholders with restoration of voting rights by the end of the reporting period	Nil

(II) Table of shareholdings of top ten shareholders, top ten shareholders of tradable shares (or shares without selling restrictions) by the end of the reporting period

Shareholdings of top ten shareholders (excluding shares lent out under refinancing)

Unit: share

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		2,312,660,821	24.66		Unknown		Foreign legal entity
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)		1,258,684,824	13.42		None		Domestic non-state-owned legal entity
Haier Group Corporation		1,072,610,764	11.44		None		Domestic non-state-owned legal entity
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED		538,560,000	5.74		None		Foreign legal entity
Hong Kong Securities Clearing Co., Ltd.		486,093,854	5.18		None		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd. (青島海爾創業投資諮詢有限公司)		172,252,560	1.84		None		Domestic non-state-owned legal entity
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青島海創智管理諮詢企業(有限合夥))		133,791,058	1.43		None		Domestic non-state-owned legal entity
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. — Guofeng Xinghua Honghu Zhiyuan Phase III Private Securities Investment Fund No. 1 (国丰兴华(北京)私募基金管理有限公司 — 国丰兴华鸿鹄志远三期私募证券投资基金1号)		68,683,560	0.73		None		Unknown
National Social Security Fund Investment Portfolio 113		60,096,892	0.64		None		Unknown
Clearstream Banking S.A.		58,310,432	0.62				Foreign legal entity

Shareholdings of top ten shareholders without selling restrictions (excluding shares lent out under refinancing and executive lock-up shares)

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,312,660,821	Overseas listed foreign shares	2,312,660,821
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	1,258,684,824	RMB ordinary shares	1,258,684,824
Haier Group Corporation	1,072,610,764	RMB ordinary shares	1,072,610,764
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000
Hong Kong Securities Clearing Co., Ltd.	486,093,854	RMB ordinary shares	486,093,854
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 shares	172,252,560
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合夥))	133,791,058	RMB ordinary shares	133,791,058
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. —Guofeng Xinghua Honghu Zhiyuan Phase III Private Securities Investment Fund No. 1 (国丰兴华(北京)私募基金管理有限公司 — 国丰兴华鸿鹄志远三期私募证券投资基金1号)	68,683,560	RMB ordinary shares	68,683,560
National Social Security Fund Investment Portfolio 113	60,096,892	RMB ordinary shares	60,096,892
Clearstream Banking S.A.	58,310,432	Overseas listed foreign shares	58,310,432

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
Explanation on repurchase account of top ten shareholders	As at the end of the reporting period, the Company's A-share repurchase account held a total of 145,584,786 shares, and the D-share repurchase account held a total of 865,598 shares.		
Explanation on delegated voting rights, entrusted voting rights, abstained voting rights of the above shareholders	None		
Related parties or parties acting in concert among the aforesaid shareholders	(1) Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司) is a subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资谘询有限公司), HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED and Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理谘询企业(有限合伙)) are parties acting in concert with Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.		
Explanation of preferential shareholders with restoration of voting rights and their shareholdings	N/A		

Note: HKSCC NOMINEES LIMITED and Clearstream Banking S.A. are the Banking Collection Account for the shareholders of the Company's H-shares and D-shares respectively, which are the original data provided to the Company by securities registrars in Hong Kong, China, and Germany after the merger according to local market practices and technical settings, not representing the ultimate shareholder.

Shareholders holding more than 5% of the shares, top ten shareholders and top ten holders of outstanding shares without selling restrictions participating in the lending of shares under the refinancing business

☐ Applicable √ Not Applicable

Changes in top ten shareholders and top ten holders of outstanding shares without selling restrictions due to lending/returning under refinancing as compared to the previous period.

☐ Applicable √ Not Applicable

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

III. DIRECTORS, SENIOR MANAGEMENT

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

☐ Applicable √ Not Applicable

Other explanations

☐ Applicable √ Not Applicable

(II) Incentive share option granted to directors and senior management during the reporting period

√ Applicable □ Not Applicable

Unit: '0,000 Shares

Name	Position	Number of options held at the beginning of the period	Number of newly granted options during the reporting period	Shares of exercisable rights during the reporting period	Shares subject to option exercise during the reporting period	Number of options held at the end of the period
Li Huagang	Director	18.28	0	0	-18.28	0
Gong Wei	Director	9.14	0	0	-9.14	0
Li Shaohua	Director	3.12	0	0	-3.12	0
Sun Danfeng	Director	1.87	0	0	-1.87	0
Zhao Yanfeng	Senior management	9.36	0	0	-9.36	0
Li Yang	Senior management	9.14	0	0	-9.14	0
Song Yujun	Senior management	6.24	0	0	-6.24	0
Guan Jiangyong	Senior management	4.57	0	0	-4.57	0
Wu Yong	Senior management	4.57	0	0	-4.57	0
Fu Songhui	Senior management	3.75	0	0	-3.75	0
Huang Decheng	Senior management	4.99	0	0	-4.99	0
Sun Jiacheng	Senior management	4.99	0	0	-4.99	0
Huang Xiaowu	Senior management	9.14	0	0	-9.14	0
Liu Xiaomei	Senior management	2.91	0	0	-2.91	0
Total	/	92.07	0	0	-92.07	0

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

(III) Other explanations

□ Applicable √ Not Applicable

IV. CHANGES IN CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

☐ Applicable √ Not Applicable

V. RELEVANT INFORMATION OF PREFERRED SHARES

☐ Applicable √ Not Applicable

Section VII Relevant Information of Corporate Bonds

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

√ Applicable ☐ Not Applicable

(I) Corporate bonds (including enterprise bonds)

☐ Applicable √ Not Applicable

(II) Funds raised by corporate bonds

☐ Corporate bonds involved the use or rectification of raised funds during the reporting period

√ All corporate bonds of the Company did not involve the use or rectification of raised funds during the reporting period.

(1) Funds raised for specific projects

☐ Applicable √ Not Applicable

(III) Other matters that should be disclosed for special purpose bonds

☐ Applicable √ Not Applicable

(IV) Important matters related to corporate bonds during the reporting period

☐ Applicable √ Not Applicable

(V) Debt financing instruments of non-financial enterprises in the interbank bond market

√ Applicable ☐ Not Applicable

1. Basic information on debt financing instruments of non-financial enterprises

Unit and Currency: RMB'00,000,000

Bond name	Abbreviation	Code	Release date	Interest date	Expiration date	Bond balance	Interest rate (%)	Principal and interest repayment method	Trading venues	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of termination of listing and trading
2025 First Tranche of Green two-New Medium-term Notes of Haier Smart Home Co., Ltd.	25 Haier Smart Home MTN001 (Green Two-New)	102580830	25 February 2025	26 February 2025	26 February 2028	15	1.99	Annual interest payment with the principal repayment at maturity.	Interbank bond market	None	/	NO
2025 Second Tranche of Green Two-new Science and Technology Innovation Bonds Haier Smart Home Co., Ltd.	25 Haier Smart Home MTN002 (Science and Innovation Bond)	102582498	17 June 2025	18 June 2025	18 June 2028	20	1.66	Annual interest payment with the principal repayment at maturity.	Interbank bond market	None	/	NO

The Company's response to the risk of termination of listing and trading of bonds

☐ Applicable √ Not Applicable

Overdue bonds

☐ Applicable √ Not Applicable

Explanation of overdue debts

☐ Applicable √ Not Applicable

2. Triggering and enforcement of company or investor option clauses and investor protection clauses

☐ Applicable √ Not Applicable

3. Adjustment of credit rating results

☐ Applicable √ Not Applicable

4. The implementation and changes of guarantees, debt repayment plans and other debt repayment safeguard measures during the reporting period and their impacts

☐ Applicable √ Not Applicable

5. Explanation of other situations of debt financing instruments of non-financial enterprises

☐ Applicable √ Not Applicable

(VI) The Company's consolidated losses during the reporting period exceeded 10% of its net assets at the end of the previous year

☐ Applicable √ Not Applicable

(VII) Violations of Regulations and Agreements

Impact on the rights and interests of bond investors during the reporting period arising from relevant situation, such as the violations of provisions of laws and regulations, self-regulatory rules, the Company's articles of association, the information disclosure management system, and agreements and undertakings in the bond prospectus

☐ Applicable √ Not Applicable

(VIII) Key accounting data and financial indicators

√ Applicable □ Not Applicable

Unit and Currency: RMB

Main indicators	At the end of the reporting period	At the end of last year	Increase/decrease at the end of the reporting period compared with the end of last year (%)
Current ratio	1.13	1.07	5.11
Quick ratio	0.84	0.74	12.22
Gearing ratio (%)	58.52	57.41	1.94

	For the reporting period (January-June)	The corresponding period of last year	Increase/decrease for the reporting period compared with the corresponding period of last year (%)
Net profit after deducting non-recurring gains and losses	9,298,750,602.78	11,702,408,556.70	-20.54
EBITDA to total debt ratio	19.45%	24.58%	-20.89
Interest coverage ratio	14.55	11.37	28.02
Cash interest coverage ratio	10.11	7.70	31.30
EBITDA interest coverage ratio	18.98	14.26	33.08

II. CONVERTIBLE CORPORATE BOND

□ Applicable √ Not Applicable

I. AUDIT REPORT

☐ Applicable √ Not Applicable

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

30 June 2026

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	30 June 2026	31 December 2025
Current assets:			
Monetary funds	VII.1	50,859,093,158.21	47,621,657,441.30
Provision of settlement fund			
Funds lent			
Financial assets held for trading	VII.2	7,749,691,157.61	2,034,270,761.53
Derivative financial assets	VII.3	399,827,749.92	80,641,860.30
Bills receivable	VII.4	9,633,287,181.99	6,482,353,046.34
Accounts receivable	VII.5	32,955,141,174.95	27,065,839,108.45
Financing receivables	VII.6	727,973,336.89	1,787,975,081.92
Prepayments	VII.7	2,560,596,558.03	2,846,387,274.70
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII.8	3,933,087,922.29	3,096,465,068.39
Including: Interest receivables		93,189,719.89	342,158,094.18
Dividends receivables			
Financial assets purchased under resale agreements			
Inventories	VII.9	45,317,406,207.70	46,848,790,687.12
Including: Data resources			
Contract assets	VII.10	1,329,460,303.75	1,007,695,591.67
Assets held for sale			
Non-current assets due within one year	VII.11	13,860,674,375.48	8,666,892,203.60
Other current assets	VII.12	5,206,279,759.01	5,294,521,861.08
Total current assets		174,532,518,885.83	152,833,489,986.40
Non-current assets:			
Loans and advances granted			
Debt investments	VII.13	12,567,554,609.01	16,383,203,551.26
Other debt investments			
Long-term receivables		100,719,719.99	134,840,798.60
Long-term equity investments	VII.14	21,857,255,997.55	21,756,902,299.19
Investments in other equity instruments	VII.15	5,152,260,327.27	5,405,101,489.33

Items	Notes	30 June 2026	31 December 2025
Other non-current financial assets			
Investment properties	VII.16	440,961,699.58	334,429,715.96
Fixed assets	VII.17	38,998,215,934.86	40,353,013,813.33
Construction in progress	VII.18	6,384,892,211.86	4,885,331,872.38
Biological assets for production			
Oil and gas assets			
Right-of-use assets	VII.19	5,990,249,813.24	6,024,233,315.08
Intangible assets	VII.20	13,462,077,041.49	14,224,842,429.14
Including: Data resources			
Development cost	VIII.2	473,723,875.79	417,653,270.53
Including: Data resources			
Goodwill	VII.21	26,335,394,370.99	27,300,229,637.37
Long-term prepaid expenses	VII.22	932,588,362.37	661,484,963.82
Deferred income tax assets	VII.23	2,334,058,707.39	2,779,197,579.27
Other non-current assets	VII.24	2,349,390,627.40	2,301,113,869.91
Total non-current assets		137,379,343,298.79	142,961,578,605.17
Total assets		311,911,862,184.62	295,795,068,591.57
Current liabilities:			
Short-term borrowings	VII.25	21,678,038,269.11	17,420,784,420.86
Borrowings from central bank			
Funds borrowed			
Financial liabilities held for trading			
Derivative financial liabilities	VII.26	66,787,912.41	190,868,603.05
Bills payable	VII.27	28,496,924,125.43	23,870,662,224.10
Accounts payables	VII.28	55,751,128,880.05	53,544,741,780.87
Receipts in advance			
Contract liabilities	VII.29	6,651,241,840.11	8,534,516,748.92
Disposal of repurchased financial assets			
Absorbing deposit and deposit in inter-bank market			
Customer deposits for trading in securities			
Amounts due to issuer for securities underwriting			
Payables for staff's remuneration	VII.30	3,969,735,060.71	5,617,781,339.32
Taxes payable	VII.31	3,230,210,022.08	3,393,123,835.23
Other payables	VII.32	28,307,179,628.54	19,493,605,624.57
Including: Interest payables			
Dividends payables		8,273,544,756.83	54,860,109.41
Fees and commissions payable			
Reinsurance Accounts payables			
Liabilities held for sale			
Non-current liabilities due within one year	VII.33	5,205,051,085.63	8,678,897,462.98
Other current liabilities	VII.34	1,295,195,065.40	1,601,301,581.05
Total current liabilities		154,651,491,889.47	142,346,283,620.95

Items	Notes	30 June 2026	31 December 2025
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	VII.35	12,096,041,519.66	11,165,886,169.09
Bonds payable	VII.36	3,500,000,000.00	3,500,000,000.00
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII.37	4,569,011,749.05	4,551,410,567.84
Long-term payables	VII.38	159,812,218.64	167,862,276.79
Long-term payables for staff's remuneration	VII.39	2,356,062,894.12	2,443,566,578.23
Estimated liabilities	VII.40	1,957,870,304.75	2,490,370,063.63
Deferred income	VII.41	1,490,444,789.19	1,441,477,536.11
Deferred income tax liabilities	VII.23	1,659,477,535.86	1,631,293,729.71
Other non-current liabilities		96,160,980.23	79,916,734.11
Total non-current liabilities		27,884,881,991.50	27,471,783,655.51
Total liabilities		182,536,373,880.97	169,818,067,276.46
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.42	9,377,629,650.00	9,377,629,650.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII.43	23,362,917,330.79	20,366,679,277.75
Less: treasury stock	VII.44	5,596,835,397.36	4,261,082,044.07
Other comprehensive income	VII.45	-2,323,483,071.48	432,012,498.23
Special reserve			
Surplus reserve	VII.46	5,296,602,892.45	5,296,602,892.45
General risk provisions			
Undistributed profits	VII.47	89,561,523,637.84	87,486,559,142.22
Total equity attributable to owners (or shareholders) of the Parent Company		119,678,355,042.24	118,698,401,416.58
Minority shareholders' interests		9,697,133,261.41	7,278,599,898.53
Total owners' equity (or shareholders' equity)		129,375,488,303.65	125,977,001,315.11
Total liabilities and owners' equity (or shareholders' equity)		311,911,862,184.62	295,795,068,591.57

Person in charge of the Company: Li Huagang
Person in charge of accounting function: Sun Jiacheng
Person in charge of accounting department: Ying Ke

Balance Sheet of the Parent Company

30 June 2026

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	30 June 2026	31 December 2025
Current Assets:			
Monetary funds		9,778,750,949.86	6,823,857,021.79
Financial assets held for trading		2,605,262,194.44	
Derivative financial assets			
Bills receivable			85,102.59
Accounts receivable	XIX.1	2,898,466,020.39	3,380,866,320.45
Financing receivables			
Prepayments		2,087,968.47	
Other receivables	XIX.2	120,038,878,807.27	86,288,251,654.38
Including: Interest receivables		3,185,277.78	3,164,444.44
Dividends receivables		5,770,255,305.39	5,764,255,305.39
Inventories		3,643,368.80	8,771,266.45
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		6,709,695,134.42	1,934,770,698.92
Other current assets		1,019,070,877.66	1,006,425,692.53
Total current assets		143,055,855,321.31	99,443,027,757.11
Non-current assets:			
Debt investments		2,047,136,944.43	7,032,941,801.07
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX.3	73,926,134,870.47	72,677,530,760.67
Investments in other equity instruments		1,602,333,806.12	1,602,333,806.12
Other non-current financial assets			
Investment properties			
Fixed assets		18,584,374.62	20,054,479.76
Construction in progress		1,546,761.05	4,712,836.53
Biological assets for production			
Oil and gas assets			
Right-of-use assets			
Intangible assets		31,326,363.13	30,071,927.84
Including: Data resources			
Development cost			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		677,173.60	870,249.60

Items	Notes	30 June 2026	31 December 2025
Deferred income tax assets			
Other non-current assets		1,881,345,736.03	2,170,292,448.68
Total non-current assets		79,509,086,029.45	83,538,808,310.27
Total assets		222,564,941,350.76	182,981,836,067.38
Current liabilities:			
Short-term borrowings		2,401,171,000.00	2,001,113,555.55
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payables		2,584,531,887.95	2,753,829,826.14
Receipts in advance			
Contract liabilities		12,672,860.27	12,672,460.67
Payables for staff's remuneration		6,074,125.35	11,844,528.82
Taxes payable		744,042.95	11,647,239.66
Other payables		169,258,453,545.54	119,944,998,021.77
Including: Interest payable		284,244.44	
Dividends payable		8,248,322,167.09	
Liabilities held for sale			
Non-current liabilities due within one year		995,231,250.00	1,730,066,805.56
Other current liabilities		5,588,306.64	6,034,650.00
Total current liabilities		175,264,467,018.70	126,472,207,088.17
Non-current liabilities:			
Long-term borrowings		3,025,157,143.55	2,312,000,000.00
Bonds payable		3,500,000,000.00	3,500,000,000.00
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payable			
Long-term payables for staff's remuneration			
Estimated liabilities			
Deferred income		10,611,028.07	15,705,919.40
Deferred income tax liabilities		393,898,743.39	393,898,743.39
Other non-current liabilities			
Total non-current liabilities		6,929,666,915.01	6,221,604,662.79
Total liabilities		182,194,133,933.71	132,693,811,750.96
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)		9,377,629,650.00	9,377,629,650.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		25,162,484,163.32	25,710,105,926.41
Less: treasury stock		3,340,365,075.38	1,715,665,009.44

Items	Notes	30 June 2026	31 December 2025
Other comprehensive income		600,586,264.69	592,395,413.02
Special reserve			
Surplus reserve		4,691,456,667.00	4,691,456,667.00
Undistributed profits		3,879,015,747.42	11,632,101,669.43
Total owners' equity (or shareholders' equity)		40,370,807,417.05	50,288,024,316.42
Total liabilities and owners' equity (or shareholders' equity)		222,564,941,350.76	182,981,836,067.38

Person in charge of the Company: Li Huagang
Person in charge of accounting function: Sun Jiacheng
Person in charge of accounting department: Ying Ke

Consolidated Profit Statement

January-June 2026

Unit and Currency: RMB

Items	Notes	2026 Interim	2025 Interim
I. Total operating revenue		152,115,050,237.63	156,494,034,448.85
Including: Operating revenue	VII.48	152,115,050,237.63	156,494,034,448.85
Interest income			
Insurance premiums earned			
Fee and commission income			
II. Total cost of operations		140,013,177,252.98	142,264,928,563.02
Including: Operating cost	VII.48	110,695,148,022.32	114,437,933,108.76
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.49	679,646,522.05	679,554,803.08
Selling expenses	VII.50	16,438,747,513.12	15,816,814,510.07
Administrative expenses	VII.51	6,024,554,539.54	5,891,046,898.48
R&D expenses	VII.52	5,071,691,950.54	5,790,436,804.10
Financial expenses	VII.53	1,103,388,705.41	-350,857,561.47
Including: Interest expenses		964,540,808.97	1,446,615,689.51
Interest income		831,783,506.32	908,582,647.56
Add: Other income	VII.54	652,168,218.84	775,214,508.42
Investment income (losses are represented by '-')	VII.55	881,229,134.85	917,258,503.36
Including: investment income of associates and joint ventures		754,149,658.04	850,409,233.36
Income generated from the derecognition of financial assets measured at amortized cost (losses are represented by '-')			
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.56	176,005,204.07	34,753,540.63
Loss on credit impairment (losses are represented by '-')	VII.57	-225,824,005.48	-71,912,087.85

Items	Notes	2026 Interim	2025 Interim
Loss on assets impairment (losses are represented by '-')	VII.58	-612,726,159.93	-744,113,044.82
Gain from disposal of assets (losses are represented by '-')	VII.59	56,289,701.71	-7,368,037.54
III. Operating profit (losses are represented by '-')		13,029,015,078.71	15,132,939,268.03
Add: non-operating income	VII.60	91,440,236.20	121,855,656.14
Less: non-operating expenses	VII.61	49,281,642.29	257,738,776.06
IV. Total profit (total losses are represented by '-')		13,071,173,672.62	14,997,056,148.11
Less: income tax expense	VII.62	2,195,160,459.05	2,511,940,348.67
V. Net profit (net losses are represented by '-')		10,876,013,213.57	12,485,115,799.44
(1) Classification by continuous operation			
1. Net profit from continuous operation (net losses are represented by '-')		10,876,013,213.57	12,485,115,799.44
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 '-')		10,316,254,946.26	12,032,995,820.27
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')		559,758,267.31	452,119,979.17
VI. Other comprehensive income, net of tax	VII.63	-2,788,776,300.48	1,452,271,379.89
(I) Other comprehensive income attributable to owners of the Parent Company, net of tax		-2,755,495,569.71	1,455,197,741.10
1. Other comprehensive income that cannot be reclassified into the profit or loss		-290,685,682.79	-158,056,399.69
(1) Changes arising from re-measurement of defined benefit plans		-91,421,132.19	135,857,881.73
(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		-199,264,550.60	-293,914,281.42

Items	Notes	2026 Interim	2025 Interim
(4) Changes in fair value of credit risks of the enterprise			
2. Other comprehensive income to be reclassified into the profit or loss		-2,464,809,886.92	1,613,254,140.79
(1) Other comprehensive income that can be transferred into profit or loss under equity method		-102,768,909.40	28,468,182.86
(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		31,031,203.91	-130,457,670.38
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-2,393,072,181.43	1,715,243,628.31
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-33,280,730.77	-2,926,361.21
VII. Total comprehensive income		8,087,236,913.09	13,937,387,179.33
(I) Total comprehensive income attributable to the owners of Parent Company		7,560,759,376.55	13,488,193,561.37
(II) Total comprehensive income attributable to the minority shareholders		526,477,536.54	449,193,617.96
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	XXI.2	1.12	1.30
(II) Diluted earnings per share (RMB/share)	XXI.2	1.12	1.29

Person in charge of the Company: Li Huagang
Person in charge of accounting function: Sun Jiacheng
Person in charge of accounting department: Ying Ke

Profit Statement of the Parent Company

January-June 2026

Unit and Currency: RMB

Items	Notes	2026 Interim	2025 Interim
I. Operating income	XIX.4	478,026,015.21	453,790,319.36
Less: operating cost	XIX.4	467,909,061.20	421,626,827.34
Taxes and surcharges		2,273,938.30	4,975,640.95
Selling expenses		2,838,916.64	6,114,834.66
Administration expenses		-243,552,976.12	230,730,912.40
R&D expenses		3,684,830.29	3,468,437.28
Financial expenses		-59,742,657.52	-82,235,139.76
Including: interest expenses		94,112,446.42	94,567,133.67
Interest income		155,919,928.65	173,636,781.09
Add: other income		6,527,695.16	3,036,529.45
Investment income (losses are represented by '-')	XIX.5	194,490,661.05	2,871,560,525.29
Including: investment income of associates and joint ventures		168,571,976.90	182,219,429.45
Derecognition income on financial assets measured at amortized cost (losses are represented by '-')			
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')		4,964,334.38	13,176,519.93
Loss on credit impairment (losses are represented by '-')		-830,525.14	-700,000.00
Loss on assets impairment (losses are represented by '-')			
Gain from disposal of assets (losses are represented by '-')		-3,099.36	-241,461.19
II. Operating profit (losses are represented by '-')		509,763,968.51	2,755,940,919.97
Add: non-operating income		2,757.59	200.00
Less: non-operating expenses		11,534,281.02	59,870.79
III. Total profit (total losses are represented by '-')		498,232,445.08	2,755,881,249.18
Less: income tax expenses		2,996,200.00	-
IV. Net profit (net losses are represented by '-')		495,236,245.08	2,755,881,249.18

Items	Notes	2026 Interim	2025 Interim
(I) Net profit from continuous operations (net losses are represented by '-')		495,236,245.08	2,755,881,249.18
(II) Net profit from discontinued operations (net losses are represented by '-')			
V. Other comprehensive income, net of tax		8,190,851.67	57,419,397.74
(I) Other comprehensive income that cannot be reclassified into the profit or loss			
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			
4. Changes in fair value of credit risks of the enterprise			
(II) Other comprehensive income to be reclassified into the profit or loss		8,190,851.67	57,419,397.74
1. Other comprehensive income that can be transferred into profit or loss under equity method		8,190,851.67	57,419,397.74
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		503,427,096.75	2,813,300,646.92
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Person in charge of the Company: Li Huagang
Person in charge of accounting function: Sun Jiacheng
Person in charge of accounting department: Ying Ke

Consolidated Cash Flow Statement

January-June 2026

Unit and Currency: RMB

Items	Notes	2026 Interim	2025 Interim
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering services		160,624,384,455.86	166,973,160,557.73
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		1,196,495,028.52	1,265,635,650.92
Cash received from other related operating activities	VII.64	1,889,017,210.41	1,512,184,469.60
Sub-total of cash inflows from operating activities		163,709,896,694.79	169,750,980,678.25
Cash paid on purchase of goods and services		114,499,477,277.63	118,785,453,051.35
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			

Items	Notes	2026 Interim	2025 Interim
Cash paid to and on behalf of employees		19,002,975,875.50	18,846,597,606.70
Cash paid for all types of taxes		8,575,351,835.70	9,435,218,293.50
Cash paid to other operation related activities	VII.64	11,880,057,728.25	11,544,665,945.36
Sub-total of cash outflows from operating activities		153,957,862,717.08	158,611,934,896.91
Net cash flow from operating activities	VII.65	9,752,033,977.71	11,139,045,781.34
II. Cash flow from investing activities:			
Cash received from recovery of investments		24,099,059,539.61	20,072,795,541.03
Cash received from return on investments		593,291,170.36	449,498,890.02
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		167,187,169.92	17,203,877.85
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities			131,428,806.14
Sub-total of cash inflows from investing activities		24,859,537,879.89	20,670,927,115.04
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		4,366,789,218.92	3,764,462,806.18
Cash paid for investments		30,770,121,226.31	26,928,024,657.46
Net increase in secured loans			
Net cash paid on acquisition of subsidiaries and other operating entities			
Other cash paid on investment activities			
Sub-total of cash outflows from investing activities		35,136,910,445.23	30,692,487,463.64
Net cash flow from investing activities		-10,277,372,565.34	-10,021,560,348.60
III. Cash flow from financing activities:			
Cash received from capital contributions		5,593,834,434.50	47,830,000.00
Including: cash received from capital contributions by minority shareholders of subsidiaries			
Cash received from borrowings		18,704,620,165.86	13,818,811,428.03
Cash received from bond issuance			3,500,000,000.00
Other cash received from financing activities			111,646,384.65

Items	Notes	2026 Interim	2025 Interim
Sub-total of cash inflows from financing activities		24,298,454,600.36	17,478,287,812.68
Cash paid on repayment of loans		16,057,858,845.13	14,319,613,817.74
Cash paid on distribution of dividends, profits or repayment of interest expenses		860,742,135.77	1,318,338,742.42
Including: dividend and profit paid to minority shareholders by subsidiaries			
Other cash paid to financing activities	VII, 64	2,534,886,848.31	3,905,562,240.98
Sub-total of cash outflows from financing activities		19,453,487,829.21	19,543,514,801.14
Net cash flow from financing activities		4,844,966,771.15	−2,065,226,988.46
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		−714,802,915.37	467,537,948.61
V. Net increase in cash and cash equivalents		3,604,825,268.15	−480,203,607.11
Add: balance of cash and cash equivalents at the beginning of the period	VII, 65	46,267,687,864.46	54,994,595,280.18
VI. Balance of cash and cash equivalents at the end of the period	VII, 65	49,872,513,132.61	54,514,391,673.07

Person in charge of the Company: Li Huagang
Person in charge of accounting function: Sun Jiacheng
Person in charge of accounting department: Ying Ke

Cash Flow Statement of the Parent Company

January-June 2026

Unit and Currency: RMB

Items	Notes	2026 Interim	2025 Interim
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering of services		1,018,983,293.05	142,867,762.31
Refunds of taxes		32,803.83	3,291,819.49
Other cash received from operating activities		158,111,216.81	136,466,207.24
Sub-total of cash inflows from operating activities		1,177,127,313.69	282,625,789.04
Cash paid on purchase of goods and services		194,267,674.52	133,785,234.50
Cash paid to and on behalf of employees		12,015,974.88	19,501,379.07
Cash paid for all types of taxes		21,565,926.43	12,863,251.19
Other cash paid to operation activities		28,077,901.34	124,465,778.03
Sub-total of cash outflows from operating activities		255,927,477.17	290,615,642.79
Net cash flow from operating activities		921,199,836.52	-7,989,853.75
II. Cash flow from investing activities:			
Cash received from recovery of investments		15,600,000,000.00	13,152,000,000.00
Cash received from return on investments		186,689,783.00	80,944,929.78
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities		1,461,261,140.00	1,726,172,255.14
Sub-total of cash inflows from investing activities		17,247,950,923.00	14,959,117,184.92
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		1,943,770.00	4,390,059.31
Cash paid for investments		19,437,239,183.96	18,278,117,869.26
Net cash paid on acquisition of subsidiaries and other operating entities			

Items	Notes	2026 Interim	2025 Interim
Other cash paid on investment activities		1,360,000,000.00	1,434,000,000.00
Sub-total of cash outflows from investing activities		20,799,182,953.96	19,716,507,928.57
Net cash flow from investing activities		-3,551,232,030.96	-4,757,390,743.65
III. Cash flow from financing activities:			
Cash received from capital injections			
Cash received from borrowings		2,045,000,000.00	2,515,000,000.00
Cash received from bond issuance			3,500,000,000.00
Other cash received from financing activities		6,925,640,041.06	2,941,508,886.50
Sub-total of cash inflows from financing activities		8,970,640,041.06	8,956,508,886.50
Cash paid on repayment of borrowings		1,634,452,856.45	1,626,480,000.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		126,247,579.79	87,281,645.03
Other cash paid on financing activities		1,624,700,065.94	857,354,695.20
Sub-total of cash outflows from financing activities		3,385,400,502.18	2,571,116,340.23
Net cash flow from financing activities		5,585,239,538.88	6,385,392,546.27
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		-313,416.37	-3,309,255.82
V. Net increase in cash and cash equivalents		2,954,893,928.07	1,616,702,693.05
Add: balance of cash and cash equivalents at the beginning of the period		6,823,857,021.79	8,721,089,765.37
VI. Balance of cash and cash equivalents at the end of the period		9,778,750,949.86	10,337,792,458.42

Person in charge of the Company: Li Huagang
Person in charge of accounting function: Sun Jiacheng
Person in charge of accounting department: Ying Ke

Consolidated Statement of Changes in Owner's Equity

January-June 2026

Unit and Currency: RMB

Items	2026 Interim Equity attributable to owners of the Parent Company Other equity instruments Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority shareholders' interests	Total owners' equity
I. Closing balance for the previous period	9,377,629,650.00				20,366,679,277.75	4,261,082,044.07	432,012,498.23		5,296,602,892.45		87,486,559,142.22		118,698,401,416.58	7,278,599,898.53	125,977,001,315.11
Add: changes in accounting policies															
Error correction for prior period															
Others															
II. Opening balance for the current year	9,377,629,650.00				20,366,679,277.75	4,261,082,044.07	432,012,498.23		5,296,602,892.45		87,486,559,142.22		118,698,401,416.58	7,278,599,898.53	125,977,001,315.11
III. Increase/decrease for the current period (decrease is represented by '-')					2,996,238,053.04	1,335,753,353.29	-2,755,495,569.71				2,074,964,495.62		979,953,625.66	2,418,533,362.88	3,398,486,988.54
(I) Total comprehensive income							-2,755,495,569.71				10,316,254,946.26		7,560,759,376.55	526,477,536.54	8,087,236,913.09
(II) Capital injection and reduction by owners					2,996,238,053.04	1,335,753,353.29							1,660,484,699.75	1,919,166,889.34	3,579,651,589.09
1. Ordinary shares invested by owners														1,919,166,889.34	1,919,166,889.34
2. Capital contribution by holders of other equity instruments															
3. Share-based payment included in owners' equity					-513,332,177.49								-513,332,177.49		-513,332,177.49
4. Others					3,509,570,230.53	1,335,753,353.29							2,173,816,877.24		2,173,816,877.24
(III) Profit distribution											-8,248,322,167.09		-8,248,322,167.09	-27,111,063.00	-8,275,433,230.09
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-8,248,322,167.09		-8,248,322,167.09	-27,111,063.00	-8,275,433,230.09
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											7,031,716.45		7,031,716.45		7,031,716.45
IV. Closing balance for the period	9,377,629,650.00				23,362,917,330.79	5,596,835,397.36	-2,323,483,071.48		5,296,602,892.45		89,561,523,637.84		119,678,355,042.24	9,697,133,261.41	129,375,488,303.65

Items	2025 Interim Equity attributable to owners of the Parent Company														
	Other equity instruments														
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority shareholders' interests	Total owners' equity
I. Closing balance for the previous period	9,382,913,334.00				20,310,218,222.04	3,510,728,776.44	825,502,860.47		5,296,602,892.45	-	79,474,366,234.70		111,778,874,767.22	7,022,846,418.42	118,801,721,185.64
Add: changes in accounting policies															
Error correction for prior period															
Others															
II. Opening balance for the current year	9,382,913,334.00				20,310,218,222.04	3,510,728,776.44	825,502,860.47		5,296,602,892.45	-	79,474,366,234.70		111,778,874,767.22	7,022,846,418.42	118,801,721,185.64
III. Increase/decrease for the current period (decrease is represented by '-')					-465,820,989.79	856,403,284.46	1,455,197,741.10				2,982,442,784.48		3,115,416,251.33	662,121,048.44	3,777,537,299.77
(I) Total comprehensive income							1,455,197,741.10				12,032,995,820.27		13,488,193,561.37	449,193,617.96	13,937,387,179.33
(II) Capital injection and reduction by owners					-465,820,989.79	856,403,284.46							-1,322,224,274.25	220,334,331.09	-1,101,889,943.16
1. Ordinary shares invested by owners														220,334,331.09	220,334,331.09
2. Capital contribution by holders of other equity instruments															
3. Share-based payment included in owners' equity					221,073,939.39								221,073,939.39		221,073,939.39
4. Others					-686,894,929.18	856,403,284.46							-1,543,298,213.64		-1,543,298,213.64
(III) Profit distribution	-	-	-	-	-	-	-		-	-	-8,991,794,045.13		-8,991,794,045.13	-7,406,900.61	-8,999,200,945.74
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-8,991,794,045.13		-8,991,794,045.13	-7,406,900.61	-8,999,200,945.74
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											-58,758,990.66		-58,758,990.66		-58,758,990.66
IV. Closing balance for the period	9,382,913,334.00				19,844,397,232.25	4,367,132,060.90	2,280,700,601.57		5,296,602,892.45		82,456,809,019.18		114,894,291,018.55	7,684,967,466.86	122,579,258,485.41

Legal representative of the Company: Li Huagang

Person in charge of accounting function: Sun Jiacheng

Person in charge of accounting department: Ying Ke

Statement of Changes in Owners' Equity of the Parent Company

January-June 2026

Unit and Currency: RMB

Items	2026 Interim										
	Other equity instruments										
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
I. Closing balance for the previous period	9,377,629,650.00				25,710,105,926.41	1,715,665,009.44	592,395,413.02		4,691,456,667.00	11,632,101,669.43	50,288,024,316.42
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	9,377,629,650.00	-	-	-	25,710,105,926.41	1,715,665,009.44	592,395,413.02	-	4,691,456,667.00	11,632,101,669.43	50,288,024,316.42
III. Increase/decrease for the current period (decrease is represented by '-')					-547,621,763.09	1,624,700,065.94	8,190,851.67			-7,753,085,922.01	-9,917,216,899.37
(I) Total comprehensive income							8,190,851.67			495,236,245.08	503,427,096.75
(II) Capital injection and reduction by owners					-547,621,763.09	1,624,700,065.94					-2,172,321,829.03
1. Ordinary shares invested by owners											-
2. Capital contribution by holders of other equity instruments											-
3. Share-based payment included in owners' equity					-547,621,763.09						-547,621,763.09
4. Others					-	1,624,700,065.94					-1,624,700,065.94
(III) Profit distribution										-8,248,322,167.09	-8,248,322,167.09
1. Withdrawal of surplus reserves										-	-
2. Distribution to owners (or shareholders)										-8,248,322,167.09	-8,248,322,167.09
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	9,377,629,650.00				25,162,484,163.32	3,340,365,075.38	600,586,264.69		4,691,456,667.00	3,879,015,747.42	40,370,807,417.05

Items	2025 Interim										
	Other equity instruments										
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
I. Closing balance for the previous period	9,382,913,334.00				25,680,561,451.57	1,467,523,464.56	618,368,749.67	-	4,691,456,667.00	9,687,279,183.32	48,593,055,921.00
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	9,382,913,334.00	-	-	-	25,680,561,451.57	1,467,523,464.56	618,368,749.67	-	4,691,456,667.00	9,687,279,183.32	48,593,055,921.00
III. Increase/decrease for the current period (decrease is represented by '-')					163,357,565.56	37,856,653.20	57,419,397.74			-6,235,912,795.95	-6,052,992,485.85
(I) Total comprehensive income					-	-	57,419,397.74			2,755,881,249.18	2,813,300,646.92
(II) Capital injection and reduction by owners					163,357,565.56	37,856,653.20	-			-	125,500,912.36
1. Ordinary shares invested by owners											
2. Capital contribution by holders of other equity instruments											
3. Share-based payment included in owners' equity					187,782,906.31		-			-	187,782,906.31
4. Others					-24,425,340.75	37,856,653.20	-			-	-62,281,993.95
(III) Profit distribution										-8,991,794,045.13	-8,991,794,045.13
1. Withdrawal of surplus reserves											-
2. Distribution to owners (or shareholders)										-8,991,794,045.13	-8,991,794,045.13
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	9,382,913,334.00	-	-	-	25,843,919,017.13	1,505,380,117.76	675,788,147.41	-	4,691,456,667.00	3,451,366,387.37	42,540,063,435.15

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

III. GENERAL INFORMATION OF THE COMPANY

1. Overview of the Company

√ Applicable □Not Applicable

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

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

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

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

These financial statements have been approved for publication by the Board of the Company on 27 August 2026.

2. Scope of consolidated statements

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

IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Going Concern

√ Applicable □Not Applicable

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

√ 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 bad debts for accounts receivable (Note V.11); the measurement of inventories (Note V.12); the depreciation and amortization of the investment properties (Note V.15); the depreciation of fixed assets (Note V.16), the amortization of intangible assets (Note V.19), the criterion for determining of long-term assets impairment (Note V.20); and the date of revenue recognition (Note V.26), etc.

1. Statement of compliance with Accounting Standards for Enterprises

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

2. Accounting period

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

3. Operating period

√ Applicable □Not Applicable

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

4. Recording currency

Renminbi is the recording currency of the Company

5. Materiality criteria determination method and selection basis

√ Applicable □Not Applicable

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

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

√ Applicable □Not Applicable

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

(1) Business combinations under common control

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

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

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

(2) Business combinations involving entities not under common control

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

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

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

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

√ Applicable □Not Applicable

Judgement Criteria for Control:

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

Preparation method of consolidated statements:

(1) Scope of consolidated financial statements

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

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

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

(3) Offset matters in the consolidated financial statements

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

(4) Accounting treatment of subsidiaries acquired from combination

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

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

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

① ***General treatment***

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

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

② ***Disposal of subsidiaries step by step***

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

i. The transactions were entered into simultaneously or with mutual influence in mind;

ii. The transactions as a whole are capable of achieving a complete commercial outcome;

iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;

iv. The transaction is uneconomical by itself but economic when considered in conjunction with other transactions.

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

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

(6) Purchase of minority interests in subsidiaries

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

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

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

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

√ Applicable □Not Applicable

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

(1) Joint operations

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

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

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

(2) Joint ventures

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

9. Recognition standard for cash and cash equivalents

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

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

10. Foreign currency businesses and translation of foreign currency statements

√ Applicable □Not Applicable

(1) Foreign currency transactions

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

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

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

(2) Translation of foreign currency financial statements

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

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

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

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

11. Financial instruments

√ Applicable □Not Applicable

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

(1) Classification, recognition and measurement of financial assets

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

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

1) The debt instruments held by the Company:

① *Financial assets measured at amortized cost*

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

② *Financial assets measured at fair value through other comprehensive income*

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

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

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

2) Equity instrument investments of the Company:

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

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

(2) Classification, recognition and measurement of financial liabilities

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

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

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

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

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

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

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

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

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

(4) Recognition and measurement on transfer of financial assets

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

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

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

(5) Derecognition of financial liabilities

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

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

(6) Offsetting financial assets and financial liabilities

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

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

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

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

(8) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

12. Inventory

(1) Classification of inventory

√ Applicable ☐Not Applicable

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

(2) Pricing of dispatch of inventory

√ Applicable ☐Not Applicable

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

(3) Impairment provision for inventory

√ Applicable ☐Not Applicable

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

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

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

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

(4) Inventory system

√ Applicable ☐Not Applicable

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

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

√ Applicable ☐Not Applicable

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

13. Contract assets

√ Applicable ☐Not Applicable

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

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

14. Long-term equity investments

√ Applicable ☐Not Applicable

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and recognition of profit or loss

① ***Cost method***

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

② ***Equity method***

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

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

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

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

① Change from fair value measurement to the equity method: If an equity investment in the investee not previously affording control, joint control or significant influence and accounted for in accordance with the standard for recognition and measurement of financial instruments becomes capable of affording joint control or significant influence over the investee as a result of increased shareholding following additional investment, the accounting method should be changed to the equity method, and the fair value of the original equity investment determined according to the standard for recognition and measurement of financial instruments plus the fair value of consideration paid for the acquisition of the new investment shall be changed the initial investment cost under the equity method.

② Change from fair value measurement or equity method to cost method: if an equity investment previously held in the investee not previously affording control, joint control or significant influence and accounted for in accordance with the standard for recognition and measurement of financial instruments, or a long- term equity investment previously held in associates or joint ventures becomes capable of affording control over the investee, it is accounted for long-term equity investment formed through business combination.

③ Change from equity method to fair value measurement: if a long-term equity investment previously held in the investee affording joint control or significant influence ceases to afford joint control or significant influence as a result of decrease in shareholding percentage following partial disposal, the remaining equity investment is recognised in accordance with the standard for recognition and measurement of financial instruments, and the difference between the fair value at the date of loss of joint control or significant influence and the carrying value is included in current profit or loss.

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

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

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

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

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

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

① Representation at the board or similar authority of the investee.

② Participation in the decision-making process of the investee's financial and operational policies.

③ Having important transactions with the investee.

④ Posting of management personnel at the investee.

⑤ Providing key technical data to the investee.

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

(5) Methods for impairment test and impairment provision

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

(6) Disposal of long-term equity investments

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

15. Investment properties

(1) Types and measurement models of investment properties

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

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

(2) Subsequent measurement based on cost model

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

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

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

16. Fixed assets

(1) Recognition criteria and measurement of fixed assets

√ Applicable □Not Applicable

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

① Economic benefits relating to such fixed assets are likely to flow into the Company;

② The cost of the fixed assets can be reliably measured.

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

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

(2) Classification and depreciation of fixed assets

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

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

Type of assets	Depreciation method	Estimated useful lives (years)	Estimated residual values, net
Buildings	Life average method	8–40	0–5%
Machinery equipment	Life average method	4–20	0–5%
Transportation equipment	Life average method	5–10	0–5%
Office and other equipment	Life average method	3–10	0–5%

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

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

(4) Disposal of fixed assets

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

17. Construction in progress

√ Applicable □Not Applicable

(1) Measurement of construction in progress

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

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

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

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

② Trial production or operation has commenced and the result indicates that the asset can operate normally or can manufacture compliant products in a consistent manner, or the trial operation indicates that it can operate or conduct business normally;

③ The amount of fixed asset expenditure of the construction is minimal or almost certain not be further incurred;

④ Fixed assets acquired have reached design or contractual requirements, or are essentially consistent with design and contractual requirements.

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

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

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

18. Borrowing costs

√ Applicable □Not Applicable

(1) Principle for recognition of capitalisation of borrowing cost

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

(2) Computation of capitalised amounts

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

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

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

19. Intangible assets

√ Applicable □Not Applicable

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

① it is probable that economic benefits attributable to the intangible assets will flow into the Company;

② the costs of the intangible assets can be measured reliably.

(1) Measurement of intangible assets

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

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

(2) Criterion of determining indefinite useful life

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

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

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

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

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

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

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

As for an internal research and development project, expenditure incurred in the research stage is recognized in the profit or loss as incurred. Expenses incurred in the development stage are capitalized only if all of the following conditions are met: 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: the Company refers to the research stage as the stage of planned investigation and search for obtaining new technology and knowledge, which features planning and exploration; before commercial production or other uses, the Company regards the stage of applying the research achievements and other knowledge in a plan or design to produce new or substantially improved materials, equipment and products as development stage, which features pertinence and is very likely to form results.

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

20. Impairment of long-term assets

√ Applicable □Not Applicable

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

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

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

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

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

21. Long-term prepaid expense

√ Applicable □Not Applicable

Long-term prepaid expenses of the Company are expenditures which have incurred but the benefit period of which is more than one year (exclusive). They are amortized by installments over the benefit period based on each item under the expenses. If items under the long-term pre-paid expenses are no longer beneficial to the subsequent accounting periods, the amortized value of such unamortized items is then fully transferred to the profit or loss.

22. Contract liabilities

√ Applicable □Not Applicable

A contract liability represents the Company's obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer has already paid the contract consideration before the Company transfers goods to the customer or the Company has obtained the unconditional collection right, the Company will recognise such amount received or receivable as contract liabilities at earlier of the actual payment by the customer or the amount payable becoming due. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

23. Staff's remuneration

Staff's remunerations are all forms of compensation and other relevant expenditure given by the Company in exchange for services rendered by employees, including short-term remunerations, post-employment benefits, termination benefits and other long-term benefits.

(1) Accounting treatment of short-term remunerations

√ Applicable □Not Applicable

Short-term remunerations provided by the Company include short-term salaries, bonus, allowance, subsidies, employee welfare, housing provident fund, labor union fee and education fee, medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, short-term compensated leave, short-term profit-sharing plans, etc. During the accounting period when employees render services, the Company shall recognize short-term remunerations that actually incurred as liabilities and credited into the current profit or loss or the cost of relevant assets on an accrual basis by the benefit objects.

(2) Accounting treatment of post-employment benefits

√ Applicable ☐Not Applicable

Post-employment benefits mainly include the basic pension insurance, enterprise annuity, etc., In accordance with the risks and obligations undertaken by the Company, the post-employment benefits are classified as defined contribution plans and defined benefit plans.

Defined contribution plans: the Company shall recognize the sinking funds paid on the balance sheet date to individual entities in exchange for services from employees in the accounting period as liabilities, and shall credit such funds into the profit or loss or the cost of relevant assets in accordance with the benefit objects.

Defined benefit plans: the Company determines the cost for providing benefits using the expected cumulative welfare unit method, with actuarial valuations being carried out by independent actuary at the interim and annual balance sheet date. The costs for staff's remunerations incurred by the defined benefit plans of the Group are categorized as follows: (1) service cost, including current period service cost, past service cost and settlement profit or loss. Specifically, current period service cost means the increase of the present value of defined benefit obligations resulted from the current period services offered by employees. Past service cost means the increase or decrease of the present value of defined benefit obligations resulted from the revision of the defined benefit plans related to the prior period services offered by employees; (2) interest expenses of defined benefit plans; (3) changes caused by the remeasurement of liabilities for defined benefit plans. Unless other accounting standards require or permit the credit of the costs for employee welfare into the cost of assets, the Company will credit (1) and (2) above into the profit or loss; and recognize (3) above as other comprehensive income and will not transfer it back to the profit or loss in subsequent accounting periods.

(3) Accounting treatment of termination benefits

√ Applicable ☐Not Applicable

Termination benefits are the indemnity proposal provided by the Company for employees for the purpose of terminating labor relations with employees before expiry of the labor contracts or encouraging employees to accept downsizing voluntarily. When the Company could not unilaterally withdraw the termination benefits provided as a result of plan for termination of labor relations or the redundancy offer, or upon recognition of costs or expenses related to a restructuring involving the payment of termination benefits, whichever is earlier, the staff's remuneration liabilities arising from such termination benefits are recognized and included in current profit or loss.

24. Estimated liability

√ Applicable □Not Applicable

(1) Criterion for determining of estimated liability

If an obligation in relation to contingencies such as external guarantees, discounting of commercial acceptance bills, pending litigation or arbitration and product quality assurance is the present obligation of the Company and the performance of such obligation is likely to lead to an outflow of economic interests and its amount can be reliably measured, such obligation shall be recognized as an estimated liability.

(2) Measurement of estimated liability

The estimated liability shall be initially measured according to the best estimate of the necessary expenses for the performance of the present obligation. If there is a continuous range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined according to the middle estimate within the range; if there are 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.

If all or part of the expense necessary for settling the provisions is expected to be compensated by the third party, the amount of compensation is separately recognized as an asset when it is basically determined to be recoverable, and the recognized amount of the compensation shall not exceed the carrying amount of the provisions.

25. Share-based payments

√ Applicable □Not Applicable

Share-based payments of the Company are transactions in which equity instruments are granted to employees in exchange for services rendered by employees or for the assumption of liabilities based on equity instruments. Share-based payments of the Company are equity-settled share-based payments and cash-settled share-based payments.

For equity-settled share-based payment transaction in return for services from employees, it shall be measured at the fair value of equity instruments granted to the employees at the date of grant by the Company. On each balance sheet date within the vesting period, the Company makes the best estimation of the number of vested equity instruments based on subsequent information such as the updated changes in the number of employees who are granted to vest and the achievement of specified performance conditions. Based on the above results, the services received in the current period are included in the relevant cost or expenses based on the fair value on the date of grant, with the increase in the capital reserve accordingly. The recognized relevant cost or expenses and the total amount of owners' interest shall no longer be adjusted after the vesting date. However, equity instruments vested immediately after the date of grant shall be included in the relevant cost or expenses based on its fair value on the date of grant, with the increase in the capital reserve accordingly.

The cash-settled share-based payment shall be measured at the fair value of liability assumed by the Company, which is determined based on the shares or other equity instruments. For the cash-settled share-based payment that may be exercised immediately after the grant, the fair value of the liability assumed by the Company shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For cash-settled share-based payment that may be exercised if services are fulfilled during the vesting period or the specified performance condition is achieved, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of exercise, be recognized in relevant costs or expenses at the fair value of the liability assumed by the Company, and the liabilities shall be adjusted correspondingly. At each balanced sheet date and the settlement date prior to the settlement of liabilities, the fair value of the liability is re-measured with its change consolidated in profit/loss.

When there is changes to the Company's share-based payment plans, if the modification increases the fair value of the equity instruments granted, corresponding recognition of service increase in accordance with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the increase in fair value of the equity instruments is recognized as a corresponding increase in service achieved. Increase in the fair value of equity instruments refer to the difference between the fair values of the equity instrument on the modified date before or after the modification. If the Company modifies the vesting conditions in such manner conductive to the employees, including the shortening of the vesting period, change or cancellation of the performance conditions (rather than market conditions), the modified vesting conditions are considered upon the disposal of vesting conditions. If the modification reduces the total fair value of shares paid or the Company uses other methods not conductive to employees to modify the terms and conditions of share-based payment plans, the Company will continue to be accounted for the services obtained in the accounting treatment, as if the change had not occurred, unless the Company cancelled some or all of the equity instruments granted.

During the vesting period, if the Company cancel equity instruments granted which will be treated as accelerating the exercise of rights and any amount to be charged over the remaining vesting period should be recognized immediately in the profit or loss, while at the same time recognize the capital reserve. Employees or other parties can choose to meet non-vesting conditions, but for those that are not met in the vesting period, the Company will treat it as cancellation of equity instruments granted.

26. Revenue

√ Applicable □Not Applicable

Revenue is the total inflow of economic benefits formed by the Company and its subsidiaries during day-to-day operations which might lead to increase of shareholders' equity and be irrelevant to capital invested by shareholders.

The Company and its subsidiaries performed performance obligations stated in the contract, i.e., recognized revenue when the client obtains the control right of relevant goods or services.

Where the contract includes two or more performance obligations, during the starting date of the contract, the Company and its subsidiaries allocate transaction price to various single performance obligation in accordance with the relevant proportion of separate selling price of goods or services promised by various single performance obligation, and measure revenue in accordance with transaction price allocated to various single performance obligation.

Transaction price is the amount of consideration that the Company and its subsidiaries are expected to be entitled to collect due to transfer of goods and services transferred to the client, excluding the amount collected for 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;

④ The client has accepted such goods or service.

The right that the Company and its subsidiaries are entitled to collect the consideration for having transferred goods or services to the client (and such right depends on other factors other than time lapse) is presented as contract asset, and contract asset is provisioned impairment on the basis of expected credit losses. The right owned by and unconditionally collected from the client by the Company and its subsidiaries (only depend on time lapse) shall be presented as accounts receivable. Obligations that the Company and its subsidiaries have collected or shall collect consideration from the client and shall transfer goods or services to the client are presented as contractual obligations.

Specific accounting policies relating to major activities that the Company and its subsidiaries obtain revenue are described as follows:

(1) Sale of goods

Generally, contracts for sale of goods between the Company and its clients only include performance obligation of transferring the whole machine of home appliance. Generally, on the basis of taking into account the following factors comprehensively, the Company recognizes the revenue at the time point of transfer of control right of goods: the right of instant collection for obtaining goods, transfer of major risks and rewards on ownership of goods, transfer of statutory ownership of goods, transfer of assets of material objects of goods, the client's acceptance of such goods.

(2) Construction contract income

Construction contract between the Company and the client generally includes performance obligations of construction and installation of commercial air-conditioner and smart home, because the client is able to control goods under construction during the Company's performance process, the Company takes them as performance obligations performed during a certain time horizon, and recognizes revenue in accordance with the schedule of performance, and it is an exemption when the schedule of performance can't be reasonably confirmed. The Company confirms the schedule of performance of services provided in accordance with the input method. When the schedule of performance can't be reasonably confirmed, where the costs that have been incurred by the Company are estimated to be compensated, the revenue will be recognized in accordance with the amount of costs that has been incurred until the schedule of performance can be reasonably confirmed.

(3) Warranty obligations

According to contractual agreement and regulations of laws, the Company provides quality assurance for goods sold and project constructed. For guarantee-type quality assurance in order to ensure the client that goods sold comply with existing standards, the Company conducts accounting treatment in accordance with estimated liabilities. For service-type quality assurance in order to ensure the client that we also provide a separate service other than that the goods sold comply with existing standards, the Company takes it as a separate performance obligation, and allocates partial transaction price to service-type quality assurance in accordance with the relevant proportion of separate selling price of goods and service-type quality assurance, and recognizes revenue when the client obtains control right over services. When assessing whether quality assurance provides a separate service other than ensuring the client that the goods sold comply with existing standards, the Company shall consider factors such as whether such quality assurance is under statutory requirements or industrial practices, the term of quality assurance and the nature of the Company's commitment to perform the tasks.

27. Government grants

√ Applicable □Not Applicable

(1) Types of government grants

Government grants refer to the gratuitous monetary assets or non-monetary assets obtained by the Company from the government, excluding the capital invested by the government as an owner. The government grants are mainly divided into asset-related government grants and revenue-related government grants.

(2) Accounting treatment of government grants

Asset-related government grants shall be recognized as deferred income in current profit or loss on an even basis over the useful life of relevant assets; government grants measured at nominal amount shall be recognized directly in current profit or loss. Revenue-related government grants shall be treated as follows: ①those used to compensate relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognized as deferred income and recorded in current profit or loss when such expenses are recognized; ②those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in current profit or loss.

(3) Basis for determination of asset-related government grant and revenue-related government grant

If the government grant received by the Company is used for purchase, construction or other project that forms a long-term asset, it is recognized as asset-related government grant.

If the government grant received by the Company is not asset-related, it is recognized as revenue-related government grant.

Government grant received without clear objective shall be classified as asset-related government grant or revenue-related government grant by:

① Government grant subject to a certain project shall be separated according to the proportion of expenditure budget and capitalization budget, and the proportion shall be reviewed and modified if necessary on each balance sheet date;

② Government grant shall be categorized as revenue-related if its usage is described in general statement and no specific project is specified in the relevant government document.

(4) Amortization method and determination of amortization period of deferred revenue related to government grants

Asset-related government grant received by the Company is recognized as deferred revenue and is evenly amortized to the profit or loss in the current period over the estimated useful life of the relevant asset starting from the date when the asset is available for use.

(5) Recognition of government grants

Government grant measured at the amounts receivable is recognized at the end of the period when there is clear evidence that the relevant conditions set out in the financial subsidy policies and regulations are fulfilled and the receipt of such financial subsidy is assured.

Other government grants other than those measured at the account receivable is recognized upon actual receipt of such subsidies.

28. Deferred tax assets/deferred tax liabilities

√ Applicable □Not Applicable

Deferred income tax assets and deferred income tax liabilities of the Company are calculated and recognized based on the differences between the tax bases and the carrying amounts of assets and liabilities (temporary differences).

(1) Deferred income tax assets are recognized by the Company to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred income tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits. Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary differences.

(2) Deferred income tax asset of the Company is recognized to the extent that there is enough taxable income for the deduction of the deductible temporary difference. At the balance sheet date, if there is sufficient evidence that there will be enough taxable income in the future for the deduction of the deductible temporary difference, the deferred income tax asset not recognized in previous accounting period is recognized. If there is no sufficient evidence that there will be enough taxable income in the future for the deduction of the deferred income tax asset, the carrying value of the deferred income tax asset is reduced.

(3) The Company recognizes deferred income tax liability for taxable temporary difference arising from investments in subsidiaries and associated companies, unless the Company could control the time of reversal of the temporary differences and the temporary differences would not be probably reversed in the foreseeable future. The Company recognizes deferred income tax asset for deductible temporary differences arising from investments in subsidiaries and associated companies, if the temporary difference will be very probably reversed in the foreseeable future and it is highly probable that taxable income will be available in the future to deduct the deductible temporary difference.

(4) The Company does not recognize deferred income tax liability for a temporary difference arising from the initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable income (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities of the Company are measured at the tax rates that apply to the period when the asset is expected to be recovered or the liability is expected to be settled.

(5) Deferred income tax assets and deferred income tax liabilities are offset when:

1) deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity within the Company;

2) such taxable entity within the Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis.

29. Leases

√ Applicable □Not Applicable

Lease is a contract in which the Company transfers or obtains the right of use of an identified asset or several identified assets under control for the exchange or payment of consideration within a certain period of time. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

(1) The Company as the lessee

√ Applicable □Not Applicable

1) Initial measurement

On the commencement date of the lease term, the Company recognizes its right to use leased assets over the lease term as right-of-use assets and recognizes the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value leases. The lease payments are discounted using the implicit interest rate in the lease when calculating the present value of the lease payments. If that rate cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate.

Right-of-use assets shall be initially measured at costs. The costs include:

a. initial measurement amount of the lease liabilities;

b. a lease payment paid on or before the date of commencement of the lease term, where there were lease incentives, such incentives received shall be deducted;

c. initial direct costs incurred by the lessee;

d. costs expected to be incurred by the Company for demolition and removal of leased assets, restoration of the premises where the leased assets are located, or restoration of the leased assets to the conditions of the lease terms.

2) Subsequent measurement

If the Company accrues depreciation for right-of-use assets by reference to the depreciation policy for fixed assets (see this Note V.16 "Fixed assets" for details), and can reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the Company shall depreciate the leased asset within its remaining useful life. If the Company cannot reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, the Company shall depreciate the leased asset within the lease term or its remaining useful life, whichever is shorter. For lease liabilities, the Company shall calculate the interest expenses for each period over the lease term at the fixed periodic interest rate, and recognize it in current profit or loss or the cost of relevant assets. Variable lease payments that are not included in the measurement of lease liabilities are recognized in current profit or loss or the cost of relevant assets when they are actually incurred. After the commencement date of the lease term, in the event that there is a change in the substantive fixed payments, a change in expected payment under a guaranteed residual value, a change in an index or rate used in determining the lease payments, or a change in the evaluation result or actual exercise of purchase option, extension option or termination option, the Company remeasures the lease liabilities based on the present value of the lease payments after the change and adjusts the carrying value of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, but a further reduction in the measurement of the lease liabilities is still warranted, the Company recognizes the remaining amount of the remeasurement in current profit or loss.

3) Short-term leases and leases of low-value assets

For short-term leases (leases with a term of less than 12 months as of the lease commencement date) and leases of low-value assets, the Company adopts a simplified approach by not recognizing the right-of-use assets and lease liabilities, and instead recognizes the cost of relevant assets or current profit or loss on a straight-line basis for each period over the lease term.

(2) The Company as the lessor

√ Applicable □Not Applicable

The Company classifies leases into finance leases and operating leases based on the substance of the transaction at the inception date of the lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset. An operating lease is a lease other than a finance lease.

1) Operating leases

The Company uses the straight-line method to recognize lease receipts under operating leases as rental income for each period during the lease term. Variable lease payments relating to operating leases that are not recognized as lease receipts are recognized in current profit or loss when they are actually incurred.

2) Finance leases

On the commencement date of the lease term, the Company recognizes finance lease receivables and derecognizes finance lease assets. Finance lease receivables are initially measured at the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the commencement date of the lease term discounted at the interest rate embedded in the lease), and interest income is recognized over the lease term calculated at a fixed periodic interest rate. Variable lease payments acquired by the Company that are not included in the measurement of the net investment in the lease are recognized in current profit or loss when they are actually incurred.

30. Other significant accounting policies and accounting estimates

√ Applicable □Not Applicable

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.

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.

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 of the Company 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 provision 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 amount may not be recoverable. An impairment has occurred when the carrying value of an asset or asset group is higher than the recoverable amount (the higher of net fair value less disposal cost and the present value of estimated future cash flow). The net fair value less disposal cost is determined with reference to the agreed selling price of similar assets in a fair transaction or observable market prices less incremental costs attributable directly to the disposal of such asset. In estimating the present value of future cashflow, significant judgement is required to be made in respect of the production volume and selling price of the asset or (asset group), relevant operating cost and discount rate for the computation of present value. The Company takes into consideration all available relevant information when making estimates on the recoverable amount, including forecasts on production volume, selling price and relevant operating costs based on reasonable and justifiable assumptions. The Company conducts goodwill impairment tests at least annually. This requires estimates on the present value of future cashflow of asset group or portfolio of asset groups to which goodwill has been allocated. When making estimates on the present value of future cashflow, the Company is required to make estimates on cashflow generated from future asset group or portfolio of asset groups, and at the same time select an appropriate discount rate to determine the present value of future cashflow.

⑦ ***Depreciation and amortisation***

Depreciation and amortisation of investment properties, fixed assets and intangible assets is charged on a straight-line basis over their useful life after taking their residual values into account. The Company reviews the useful life on a regular basis to determine the amount of depreciation and amortisation charge to be allocated to each reporting period. The useful life is determined based on past experience relating to similar assets taking into consideration expected technological upgrades. If there are significant changes in previous estimates, the depreciation and amortisation charge for future periods will be adjusted.

⑧ ***Deferred income tax assets***

The Company recognises deferred income tax assets in respect of all unutilised tax losses, to the extent that it is probable that sufficient taxable profit will be available to offset the loss. This requires the exercise of significant judgement by the Company's management to estimate the timing and amount of future taxable profit, taking into account its tax planning strategy, to determine the amount of deferred income tax assets to be recognised.

⑨ ***Income tax***

In the Company's usual operating activities, the final tax treatment and computation of certain transactions are subject to uncertainty. Whether certain items can be presented on a pretax basis is subject to approval of the competent taxation authority. If the final confirmed outcome of such taxation matters is different from the amount of the initial estimates, such difference will affect the current income tax and deferred income tax for the period of final confirmation.

⑩ ***Provision for sales rebate***

The Company and its subsidiaries adopt a sales rebate policy for sales agent customers. Based on relevant provisions of the sales agreements, vetting of specific transactions, market conditions, channel inventory level and past experience with reference to the status of completion of agreed appraisal indicators by sales agent customers, the Company and its subsidiaries makes estimates on and provision for sales rebate on a regular basis. The provision of sales rebate involves judgment and estimation by the management. In the event of any material change in previous estimates, the aforesaid difference will affect the sales rebate for the period for which the estimates are changed.

31. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

☐ Applicable √ Not Applicable

(2) Changes in significant accounting estimates

☐ Applicable √ Not Applicable

(3) Since 2026, the initial implementation of new accounting standards or interpretations of standards will involve adjustments to the financial statements at the beginning of the year of the initial implementation

☐ Applicable √ Not Applicable

VI. TAXATION

1. Main tax categories and rates

Main tax categories and rates

√ Applicable □Not Applicable

Tax types	Basis of taxation	Tax rate
Value-added tax	Taxable revenue from sales of goods and rendering services	6%, 9%, 13%
City maintenance and construction tax	Circulation tax payable	7%
(Local) education surcharge	Circulation tax payable	1%, 2%, 3%
EIT	Taxable income	Statutory tax rate or preferential rates as follows

2. Preferential tax

√ Applicable □Not Applicable

Companies subjected to preferential tax and preferential tax rate:

Company	Tax rate	Preferential tax
Qingdao Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Special Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Dishwasher Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Special Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Intelligent Home Appliance Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Electronics Holding Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Air Conditioner Gen Corp., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Air-conditioning Co., Limited	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

Company	Tax rate	Preferential tax
Zhengzhou Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shenyang Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Meier Plastic Powder Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Hai Gao Design and Manufacture Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Hairi High Technology Co., Ltd	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Intelligent Technology Development Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Haier Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Central Air Conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Electronic Plastic Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Wei Xi Intelligent Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Kitchen Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Air Conditioning Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shanghai Haier Medical Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shanghai Haier Smart Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Yunshang Yuyi IOT Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier (Shanghai) Home Appliance Research and Development Center Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier (Shenzhen) R&D Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

Company	Tax rate	Preferential tax
Laiyang Haier Smart Kitchen Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Guangdong Haier Intelligent Technology Co. Ltd	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Dalian Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Jijia Cloud Intelligent Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Moulds 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 Haier Laundry Appliances Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Shunde Haier Electric Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Tianjin Haier Cleaning Electrical Appliances Co., Ltd. (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 Haier Drum Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Strauss Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier New Energy Electric Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Washing Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Lexin Cloud Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Drum Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Electrics Equipment Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Living Appliance Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao RRS Lejia IoT Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

Company	Tax rate	Preferential tax
Tonghai Energy Technology Development Co., Ltd. (同海能源科技发展有限公司)	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Jiangxi Haier Medical Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Electrical Appliance Sales Co., Ltd. and some Western companies	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Refrigeration Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Guizhou Haier Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Hairishun Home Appliance Sales Co., Ltd. and some Western companies	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
Guizhou Peiji Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Central Asia Baofeng International Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Central Asia Baofeng International Logistics Co., Ltd. Xi'an Branch	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC

Company	Tax rate	Preferential tax
Shenzhen Furunde Supply Chain Management Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Gooday Supply Chain Technologies Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier Robotics Technology (Qingdao) Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Guiyang Ririshun Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Xi'an Gooday Smart Supply Chain Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Gooday Supply Chain Management Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Qusong Tonghai Energy Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Linzhou Tonghai Energy Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Qingdao Haier Technology Co., Ltd.	10.00%	entitled to the preferential taxation policies as a key software enterprise

VII. EXPLANATORY NOTES FOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise specified, the following closing balances represent the amount as at 30 June 2026 and opening balances represent the amount as at 31 December 2025; amount for the period represents the amount from 1 January to 30 June 2026 and amount for the previous period represents the amount from 1 January to 30 June 2025.

1. Monetary funds

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	4,323,305.44	2,361,449.23
Cash in bank	48,772,174,466.90	45,475,152,052.12
Other cash balances	2,082,595,385.87	2,144,143,939.95
Total	50,859,093,158.21	47,621,657,441.30
Include: total amount of overseas deposits	25,455,217,627.67	23,587,103,117.58
Deposit in Finance Company	10,682,105,449.30	11,330,984,136.12

Other monetary funds mainly included investment fund, deposit on third party payment platforms, guarantees and other restricted fund, etc.

2. Financial assets held for trading

Items	Closing balance	Opening balance
Short-term wealth management products	7,239,011,137.24	1,485,993,504.45
Investments in equity instruments	147,827,542.71	209,183,404.17
Investment funds	362,852,477.66	339,093,852.91
Total	7,749,691,157.61	2,034,270,761.53

3. Derivative financial assets

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	399,827,749.92	80,641,860.30
Total	399,827,749.92	80,641,860.30

4. Bills receivable

(1) Details of bills receivable

Items	Closing balance	Opening balance
Bank acceptance notes	6,951,461,775.01	1,850,368,672.70
Commercial acceptance notes	2,682,885,496.72	4,633,044,463.38
Balance of bills receivable	9,634,347,271.73	6,483,413,136.08
Allowance for bad debts	1,060,089.74	1,060,089.74
Bills receivable, net	9,633,287,181.99	6,482,353,046.34

(2) Changes in allowance for bad debts of bills 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	1,060,089.74					1,060,089.74
Total	1,060,089.74					1,060,089.74

The Company's bills receivables were mainly generated from daily operation activities such as sales of commodity, provision of labor, etc., and the allowance for bad debts was measured based on expected credit loss over the entire duration whether there exist significant financing components.

The bills receivable pledged by the Company at the end of the period was RMB2,346,283,874.13 (amount at the beginning of the period: RMB1,234,476,913.38).

5. Accounts receivable

(1) Accounts receivable are disclosed by aging as follows:

Aging	Closing balance	Opening balance
Within 1 year	32,457,279,155.12	26,524,874,187.83
1–2 years	763,641,571.11	665,945,645.16
2–3 years	414,593,109.73	403,445,806.03
Over 3 years	383,105,551.23	386,375,085.09
Balance of accounts receivable	34,018,619,387.19	27,980,640,724.11
Allowance for bad debts	1,063,478,212.24	914,801,615.66
Accounts receivable, net	32,955,141,174.95	27,065,839,108.45

(2) By method of provision of allowance for bad debts

√ Applicable ☐Not Applicable

	Closing balance				
	Book balance		Allowance for bad debts		
Categories	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Account receivables subject to provision for bad debts on a separate basis	109,078,989.51	0.32	106,324,357.39	97.47	2,754,632.12
Account receivables subject to provision for bad debts on a collective basis	33,909,540,397.68	99.68	957,153,854.85	2.82	32,952,386,542.83
Total	34,018,619,387.19	100.00	1,063,478,212.24	3.13	32,955,141,174.95

(continued)

	Opening balance				
	Book balance		Allowance for bad debts		
Categories	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Account receivables subject to provision for bad debts on a separate basis	130,762,026.19	0.47	124,278,608.47	95.04	6,483,417.72
Account receivables subject to provision for bad debts on a collective basis	27,849,878,697.92	99.53	790,523,007.19	2.84	27,059,355,690.73
Total	27,980,640,724.11	100.00	914,801,615.66	3.27	27,065,839,108.45

(3) Account receivables subject to provision for bad debts on a separate basis at the end of the period

Unit and Currency: RMB

Name	Closing balance			
	Book balance	Allowance for bad debts	Percentage of provision (%)	Reason for provision
54 customers in total	109,078,989.51	106,324,357.39	97.47	The obligors were in significant financial difficulty
Total	109,078,989.51	106,324,357.39	97.47	

The account receivables of significant individual amount and subject to provision for bad debts on a separate basis at the end of the period was RMB0.00 (amount at the beginning of the period: RMB0.00).

(4) Account receivables subject to provision for bad debts on a collective basis

√ Applicable □Not Applicable

Aging	Closing balance		
	Book balance	Allowance for bad debts	Percentage of provision (%)
Within 1 year	32,457,190,403.49	463,571,839.08	1.43
1–2 years	691,731,104.89	153,143,548.41	22.14
2–3 years	404,703,644.91	123,396,121.61	30.49
Over 3 years	355,915,244.39	217,042,345.75	60.98
Total	33,909,540,397.68	957,153,854.85	2.82

(continued)

Aging	Opening balance		
	Book balance	Allowance for bad debts	Percentage of provision (%)
Within 1 year	26,457,359,828.58	327,049,837.48	1.24
1–2 years	647,205,254.31	121,287,347.20	18.74
2–3 years	392,079,376.36	114,154,731.62	29.12
Over 3 years	353,234,238.67	228,031,090.89	64.56
Total	27,849,878,697.92	790,523,007.19	2.84

(5) 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	914,801,615.66	234,738,477.16		46,641,590.66	39,420,289.92	1,063,478,212.24

(6) The aggregate amount of the top 5 account receivables and contract assets as at the end of the period was RMB7,186,755,272.67 (amount at the beginning of the period: RMB6,561,936,499.48), accounting for 20.26% (at the beginning of the period:22.54%) of the book balance of account receivables and contract assets, and the amount of provision for bad debts was RMB172,017,624.07 (amount at the beginning of the period: RMB68,707,453.89).

(7) Actual write-off of accounts receivable in the current period

The amount of accounts receivable actually written off in the current period was RMB24,840,582.48 (amount for the corresponding period: RMB56,324,142.82) and the amount of significant bad debt write-off of accounts receivable was RMB0.00.

(8) The Company's accounts receivable that were terminated due to the transfer of financial assets in the current period

The amount of accounts receivable that the company terminated at the end of the period due to the transfer of financial assets was RMB5,821,586,425.62 (amount at the beginning of the period: RMB6,343,003,587.44) and the transfer method was outright sale factoring.

(9) Restricted accounts receivable in the current period

The amount of accounts receivable restricted at the end of the period is RMB0.00 (amount at the beginning of the period: RMB0.00).

6. Financing receivables

(1) Presentation by category

Items	Closing balance	Opening balance
Bills receivable	727,973,336.89	1,787,975,081.92
Accounts receivable		
Total	727,973,336.89	1,787,975,081.92

(2) The amount of the Company's pledged financing receivables at the end of the period is RMB121,288,756.93 (amount at the beginning of the period: RMB163,275,421.25).

(3) Financing receivables at the end of the period that had been endorsed or discounted by the Company and were not yet due at the balance sheet date

Items	Amounts derecognized at the end of the period	Amounts not derecognized at the end of the period
Bills receivable	12,049,098,257.71	
Total	12,049,098,257.71	

(4) No provision for bad debts has been made for financing receivables during the period.

(5) There were no financing receivables written off during the period.

7. Prepayments

(1) Prepayments are presented by aging:

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	2,464,336,347.60	95.92%	2,765,358,764.92	96.86%
1–2 years	59,130,942.48	2.30%	48,030,594.75	1.68%
2–3 years	21,947,143.17	0.85%	20,887,129.32	0.73%
Over 3 years	23,937,451.85	0.93%	20,866,112.78	0.73%
Balance of prepayments	2,569,351,885.10	100.00%	2,855,142,601.77	100.00%
Provision for impairment of prepayments	8,755,327.07		8,755,327.07	
Net prepayments	2,560,596,558.03		2,846,387,274.70	

(2) Provision for impairment

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	
Provision for impairment	8,755,327.07					8,755,327.07
Total	8,755,327.07					8,755,327.07

(3) The total amount of the top 5 in the prepayments at the end of the period was RMB698,977,963.39, accounting for 27.20% of the book balance of prepayment (amount at the beginning of the period: RMB1,462,082,182.66, accounting for 51.21%).

(4) There was no significant prepayment aged over 1 year at the end of the period.

8. Other receivables

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	93,189,719.89	342,158,094.18
Other receivables	3,839,898,202.40	2,754,306,974.21
Total	3,933,087,922.29	3,096,465,068.39

Interest receivable

√ Applicable □Not Applicable

Unit and Currency: RMB

Aging	Closing balance	Opening balance
Within 1 year	49,129,678.23	149,965,224.39
1–2 years	23,790,041.66	116,576,908.67
2–3 years	20,270,000.00	75,615,961.12
Over 3 years		
Total	93,189,719.89	342,158,094.18

Other receivables

① ***Other receivables are disclosed by aging as follows:***

Aging	Closing balance	Opening balance
Within 1 year	2,855,922,999.41	2,048,736,625.30
1–2 years	509,488,701.52	289,733,063.51
2–3 years	119,515,918.61	84,210,088.36
Over 3 years	447,970,978.84	406,466,589.49
Balance of other receivables	3,932,898,598.38	2,829,146,366.66
Allowance for bad debts	93,000,395.98	74,839,392.45
Other receivables, net	3,839,898,202.40	2,754,306,974.21

② ***Provision of allowance for bad debts based on the general model of expected credit losses***

Allowance for bad debts	Stage 1 Expected credit losses for the coming 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Opening balance	58,251,086.00		16,588,306.45	74,839,392.45
Provision for the current period	42,898,818.17		204,448.21	43,103,266.38
Reversal for the current period	5,376,147.40			5,376,147.40
Write-off and others for the current period	19,295,328.55		270,786.90	19,566,115.45
Closing balance	76,478,428.22		16,521,967.76	93,000,395.98

③ ***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	74,839,392.45	43,103,266.38		5,376,147.40	19,566,115.45	93,000,395.98

④ ***Other receivables due from the top five debtors are as follows:***

Company name	Closing Balance	Percentage in closing balance (%)	Nature	Aging	Allowance for bad debt
U.S. CUSTOMS AND BORDER PROTECTION	611,664,679.22	15.55	Tax rebates	Within 1 year	10,292,500.02
Zhejiang Cainiao Supply Chain Management Co., Ltd.	294,215,353.48	7.48	Transactions	Within 1 year	
Bureau of Natural Resources of Laoshan District, Qingdao City	167,175,531.00	4.25	Government compensation	Over 3 years	
Management Committee of Jiaodong Air Economic Demonstrative Zone, Qingdao	128,196,808.00	3.26	Government grants	Within 2 years	34,337,826.68
Jiangsu JD Xuke Information Technology Co., Ltd.	108,463,239.38	2.76	Transactions	Within 1 year	
Total	1,309,715,611.08	33.30			44,630,326.70

⑤ ***Other receivables written off during the period***

The amount of other receivables actually written off in the current period was RMB17,963,129.12 (amount for the corresponding period: RMB4,122,692.97) and no significant other receivables were written off for bad debts.

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

9. Inventories

(1) Details of inventories

Items	Book balance	Closing Balance Impairment provision of inventories	Carrying value
Raw materials	6,342,691,854.88	193,510,157.18	6,149,181,697.70
Work in progress	550,422,827.22		550,422,827.22
Finished goods	40,478,033,124.45	1,860,231,441.67	38,617,801,682.78
Total	47,371,147,806.55	2,053,741,598.85	45,317,406,207.70

(continued)

Items	Book balance	Opening Balance Impairment provision of inventories	Carrying value
Raw materials	6,546,677,570.97	228,092,688.07	6,318,584,882.90
Work in progress	493,370,287.09		493,370,287.09
Finished goods	41,706,481,321.30	1,669,645,804.17	40,036,835,517.13
Total	48,746,529,179.36	1,897,738,492.24	46,848,790,687.12

(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	228,092,688.07	9,033,135.09			43,615,665.98	193,510,157.18
Work in progress						
Finished goods	1,669,645,804.17	347,034,715.27			156,449,077.77	1,860,231,441.67
Total	1,897,738,492.24	356,067,850.36			200,064,743.75	2,053,741,598.85

(3) Details of impairment provision of inventories are as follows

Items	Specific basis for determining net realizable value	Reason for reversing or writing off the impairment provision of inventories
Raw materials	Measurement at the lower of cost and net realizable value	Production, use or sales
Finished goods	Measurement at the lower of cost and net realizable value	sales

10. Contract assets

(1) Details

Items	Closing balance Book balance	Impairment provision	Carrying value	Opening balance Book balance	Impairment provision	Carrying value
Relating to construction service contract	1,451,462,666.23	122,002,362.48	1,329,460,303.75	1,132,938,344.70	125,242,753.03	1,007,695,591.67
Total	1,451,462,666.23	122,002,362.48	1,329,460,303.75	1,132,938,344.70	125,242,753.03	1,007,695,591.67

(2) Classification by method of provision for bad debts

Categories	Closing balance Book balance Amount	Percentage (%)	Allowance for bad debts Amount	Percentage of provision (%)	Carrying value
Contract assets subject to provision for bad debts on a separate basis	59,039,955.32	4.07	59,039,955.32	100.00	
Contract assets subject to provision for bad debts on a collective basis	1,392,422,710.91	95.93	62,962,407.16	4.52	1,329,460,303.75
Total	1,451,462,666.23	100.00	122,002,362.48	8.41	1,329,460,303.75

(continued)

Categories	Opening balance Book balance Amount	Percentage (%)	Allowance for bad debts Amount	Percentage of provision (%)	Carrying value
Contract assets subject to provision for bad debts on a separate basis	61,021,502.20	5.39	61,021,502.20	100.00	
Contract assets subject to provision for bad debts on a collective basis	1,071,916,842.50	94.61	64,221,250.83	5.99	1,007,695,591.67
Total	1,132,938,344.70	100.00	125,242,753.03	11.05	1,007,695,591.67

(3) Contract assets subject to provision for bad debts on a separate basis at the end of the period

Name	Book balance	Closing balance Allowance for bad debts	Percentage of provision (%)	Reason for provision
7 customers in total	59,039,955.32	59,039,955.32	100.00	Significant financial difficulty of the borrower
Total	59,039,955.32	59,039,955.32	100.00	

(4) Contract assets subject to provision for bad debts on a collective basis at the end of the period

√ Applicable □Not Applicable

Name	Book balance	Closing balance Allowance for bad debts	Percentage of provision (%)
Relating to construction service contract	1,392,422,710.91	62,962,407.16	4.52
Total	1,392,422,710.91	62,962,407.16	4.52

(5) Provision for bad debts on contract assets during the current period

Items	Opening balance	Increase for the current period Provision for the current period	Increase for the current period Other movement	Decrease for the current period Reversal	Decrease for the current period Write-off/ other movement	Closing balance
Relating to construction service contract	125,242,753.03			3,240,390.55		122,002,362.48
Total	125,242,753.03			3,240,390.55		122,002,362.48

11. Non-current assets due within one year

Items	Closing balance	Opening balance
Debt investments due within one year	13,860,674,375.48	8,666,892,203.60
Total	13,860,674,375.48	8,666,892,203.60
Including: time deposit in finance company	12,235,371,197.40	8,003,711,313.18

12. Other current assets

√ Applicable □Not Applicable

(1) Details

	Closing balance		Opening balance	
Items	Book balance	Impairment provision	Book balance	Impairment provision
Deductible taxes products	3,650,464,536.89		3,463,013,778.41	
Short-term deposits	1,075,330,174.79		1,321,749,793.07	
Returns cost receivables	666,685,581.88	243,879,006.08	699,328,019.41	246,501,456.63
Others	57,678,471.53		56,931,726.82	
Total	5,450,158,765.09	243,879,006.08	5,541,023,317.71	246,501,456.63

(2) Impairment provision

		Increase for the current period		Decrease for the current period		
Items	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/other movement	Closing balance
Returns cost receivables	246,501,456.63	243,879,006.08			246,501,456.63	243,879,006.08
Total	246,501,456.63	243,879,006.08			246,501,456.63	243,879,006.08

(3) Time deposit in Finance Company was RMB1,075,330,174.79 at the end of the period.

13. Debt investments

Items	Closing balance		Opening balance	
	Principal	Interest	Principal	Interest
Time deposit -long term	25,250,500,000.00	1,177,728,984.49	24,060,500,000.00	989,595,754.86
Less: Debt investments due within one year	12,852,500,000.00	1,008,174,375.48	8,041,500,000.00	625,392,203.60
Total	12,398,000,000.00	169,554,609.01	16,019,000,000.00	364,203,551.26
Include: time deposit in Finance Company	10,918,000,000.00	147,998,485.72	13,899,000,000.00	327,944,825.23

14. Long-term equity investments

√ Applicable □Not Applicable

Investees	Opening balance	Increase/decrease for the current period				
		Investment increase	Investment income 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.	8,532,745,423.79		260,631,322.13	-502.49		-235,200,000.00
Bank of Qingdao Co., Ltd.	4,027,791,399.32		285,078,986.80	20,676,130.22		-85,825,019.70
Wolong Electric (Jinan) Motor Co., Ltd.	205,664,635.60		8,600,320.73			
Qingdao Hegang New Material Technology Co., Ltd.	353,096,924.50		6,597,342.14			-4,543,310.05
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	112,193,970.79					
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	854,661,998.06		40,391,540.51			-126,900,000.00
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00					
Baoshihua Energy Technology Co., Ltd. (宝石花能源科技有限公司)	28,809,836.20					
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	104,888,887.47					
Zhejiang Futeng Fluid Technology Co., Ltd.	80,536,810.95					
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术（广州）有限公司)	5,136,033.94					
Beijing ASU Tech Co., Ltd.	27,357,557.56		-13,758,695.21			
Qingdao Haimu Investment Management Co., Ltd.	2,722,777.91					
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	56,639,043.61					
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.	42,252,335.87		1,013,973.57			
Guangzhou Heying Investment Partnership (Limited Partnership)	93,266,577.53					
Qingdao Home Wow Cloud Network Technology Co., Ltd.			175,780.45			

Investees	Opening balance	Increase/decrease for the current period				
		Investment increase	Investment income recognized under equity method	Adjustment in other comprehensive income	Other changes in equity	Declaration of cash dividends or profits
Bingji (Shanghai) Corporate Management Co., Ltd.	1,145,616,950.52		27,041,604.72			
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	58,530,460.31		-4,098,219.83			
Haier Best Water Technology Co., Ltd.	151,005,563.91		3,354,413.82			
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	166,664,033.72			4,155,051.92		
Qingdao Ririshun Huizhi Investment Co., Ltd.	4,083,482.78					
Qingdao Xiaoshuai Intelligent Technology Co., Ltd	13,453,532.83		325,798.21			-1,413,426.61
Qingdao Xinshenghui Technology Co., Ltd.	13,281,618.30		1,306,867.22			
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	3,210,225.63		-273,890.00			
Qingdao Oriental Haisheng Technology Co., Ltd. (青岛东方海盛科技有限公司)	19,960,000.00					
Konan Electronic Co., Ltd.	57,049,110.93		1,207,417.70	-3,599,096.62		-196,200.00
HNR (Private) Company Limited	187,561,846.11		44,243,484.31	-3,123,740.54		
HPZ LIMITED	11,203,257.77					
Controladora Mabe, S.A. de C.V.	5,408,721,261.05		69,283,102.74	-120,752,569.05	-10,900,554.60	-55,081,060.63
Total	21,856,405,556.96		731,121,150.01	-102,644,726.56	-10,900,554.60	-509,159,016.99

(continued)

Investees	Increase/decrease for the current period: Other movement	The disposal of the investment	Closing balance	Closing balance of impairment provision
Assoiate:				
Haier Group Finance Co., Ltd.			8,558,176,243.43	
Bank of Qingdao Co., Ltd.			4,247,721,496.64	
Wolong Electric (Jinan) Motor Co., Ltd.			214,264,956.33	
Qingdao Hegang New Material Technology Co., Ltd.			355,150,956.59	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)			112,193,970.79	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.			768,153,538.57	
Qingdao Haier Multimedia Co., Ltd.			88,300,000.00	-88,300,000.00
Baoshihua Energy Technology Co., Ltd. (宝石花能源科技有限公司)			28,809,836.20	
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)			104,888,887.47	
Zhejiang Futeng Fluid Technology Co., Ltd.			80,536,810.95	
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)			5,136,033.94	
Beijing ASU Tech Co., Ltd.			13,598,862.35	
Qingdao Haimu Investment Management Co., Ltd.			2,722,777.91	
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)			56,639,043.61	
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.			43,266,309.44	
Guangzhou Heying Investment Partnership (Limited Partnership)			93,266,577.53	
Qingdao Home Wow Cloud Network Technology Co., Ltd.			175,780.45	
Bingji (Shanghai) Corporate Management Co., Ltd.			1,172,658,555.24	
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)		-39,079.86	54,393,160.62	
Haier Best Water Technology Co., Ltd.			154,359,977.73	
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)		-8,024,073.64	162,795,012.00	
Qingdao Ririshun Huizhi Investment Co., Ltd.			4,083,482.78	
Qingdao Xiaoshuai Intelligent Technology Co., Ltd			12,365,904.43	
Qingdao Xinshenghui Technology Co., Ltd.			14,588,485.52	
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)			2,936,335.63	
Qingdao Oriental Haisheng Technology Co., Ltd. (青岛东方海盛科技有限公司)			19,960,000.00	
Konan Electronic Co., Ltd.			54,461,232.01	
HNR (Private) Company Limited			228,681,589.88	
HPZ LIMITED			11,203,257.77	-11,203,257.77
Controladora Mabe, S.A. de C.V.			5,291,270,179.51	
Total		-8,063,153.50	21,956,759,255.32	-99,503,257.77

15. Investments in other equity instruments

Details of investments in other equity instruments:

Items	Opening balance	Increase/decrease for the period					Closing balance
		Investment increase	Investment decrease	Gains recognized in other comprehensive income during the period	Losses recognized in other comprehensive income during the period	Other	
SINOPEC Fuel Oil Sales Corporation Limited	1,127,500,000.00				215,800,000.00		911,700,000.00
Haier COSMO IOT Ecosystem Technology Co., Ltd.	2,789,172,842.15						2,789,172,842.15
Others	1,488,428,647.18		29,291,138.08		5,097,821.68	-2,652,202.30	1,451,387,485.12
Total	5,405,101,489.33		29,291,138.08		220,897,821.68	-2,652,202.30	5,152,260,327.27

Items	Dividend income recognized during the period	Cumulative gains recognized in other comprehensive income at the end of the period	Cumulative losses recognized in other comprehensive income at the end of the period	Reasons for designation of financial assets measured at fair value through other comprehensive income
SINOPEC Fuel Oil Sales Corporation Limited			565,505,272.50	Strategic holding
Haier COSMO IOT Ecosystem Technology Co., Ltd.		1,410,116,884.55		Strategic holding
Others	891,788.64	103,043,804.32	421,532,655.98	Strategic holding
Total	891,788.64	1,513,160,688.87	987,037,928.48	

16. Investment properties

(1) The changes in investment properties measured at cost this year are as follows:

Items	Houses and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	262,849,662.74	108,900,075.76	371,749,738.50
2. Increase for the current period			
(1) External acquisition	176,497,367.20		176,497,367.20
(2) Intangible asset/fixed assets/ construction in progress transferred in			
(3) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out	56,699,277.56	27,241,847.17	83,941,124.73
4. Change in foreign exchange rate and others			
5. Closing balance	382,647,752.38	81,658,228.59	464,305,980.97
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	28,963,501.50	8,356,521.04	37,320,022.54
2. Increase for the current period			
(1) Provision or amortization	2,296,915.88	20,118.11	2,317,033.99
(2) Intangible asset/fixed assets/ construction in progress transferred in			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out	12,568,924.88	3,723,850.26	16,292,775.14
4. Change in foreign exchange rate and others			
5. Closing balance	18,691,492.50	4,652,788.89	23,344,281.39

Items	Houses and buildings	Land use rights	Total
III. Provision for impairment			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book value			
1. Closing book value	363,956,259.88	77,005,439.70	440,961,699.58
2. Opening book value	233,886,161.24	100,543,554.72	334,429,715.96

(2) The depreciation and amortization amount charge for the period is RMB2,317,033.99 (amount for the corresponding period: RMB3,531,511.84).

(3) The recoverable amount of the investment real estate of the Company at the end of the period is not less than its book value, so no provision for impairment is made.

17. Fixed assets

List of items

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	38,998,215,934.86	40,353,013,813.33
Total	38,998,215,934.86	40,353,013,813.33

(1) Fixed assets:

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value			
1. Opening balance	26,527,438,622.99	42,029,246,412.12	323,256,562.21
2. Increase for the current period			
(1) Acquisition	258,197,306.63	302,991,780.39	13,564,547.84
(2) Construction in progress transferred in	345,696,926.06	1,120,218,325.54	5,605,898.43
(3) Increase in business combinations			
(4) Investment properties transferred in	56,699,277.56		
3. Decrease for the current period			
(1) Disposal or write-off	83,680,776.89	372,410,727.10	18,841,956.46
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-690,848,690.09	-981,248,137.55	-5,308,266.29
5. Closing balance	26,413,502,666.26	42,098,797,653.40	318,276,785.73
II. Accumulated depreciation			
1. Opening balance	7,912,381,832.05	22,737,763,244.44	174,522,580.73
2. Increase for the current period			
(1) Provision	646,275,573.32	1,593,498,195.21	26,227,014.20
(2) Investment properties transferred in	12,568,924.88		
3. Decrease for the current period			
(1) Disposal or write-off	39,908,282.85	310,868,981.94	5,858,170.97
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-172,274,974.99	-553,257,373.93	-2,173,235.52
5. Closing balance	8,359,043,072.41	23,467,135,083.78	192,718,188.44
III. Provision for impairment			
1. Opening balance	31,189,484.10	18,093,673.01	1,147,715.85
2. Increase for the current period			
(1) Provision		6,112,697.71	
(2) Investment properties transferred in			
3. Decrease for the current period			
(1) Disposal or write-off		16,697.85	
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-1,800,657.99	-5,180,578.26	-9,179.13
5. Closing balance	29,388,826.11	19,009,094.61	1,138,536.72
IV. Book value			
1. Closing book value	18,025,070,767.74	18,612,653,475.01	124,420,060.57
2. Opening book value	18,583,867,306.84	19,273,389,494.67	147,586,265.63

(continued)

Items	Office furniture	Others	Total
I. Original book value			
1. Opening balance	1,987,372,170.89	3,875,550,642.44	74,742,864,410.65
2. Increase for the current period			
(1) Acquisition	11,962,065.80	63,649,406.27	650,365,106.93
(2) Construction in progress transferred in	50,331,249.16	123,580,998.64	1,645,433,397.83
(3) Increase in business combinations			
(4) Investment properties transferred in			56,699,277.56
3. Decrease for the current period			
(1) Disposal or write-off	17,453,624.93	76,491,667.12	568,878,752.50
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-59,793,613.46	-94,778,200.92	-1,831,976,908.31
5. Closing balance	1,972,418,247.46	3,891,511,179.31	74,694,506,532.16
II. Accumulated depreciation			
1. Opening Balance	1,190,257,763.50	2,317,165,459.80	34,332,090,880.52
2. Increase for the current period			
(1) Provision	126,695,011.72	180,275,072.62	2,572,970,867.07
(2) Investment properties transferred in			12,568,924.88
3. Decrease for the current period			
(1) Disposal or write-off	15,839,726.26	70,258,850.76	442,734,012.78
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-38,388,161.02	-69,390,102.37	-835,483,847.83
5. Closing Balance	1,262,724,887.94	2,357,791,579.29	35,639,412,811.86
III. Provision for impairment			
1. Opening balance	3,808,117.06	3,520,726.78	57,759,716.80
2. Increase for the current period			
(1) Provision		161,345.56	6,274,043.27
(2) Investment properties transferred in			
3. Decrease for the current period			
(1) Disposal or write-off		7,055.20	23,753.05
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-23,615.99	-118,190.21	-7,132,221.58
5. Closing balance	3,784,501.07	3,556,826.93	56,877,785.44
IV. Book value			
1. Closing book value	705,908,858.45	1,530,162,773.09	38,998,215,934.86
2. Opening book value	793,306,290.33	1,554,864,455.86	40,353,013,813.33

(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 RMB1,645,433,397.83 (amount for the corresponding period: RMB2,748,805,884.12).

(3) As at 30 June 2026, the net book value of the buildings for which the Company has not yet obtained certificates of title was RMB63 million (amount at the beginning of the period RMB1.088 billion), and the relevant certificates of title were being processed. The Company can legally and effectively occupy and operate the above-mentioned buildings for which no certificates of title have been obtained.

(4) The amount of mortgage secured by the fixed assets mortgage at the end of the period was RMB31,357,826.49, and the amount of mortgage secured by the fixed assets mortgage at the beginning of the period was RMB31,591,541.19.

18. Construction in progress

List of items

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Construction in progress	6,384,892,211.86	4,885,331,872.38
Total	6,384,892,211.86	4,885,331,872.38

(1) Balance of construction in progress

Projects	Book balance	Closing Balance Impairment Provision	Book Value	Book balance	Opening Balance Impairment provision	Book Value
New Zealand FPA Project	1,161,007,966.02		1,161,007,966.02	1,027,457,217.89		1,027,457,217.89
Qingdao Refrigeration Appliance Project	875,304,748.50		875,304,748.50	821,140,461.78		821,140,461.78
Qingdao Haishi IoT Technology Project	473,683,896.18		473,683,896.18	55,230,514.40		55,230,514.40
Qingdao HV Equipment Project	465,823,090.57		465,823,090.57	307,377,327.62		307,377,327.62
America GE Appliances Project	418,508,043.77	23,511,234.09	394,996,809.68	477,440,471.95	24,263,425.12	453,177,046.83
Qingdao HVAC Project	184,035,201.85		184,035,201.85	95,211,160.29		95,211,160.29
Qingdao Smart Washing Machine Project	168,722,472.88		168,722,472.88	47,177,917.20		47,177,917.20
Haier Egypt Project	165,253,245.76		165,253,245.76	8,568,300.68		8,568,300.68
Haier India Project	159,385,817.96		159,385,817.96	65,026,005.57		65,026,005.57
Chongqing Refrigeration Appliance Project	150,601,887.25		150,601,887.25	15,174,160.77		15,174,160.77
Haier Thailand Project	137,727,093.22		137,727,093.22	142,370,314.61		142,370,314.61
Haier Indonesia Project	137,241,162.29		137,241,162.29	26,321,762.66		26,321,762.66
Qingdao Water Ecology Technology Project	117,817,845.77		117,817,845.77	127,719,944.98		127,719,944.98
Others	1,796,654,495.05	3,363,521.12	1,793,290,973.93	1,696,737,537.30	3,357,800.20	1,693,379,737.10
Total	6,411,766,967.07	26,874,755.21	6,384,892,211.86	4,912,953,097.70	27,621,225.32	4,885,331,872.38

(2) Details of changes of significant construction in progress for the current period

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Transfer to investment properties	Change in foreign exchange rate and others	Closing balance	Source of fund
New Zealand FPA Project	1,027,457,217.89	258,538,264.85	60,759,115.20		-64,228,401.52	1,161,007,966.02	Self-funding
Qingdao Refrigeration Appliance Project	821,140,461.78	321,694,092.44	267,529,805.72			875,304,748.50	Self-funding
Qingdao Haishi IoT Technology Project	55,230,514.40	418,453,381.78				473,683,896.18	Self-funding
Qingdao HV Equipment Project	307,377,327.62	158,445,762.95				465,823,090.57	Self-funding
America GE Appliances Project	477,440,471.95	235,362,674.84	280,033,035.02		-14,262,068.00	418,508,043.77	Self-funding
Qingdao HVAC Project	95,211,160.29	116,986,830.96	28,162,789.40			184,035,201.85	Self-funding
Qingdao Smart Washing Machine Project	47,177,917.20	121,544,555.68				168,722,472.88	Self-funding
Haier Egypt Project	8,568,300.68	155,180,944.79	491,380.58		1,995,380.87	165,253,245.76	Self-funding
Haier India Project	65,026,005.57	154,162,160.28	52,198,502.29		-7,603,845.60	159,385,817.96	Self-funding
Chongqing Refrigeration Appliance Project	15,174,160.77	143,606,891.90	8,179,165.42			150,601,887.25	Self-funding
Haier Thailand Project	142,370,314.61	18,745,683.79	11,219,356.16		-12,169,549.02	137,727,093.22	Self-funding
Haier Indonesia Project	26,321,762.66	122,519,289.78	3,622,369.65		-7,977,520.50	137,241,162.29	Self-funding
Qingdao Water Ecology Technology Project	127,719,944.98	85,747,032.90	95,649,132.11			117,817,845.77	Self-funding
Others	1,696,737,537.30	953,718,966.67	837,588,746.28		-16,213,262.64	1,796,654,495.05	Self-funding
Total	4,912,953,097.70	3,264,706,533.61	1,645,433,397.83		-120,459,266.41	6,411,766,967.07	

(3) Impairment provision of construction in progress

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Other decrease	Change in foreign exchange rate and others	Closing balance
America GE Appliances Project	24,263,425.12				-752,191.03	23,511,234.09
Others	3,357,800.20				5,720.92	3,363,521.12
Total	27,621,225.32				-746,470.11	26,874,755.21

19. Right-of-use assets

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value			
1. Opening balance	8,097,197,380.49	553,547,640.16	352,892,910.46
2. Increase for the current period			
(1) Acquisition	1,251,677,752.05	34,115,965.92	35,091,019.78
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal	361,441,463.57	6,930,485.14	33,452,658.76
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-247,578,149.70	-19,467,003.77	-13,907,954.45
5. Closing balance	8,739,855,519.27	561,266,117.17	340,623,317.03
II. Accumulated depreciation			
1. Opening balance	3,306,272,396.80	187,804,182.13	190,727,782.75
2. Increase for the current period			
(1) Provision	756,743,119.30	38,031,812.75	46,474,398.50
3. Decrease for the current period			
(1) Disposal	285,515,948.60	5,797,285.19	32,728,837.02
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-135,930,010.22	-7,966,017.80	-13,404,835.51
5. Closing balance	3,641,569,557.28	212,072,691.89	191,068,508.72
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 subsidiaries			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	5,098,285,961.99	349,193,425.28	149,554,808.31
2. Opening book balance	4,790,924,983.69	365,743,458.03	162,165,127.71

(continued)

Items	Office furniture	Other	Total
I. Original book value			
1. Opening balance	416,541,172.47	750,851,095.30	10,171,030,198.88
2. Increase for the current period			
(1) Acquisition		94,360,581.95	1,415,245,319.70
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal	397,421,238.60	13,878,839.01	813,124,685.08
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-11,008,549.18	-24,220,038.42	-316,181,695.52
5. Closing balance	8,111,384.69	807,112,799.82	10,456,969,137.98
II. Accumulated depreciation			
1. Opening balance	80,528,428.12	381,464,094.00	4,146,796,883.80
2. Increase for the current period			
(1) Provision	737,411.66	47,693,202.47	889,679,944.68
3. Decrease for the current period			
(1) Disposal	71,151,393.61	1,799,535.71	396,993,000.13
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-3,113,409.81	-12,350,230.27	-172,764,503.61
5. Closing balance	7,001,036.36	415,007,530.49	4,466,719,324.74
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 subsidiaries			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	1,110,348.33	392,105,269.33	5,990,249,813.24
2. Opening book balance	336,012,744.35	369,387,001.30	6,024,233,315.08

20. Intangible assets

(1) Status of Intangible assets

√ Applicable □Not Applicable

Items	Proprietary technology	Licenses and franchises	Land use rights
I. Original book value			
1. Opening balance	2,241,816,522.77	5,119,568,764.87	4,138,328,781.75
2. Increase for the current period			
(1) Acquisition			12,994,209.43
(2) Internal research and development	53,236,137.72		
(3) Increase from business combinations			
(4) Transfer from investment properties			27,241,847.17
3. Decrease for the current period			
(1) Disposal	86,545,743.87	123,281.22	17,751,020.00
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-92,818,105.68	-155,145,751.14	-15,829,730.61
5. Closing balance	2,115,688,810.94	4,964,299,732.51	4,144,984,087.74
II. Accumulated amortization			
1 Opening balance	1,607,444,385.91	1,587,781,566.28	695,570,795.00
2. Increase for the current period			
(1) Provision	101,195,059.14	102,047,459.79	50,373,852.85
(2) Transfer from investment properties			3,723,850.26
3. Decrease for the current period			
(1) Disposal	86,545,743.87		697,249.93
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-63,213,449.06	-63,853,822.15	-879,239.61
5. Closing balance	1,558,880,252.12	1,625,975,203.92	748,092,008.57

Items	Proprietary technology	Licenses and franchises	Land use rights
III. Impairment provision			
1. Opening balance		66,141,902.23	
2. Increase for the current period			
(1) Provision			
(2) Transfer from investment properties			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others		-1,974,650.61	
5. Closing balance		64,167,251.62	
IV. Book Value			
1. Closing book balance	556,808,558.82	3,274,157,276.97	3,396,892,079.17
2. Opening book balance	634,372,136.86	3,465,645,296.36	3,442,757,986.75

(continued)

Items	Trademark rights	Customer relationship	Application management software and others	Total
I. Original book value				
1. Opening balance	2,889,671,382.80	1,770,571,007.67	8,064,868,423.56	24,224,824,883.42
2. Increase for the current period				
(1) Acquisition			120,209,274.26	133,203,483.69
(2) Internal research and development			154,787,037.07	208,023,174.79
(3) Increase from business combinations				
(4) Transfer from investment properties				27,241,847.17
3. Decrease for the current period				
(1) Disposal			17,554,946.70	121,974,991.79
(2) Disposal of subsidiaries				
(3) Transfer to investment properties				
4. Change in foreign exchange rate and others	-138,982,625.13	-91,619,766.88	-220,548,240.77	-714,944,220.21
5. Closing balance	2,750,688,757.67	1,678,951,240.79	8,101,761,547.42	23,756,374,177.07

Items	Trademark rights	Customer relationship	Application management software and others	Total
II. Accumulated amortization				
1. Opening balance	46,616,631.33	267,251,746.82	5,700,513,763.59	9,905,178,888.93
2. Increase for the current period				
(1) Provision	6,116,999.10	40,551,002.95	364,045,051.84	664,329,425.67
(2) Transfer from investment properties				3,723,850.26
3. Decrease for the current period				
(1) Disposal			16,123,679.63	103,366,673.43
(2) Disposal of subsidiaries				
(3) Transfer to investment properties				
4. Change in foreign exchange rate and others	-1,426,898.06	-15,269,411.43	-133,330,505.26	-277,973,325.57
5. Closing balance	51,306,732.37	292,533,338.34	5,915,104,630.54	10,191,892,165.86
III. Impairment provision				
1. Opening balance			28,661,663.12	94,803,565.35
2. Increase for the current period				
(1) Provision			9,745,650.77	9,745,650.77
(2) Transfer from investment properties				
3. Decrease for the current period				
(1) Disposal				
(2) Disposal of subsidiaries				
(3) Transfer to investment properties				
4. Change in foreign exchange rate and others			-169,595.79	-2,144,246.40
5. Closing balance			38,237,718.10	102,404,969.72
IV. Book Value				
1. Closing book balance	2,699,382,025.30	1,386,417,902.45	2,148,419,198.78	13,462,077,041.49
2. Opening book balance	2,843,054,751.47	1,503,319,260.85	2,335,692,996.85	14,224,842,429.14

(2) At the end of the period, the intangible assets developed through the Company accounted for the 18.99% of the original value at the end of the period (accounting for 18.58% at the beginning of the period).

(3) The amount of intangible assets pledged at the end of the period was RMB347,678,069.21, and the amount of intangible assets pledged at the beginning of the period was RMB351,274,674.37.

21. Goodwill

Items	Opening balance	Increase for the current period	Decrease for the current period	Change in foreign exchange rate and others	Closing balance
GEA	20,883,014,420.11			-649,789,940.00	20,233,224,480.11
Candy	2,129,809,642.73			-121,134,458.94	2,008,675,183.79
CCR	2,329,305,898.20			-124,013,549.68	2,205,292,348.52
Others	1,958,099,676.33			-69,897,317.76	1,888,202,358.57
Total	27,300,229,637.37			-964,835,266.38	26,335,394,370.99

In the case of a goodwill impairment test, the Company compares the carrying amount of the relevant asset group or asset group combination (including goodwill) with its recoverable amount. If the recoverable amount is less than the book value, corresponding difference will be recognized in profit or loss.

The recoverable amount of the asset group (including goodwill) is calculated with discounted estimated future cash flow method based on a management-approved 5–15 years budget. Future cash flows beyond the budget period are estimated using the estimated perpetual annual growth rate. The perpetual annual growth rate (mainly 1.7%–2.0%) adopted by the management is consistent with industry forecast data and does not exceed the long-term average growth rate of each product. The management determines the compound income growth rate (mainly 2.61%–9.83%) and the EBITDA profit margin (mainly 1.98%–14.50%) based on historical experience and market development forecasts, and adopts the pre-tax interest rate that can reflect the specific risks of the relevant asset group as the discount rate (mainly 10.67%–15.55%). 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.

22. Long-term amortized expenses

Items	Opening balance	Increase for the current period	Amortization for the current period	Other decrease	Change in foreign exchange rate and others	Closing balance
Upgrade and renovation expenses for stores and factories	245,564,375.20	247,642,923.20	60,721,008.88		-498,915.19	431,987,374.33
Improvement expenses on leased plants	223,926,154.44	82,185,415.28	33,995,763.76		-2,581,047.51	269,534,758.45
Others	191,994,434.18	85,061,632.14	45,413,006.98		-576,829.75	231,066,229.59
Total	661,484,963.82	414,889,970.62	140,129,779.62		-3,656,792.45	932,588,362.37

23. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets before elimination

Items	Closing balance	Opening balance
Provision for assets impairment	768,932,940.45	700,443,398.81
Liabilities	3,242,532,204.80	3,527,870,568.73
Internal unrealized earnings eliminated due to combination	615,041,620.18	764,199,607.06
Uncovered losses	587,536,125.44	469,134,535.87
R&D expenses	568,495,547.20	875,363,814.21
Others	468,937,006.34	573,800,687.07
Total	6,251,475,444.41	6,910,812,611.75

(2) Deferred income tax liabilities before elimination

Items	Closing balance	Opening balance
Assets amortisation	4,543,708,669.80	4,698,185,656.20
Remeasurement of fair value of the reaming equity on the day when the control right was lost	374,198,127.62	374,198,127.62
Changes in fair value of investments in other equity instruments	307,530,857.64	301,261,849.11
Others	351,456,617.82	389,263,129.26
Total	5,576,894,272.88	5,762,908,762.19

(3) The deferred income tax assets and the deferred income tax liabilities eliminated at the end of the period was RMB3,917,416,737.02 (amount at the beginning of the period RMB4,131,615,032.48).

24. Other non-current assets

√ Applicable □Not Applicable

Items	Closing balance	Opening balance
Prepayments for equipment and land	1,495,888,386.84	1,679,848,538.95
Others	853,502,240.56	621,265,330.96
Total	2,349,390,627.40	2,301,113,869.91

25. Short-term borrowings

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — secured by pledge	26,482,899.48	38,196,767.61
Borrowings — secured by guarantee	139,043,278.42	195,880,915.36
Borrowings — secured by credit	21,475,182,091.21	17,158,326,737.89
Borrowings — secured by mortgage and guarantee	37,330,000.00	28,380,000.00
Total	21,678,038,269.11	17,420,784,420.86

26. Derivative financial liabilities

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	66,787,912.41	190,868,603.05
Total	66,787,912.41	190,868,603.05

27. Bills payable

√ Applicable □Not Applicable

Unit and Currency: RMB

Types	Closing balance	Opening balance
Commercial acceptance notes	10,659,014,395.34	5,806,514,646.24
Bank acceptance notes	17,837,909,730.09	18,064,147,577.86
Total	28,496,924,125.43	23,870,662,224.10

28. Accounts payables

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Accounts payables	55,751,128,880.05	53,544,741,780.87
Total	55,751,128,880.05	53,544,741,780.87

The book balance at the end of the period was mainly the unpaid expenditures on material and labour. There were no significant accounts payables aged over 1 year at the end of the period.

29. Contract liabilities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Contract liabilities	6,651,241,840.11	8,534,516,748.92
Total	6,651,241,840.11	8,534,516,748.92

The book balance at the end of the period was mainly due to the advance payment that has been collected and has not yet performed the contractual obligations. There were no significant contract liabilities aged over 1 year at the end of the period.

30. Payables for staff remuneration

(1) Payables for staff remuneration

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term remuneration	5,534,819,929.67	16,116,619,505.61	17,792,671,441.86	3,858,767,993.42
II. Post-employment benefits defined contribution plan	27,597,172.13	1,349,711,897.75	1,336,350,365.73	40,958,704.15
III. Termination benefits	21,104,054.72	27,044,161.58	37,052,927.31	11,095,288.99
IV. Other benefits due within one year	34,260,182.80	26,963,057.81	2,310,166.46	58,913,074.15
Total	5,617,781,339.32	17,520,338,622.75	19,168,384,901.36	3,969,735,060.71

(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	4,020,809,942.09	11,873,686,745.08	13,221,953,520.34	2,672,543,166.83
II. Employee welfare	388,830,495.87	698,254,274.14	821,445,086.28	265,639,683.73
III. Social benefit	245,674,273.09	1,012,219,332.93	1,026,654,223.53	231,239,382.49
IV. Housing fund	14,950,813.18	372,443,474.42	364,604,603.63	22,789,683.97
V. Labor union fee and education fund	7,242,529.71	76,637,622.73	74,740,334.13	9,139,818.31
VI. Short-term compensated leave	245,768,905.89	335,037,742.18	355,437,057.06	225,369,591.01
VII. Others	611,542,969.84	1,748,340,314.13	1,927,836,616.89	432,046,667.08
Total	5,534,819,929.67	16,116,619,505.61	17,792,671,441.86	3,858,767,993.42

(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	24,262,915.90	1,282,797,975.65	1,268,672,815.33	38,388,076.22
2. Unemployment insurance	375,451.43	25,352,739.61	24,872,234.12	855,956.92
3. Enterprise annuity payment	2,958,804.80	41,561,182.49	42,805,316.28	1,714,671.01
Total	27,597,172.13	1,349,711,897.75	1,336,350,365.73	40,958,704.15

(4) Termination benefits

Items	Closing balance	Opening balance
Termination compensation	11,095,288.99	21,104,054.72
Total	11,095,288.99	21,104,054.72

31. Taxes payable

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	761,672,579.73	954,146,861.16
Corporate income tax	2,140,799,470.91	2,130,354,621.31
Individual income tax	100,984,328.24	130,717,764.32
City maintenance and construction tax	29,523,363.76	39,660,819.55
Education surcharge	10,327,917.51	16,198,526.77
Other taxes	186,902,361.93	122,045,242.12
Total	3,230,210,022.08	3,393,123,835.23

32. Other payables

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Dividends payable	8,273,544,756.83	54,860,109.41
Other payables	20,033,634,871.71	19,438,745,515.16
Total	28,307,179,628.54	19,493,605,624.57

(1) Dividends payable

Names	Closing balance	Opening balance
Haier COSMO Co., Ltd.	1,122,130,107.44	
Haier Group Corporation	956,243,222.21	
HCH (HK) Investment Management Co., Limited	480,131,625.60	
Qingdao Haier Venture & Investment Information Co., Ltd.	153,564,879.77	
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	119,276,066.12	
Haier International Co., Limited	51,828,106.80	
Other public shareholders	5,390,370,748.89	54,860,109.41
Total	8,273,544,756.83	54,860,109.41

(2) Other payables

Items	Closing balance	Opening balance
Other payables	20,033,634,871.71	19,438,745,515.16
Total	20,033,634,871.71	19,438,745,515.16

The closing balance mainly included the incurred but unpaid costs. There were no significant other payables aged over 1 year at the end of the period.

33. Non-current liabilities due within one year

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within one year	1,033,760,000.00	4,356,450,000.00
Long-term payables due within one year	372,495.31	749,239.28
Lease liabilities due within one year	1,624,391,835.86	1,631,251,739.94
Estimated liabilities due within one year	2,527,727,358.28	2,638,189,200.59
Non-current liabilities due within one year	7,328,146.18	8,560,477.61
Bonds interest payable due within one year	11,471,250.00	43,696,805.56
Total	5,205,051,085.63	8,678,897,462.98

34. Other current liabilities

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Payable refund	763,584,306.63	800,266,844.42
Tax amount to be transferred to output tax	432,758,600.45	689,818,607.74
Others	98,852,158.32	111,216,128.89
Total	1,295,195,065.40	1,601,301,581.05

35. Long-term borrowings

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — unsecured by pledge	250,225,288.89	250,751,033.00
Borrowings — secured by credit	11,845,816,230.77	10,915,135,136.09
Total	12,096,041,519.66	11,165,886,169.09

The interest rates of the Company's long-term borrowings: 1.50%–4.90%.

36. Bonds payable

Items	Closing balance	Opening balance
Medium-term notes	3,511,471,250.00	3,543,696,805.56
Less: Bonds interest payable due within one year	11,471,250.00	43,696,805.56
Total	3,500,000,000.00	3,500,000,000.00

As of 30 June 2026, the balance of bonds payable is as follows:

Name of bonds	Face value	Coupon rate	Date of issue	Bonds maturity	Issue amount
MTN001	100	1.99%	2025/2/25	3 years	1,500,000,000.00
MTN002	100	1.66%	2025/6/17	3 years	2,000,000,000.00
Total					3,500,000,000.00

(continued)

Name of bonds	Opening balance	Current issue	Interest provision at face value	Premium/ discount amortization	Current repayment	Reclassified as due within one year	Closing balance	whether there is a breach of contract
MTN001	1,500,000,000.00		40,214,583.33		29,850,000.00	10,364,583.33	1,500,000,000.00	No
MTN002	2,000,000,000.00		34,306,666.67		33,200,000.00	1,106,666.67	2,000,000,000.00	No
Total	3,500,000,000.00		74,521,250.00		63,050,000.00	11,471,250.00	3,500,000,000.00	

37. Lease liabilities

Items	Closing balance	Opening balance
Lease liabilities	6,193,403,584.91	6,182,662,307.78
Less: lease liabilities due within one year	1,624,391,835.86	1,631,251,739.94
Total	4,569,011,749.05	4,551,410,567.84

38. Long-term payables

Items	Closing balance	Opening balance
Others	160,184,713.95	168,611,516.07
Less: long-term payables due within one year	372,495.31	749,239.28
Total	159,812,218.64	167,862,276.79

39. Long-term employee benefits payable

√ Applicable □Not Applicable

(1) Long-term employee benefits payable

Items	Closing balance	Opening balance
I. Post-employment benefits: net liability of defined benefit plans	1,482,130,376.51	1,587,461,836.72
II. Termination benefits	624,350,250.84	581,272,186.35
III. Provision for work-related injury compensation	111,964,566.54	115,055,458.75
IV. Other long-term benefits	137,617,700.23	159,777,096.41
Total	2,356,062,894.12	2,443,566,578.23

(2) Defined benefits plans

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 HaierU.S.ApplianceSolutions,Inc., a subsidiary of the Company***

HaierU.S.ApplianceSolutions,Inc., a subsidiary of the Company has provided post-employment defined benefit plan of health care benefits to eligible employees.

Actuarial assumptions used in the defined benefit plan

Items	Rate
Discount rate	5.45%

Present value of defined benefit obligations

Items	Amount
I. Opening balance	33,972,495.85
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	1,505,270.93
1. Current service cost	203,113.89
2. Past service cost	
3. Settlement gains (losses are represented by '-')	
4. Interest cost	1,302,157.04
IV. Defined benefit cost recognized in other comprehensive income	
1. Actuarial losses (gains are represented by '-')	
V. Other changes	-15,357,339.73
1. The consideration paid at the time of settlement	
2. Benefit paid	-14,460,499.45
3. Plan amendment	
4.Exchange differences	-896,840.28
VI. Closing balance	20,120,427.05

Net liability (net asset) of the defined benefit plan

Items	Amount
I. Opening balance	33,972,495.85
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	1,505,270.93
IV. Defined benefit cost recognized in other comprehensive income	
V. Other changes	−15,357,339.73
VI. Closing balance	20,120,427.05

Net liability (net asset) of defined benefit plan

Items	Amount
I. Opening balance	33,972,495.85
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	1,505,270.93
IV. Defined benefit cost recognized in other comprehensive incomes	
V. Other changes	−15,357,339.73
VI. Closing balance	20,120,427.05

② ***The defined benefit plan of Carrier Refrigeration Benelux B.V, a subsidiary of the Company***

Carrier Refrigeration Benelux B.V, a subsidiary of the Company, has provided post-retirement defined benefit plan of health care benefits for the eligible employees.

Actuarial assumptions used in the defined benefit plan

Items	Rate
Discount rate	4.20%

Present value of defined benefit obligations

Items	Amount
I. Opening balance	1,348,314,437.03
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	23,896,337.95
1. Current service cost	
2. Past service cost	
3. Settlement gains (losses are represented by '-')	
4. Interest cost	23,896,337.95
IV. Defined benefit cost recognized in other comprehensive income	
1. Actuarial losses (gains are represented by '-')	
V. Other changes	-105,394,177.95
1. The consideration paid at the time of settlement	
2. Benefit paid	-21,662,403.61
3. Exchange differences	-83,731,774.34
VI. Closing balance	1,266,816,597.03

Fair value of plan assets

Items	Amount
I. Opening balance	54,827,997.72
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	
1. Interest income	
IV. Defined benefit cost recognized in other comprehensive income	
1. Return on plan assets (except those included in net interests)	
2. Changes in impact of asset cap (except those included in net interests)	
V. Other changes	-3,118,381.90
1. Employer contributions	
2. Benefit paid	
3. Exchange differences	-3,118,381.90
VI. Closing balance	51,709,615.82

Net liability (net asset) of the defined benefit plan

Items	Amount
I. Opening balance	1,293,486,439.31
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	23,896,337.95
IV. Defined benefit cost recognized in other comprehensive income	
V. Other changes	-102,275,796.05
VI. Closing balance	1,215,106,981.21

Classification of the balance of defined benefit plans

Items	Closing balance	Opening balance
Short-term Benefit	18,145,572.61	27,968,651.56
Long-term Benefit	1,482,130,376.51	1,587,461,836.72
Total	1,500,275,949.12	1,615,430,488.28

40. Estimated liabilities

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Active litigation	35,312,543.92	40,983,354.77
Others	99,131,863.53	481,108,834.82
Projection of warranty expenses and installation fees	1,823,425,897.30	1,968,277,874.04
Total	1,957,870,304.75	2,490,370,063.63

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.

41. Deferred income

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Government grants	1,441,477,536.11	148,026,734.49	99,059,481.41	1,490,444,789.19
Total	1,441,477,536.11	148,026,734.49	99,059,481.41	1,490,444,789.19

42. 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	9,377,629,650			9,377,629,650
1. Ordinary shares in RMB	6,253,028,411			6,253,028,411
2. Domestic listed foreign Shares				
3. Offshore listed foreign Shares	3,124,601,239			3,124,601,239
4. Others				
III. Total shares	9,377,629,650			9,377,629,650

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)	18,237,944,800.48	3,708,157,991.42	171,192,529.78	21,774,910,262.12
Others capital reserve	2,128,734,477.27	453,826,317.41	994,553,726.01	1,588,007,068.67
Total	20,366,679,277.75	4,161,984,308.83	1,165,746,255.79	23,362,917,330.79

The main reasons for the change in capital premium: an increase in capital reserve of RMB3,657,553,628.89 of Haier Appliances (India) Co., Ltd., (海尔电器(印度)有限公司), the Company's subsidiary, in the current period, resulting from the disposal of a portion of its equity and the additional capital contribution from its minority shareholders

The main reasons for the change in other capital reserves: the amortized share-based payment for the current period included in other capital reserves of RMB453,826,317.41; the reversal of amortized share-based payment for the current period reduced other capital reserves by RMB678,211,782.26; share-based payment vested for the current period reduced other capital reserves of RMB316,341,943.75.

44. Treasury stock

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Treasury stock	4,261,082,044.07	1,624,700,065.93	288,946,712.64	5,596,835,397.36
Total	4,261,082,044.07	1,624,700,065.93	288,946,712.64	5,596,835,397.36

The main reasons for the change in treasury stock: the repurchase of treasury stock for the current period of RMB1,624,700,065.93; the exercise of the share ownership plans reduced treasury shares by RMB288,946,712.64.

45. Other comprehensive income

		Amounts for the current period					
Items	Opening balance	Amount before current income tax	Deduction of impact of income tax	Attributable to the parent company after tax	Attributable to minority shareholders after tax	Others	Closing balance
a	-708,506,323.12	-102,644,726.56		-102,768,909.40	124,182.84		-811,275,232.52
b	-132,463,784.68	38,138,700.86	-6,549,006.40	31,031,203.91	558,490.55		-101,432,580.77
c	400,878,184.14	-2,426,741,701.50		-2,393,072,181.43	-33,669,520.07		-1,992,193,997.29
d	534,117,445.13	-231,702,501.76	32,427,469.95	-199,264,550.60	-10,481.21		334,852,894.53
e	337,986,976.76	-90,041,502.90	-1,663,032.17	-91,421,132.19	-283,402.88		246,565,844.57
Total	432,012,498.23	-2,812,991,731.86	24,215,431.38	-2,755,495,569.71	-33,280,730.77		-2,323,483,071.48

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.

46. 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	5,248,946,090.86			5,248,946,090.86
Discretionary surplus reserve	26,042,290.48			26,042,290.48
Reserve fund	11,322,880.64			11,322,880.64
Enterprise expansion fund	10,291,630.47			10,291,630.47
Total	5,296,602,892.45			5,296,602,892.45

Pursuant to the Company Law of the People's Republic of China and the Articles of Association, the Company is required to appropriate the statutory surplus reserve at 10% of its net profit of the year. When the accumulated statutory surplus reserve reaches 50% of the registered capital, no further withdrawal will be made.

47. Undistributed profits

√ Applicable □Not Applicable

Items	Amounts
Undistributed profits at the end of previous year	87,486,559,142.22
Change in accounting policy	
Combination under common control	
Undistributed profits at the beginning of the year	87,486,559,142.22
Add: net profit attributable to owners of the parent company	10,316,254,946.26
Other transfer in	7,031,716.45
Adjustment due to implementation of enterprise accounting standard	
Profit available for distribution for the year	97,809,845,804.93
Less: appropriation of statutory surplus reserve	
Dividend payable for ordinary shares	8,248,322,167.09
Undistributed profits at the end of the period	89,561,523,637.84

48. Operating income and operating cost

(1) Operating income

Items	Amount for the current period	Amount for the previous period
Primary business	151,337,348,999.26	155,737,423,233.75
Other Business	777,701,238.37	756,611,215.10
Total	152,115,050,237.63	156,494,034,448.85

(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
Smart home appliances	88,951,897,657.57	63,943,026,716.46	94,670,267,253.81	66,917,225,625.34
Smart HVAC solutions	44,753,572,533.34	32,205,831,496.67	42,341,311,688.72	30,856,611,154.75
Smart home ecosystems and others	17,631,878,808.35	13,958,632,591.72	18,725,844,291.22	16,413,846,241.67
Total	151,337,348,999.26	110,107,490,804.85	155,737,423,233.75	114,187,683,021.76

49. 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	226,938,467.55	216,826,875.38
Education surcharge	122,059,014.16	111,002,174.00
Property tax	91,776,790.02	87,636,662.47
Land use tax	28,091,375.38	26,449,754.79
Stamp duty	174,337,008.94	207,214,672.39
Others	36,443,866.00	30,424,664.05
Total	679,646,522.05	679,554,803.08

50. Selling expenses

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Selling expenses	16,438,747,513.12	15,816,814,510.07
Total	16,438,747,513.12	15,816,814,510.07

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

51. Administrative expenses

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Administrative expenses	6,024,554,539.54	5,891,046,898.48
Total	6,024,554,539.54	5,891,046,898.48

The Company's administrative expenses are mainly salary expenses, office fees, depreciation and amortization of assets fees, etc.

52. R&D expenses

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
R&D expenses	5,071,691,950.54	5,790,436,804.10
Total	5,071,691,950.54	5,790,436,804.10

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

53. Financial expenses

Items	Amount for the current period	Amount for the previous period
Interest expense	964,540,808.97	1,446,615,689.51
Less: interest income	831,783,506.32	908,582,647.56
Less: cash discount	67,804,757.99	102,284,390.50
Exchange gains or losses (gains are represented by '-')	911,135,435.51	−881,376,818.22
Others	127,300,725.24	94,770,605.30
Total	1,103,388,705.41	−350,857,561.47

Interest expenditure in lease liabilities for the current period was RMB173,617,303.34 (amount for the corresponding period: RMB176,593,110.63).

54. Other income

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Categorized by nature	Amount for the current period	Amount for the previous period
Government grants related to revenue	580,672,366.73	728,969,755.04
Government grants related to assets	71,495,852.11	46,244,753.38
Total	652,168,218.84	775,214,508.42

55. Investment income

Items	Amount for the current period	Amount for the previous period
Long-term equity investments income calculated by the equity method	754,149,658.04	850,409,233.36
Investment income from disposal of long-term equity investments		−4,387,023.49
Investment income from other equity instrument investments during holding period	891,788.64	3,225,726.29
Income from wealth management products	46,502,229.74	45,175,048.95
Investment income from disposal of financial assets measured at fair value with changes included in current profit or loss	79,685,458.43	22,835,518.25
Total	881,229,134.85	917,258,503.36

56. Gains on changes in fair value

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Sources of gains on changes in fair value	Amount for the current period	Amount for the previous period
Changes in fair value of equity investments	−34,819,799.16	−4,275,003.34
Changes in fair value of fund investments	37,549,340.05	25,935,689.85
Others	173,275,663.18	13,092,854.12
Total	176,005,204.07	34,753,540.63

57. Credit impairment losses

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Bad debts losses on bills receivables		184,079.11
Bad debts losses on accounts receivable	−188,096,886.50	−55,292,827.56
Bad debts losses on other receivable	−37,727,118.98	−16,803,339.40
Total	−225,824,005.48	−71,912,087.85

58. Impairment losses on assets

Items	Amount for the current period	Amount for the previous period
Impairment losses on inventory	−356,067,850.36	−464,995,039.52
Impairment losses on other current assets	−243,879,006.08	−279,221,989.21
Impairment losses on fixed assets	−6,274,043.27	
Impairment losses on construction in progress		
Impairment losses on intangible assets	−9,745,650.77	
Impairment losses on contract assets	3,240,390.55	103,983.91
Impairment losses on long-term equity investments		
Impairment losses on prepayments		
Total	−612,726,159.93	−744,113,044.82

59. Gains on disposal of assets

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Gains on disposal of non-current assets	59,701,291.70	6,280,751.77
Losses on disposal of non-current assets	−3,411,589.99	−13,648,789.31
Total	56,289,701.71	−7,368,037.54

60. Non-operating income

√ Applicable ☐Not Applicable

Items	Amount for the current period	Amount for the previous period
Gains on disposal of non-current assets	768,743.21	4,626,638.73
Quality claims and fines	20,753,838.58	23,563,630.75
Others	69,917,654.41	93,665,386.66
Total	91,440,236.20	121,855,656.14

61. Non-operating expenses

Items	Amount for the current period	Amount for the previous period
Losses on disposal of non-current assets	10,260,337.66	18,593,317.72
Others	39,021,304.63	239,145,458.34
Total	49,281,642.29	257,738,776.06

62. Income tax expenses

(1) Statement of income tax expenses

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Current income tax expense	1,686,335,654.48	2,258,469,724.26
Deferred income tax expense	508,824,804.57	253,470,624.41
Total	2,195,160,459.05	2,511,940,348.67

(2) Reconciliation between accounting profit and income tax expenses for the current period

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Total profit	13,071,173,672.62
Income tax expense calculated pursuant to statutory/applicable tax rate	3,267,793,418.16
Impact from different tax rates applicable to subsidiaries	−865,572,185.62
Impact from adjustment to income tax in prior periods	−216,855,377.74
Impact from non-taxable income	−230,857,438.71
Impact from non-deductible cost, expense and loss	178,302,344.01
Impact from deductible provisional differences or deductible losses of unrecognized deferred tax	134,338,692.63
Others	−71,988,993.68
Income tax expense	2,195,160,459.05

63. Other comprehensive income

√ Applicable ☐Not Applicable

Please refer to notes VII.45 for details.

64. Cash flow statement items

(1) Cash related to operating activities

Other cash received from operating activities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Deposits and securities	196,118,549.42
Government grants	437,496,132.74
Non-operating income excluding government grants	219,269,745.58
Interest income	1,022,436,669.01
Others	13,696,113.66
Total	1,889,017,210.41

Other cash paid to operating activities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Cash paid on selling and after-sales expenses	8,449,766,288.62
Cash paid on administrative and R&D expenses	3,140,783,000.05
Cash paid on financial expenses	103,574,165.01
Non-operating expenses	43,021,662.63
Deposits and securities	30,683,838.84
Others	112,228,773.10
Total	11,880,057,728.25

(2) Cash related to investing activities

Cash received from significant investing activities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Redemption of wealth management products	24,088,499,978.25
Total	24,088,499,978.25

Cash paid to significant investing activities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Purchase of wealth management products	30,770,121,226.31
Total	30,770,121,226.31

(3) Cash related to financing activities

Other cash paid to financing activities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Repurchase of shares	1,624,700,065.94
Cash paid to lease	907,819,934.12
Others	2,366,848.25
Total	2,534,886,848.31

Changes of various liabilities arising from financing activities

√ Applicable ☐Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	17,420,784,420.86	16,232,474,282.18	85,759,611.80	11,748,711,624.23	312,268,421.50	21,678,038,269.11
Long-term borrowings (including those due within one year)	15,523,085,408.37	2,472,145,883.68		4,538,553,398.90	326,876,373.49	13,129,801,519.66
Lease liabilities (including those due within one year)	6,182,662,307.78		1,446,786,058.07	907,819,934.12	528,224,846.82	6,193,403,584.91
Bonds payable (including those due within one year)	3,543,696,805.56		30,824,444.44	63,050,000.00		3,511,471,250.00
Total	42,670,228,942.57	18,704,620,165.86	1,563,370,114.31	17,258,134,957.25	1,167,369,641.81	44,512,714,623.68

65. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

√ Applicable □Not Applicable

Unit and Currency: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flow of operating activities:		
Net profit	10,876,013,213.57	12,485,115,799.44
Add: impairment provision for assets	612,726,159.93	744,113,044.82
Losses from credit impairment	225,824,005.48	71,912,087.85
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of biological assets for production	2,575,287,901.06	2,519,985,504.97
Amortization of right-of-use assets	889,679,944.68	771,315,015.94
Amortization of intangible assets	664,329,425.67	716,020,914.20
Amortization of long-term prepaid expenses	140,129,779.62	178,900,068.92
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are represented by "－")	−46,798,107.26	21,334,716.53
Losses from changes of fair value (gains are represented by "－")	−176,005,204.07	−34,753,540.63
Financial expenses (gains are represented by "－")	776,407,579.34	1,326,152,965.53
Losses from investments (gains are represented by "－")	−881,229,134.85	-917,258,503.36
Decrease in deferred income tax assets (increase is represented by "－")	529,197,639.28	217,417,921.39
Increase of deferred income tax liabilities (decrease is represented by "－")	−20,372,834.71	36,052,703.02
Decrease in inventories (increase is represented by "－")	1,175,316,629.08	−772,501,496.05
Decrease of operational account receivables (increase is represented by "－")	−9,783,279,660.47	−1,945,082,457.96
Increase of operational account payables (decrease is represented by "－")	2,370,224,853.13	−4,559,914,956.76
Others	−175,418,211.77	280,235,993.49
Net cash flow generated from operational activities	9,752,033,977.71	11,139,045,781.34

Supplementary information	Amount for the current period	Amount for the previous period
2. Significant investment and financing activities not involving cash inflows and outflows:		
Capital transferred from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes of cash and cash equivalents:		
Cash balance at the end of the period	49,872,513,132.61	54,514,391,673.07
Less: cash balance at the beginning of the period	46,267,687,864.46	54,994,595,280.18
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	3,604,825,268.15	−480,203,607.11

(2) Composition of cash and cash equivalents

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
I. Cash	49,872,513,132.61	46,267,687,864.46
Including: Cash on hand	4,323,305.44	2,361,449.23
Bank deposits always available for payment	48,772,174,466.90	45,475,152,052.12
Other monetary funds always available for payment	1,096,015,360.27	790,174,363.11
II. Cash equivalents		
Including: bond investments due within three months		
III. Closing balance of cash and cash equivalents	49,872,513,132.61	46,267,687,864.46
Including: restricted cash and cash equivalents used by the parent company or subsidiaries of the Group		

(3) Monetary funds that are not cash and cash equivalents

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Amount at the end of the period	Amount at the beginning of the period	Reasons
Deposit	853,861,611.02	1,218,085,032.34	Poor marketability, not readily realizable, or not available for payment
Restricted special account deposit	53,106,935.61	67,286,255.09	
Others	79,611,478.97	68,598,289.41	
Total	986,580,025.60	1,353,969,576.84	/

(4) Information about Supplier Financing Arrangements

1) Terms and conditions of supplier financing arrangements

① Accounts payable financing factoring: The subsidiaries of the Company engage in accounts payable financing with banks, whereby the subsidiaries of the Company apply to the banks for the banks to directly pay the supplier on the due date of the accounts payable. Upon the expiration of the agreed financing period (generally 6–12 months), the subsidiaries of the Company will repay the corresponding amount to the banks. When the banks make payment to the supplier on behalf of the subsidiaries, the subsidiaries of the Company cease to recognize the related accounts payable and simultaneously incur a liability to the banks.

② Accounts payable supply chain factoring: The subsidiaries of the Company conduct supply chain financing business. According to the relevant arrangements, participating suppliers can choose to receive payment for invoices under this arrangement in advance from financial institutions without being influenced by the Company. Regardless of whether the supplier opts for early payment, the subsidiaries of the Company will repay the full invoice amount on the agreed payment due date and are not responsible for paying interest or other fees to the financial institutions. Since this arrangement does not extend the original payment period, the subsidiaries' debts to the financial institutions are classified as accounts payable.

2) Information of financial liabilities related to supplier financing arrangements

Item	Closing balance	Opening balance
Short-term borrowings	116,715,347.93	151,089,188.11
Including: Amounts received by suppliers from financing provider	116,715,347.93	151,089,188.11
Accounts payable	7,740,349,911.79	8,675,434,827.79
Including: Amounts received by suppliers from financing provider	4,419,918,564.31	4,517,989,746.97

The payment period for comparable accounts payable not under supplier financing arrangements ranges from 30 to 270 days.

66. Monetary items in foreign currency

	Closing balance			Opening balance		
Items	Balance in foreign currency	Exchange rate	Balance in RMB	Balance in foreign currency	Exchange rate	Balance in RMB
Monetary funds						
USD	2,668,774,458.18	6.8109	18,176,755,957.19	2,362,409,186.15	7.0288	16,604,901,687.63
EUR	110,202,828.70	7.7671	855,956,390.78	169,567,322.38	8.2355	1,396,471,683.43
JPY	6,726,738,870.73	0.042045	282,825,735.82	5,475,229,185.88	0.044797	245,273,841.84
HKD	26,721,014.86	0.8686	23,209,873.51	570,465,077.25	0.9032	515,244,057.77
Others			6,488,499,436.02			4,347,798,811.89
Subtotal			25,827,247,393.32			23,109,690,082.56
Accounts receivables						
USD	1,503,605,343.04	6.8109	10,240,905,630.94	1,280,324,708.19	7.0288	8,999,146,308.90
EUR	715,698,867.52	7.7671	5,558,904,673.94	631,798,787.60	8.2355	5,203,178,915.24
JPY	6,188,586,118.21	0.042045	260,199,103.34	4,870,603,614.08	0.044797	218,188,430.10
Others			6,503,938,914.40			5,142,259,697.91
Subtotal			22,563,948,322.62			19,562,773,352.15
Short-term borrowings						
USD	1,039,875,866.33	6.8109	7,082,490,537.99	1,047,113,664.07	7.0288	7,359,952,522.03
EUR	157,198,131.02	7.7671	1,220,973,603.45	81,724,620.85	8.2355	673,043,114.97
JPY						
HKD	700,594,411.04	0.8686	608,536,305.43	700,000,000.00	0.9032	632,240,000.00
Others			1,010,570,294.29			1,143,779,394.22
Subtotal			9,922,570,741.16			9,809,015,031.22
Accounts payables						
USD	1,999,765,009.99	6.8109	13,620,199,506.53	1,968,569,837.21	7.0288	13,836,683,671.81
EUR	611,183,891.60	7.7671	4,747,126,404.44	659,268,871.59	8.2355	5,429,408,792.00
JPY	4,498,470,467.12	0.042045	189,138,190.79	4,891,090,942.03	0.044797	219,106,200.93
NZD	140,666,275.93	3.8414	540,355,432.36	140,710,877.08	4.0520	570,160,473.92
Others			4,953,911,278.44			4,883,934,596.96
Subtotal			24,050,730,812.56			24,939,293,735.62

Items	Closing balance			Opening balance		
	Balance in foreign currency	Exchange rate	Balance in RMB	Balance in foreign currency	Exchange rate	Balance in RMB
Non-current liabilities due within one year						
USD				350,000,000.00	7.0288	2,460,080,000.00
EUR						
Others						
Subtotal						2,460,080,000.00
Long-term borrowings						
USD	660,000,000.00	6.8109	4,495,194,000.00	660,000,000.00	7.0288	4,639,008,000.00
EUR	299,000,000.00	7.7671	2,322,362,900.00	300,000,000.00	8.2355	2,470,650,000.00
Others						126,720,000.00
Subtotal			6,817,556,900.00			7,236,378,000.00

67. Leases

(1) As lessee

√ Applicable ☐Not Applicable

Variable lease payments not included in the measurement of lease liabilities

√ Applicable ☐Not Applicable

RMB45,865,243.38.

Lease expenses of short-term leases or leases of low-value assets which are subject to simplified treatment

√ Applicable ☐Not Applicable

RMB667,337,721.40.

Total cash outflow for leases RMB1,621,022,898.90 (Unit and Currency: RMB)

The leased assets leased by the Company include housing and buildings, production equipment, transportation equipment, office equipment and others used in the course of operations. Some of the leases contain renewal options and termination options.

(2) As lessor

a. Lease incomes from operating leases as lessor for the current period: RMB5,673,142.03, including incomes related to variable lease payments not included in lease receipts: RMB375,297.38.

b. Undiscounted lease receipts for the next five years:

Lease receipts	Undiscounted lease receipts per year	
	Closing amount	Opening amount
Within 1 year	11,108,017.52	16,625,299.65
1 to 2 years	10,362,328.22	12,762,328.22
2 to 3 years	10,362,328.22	10,362,328.22
3 to 4 years	10,362,328.22	10,362,328.22
4 to 5 years	10,362,328.22	10,362,328.22
Over 5 years	112,493,902.61	117,418,902.61
Total	165,051,233.01	177,893,515.14

The leased assets leased out by the Company are mainly housing, buildings and land use rights. For details of changes of the leased assets, please refer to Note VII.16.

VIII. RESEARCH AND DEVELOPMENT EXPENDITURE

1. By the nature of expenses

√ Applicable □Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Independent research and development expenses	5,113,424,420.44	5,739,193,531.77
Outsourcing research and development expenses	237,107,700.16	277,375,105.19
Total	5,350,532,120.60	6,016,568,636.96
Including: expensed research and development expenditure	5,070,635,716.23	5,790,436,804.10
Capitalized research and development expenditure	279,896,404.37	226,131,832.86

2. Development expenditure on research and development projects eligible for capitalization

Items	Opening balance	Increase for the current period	Decrease for the current period		Change in foreign exchange rate and others	Closing balance
			Recognized as intangible asset	Included in current profit and loss		
R&D expense	417,653,270.53	279,896,404.37	208,023,174.79	1,056,234.31	−14,746,390.01	473,723,875.79
Total	417,653,270.53	279,896,404.37	208,023,174.79	1,056,234.31	−14,746,390.01	473,723,875.79

IX. CHANGES OF CONSOLIDATION SCOPE

1. Business combination not under common control

□ Applicable √ Not Applicable

2. Business combination under common control

□ Applicable √ Not Applicable

3. Disposal of subsidiary

□ Applicable √ Not Applicable

4. Changes of consolidation scope due to other reasons

□ Applicable √ Not Applicable

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% 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 equipment, distribution service	100.00%		100.00%	Establishment
Haier U.S. Appliance Solutions, Inc.	the United States	the United States	Group company, which mainly engage in home appliances production and distribution business		100.00%	100.00%	Establishment
Haier Singapore Investment Holding Co., Ltd.	Singapore and other overseas areas	Singapore	Group company, which mainly engage in home appliances production and distribution business		100.00%	100.00%	Business combination under common control
Haier New Zealand Investment Holding Company Limited	New Zealand	New Zealand	Group company, which mainly engage in home appliances production and distribution business		100.00%	100.00%	Business combination under common control
Candy S.p.A	Europe	Italy	Group company, which mainly engage in home appliances production and distribution business		100.00%	100.00%	Business combination not under common control
Carrier Refrigeration Benelux B.V.	Europe	Germany	Group company, which mainly engage in home appliances production and distribution business		100.00%	100.00%	Business combination not under common control
Kwikot (Haier) SA (Pty) Ltd	South Africa	South Africa	Mainly engage in water heater production and distribution business		100.00%	100.00%	Business combination not under common control
Qingdao Haier Air Conditioner Gen Corp., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacture and sale of household air-conditioners	92.37%		92.37%	Business combination under common control
Guizhou Haier Electronics Co., Ltd.	Huichuan District, Zunyi City, Guizhou Province	Huichuan District, Zunyi City, Guizhou Province	Manufacture and sale of refrigerator	59.00%		59.00%	Business combination under common control
Hefei Haier Air-conditioning Co., Limited	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Manufacture and sale of air-conditioners	100.00%		100.00%	Business combination under common control
Wuhan Haier Electronics Holding Co., Ltd.	Wuhan Haier Industrial Park	Wuhan Haier Industrial Park	Manufacture and sale of air-conditioners	59.86%		59.86%	Business combination under common control
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sale of air-conditioners	97.43%		97.43%	Business combination under common control

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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	95.17%	4.83%	100.00%	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	97.91%		97.91%	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	99.59%		99.59%	Establishment
Qingdao Haier Special Freezer Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Research, manufacture and sales of freezer and other refrigeration products	96.78%		96.78%	Establishment
Dalian Haier Air-conditioning Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Air conditioner processing and manufacturing	90.00%		90.00%	Establishment
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	82.93%	4.36%	87.29%	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	91.46%	1.01%	92.47%	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

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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%	Establishment
Qingdao Haier Air Conditioning Equipment Co., Ltd.	Jiaonan City, Qingdao	Jiaonan City, Qingdao	Manufacture of home appliances and electronics		100.00%	100.00%	Establishment
Dalian Free Trade Zone Haier Air-conditioning Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00%	100.00%	Establishment
Dalian Free Trade Zone Haier Refrigerator Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00%	100.00%	Establishment
Chongqing Haier Electronics Sales Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances	95.00%	5.00%	100.00%	Establishment
Chongqing Haier Refrigeration Appliance Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Processing and manufacturing of refrigerator	84.95%	15.05%	100.00%	Establishment
Hefei Haier Refrigerator Co., Ltd.	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Processing and manufacturing of refrigerator	100.00%		100.00%	Establishment
Qingdao Haier Intelligent Building Technology Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Air-conditioning engineer		100.00%	100.00%	Establishment
Chongqing Lianmai Electric Appliance Sales Co., Ltd. (重庆联迈电器销售有限公司)	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances and electronics		51.00%	51.00%	Establishment
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 High Technology 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

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
Zhongshan Haier HV Equipment Co., Ltd. (中山海尔暖通设备有限公司)	Zhongshan	Zhongshan	Sales of home appliances		100.00%	100.00%	Establishment
Qingdao Haier HV Equipment Technology Co., Ltd. (青岛海尔暖通设备科技有限公司)	Qingdao	Qingdao	Manufacture and sale of air conditioning equipment		100.00%	100.00%	Establishment
Shanghai Haier Medical Technology Co., Ltd.	Shanghai	Shanghai	Wholesale and retail of medical facility		66.87%	66.87%	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		85.00%	85.00%	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		85.82%	85.82%	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
Shenzhen Haier Smart Technology Co., Ltd. (深圳海尔智能科技有限公司)	Shenzhen	Shenzhen	Promotion of technological development		100.00%	100.00%	Establishment
Laiyang Haier Smart Kitchen Appliance Co., Ltd.	Laiyang	Laiyang	Production and sales of home appliances		100.00%	100.00%	Establishment

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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		60.00%	60.00%	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 Haidacheng Procurement Service Co., Ltd.	Qingdao	Qingdao	Develop, purchase and sell electrical products and components	100.00%		100.00%	Establishment
Guangdong Haier Intelligent Technology Co. Ltd. (广东海尔智能科技有限公司)	Guangzhou	Guangzhou	Scientific research and technology service sector		76.72%	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
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

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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
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
Qingdao Haier HVAC Equipment Co., Ltd. (青岛海尔暖通空调设备有限公司)	Qingdao	Qingdao	Manufacture and sale of air-conditioners	75.00%	25.00%	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 Haier Special Plastic Development Co., Ltd.	Qingdao	Qingdao	Manufacture and sale of refrigerator doors		100.00%	100.00%	Business combination under common controls
Qingdao Haizhiling Air Conditioning Engineering Co., Ltd. (青岛海智菱空调工程有限公司)	Qingdao	Qingdao	Software development and sale of daily necessities		100.00%	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

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
Qingdao Haier Circular Economy Development Co., Ltd. (青岛海尔循环产业发展有限公司)	Qingdao	Qingdao	Environmental and AI technology consulting	89.13%		89.13%	Establishment
Qingdao Sanyiniao 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	Professional cleaning and sale of daily necessities		100.00%	100.00%	Establishment
Shijiazhuang Yunshang Yilian Technology Co., Ltd. (石家庄云裳衣联科技有限公司)	Shijiazhuang	Shijiazhuang	Professional cleaning and sale of daily necessities		51.00%	51.00%	Establishment
Nanjing Yunshang Yilian Technology Co., Ltd. (南京云裳衣联科技有限公司)	Nanjing	Nanjing	Professional cleaning and sale of daily necessities		80.00%	80.00%	Establishment
Shanxi Yunshang Yilian Technology Co., Ltd. (山西云裳衣联科技有限公司)	Shanxi	Shanxi	Professional cleaning and sale of daily necessities		51.00%	51.00%	Establishment
Tianjin Yunshang Yilian Technology Co., Ltd. (天津云裳衣联网科技有限公司)	Tianjin	Tianjin	Professional cleaning and sale of daily necessities		51.00%	51.00%	Establishment
Chengdu Yunshang Meier Yilian Technology Co., Ltd. (成都云裳美尔衣联科技有限公司)	Chengdu	Chengdu	Professional cleaning and sale of daily necessities		80.00%	80.00%	Establishment
Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司)	Qingdao	Qingdao	Manufacture, research and development and sales of home appliances		100.00%	100.00%	Establishment
Qingdao Haixiangmian Technology Co., Ltd. (青岛海享眠科技有限公司)	Qingdao	Qingdao	Sale of food and daily necessities		100.00%	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

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
Qingdao Haixiangzhi Technology Co., Ltd. (青岛海享智科技有限公司)	Qingdao	Qingdao	Technology development service		100.00%	100.00%	Establishment
Qingdao Haier Refrigeration Appliance Co., Ltd. (青岛海尔制冷电器有限公司)	Qingdao	Qingdao	Manufacturing of home appliances		100.00%	100.00%	Establishment
Chongqing Haier Washing Appliance Co., Ltd. (重庆海尔洗涤电器有限公司)	Chongqing	Chongqing	Manufacturing of home appliances		100.00%	100.00%	Establishment
Tonghai Energy Technology Development Co., Ltd. (同海能源科技发展有限公司)	Beijing	Beijing	Technology development service		84.32%	84.32%	Business combination not under common control
Xiamen Haier Youyang Technology Co., Ltd. (厦门海尔有养科技有限公司)	Qingdao	Qingdao	Technology development service		51.00%	51.00%	Establishment
Qingdao Haier Yikang Technology Co., Ltd. (青岛海尔益康科技有限公司)	Qingdao	Qingdao	Technology development service		100.00%	100.00%	Establishment
Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司)	Qingdao	Qingdao	Manufacturing of home appliances		100.00%	100.00%	Establishment
Zhongshan Haier HV Equipment Co., Ltd. (中山海尔暖通设备有限公司)	Zhongshan	Zhongshan	Manufacturing of home appliances		100.00%	100.00%	Establishment
Qingdao Haier HV Equipment Technology Co., Ltd. (青岛海尔暖通设备科技有限公司)	Qingdao	Qingdao	Manufacturing of home appliances		100.00%	100.00%	Establishment
Jingzhou Haier Environmental Protection Material Technology Co., Ltd. (荆州海尔环保材料科技有限公司)	Jingzhou	Jingzhou	Renewable Energy Recycling		100.00%	100.00%	Establishment
Jingzhou Haizhi Cycle Technology Co., Ltd. (荆州海智循环科技有限公司)	Jingzhou	Jingzhou	Renewable Energy Recycling		100.00%	100.00%	Establishment
Qingdao Haier Environmental Protection Material Technology Co., Ltd. (青岛海尔环保材料科技有限公司)	Qingdao	Qingdao	Renewable Energy Recycling		51.00%	51.00%	Establishment
Haier Jingling Technology (Zhejiang) Co., Ltd.(海尔景龄科技(浙江)有限公司)	Zhejiang	Zhejiang	Technology development service		66.00%	66.00%	Establishment
Qingdao Haiyi Wenhua Commercial Management Co., Ltd. (青岛海逸文华商业管理有限公司)	Qingdao	Qingdao	Park Management Service		95.56%	95.56%	Establishment

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
Qingdao Lechuang Wujie Intelligent Technology Co., Ltd. (青岛乐创无界智能科技有限公司)	Qingdao	Qingdao	Intelligent Technology Services	90.00%	10.00%	100.00%	Establishment
Shenzhen Lechuang Wujie Intelligent Technology Co., Ltd. (深圳市乐创无界智能科技有限公司)	Shenzhen	Shenzhen	Intelligent Technology Services		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

(2) Material non-wholly owned subsidiaries

☐ Applicable √ Not Applicable

2. Transactions leading to the change of shareholding in subsidiaries but not losing the control

√ Applicable ☐ Not Applicable

(1) Description of changes in the share of owners' equity in subsidiaries:

√ Applicable ☐ Not Applicable

Capital contribution by minority shareholders of the subsidiary of the Company leads to changes in the Company's shareholding ratio.

(2) Impact of the transactions on minority interest and the equity attributable to shareholders of the Company:

Items	Amount
Total Consideration for acquisition/disposal	−5,591,467,586.85
Less: share of net assets of subsidiaries in respect to the shareholding proportion acquired/disposed	−2,081,897,356.32
Difference	−3,509,570,230.53
Including: adjustment to decrease capital reserve	−3,509,570,230.53

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	8.19%	Equity method
Wolong Electric (Jinan) Motor Co., Ltd.	Jinan	Jinan	Motor Manufacturing	30.00%	Equity method
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	Qingdao	Qingdao	Steel plate manufacturing	23.94%	Equity method
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	Qingdao	Qingdao	Venture Capital	63.13%	Equity method
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	Qingdao	Qingdao	Manufacturing of home appliances	45.00%	Equity method
Qingdao Haier Multimedia Co., Ltd.	Qingdao	Qingdao	R&D and sales of television	20.20%	Equity method
Baoshihua Energy Technology Co., Ltd. (宝石花能源科技有限公司)	Beijing	Beijing	Technology service development	20.00%	Equity method
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	Zhengzhou	Zhengzhou	Manufacture and sale of press	49.00%	Equity method
Zhejiang Futeng Fluid Technology Co., Ltd.	Huzhou	Huzhou	Gas compression machinery development and manufacturing	48.00%	Equity method
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	Guangzhou	Guangzhou	Machinery and equipment development and manufacturing	15.00%	Equity method
Beijing ASU Tech Co., Ltd.	Beijing	Beijing	Optical display technology	27.23%	Equity method
Qingdao Haimu Investment Management Co., Ltd.	Qingdao	Qingdao	Investment management	49.00%	Equity method
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	Qingdao	Qingdao	Investment management	24.00%	Equity method
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd. (青岛国创智能家电研究院有限公司)	Qingdao	Qingdao	Development of home appliances	35.51%	Equity method
Guangzhou Heying Investment Partnership (Limited Partnership)	Guangzhou	Guangzhou	Investment	49.00%	Equity method
Qingdao Home Wow Cloud Network Technology Co., Ltd	Qingdao	Qingdao	Home online service	22.10%	Equity method
Bingji (Shanghai) Corporate Management Co., Ltd.	Shanghai	Shanghai	Investment management	45.00%	Equity method
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	Jinan	Jinan	Logistic service	40.00%	Equity method
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	Qingdao	Qingdao	Water equipment technology development service	49.00%	Equity method

Name of joint venture and associates	Principal place of business	Place of registration	Nature of business	Nature of business	Accounting treatment of investment
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 Xiaoshuai Intelligent Technology Co., Ltd. (青岛小帅智能科技股份有限公司)	Qingdao	Qingdao	Information technology development	32.13%	Equity method
Qingdao Xinshenghui Technology Co., Ltd. (青岛鑫晟汇科技有限公司)	Qingdao	Qingdao	Technology service development	20.00%	Equity method
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	Ningbo	Ningbo	Technology service development	35.00%	Equity method
Qingdao Oriental Haisheng Technology Co., Ltd. (青岛东方海盛科技有限公司)	Qingdao	Qingdao	Technology service development	49.90%	Equity method
Konan Electronic Co., Ltd	Japan	Japan	Motor Manufacturing	50.00%	Equity method
HPZ LIMITED	Nigeria	Nigeria	Manufacturing of home appliance	25.01%	Equity method
HNR (Private) Company Limited	Pakistan	Pakistan	Manufacturing of home appliance	31.72%	Equity method
Controladora Mabe, S.A. de C.V.	Mexico	Mexico	Manufacturing of home appliance	48.41%	Equity method

(2) The key financial information of important associates

√ Applicable □ Not Applicable

① ***The basic profile of important associates:***

Haier Group Finance Co., Ltd. (hereinafter referred to as “Finance company”) was established by Haier Group Corporation and its three affiliates. Registration place and principal place of business: No.178–2 Haier Road, Laoshan District, Qingdao City. The Company’s subsidiaries hold an aggregate of 42.00% equity interest in Finance Company.

② ***Financial information of important associates:***

Unit and Currency: RMB

Items	Finance company	
	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Current assets	60,168,214,487.78	61,699,237,826.29
Non-current assets	15,767,549,122.98	16,134,734,856.48
Total assets	75,935,763,610.76	77,833,972,682.77
Current liabilities	55,510,591,103.28	57,416,107,723.37
Non-current liabilities	48,562,404.20	101,804,426.70
Total liabilities	55,559,153,507.48	57,517,912,150.07
Minority interests		
Equity attributable to shareholders of the parent company	20,376,610,103.28	20,316,060,532.70
Including: share of net assets calculated per shareholding percentage	8,558,176,243.38	8,532,745,423.73
Operating income	597,132,898.68	573,153,401.34
Net profit	620,550,766.98	898,763,418.72
Other comprehensive income	−1,196.40	−1,645.28
Total comprehensive income	620,549,570.58	898,761,773.44
Dividend received from associates for the year	235,200,000.00	235,200,000.00

(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.	4,247,721,496.64	4,027,791,399.32
Wolong Electric (Jinan) Motor Co., Ltd.	214,264,956.33	205,664,635.60
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	355,150,956.59	353,096,924.50
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	112,193,970.79	112,193,970.79
Mitsubishi Heavy Industries Haier (Qingdao) Airconditioners Co., Ltd.	768,153,538.57	854,661,998.06
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00	88,300,000.00
Baoshihua Energy Technology Co., Ltd. (宝石花能源科技有限公司)	28,809,836.20	28,809,836.20
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	104,888,887.47	104,888,887.47
Zhejiang Futeng Fluid Technology Co., Ltd.	80,536,810.95	80,536,810.95

Investment in associates	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	5,136,033.94	5,136,033.94
Beijing ASU Tech Co., Ltd.	13,598,862.35	27,357,557.56
Qingdao Haimu Investment Management Co., Ltd.	2,722,777.91	2,722,777.91
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	56,639,043.61	56,639,043.61
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd. (青岛国创智能家电研究院有限公司)	43,266,309.44	42,252,335.87
Guangzhou Heying Investment Partnership (Limited Partnership)	93,266,577.53	93,266,577.53
Qingdao Home Wow Cloud Network Technology Co., Ltd	175,780.45	
Bingji (Shanghai) Corporate Management Co., Ltd.	1,172,658,555.24	1,145,616,950.52
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	54,393,160.62	58,530,460.31
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	154,359,977.73	151,005,563.91
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	162,795,012.00	166,664,033.72
Qingdao RRS Huizhi Investment Co., Ltd.	4,083,482.78	4,083,482.78
Qingdao Xiaoshuai Intelligent Technology Co., Ltd. (青岛小帅智能科技股份有限公司)	12,365,904.43	13,453,532.83
Qingdao Xinshenghui Technology Co., Ltd. (青岛鑫晟汇科技有限公司)	14,588,485.52	13,281,618.30
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	2,936,335.63	3,210,225.63
Qingdao Oriental Haisheng Technology Co., Ltd. (青岛东方海盛科技有限公司)	19,960,000.00	19,960,000.00
Konan Electronic Co., Ltd	54,461,232.01	57,049,110.93
HNR (Private) Company Limited	228,681,589.88	187,561,846.11
HPZ LIMITED	11,203,257.77	11,203,257.77
Controladora Mabe, S.A. de C.V.	5,291,270,179.51	5,408,721,261.05
Total book balance	13,398,583,011.89	13,323,660,133.17
Total amount of the following financial data of associates calculated based on shareholding percentage		
— Net profit	470,489,827.88	504,763,812.03
— Other comprehensive income	-102,644,224.07	30,761,854.88
— Total comprehensive income	367,845,603.81	535,525,666.91

XI. SEGMENT REPORT

√ Applicable ☐ Not Applicable

The Company is principally engaged in manufacture and sales of home appliances and relevant services business, manufacture of upstream home appliances parts, distribution of products of third party, logistics and after-sale business.

As at 30 June 2026, the Company's reportable segments has been updated. To adapt to changing user needs and industry trends in the AI era, the Company continues to deepen its strategic transformation, drive organizational restructuring, and advance its business strategy: with smart home appliances as its core business, it is accelerating the development of its smart HVAC solutions business, actively expanding into the smart home ecosystem and other business areas, and propelling the Company toward becoming a globally leading platform-based technology ecosystem enterprise.

At the same time, to meet the demands of overseas market development under the new circumstances, the Company has further deepened reforms to its overseas organizational structure and business models, advancing upgrades to its governance model and enhancing business competitiveness. To better align with the optimization of its management structure, the Company has made corresponding adjustments to the reporting categories for overseas regional revenue, changing them from the previous "Americas, Europe, Australia, Japan, South Asia, Southeast Asia, the Middle East and Africa, Major Customers, and Others" to "Americas, Europe, South Asia, Emerging Markets (Southeast Asia, the Middle East and Africa, etc.), Asia-Pacific Markets (Australia and New Zealand, Japan), Major Clustomers, and Others."

The Company comprises three business segments: (1) Smart home appliances: including refrigeration, kitchen appliances, and laundry; (2) Smart HVAC solutions: including air conditioner, building systems, and the water industry; (3) Smart home ecosystem and others: including robotics, small appliances, whole-home smart systems, logistics, health and wellness, recycling, CCR, and others.The management of the Company assesses operating performance of each segment and allocates resources according to the division. Sales between segments were mainly based on market price.

Due to centralized management under the headquarters or exclusion from the assessment scope of segment management, the total assets of segments exclude monetary funds, financial assets held for trading, derivative financial assets, dividends receivable, held-for-sale financial assets, other current assets, debt investment, long-term accounts receivable, long-term equity investment, other equity instruments investment, other non-current financial assets, goodwill and deferred income tax assets; the total liabilities of segments exclude long-term and short-term borrowings, financial liabilities held for trading, derivative financial liabilities, taxes payable, interests payable, dividends payable, held-for-sale liabilities, bonds payable, deferred income tax liabilities and other non-current liabilities; profits of segments exclude financial expenses, profit or loss in fair value changes, income from investment, and income on disposal of assets, Non-value-added tax refundable upon imposition component of other income, non-operating incomes and expenses and income tax.

(1) Information of reportable segments

Segment information for the period

Segment information	Smart home appliances	Smart HVAC solutions	Smart home ecosystems and others	Inter-segment eliminations	Total
Segment revenue	89,649,834,178.86	45,362,450,419.85	42,346,446,219.04	-25,243,680,580.12	152,115,050,237.63
Including: external revenue	89,356,378,603.19	45,028,171,651.55	17,730,499,982.89		152,115,050,237.63
Inter-segment revenue	293,455,575.67	334,278,768.30	24,615,946,236.15	-25,243,680,580.12	
Total segment operating cost	81,468,371,287.64	40,795,328,034.13	42,520,120,176.31	-25,245,263,444.26	139,538,556,053.82
Segment operating profit	8,181,462,891.22	4,567,122,385.72	-173,673,957.27	1,582,864.14	12,576,494,183.81
Total segment assets	131,302,662,602.63	114,895,578,814.46	96,504,273,496.51	-177,213,462,661.41	165,489,052,252.19
Total segment liabilities	126,261,839,123.56	92,616,682,178.35	89,134,955,338.29	-177,122,595,005.41	130,890,881,634.79

Segment information for the corresponding period

Segment information	Smart home appliances	Smart HVAC solutions	Smart home ecosystems and others	Inter-segment eliminations	Total
Segment revenue	95,530,640,548.54	42,771,309,670.90	67,712,677,512.62	-49,520,593,283.21	156,494,034,448.85
Including: external revenue	95,301,650,148.32	42,546,504,379.27	18,645,879,921.26		156,494,034,448.85
Inter-segment revenue	228,990,400.22	224,805,291.63	49,066,797,591.36	-49,520,593,283.21	
Total segment operating cost	86,151,722,982.60	39,168,506,741.63	67,369,708,462.33	-49,522,176,147.33	143,167,762,039.23
Segment operating profit	9,378,917,565.94	3,602,802,929.27	342,969,050.29	1,582,864.12	13,326,272,409.62
Total segment assets	130,258,722,652.22	77,633,026,538.80	105,439,628,672.86	-154,993,768,755.14	158,337,609,108.74
Total segment liabilities	123,147,570,062.68	59,019,421,748.75	100,760,043,723.43	-154,902,901,099.14	128,024,134,435.72

(2) Geographical information

'Other countries/regions' in this report refers to all other countries/regions (including Hong Kong and Macau Special Administration Region and Taiwan) other than the mainland China for the purpose of information disclosure

a. External transaction revenue

Items	Amount for the current period	Amount for the previous period
Mainland China	73,338,606,672.95	77,415,039,692.18
Other countries/regions	78,776,443,564.68	79,078,994,756.67
Among which:		
Americas	37,356,213,361.81	40,016,407,863.21
Europe	14,323,263,225.41	13,654,032,694.94
South Asia	10,148,459,982.77	8,665,895,537.29
Emerging Markets	7,152,014,751.65	6,546,533,996.97
Asia Pacific	5,324,789,673.01	5,215,502,960.97
Major Customers and Others	4,471,702,570.03	4,980,621,703.29
Total	152,115,050,237.63	156,494,034,448.85

b. Total non-current assets

Items	Closing balance	Opening balance
Mainland China	32,746,492,796.77	31,603,924,652.07
Other countries/regions	36,285,606,769.82	37,598,178,598.08
Total	69,032,099,566.59	69,202,103,250.15

Total non-current assets exclude: debt investments, long-term receivable, long-term equity investments, other equity instrument investments, other non-current financial assets, goodwill and deferred income tax assets.

XII. DISCLOSURE OF FAIR VALUE

1. 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	432,628,244.84	7,239,011,137.24	78,051,775.53	7,749,691,157.61
Including: Bank wealth management products		7,239,011,137.24		7,239,011,137.24
Investment fund	362,852,477.66			362,852,477.66
Investment in equity instruments	69,775,767.18		78,051,775.53	147,827,542.71
Derivative financial assets		399,827,749.92		399,827,749.92
Including: Forward foreign exchange contract		399,827,749.92		399,827,749.92
Financing receivables		727,973,336.89		727,973,336.89
Including: Bills receivable		727,973,336.89		727,973,336.89
Other equity instruments	21,439,695.50		5,130,820,631.77	5,152,260,327.27
Including: Equity instruments measured at fair value through other comprehensive income	21,439,695.50		5,130,820,631.77	5,152,260,327.27
Derivative financial liabilities		66,787,912.41		66,787,912.41
Including: Forward foreign exchange contract		66,787,912.41		66,787,912.41

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
Continuously measured at fair value				
Financial assets held for trading	447,974,199.52	1,485,993,504.45	100,303,057.56	2,034,270,761.53
Including: Bank wealth management products		1,485,993,504.45		1,485,993,504.45
Investment fund	339,093,852.91			339,093,852.91
Investment in equity instruments	108,880,346.61		100,303,057.56	209,183,404.17
Derivative financial assets		80,641,860.30		80,641,860.30
Including: Forward foreign exchange contract		80,641,860.30		80,641,860.30
Financing receivables		1,787,975,081.92		1,787,975,081.92
Including: Bills receivable		1,787,975,081.92		1,787,975,081.92
Other equity instruments	21,822,828.50		5,383,278,660.83	5,405,101,489.33
Including: Equity instruments measured at fair value through other comprehensive income	21,822,828.50		5,383,278,660.83	5,405,101,489.33
Derivative financial liabilities		190,868,603.05		190,868,603.05
Including: Forward foreign exchange contract		190,868,603.05		190,868,603.05

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	7,239,011,137.24	Discounted cash flow
Derivative financial assets		
Including: Forward foreign exchange contract	399,827,749.92	Discounted cash flow
Financing receivables		
Including: Bills receivable	727,973,336.89	Discounted cash flow
Derivative financial liabilities		
Including: Forward foreign exchange contract	66,787,912.41	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:					
1. COSMO IoT Technology Co., LTD. (卡奥斯物联科技股份有限公司)	2,789,172,842.15	Market approach	1. Average P/S multiple of peers 2. Discount for lack of marketability	1. 3.23 to 3.29 2. 29.58% to 31.59%	1. 1% increase (decrease) in average P/S multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB24.90 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB35.41 million.
2. SINOPEC Fuel Oil Sales Corporation Limited (中国石化销售股份有限公司)	911,700,000.00	Market approach	1. Average P/E multiple of peers 2. Discount for lack of marketability	1. 39.75 to 40.55 2. 27.24% to 29.24%	1. 1% increase (decrease) in average P/E multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB9.10 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB12.70 million.

4. Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value include: monetary funds, bills receivable, accounts receivable, other receivables, other current assets, long-term and short-term borrowings, bills payable, accounts payable, other payables, long-term payables, bonds payable, etc. The difference between the book value and the fair value of financial assets and financial liabilities not measured at fair value at the end of the period is small.

XIII. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(I) Explanation for basis of identifying related party

According to Accounting Standards for Business Enterprises No. 36 — Related Party Disclosures, parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party. Parties (two or more than two) are also considered to be related if they are subject to common control, joint control or significant influence from another party.

According to Management Practices for Information Disclosure of Listed Company (China Securities Regulatory Commission Order No. 182), related legal entity or individual will be identified as related parties in certain occasions.

(II) Relationships between related parties

1. Information about the parent company and other companies holding shares of the Company

Name	Type of enterprise	Registered place	Registered capital	Legal representative	Relationships with 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	11.44%	11.44%
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	Joint-stock company	Qingdao High-tech Zone Haier Park	404,500,000	Zhou Yunjie	Subsidiary of Parent Company	13.42%	13.42%
HCH (HK) Investment Management Co., Limited	Private company	Hong Kong	HKD10,000	/	Parties acting in concert of Parent Company	5.74%	5.74%
Qingdao Haier Venture & Investment Information Co., Ltd.	Company with limited liability	Qingdao Free Trade Zone	923,000,000	Zhou Yunjie	Parties acting in concert of Parent Company	1.84%	1.84%
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	Limited partnership company	Qingdao High-tech Zone Haier Park	1,616,120,000	/	Parties acting in concert of Parent Company	1.43%	1.43%
Haier International Co., Limited	Private company	Hong Kong	HKD2	/	Parties acting in concert of Parent Company	0.62%	0.62%

2. Subsidiaries of the Company

The details of the subsidiaries of the Company are detailed in Note X.1. Interests in subsidiaries

3. Joint ventures and associates of the Company

The details of important joint ventures and associates of the Company are detailed in Note VII.14 and X.3.

4. Connected companies with no relationship of control

Name	Relationship with the Company
Chongqing Haier Electronics Co., Ltd.	Subsidiary of Haier Group
Chongqing Haier Electric Appliance Sales Co., Ltd.	Subsidiary of Haier Group
Shanghai Qinghai Brothers Technology Co., Ltd.	Subsidiary of Haier Group
Shandong COMSMO Smart Carbon Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Oasis Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Lingzhi Electronic Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Junyi Holding Group Co., Ltd.	Subsidiary of Haier Group
Qingdao Haiyun Chuangzhi Business Development Co., Ltd.	Subsidiary of Haier Group
Qingdao Haier Parts Procurement 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 Dingxin Electronic Technology Co., Ltd.	Subsidiary of Haier Group
Lenong IoT Co., Ltd.	Subsidiary of Haier Group
COSMOPlat Intelligent Equipment Technology Co., Ltd.	Subsidiary of Haier Group
COSMO Digital Technology (Qingdao) Co., Ltd.	Subsidiary of Haier Group
COSMOPlat Energy Technology Co., Ltd. Zhengzhou Branch	Subsidiary of Haier Group
COSMOPlat Energy Technology Co., Ltd.	Subsidiary of Haier Group
COSMOPlat Energy Technology (Chongqing) Co., Ltd.	Subsidiary of Haier Group
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD	Subsidiary of Haier Group
Cosmoplat Chuangzhi IOT Technology (Chongqing) Co., Ltd.	Subsidiary of Haier Group
Hefei Lingzhi Intelligent IoT Technology Co., Ltd.	Subsidiary of Haier Group
Haier Electrical Appliances Co., Ltd.	Subsidiary of Haier Group
Foshan Haiyongchuang Investment Management Co., Ltd.	Subsidiary of Haier Group
Feiketeng Intelligent Technology (Qingdao) Co., Ltd.	Subsidiary of Haier Group
Dalian Haier International Trade Co., Ltd.	Subsidiary of Haier Group
Haier International (HK) Ltd.	Subsidiary of Haier Group
HNR (Private) Company Limited	Associate
Controladora Mabe S.A.de C.V.	Associate

Name	Relationship with the Company
Wolong Electric (Jinan) Motor Co., Ltd.	Associate
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	Associate
Qingdao Haier Multimedia Co., Ltd.	Associate
Qingdao HBIS New Material Technology Co., Ltd.	Associate
Qingdao HBIS Composite New Material Technology Co., Ltd.	Subsidiary of associate
Hefei HBIS New Material Technology Co., Ltd.	Subsidiary of associate
Qingdao Haier New Materials R & D Co., Ltd	Associate of subsidiary of Haier Group

(III) Related party transactions

1. Details of the Company's procurement of goods and services from related parties are as follows:

√ Applicable □ Not Applicable

Unit and Currency: RMB

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	5,908,815,347.20	7,834,225,655.54
HNR (Private) Company Limited	3,050,278,266.73	2,384,856,286.98
Qingdao Haier Parts Procurement Co., Ltd.	947,626,144.72	2,411,176,212.11
Chongqing Haier Electric Appliance Sales Co., Ltd.	913,464,579.75	833,925,200.11
Qingdao Haier International Trading Co., Ltd.	505,146,257.67	679,157,854.55
Other related parties	2,511,445,270.73	1,755,781,355.42
Total	13,836,775,866.80	15,899,122,564.71

2. Details of the Company's sales of goods to related parties are as follows:

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	738,013,681.63	782,468,364.24
HNR (Private) Company Limited	495,600,057.49	542,516,067.71
Qingdao Haier Multimedia Co., Ltd.	64,997,759.64	71,565,284.79
Other related parties	262,822,871.85	667,750,299.35
Total	1,561,434,370.61	2,064,300,016.09

3. Amount of unsettled items of related parties

Items and name of customers	Closing Balance	Opening Balance
Bills receivable:		
COSMO Digital Technology (Qingdao) Co., Ltd.	6,616,261.04	3,544,332.95
Qingdao Haiyun Chuangzhi Business Development Co., Ltd.	3,843,161.79	
Qingdao Haier Parts Procurement Co., Ltd.	3,189,276.48	5,000,000.00
Other related parties	2,411,976.87	6,630,244.64
Accounts receivable:		
HNR (Private) Company Limited	924,890,766.19	585,411,519.70
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	160,980,935.60	93,604,569.85
Shanghai Qinghai Brothers Technology Co., Ltd.	126,592,191.54	126,592,019.07
Qingdao Oasis Technology Co., Ltd.	115,018,760.19	80,632,651.73
Haier International (HK) Ltd.	68,109,006.81	
Other related parties	260,836,437.37	744,244,918.32
Prepayments:		
Qingdao Haier International Trading Co., Ltd.	350,559,761.25	241,805,022.11
Qingdao Haier Parts Procurement Co., Ltd.	203,293,206.54	327,866,762.10
HNR (Private) Company Limited	64,199,079.54	725,192,500.00
Other related parties	8,080,616.53	29,075,961.14
Other receivables:		
Chongqing Haier Electronics Co., Ltd.	36,207,489.76	
Haier Electrical Appliances Co., Ltd.	27,928,622.34	14,742,622.34
Foshan Haiyongchuang Investment Management Co., Ltd.	16,221,458.92	5,374,246.85
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	13,727,000.00	19,610,000.00
Controladora Mabe S.A.de C.V.	12,365,698.61	28,170,754.30
Qingdao Junyi Holding Group Co., Ltd.	8,421,906.05	9,631,906.05
Qingdao Haier International Trading Co., Ltd	5,911,054.03	95,291,185.99
Other related parties	27,960,160.07	64,344,302.00

Items and name of customers	Closing Balance	Opening Balance
Bills payable:		
Qingdao Haier New Materials R & D Co., Ltd.	466,488,981.01	523,141,638.34
Wolong Electric (Jinan) Motor Co., Ltd.	25,080,722.00	15,979,283.00
Accounts payable:		
Controladora Mabe S.A.de C.V.	1,070,799,990.76	844,739,433.08
Qingdao Haier New Materials R & D Co., Ltd.	350,084,227.38	68,093,990.80
Qingdao Lingzhi Electronic Technology Co., Ltd.	126,153,078.69	145,771,598.22
Qingdao Dingxin Electronic Technology Co., Ltd.	118,097,250.72	63,827,973.22
Hefei Lingzhi Intelligent IoT Technology Co., Ltd.	93,629,197.64	56,631,355.12
Qingdao Haier International Trading Co., Ltd.	90,723,664.88	2,683,585.67
Qingdao Haier Parts Procurement Co., Ltd.	89,794,504.97	40,290,647.92
Hefei HBIS New Material Technology Co., Ltd.	85,790,952.83	16,586,337.28
Cosmoplat Chuangzhi IOT Technology (Chongqing) Co., Ltd.	85,415,498.80	66,364,790.16
Qingdao HBIS Composite New Material Technology Co., Ltd.	81,220,633.91	29,308,390.83
Wolong Electric (Jinan) Motor Co., Ltd.	64,420,869.65	44,701,099.00
Qingdao Oasis Technology Co., Ltd.	60,002,691.28	62,265,048.66
Other related parties	497,088,641.07	458,214,434.48
Contract liabilities:		
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	38,986,622.40	46,248.66
Wolong Electric (Jinan) Motor Co., Ltd.	38,595,575.33	37,220,299.48
Qingdao Haier Parts Procurement Co., Ltd.	23,784,142.59	7,691,679.89
Qingdao HBIS New Material Technology Co., Ltd.	20,925,650.20	0.08
Other related parties	19,544,992.65	18,115,242.35
Other payables:		
Qingdao Haier Parts Procurement Co., Ltd.	22,005,774.09	28,290,259.12
Dalian Haier International Trading Co., Ltd.	21,800,000.00	21,800,000.00
COSMOPlat Intelligent Equipment Technology Co., Ltd.	20,913,639.20	
Lenong IoT Co., Ltd.	15,000,000.00	15,000,000.00
Qingdao Haier International Travel Agency Co., Ltd.	14,203,039.49	28,562,108.09
COSMOPlat Energy Technology (Chongqing) Co., Ltd.	13,482,043.37	11,394,977.05
COSMOPlat Energy Technology Co., Ltd. Zhengzhou Branch	11,621,046.29	4,103,180.13
Shandong COMSMO Smart Carbon Technology Co., Ltd.	8,541,371.67	12,935,412.76
COSMOPlat Energy Technology Co., Ltd.	7,890,524.98	18,087,187.33
Feiketeng Intelligent Technology (Qingdao) Co., Ltd.	7,035,120.90	25,563,425.13
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD	6,748,406.29	21,277,941.77
Other related parties	37,437,551.36	100,094,395.72

Items and name of customers	Closing Balance	Opening Balance
Dividends payable:		
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	1,122,130,107.44	
Haier Group Corporation	956,243,222.21	
HCH (HK) Investment Management Co.,Limited	480,131,625.60	
Qingdao Haier Venture & Investment Information Co., Ltd.	153,564,879.77	
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	119,276,066.12	
Haier International Co.,Limited	51,828,106.80	

4. Other related party transactions

(1) On 30 March 2023, Haier Group Corporation and Haier Group Finance Co., Ltd. (hereafter, the "Finance Company") renewed the Financial Services Framework Agreement, and the "resolution on the renewal of the Financial Services Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation and the estimated amount of connected transaction" was considered and passed at the general meeting. The Financial Services Framework Agreement became effective from the passing of the resolution.

Various current balances of the Company and the Finance Company are as follows:

Items	Closing Balance	Opening Balance
Monetary funds deposited at the Finance Company	10,682,105,449.30	11,330,984,136.12
Debt investment deposited at the Finance Company	10,918,000,000.00	13,899,000,000.00
Other current assets deposited at the Finance Company	1,062,950,000.00	1,312,950,000.00
Debt investment due within one year deposited at the Finance Company	11,312,500,000.00	7,431,500,000.00
Loans of the Finance Company	3,797,240,432.39	3,766,573,712.52
Interest receivable from the Finance Company	1,098,468,259.59	1,127,813,471.03
Interest payable to the Finance Company	49,624,018.43	51,467,869.35
Bills issued	8,551,605,861.22	8,069,164,137.67
Foreign exchange derivatives of the Finance Company	53,930,684.45	1,642,152.00

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	333,080,326.98	411,893,046.61
Interest expense of the Finance Company	54,431,738.62	14,237,380.91
Service fee of the Finance Company	4,426,322.95	4,336,109.25
Spot foreign exchange business (foreign exchange settlement and sale)	9,867,992,901.12	3,239,292,158.45

(2) The lease expense of the Company and its subsidiaries for production and operation leased from related parties for the current period was RMB21 million (amount for the corresponding period: RMB30 million).

(3) Haier Group Corporation provided joint liability guarantee for certain bills payable of the subsidiaries of the Company with the guaranteed amount of RMB2,559 million at the end of the period (amount at the beginning of the period: RMB2,741 million).

(IV) Pricing Policy

1. Related-party Sales

Some related parties purchase components through the independent procurement platform of the Company, purchase electrical appliances for sales from the Company, and receive after-sales services, R&D service, housing rental and other business provided by the company due to their business needs. On 27 March 2025, 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 renewed the Product and Materials Sales Framework Agreement, the Service Provision Framework Agreement and the Property Lease Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2026 to 31 December 2028, and the Company may, at its sole discretion, renew the agreement for another three-year term upon expiry, with fees subject to adjustment if necessary.

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. On 27 March 2025, 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 Lease Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2026 to 31 December 2028, and the Company may, at its sole discretion, renew the agreement for another three-year term upon expiry, with fees subject to adjustment if necessary.

3. Financial aspect

Some of the financial services such as deposit and loan service, discounting service and foreign exchange derivatives needed by the Company are provided by Haier Group Corporation, its subsidiaries and other companies. According to the Financial Service Agreement entered among the Company, Haier Group Corporation and other parties, the price of financial services is determined by the principle of not less favourable than market value fair. The Company is entitled to decide whether to keep cooperation relationship with them with the knowledge of the price prevailing in the market and in combination with its own interests. While performing the agreement, the Company could also require other financial service institutions to provide related financial services basing on actual situation. In order to meet the Company's demands such as the avoidance of foreign exchange fluctuation risk, the Company may choose Haier Group Finance Co., Ltd. to provide some foreign exchange derivative business after comparing with comparable companies. The Company will uphold the safe and sound, appropriate and reasonable principle, under which all foreign exchange capital business shall have a normal and reasonable business background to eliminate speculative operation. At the same time, the Company has specified the examination and permission rights, management positions and responsibilities at all levels for its foreign exchange capital business to eradicate the risks of operation by persons and improved its response speed to risks on the premise that the risks are effectively controlled. In March 2023, the Company and Haier Group Corporation renewed the Financial Services Framework Agreement, which agreed on the financial connected transactions. The pricing principle included the deposit interest rate not lower than the maximum interest rate of major banks listed and the loan interest rate not less favourable than the market price to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement lasts until 31 December 2026, which can be renewed for another three years upon expire.

4. Others

The Company signed the Intellectual Property Licensing Framework Agreement with Haier Group Corporation in November 2020. According to the agreement, Haier Group has agreed to grant or procure its subsidiaries and contact persons to grant the license to the Company at nil consideration to use all its intellectual property rights, including but not limited to trademarks, patents, copyrights and logos for the products, packaging, services and business introduction documents of the Company. The date of the Intellectual Property Licensing Framework Agreement shall be permanently effective from the listing date. When such specific intellectual property rights expire and are not renewed by Haier Group, our right to use certain intellectual property rights under the Intellectual Property Licensing Framework Agreement will terminate.

XIV.SHARE-BASED PAYMENTS

1. Various equity instruments

(1) Details of the breakdown

√ Applicable ☐ Not Applicable

Unit of number: shares Unit and Currency of Amount: RMB

Categories of participants	Granted during the period		Exercised during the period		Vested during the period		Lapsed during the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Directors and senior management					360,261.00	7,717,069.58	3,435,885.00	64,639,148.11
Staff	7,012,177.00	121,964,891.20			14,229,859.00	348,379,839.21	47,503,140.00	679,500,394.42
Total	7,012,177.00	121,964,891.20			14,590,120.00	356,096,908.80	50,939,025.00	744,139,542.53

(2) Outstanding share options or other equity instruments at the end of the period

√ Applicable ☐ Not Applicable

Categories of participants	Outstanding share options at the end of the period		Outstanding other equity instruments at the end of the period	
	Exercise price	The remaining contractual term	Exercise price	The remaining contractual term
2025 Stock Ownership Plan A			N/A	July 2025- July 2027
2025 Stock Ownership Plan H			N/A	July 2025- July 2027
2023 Restricted Shares			N/A	July 2023- June 2026
2024 Restricted Shares			N/A	June 2024- May 2027
2025 Restricted Shares			N/A	June 2025- June 2028
2026 Restricted Shares			N/A	June 2026- May 2029

2. Equity-settled share-based payments

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Method of determining the fair value of equity instrument on the date of grant	Closing price of share on the date of grant, Black-Scholes Model
Important parameters of the fair value of equity instrument on the date of grant	Historical volatility rate, risk-free rate, yield rate
Basis for determining the number of exercisable equity instruments	The best estimate of the management
Reason for significant differences between current and prior period estimates	Nil
Accumulated amount of equity-settled share-based payment included in the capital reserve	RMB623 million

3. Cash-settled share-based payments

☐ Applicable √ Not Applicable

4. Share-based payments for the current period

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Categories of participants	Equity-settled share-based payment	Cash-settled share-based payment
Director, Senior management	−19,516,932.86	
Staff	−204,868,531.99	
Total	−224,385,464.85	

5. Modification and termination of share-based payments

☐ Applicable √ Not Applicable

XV. COMMITMENTS AND CONTINGENCIES

√ Applicable ☐ Not Applicable

Nil

XVI. EVENTS AFTER THE BALANCE SHEET DATE

√ Applicable ☐ Not Applicable

According to the resolution of the 4th meeting of the 12th session of the Board of Directors of the Company held on 26 March 2026, the profit for the period 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 RMB8.867 (including taxes) for every 10 shares to all shareholders.

On 7 August 2026, the Company announced that it would distribute profits to shareholders (other than those held in the Company's share repurchase account) who are on the shareholder register as of the close of trading on the record date specified in the announcement regarding the implementation of the equity distribution. While maintaining the total distribution amount unchanged, the distribution ratio per share has been adjusted from a cash dividend of RMB8.867 (tax included) per 10 shares to a cash dividend of RMB8.9151 (tax included) per 10 shares.

XVII. 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		50,859,093,158.21		50,859,093,158.21
Financial assets held for trading	7,749,691,157.61			7,749,691,157.61
Derivative financial assets			399,827,749.92	399,827,749.92
Bills receivable		9,633,287,181.99		9,633,287,181.99
Accounts receivable		32,955,141,174.95		32,955,141,174.95
Financing receivables			727,973,336.89	727,973,336.89
Other receivables		3,933,087,922.29		3,933,087,922.29
Non-current assets due within one year		13,860,674,375.48		13,860,674,375.48
Other current assets		1,075,330,174.79		1,075,330,174.79
Debt investments		12,567,554,609.01		12,567,554,609.01
Long-term receivables		100,719,719.99		100,719,719.99
Other equity instruments			5,152,260,327.27	5,152,260,327.27

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		47,621,657,441.30		47,621,657,441.30
Financial assets held for trading	2,034,270,761.53			2,034,270,761.53
Derivative financial assets			80,641,860.30	80,641,860.30
Bills receivable		6,482,353,046.34		6,482,353,046.34
Accounts receivable		27,065,839,108.45		27,065,839,108.45
Financing receivables			1,787,975,081.92	1,787,975,081.92
Other receivables		3,096,465,068.39		3,096,465,068.39
Non-current assets due within one year		8,666,892,203.60		8,666,892,203.60
Other current assets		1,321,749,793.07		1,321,749,793.07
Debt investments		16,383,203,551.26		16,383,203,551.26
Long-term receivables		134,840,798.60		134,840,798.60
Other equity instruments			5,405,101,489.33	5,405,101,489.33

Financial liabilities

Items	Closing Balance		
	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Total
Short-term borrowings		21,678,038,269.11	21,678,038,269.11
Derivative financial liabilities	66,787,912.41		66,787,912.41
Bills payable		28,496,924,125.43	28,496,924,125.43
Accounts payable		55,751,128,880.05	55,751,128,880.05
Other payables		28,307,179,628.54	28,307,179,628.54
Non-current liabilities due in one year		1,045,231,250.00	1,045,231,250.00
Long-term borrowings		12,096,041,519.66	12,096,041,519.66
Bond payables		3,500,000,000.00	3,500,000,000.00
Long-term payables		159,812,218.64	159,812,218.64

Financial liabilities (continued)

Items	Opening Balance		
	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Total
Short-term borrowings		17,420,784,420.86	17,420,784,420.86
Derivative financial liabilities	190,868,603.05		190,868,603.05
Bills payable		23,870,662,224.10	23,870,662,224.10
Accounts payable		53,544,741,780.87	53,544,741,780.87
Other payables		19,493,605,624.57	19,493,605,624.57
Non-current liabilities due in one year		4,400,146,805.56	4,400,146,805.56
Long-term borrowings		11,165,886,169.09	11,165,886,169.09
Bonds payable		3,500,000,000.00	3,500,000,000.00
Long-term payables		167,862,276.79	167,862,276.79

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.

XVIII. OTHER SIGNIFICANT EVENTS

As of 27 August 2026, the Company has no other significant events that need to be disclosed.

XIX. NOTES TO MAIN ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

Aging	Closing Balance	Opening Balance
Within 1 year	1,361,789,371.36	1,355,876,727.08
1–2 years	693,244,700.84	412,939,541.49
2–3 years	628,512,946.09	714,128,728.58
Over 3 years	215,128,187.63	897,921,323.30
Accounts receivable balance	2,898,675,205.92	3,380,866,320.45
Allowance for bad debts	209,185.53	
Net accounts receivable	2,898,466,020.39	3,380,866,320.45

Changes in bad debt provision for accounts 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 increase	Reversal	Write-off and other movement	
Allowance for bad debts	209,185.53					209,185.53

2. Other receivables

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Interest receivable	3,185,277.78	3,164,444.44
Dividend receivable	5,770,255,305.39	5,764,255,305.39
Other receivables	114,265,438,224.10	80,520,831,904.55
Total	120,038,878,807.27	86,288,251,654.38

Interest receivable:

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Within 1 year	3,185,277.78	3,164,444.44
More than 1 year		
Total	3,185,277.78	3,164,444.44

Dividend receivable:

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items (or invested units)	Closing Balance	Opening Balance
Within 1 year	4,811,152,126.48	5,764,255,305.39
More than 1 year	959,103,178.91	
Total	5,770,255,305.39	5,764,255,305.39

Other receivables:

① The disclosure of other receivables by aging is as follows:

Aging	Closing Balance	Opening Balance
Within 1 year	83,355,412,142.88	70,260,953,583.22
More than 1 year	30,914,407,491.03	10,263,638,391.53
Other receivables balance	114,269,819,633.91	80,524,591,974.75
Allowance for bad debts	4,381,409.81	3,760,070.20
Net other receivables	114,265,438,224.10	80,520,831,904.55

② Changes in bad debt provision for other receivables in the current period:

		Increase for the current period		Decrease for the current period		
Items	Opening Balance	Provision for the current period	Other increase	Reversal	Write-off and other movement	Closing Balance
Allowance for bad debts	3,760,070.20	621,339.61				4,381,409.81

③ Top five other receivables by debtor as at the period end

Name of entity	Closing Balance	Percentage of closing balance (%)	Nature	Aging	Provision for bad debts
Chongqing Haier Home Appliance Sale Hefei Co., Ltd.	35,075,703,981.11	30.70%	Funds transfers between parent and subsidiary companies	Within 2 years	
Haier Electronics Sales (Hefei) Co., Ltd.	24,731,919,295.26	21.64%	Funds transfers between parent and subsidiary companies	Within 2 years	
Qingdao Haier Smart Home Electronics Appliances Limited	15,779,976,729.48	13.81%	Funds transfers between parent and subsidiary companies	Within 1 year	
Qingdao Haier Refrigeration Appliances Co., Ltd.	9,542,195,060.59	8.35%	Funds transfers between parent and subsidiary companies	Within 1 year	
Qingdao Haier Refrigerator Co., LTD	7,333,789,882.47	6.42%	Funds transfers between parent and subsidiary companies	Within 1 year	
Total	92,463,584,948.91	80.92%			

3. Long-term equity investment

√ Applicable ☐ Not Applicable

(1) Details of long-term equity investments:

Items	Closing Balance		Opening Balance	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Long-term equity investment				
Including: Long-term equity investments in subsidiaries	70,431,483,402.57	7,100,000.00	69,194,199,218.61	7,100,000.00
Long-term equity investments in associates	3,611,051,467.90	109,300,000.00	3,599,731,542.06	109,300,000.00
Total	74,042,534,870.47	116,400,000.00	72,793,930,760.67	116,400,000.00

(2) Long-term equity investments to subsidiaries

Name of investee	Opening Balance	Increase/ Decrease for the period	Closing Balance	Impairment provisions at the end of the period
I. Subsidiaries:				
Chongqing Haier Electronics Sales Co., Ltd.	9,500,000.00		9,500,000.00	
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd	34,735,489.79		34,735,489.79	
Qingdao Haier Refrigerator Co., Ltd.	402,667,504.64		402,667,504.64	
Qingdao Haier Special Refrigerator Co., Ltd.	426,736,418.99		426,736,418.99	
Qingdao Haier Information Plastic Development Co., Ltd.	102,888,407.30		102,888,407.30	
Dalian Haier Precision Products Co., Ltd.	41,836,159.33		41,836,159.33	
Hefei Haier Plastic Co., Ltd.	72,350,283.21		72,350,283.21	
Qingdao Haier Technology Co., Ltd.	16,817,162.03		16,817,162.03	
Qingdao Household Appliance Technology and Equipment Research Institute	66,778,810.80		66,778,810.80	
Qingdao Meier Plastic Powder Co., Ltd.	24,327,257.77		24,327,257.77	
Chongqing Haier Precision Plastic Co., Ltd.	47,811,283.24		47,811,283.24	
Qingdao Haier Electronic Plastic Co., Ltd.	69,200,000.00		69,200,000.00	
Dalian Haier Refrigerator Co., Ltd.	138,600,000.00		138,600,000.00	
Dalian Haier Air-conditioning Co., Ltd.	99,000,000.00		99,000,000.00	
Qingdao Haier Moulds Co., Ltd.	53,324,428.51		53,324,428.51	
Hefei Haier Air-conditioning Co., Limited	79,403,123.85		79,403,123.85	
Qingdao Haier Refrigerator (International) Co., Ltd.	238,758,240.85		238,758,240.85	
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	1,731,107,944.51		1,731,107,944.51	
Qingdao Haier Air Conditioner Gen Corp., Ltd.	920,636,306.02		920,636,306.02	
Qingdao Haier Special Freezer Co., Ltd.	471,530,562.76		471,530,562.76	
Qingdao Haier Dishwasher Co., Ltd.	206,594,292.82		206,594,292.82	
Wuhan Haier Freezer Co., Ltd.	47,310,000.00		47,310,000.00	
Wuhan Haier Electronics Holding Co., Ltd.	100,715,445.04		100,715,445.04	
Chongqing Haier Air-conditioning Co., Ltd	100,000,000.00		100,000,000.00	
Hefei Haier Refrigerator Co., Ltd.	49,000,000.00		49,000,000.00	
Qingdao Haier Whole Set Home Appliance Service Co., Ltd.	118,000,000.00		118,000,000.00	
Chongqing Haier Refrigeration Appliance Co., Ltd.	91,750,000.00		91,750,000.00	
Haier Shanghai Zhongzhi Fang Chuang Ke Management Co., Ltd.	2,000,000.00		2,000,000.00	
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	100,000,000.00		100,000,000.00	
Haier Shareholdings (Hong Kong) Limited	37,034,184,691.24	1,237,284,183.96	38,271,468,875.20	
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	

Name of investee	Opening Balance	Increase/ Decrease for the period	Closing Balance	Impairment provisions at the end of the period
Qingdao Haier Intelligent Technology Development Co., Ltd.	130,000,000.00		130,000,000.00	
Qingdao Haier Technology Investment Co., Ltd.	410,375,635.00		410,375,635.00	
Qingdao Casarte Smart Living Appliances Co., Ltd.	10,000,000.00		10,000,000.00	
Haier Overseas Electric Appliance Co., Ltd.	1,000,000,000.00		1,000,000,000.00	
Haier (Shanghai) Electronics Co., Ltd.	12,500,000.00		12,500,000.00	
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	143,000,000.00		143,000,000.00	
Haier Electronics Group Co., Ltd.	3,979,407,602.61		3,979,407,602.61	7,100,000.00
Flourishing Reach Limited (SPVX)	18,529,112,234.81		18,529,112,234.81	
Qingdao Haidarui Procurement Service Co., Ltd.	107,800,000.00		107,800,000.00	
Qingdao Haier Intelligent Household Appliances Co., Ltd.	326,400,000.00		326,400,000.00	
Qingdao Haidacheng Procurement Service Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Haier Quality Inspection Co., Ltd.	18,657,135.49		18,657,135.49	
Qingdao Haier Home AI Industry Innovation Center Co., Ltd.	100,000,000.00		100,000,000.00	
Haier Zhjia Experience Cloud Ecological Technology Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Haier Circular Economy Development Co., Ltd.	55,000,000.00		55,000,000.00	
Qingdao Haier Smart Home Electronics Appliances Limited	954,382,798.00		954,382,798.00	
Total	69,194,199,218.61	1,237,284,183.96	70,431,483,402.57	7,100,000.00

(3) Long-term equity investments to associates

Name of investee	Opening Balance	Increase/Decrease for the current period: Increased/ decreased amount for the current period	Increase/Decrease for the current period: Investment income recognized under equity method	Increase/Decrease for the current period: Others	Closing Balance	Impairment provisions at the end of the period
Wolong Electric (Jinan) Motor Co., Ltd.	201,075,947.08		9,110,175.02		210,186,122.10	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	112,193,970.79				112,193,970.79	
Bank of Qingdao Co., Ltd.	1,595,610,084.98		112,934,077.58	-25,808,741.01	1,682,735,421.55	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	854,661,998.06		40,391,540.51	-126,900,000.00	768,153,538.57	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	413,897,881.22		-461,158.35		413,436,722.87	21,000,000.00
Qingdao Haier Multimedia Co., Ltd	88,300,000.00				88,300,000.00	88,300,000.00
Qingdao HBIS New Material Technology Co., Ltd.	333,991,659.93		6,597,342.14	-4,543,310.05	336,045,692.02	
Total	3,599,731,542.06		168,571,976.90	-157,252,051.06	3,611,051,467.90	109,300,000.00

4. Operating revenue and operating cost

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Item	Amount for the current period: Revenue	Amount for the current period: Cost	Amount for the previous period: Revenue	Amount for the previous period: Cost
Primary Business	462,618,334.80	452,158,307.20	412,412,887.84	388,616,965.82
Other Business	15,407,680.41	15,750,754.00	41,377,431.52	33,009,861.52
Total	478,026,015.21	467,909,061.20	453,790,319.36	421,626,827.34

5. Investment income

Items	Amount for the current period	Amount for the previous period
Long-term equity investments income calculated by the equity method	168,571,976.90	182,219,429.45
Investment income from long-term equity investment accounted for using cost method	6,000,000.00	2,659,571,694.68
Income from wealth management products	19,918,684.15	29,446,717.52
Investment income from investment in other equity instrument during the holding period		322,683.64
Total	194,490,661.05	2,871,560,525.29

XX. APPROVAL OF FINANCIAL REPORT

This financial report was approved for publication by the Board of Directors of the Company on 27 August 2026.

XXI. SUPPLEMENTARY INFORMATION

1. Non-recurring profit or loss

Items	Amount for the current period	Amount for the previous period
Net profit attributable to ordinary shareholders of the Parent Company	10,316,254,946.26	12,032,995,820.27
Less: non-recurring profit or loss	1,017,504,343.48	330,587,263.57
Net profit attributable to ordinary shareholders of the Parent Company after deduction of non-recurring profit or loss	9,298,750,602.78	11,702,408,556.70

Breakdown of non-recurring profit and loss for the current period

Non-recurring profit and loss items	Amounts for the current period
Profit and loss from disposal of non-current assets	46,798,107.26
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, to be enjoyed in a fixed amount or fixed quantity based on the national unified standards	442,385,559.68
One-off impact on profit or loss for the current period arising from adjustments to tax, accounting and other relevant laws and regulations	511,749,126.68
Profit and loss from fair value changes of financial assets held for trading, financial liabilities held for trading, as well as investment gains arising from disposal of financial assets held for trading, financial liabilities held for trading and financial assets held for sale, except the effective hedging related to the normal operations of the Company	255,690,662.50
Other non-operating income and expenses except the aforementioned items	51,650,188.36
Effect of minority equity interest	−13,236,680.18
Effect of income tax	−277,532,620.82
Effect of profit from business combination under common control	
Total	1,017,504,343.48

2. Basic earnings per share and diluted earnings per share

	Amount for the current period			Amount for the previous period		
		Earnings per share (RMB)			Earnings per share (RMB)	
Items	Weighted average return on net assets	Basic earnings per share	Diluted earnings per share	Weighted average return on net assets	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Parent Company	8.36%	1.12	1.12	10.34%	1.30	1.29
Net profit attributable to ordinary shareholders of the Parent Company after deduction of non-recurring profit or loss	7.53%	1.01	1.01	10.05%	1.27	1.26

Legal Representative: Li Huagang

Board approval date for submission: 27 August 2026

Amended information

☐Applicable √ Not Applicable

SECTION IX 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, 27 August 2026

The Board of Haier Smart Home Co., Ltd

Li Huagang _____

Kevin Nolan _____