

Company Code : 600690

Short Name : Haier Smart Home

Haier Smart Home Co., Ltd.

2025 Annual Report



Important Notice

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

Proposal of profit distribution for the reporting period are examined and reviewed by the Board: to declare a cash dividend of RMB8.867 per 10 shares (tax inclusive) to all shareholders based on the total number of shares held on record date and after deducting the repurchased shares from the repurchase account upon the execution of distribution proposal, with proposed distribution amounting to RMB8,248,280,749.27 (tax inclusive). Together with the 2025 interim dividend, The proportion of cash distribution is 55.0% of the net profit attributable to shareholder of parent company of the Company for the year. If there is any change in the total share capital of the Company during the period from the date of this report to the record date of the equity distribution, the total distribution amount will be remained unchanged with corresponding adjustment to the proportion of distribution per share.

As of the end of the reporting period, the parent company had accumulated losses that had not been offset, and the impact on matters such as the Company's dividend distribution.

☐ Applicable ☒ Not Applicable

VI. Disclaimer in respect of forward-looking statements

☒ Applicable ☐ Not Applicable

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

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

No

Important Notice

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

No

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

No

X. Important Risk Warnings

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

XI. Others

☐ Applicable ☒ Not Applicable

Chairman of the Board: LI Huagang
Haier Smart Home Co., Ltd
26 March 2026

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

CONSUMER FIRST. EMBRACING CHANGE. FORGING A SUSTAINABLE FUTURE.

— LETTER TO SHAREHOLDERS

Dear Shareholders,

As I reflect on 2025, it stands out as one of the most challenging business environments in our company's history — and one in which Haier Smart Home proved its resilience. Shifting trade policies and rising protectionism disrupted supply chains and made overseas markets harder to navigate, while regional conflicts added further uncertainty. On the demand side, high interest rates and cost pressures weighed on U.S. consumption, European recovery remained sluggish, and in China, a soft property market and fading appliance subsidies put downward pressure on demand and pricing.

We delivered solid results with meaningful progress in 2025, driven by the contributions of 130,000 employees across our global operations. In North America, a challenging trade environment pressured operating performance. Across our other markets, however, we gained share, strengthened our competitive position — even after absorbing significant disruption costs.

Record Revenue and Earnings in 2025

In 2025, Haier Smart Home's global revenue surpassed RMB300 billion for the first time, reaching RMB302.35 billion, an increase of 5.71% year-on-year. Net profit attributable to shareholders of the parent company reached RMB19.55 billion, up 4.39% year-on-year. Under PRC GAAP, net profit attributable to shareholders — excluding non-recurring items — totaled RMB18.60 billion, a 4.49% year-on-year increase.

Net cash generated from operating activities in 2025 amounted to RMB26.00 billion, equivalent to 1.33 times net profit.

In China, our leadership in core categories held firm: we held offline market shares of 47.7% (GfK) in refrigerators, 47.4% (GfK) in washing machines, and 32.5% in water heaters. Air conditioning performed strongly, with online market share rising 0.6 percentage points and offline share rising 1.8 percentage points, and domestic revenue growing at a double-digit rate.

We continued to transform our distribution and supply chain model — connecting dealers directly to retail outlets, delivering service directly to consumers, and rolling out a centralized distribution model that now accounts for 57% of total shipments. These initiatives shortened the path from factory to consumer, with domestic inventory turnover improving year-on-year.

Turning to our international business — which I see as the long-term growth engine of this company — our goal is to bring Haier into every home, everywhere. We invest in global platforms for R&D and market operations to strengthen local competitiveness and deliver exceptional products and reliable service at every touchpoint.

In the United States, we maintained the #1 industry position for the fourth consecutive year. Against a declining market, our premium brand delivered 7% revenue growth. The Air & Water Solutions sector delivered double-digit revenue growth, emerging as a meaningful contributor.

In Europe, we streamlined regional management layers to bring headquarters and local teams into direct alignment, operating side by side with shared objectives and enabling faster market response. In 2025, white goods revenue grew at a double-digit rate, average selling prices improved by more than 10%, and profitability rose substantially.

CONSUMER FIRST. EMBRACING CHANGE. FORGING A SUSTAINABLE FUTURE.

In South Asia, unfavorable weather conditions held back air conditioning demand. Nonetheless, we grew revenue by 15%—among the fastest-growing brands in the market — by strengthening our brand presence, introducing premium products such as large-drum washing machines, and accelerating penetration into chain retail channels. In Pakistan, revenue grew over 30%, with our market share in refrigerators, washing machines, and air conditioners exceeding 40%.

In Southeast Asia, we launched bestselling products from our China portfolio — including the L+ washing machine, the *Mailang* refrigerator, and the AI Voice air conditioner — and expanded our retail footprint through integrated online-offline channels. We achieved the #1 white goods sales position across key markets such as Vietnam and Thailand.

We enter new categories and markets through disciplined acquisitions — but closing a deal is only the beginning. Our cross-border M&A experience and global operating platform enable acquired businesses to ramp quickly. Carrier Commercial Refrigeration (CCR) in its first full operating year, had to transition off shared services (TSA), build standalone capabilities, and overhaul operations simultaneously. Through our RenDanHeYi approach, CCR achieved double-digit revenue growth, with 16% growth in Asia-Pacific, well ahead of the industry. Kwikot, our South African water heater business, also completed its first full year, delivering 10% profit growth versus pre-acquisition levels and a pre-tax margin of 12%, while expanding into solar water heaters, water purifiers, and air conditioners. These results reinforce my conviction that disciplined M&A will remain a key lever for growth.

Co-Creating with Consumers, Redefining Value

Looking ahead, the global trade landscape has fundamentally changed. Evolving trade policies are making it harder to optimize supply chains for efficiency, and geopolitical uncertainty is prompting companies to prioritize supply chain resilience. These dynamics will weigh on returns on capital and drive consolidation, ultimately leading to a new market balance. I believe we are still in the middle-to-late stages of that adjustment. The number of global appliance players is shrinking, with some retreating to their home markets. At the same time, the industry is being reshaped by new technologies, and consumers favor innovation and technology-driven products. Over the long term, Haier Smart Home's global product innovation and operating platform is a durable competitive advantage, helping us earn the trust of more consumers worldwide.

The value our platform creates ultimately comes from one source: the consumer. We must turn them into co-creators, so that hit products that deliver exceptional value become the rule rather than the exception — earning lasting consumer preference — the best antidote to price wars and commoditization. Put simply: move up the value chain by exceeding consumer expectations, and build hit products while driving efficiency at every step.

A case in point is our Leader brand's *Effortless* three-drum washing machine, which became an industry standout in 2025. As the world's first three-drum washer, it sold over 10,000 units within 48 minutes of launch and surpassed RMB100 million in retail sales within 16 hours, going on to sell over 300,000 units for the full year — the #1 single model in the industry. Within six months, it expanded from a single SKU into a full product family spanning a full range of laundry care needs. Behind this success was deep consumer participation: from design and structure to features — even the “Effortless Wash” name itself came from consumers. They were not observers but co-creators, and after launch, they became our most effective advocates.

CONSUMER FIRST. EMBRACING CHANGE. FORGING A SUSTAINABLE FUTURE.

Our *Mailang* refrigerator series followed the same playbook. As a warm-toned refrigerator, cumulative sales exceeded one million units, with the model holding the #1 position in the RMB8,000-and-above premium segment. The color palette, product name, and features were all shaped through co-creation with consumers. When consumers said they wanted a refrigerator that “just feels right,” we responded with warm tones. When they wanted a more inviting atmosphere for the beverage zone, we developed an illuminated shelf, with three ambient modes — Stage, Surprise, and Twilight.

In 2026, we will build a scalable, repeatable system for developing hit products — one that works across product lines and markets. It all starts with one thing: staying focused on what matters most — understanding what consumers need, developing products with single-minded focus, and refining every detail. In resource allocation, we concentrate our efforts on the highest-impact opportunities and remain disciplined about what we choose not to do. Organizationally, every function will align around a shared objective: from consumer insight to product definition, from R&D breakthroughs to market launch, every step serves one goal: the next hit product. Through a sustained cadence of hit products, we aim to shape how consumers perceive our brand.

Reshaping Our Organization, Embracing the AI Opportunity

Despite the headwinds, Haier’s years of proven global operating experience and our shared platforms in R&D, supply chain, logistics, and service give me confidence that we can capture substantial growth ahead. I see three clear drivers: steady, high-quality growth in smart home appliances; rapid expansion and margin improvement in HVAC; and AI-driven opportunities to deepen consumer engagement and transform how we organize and operate.

Smart Home Appliances: Room to Grow Globally. Our smart home appliance business spans refrigerators, washing machines, kitchen appliances, and other white goods. Globally, we hold strong positions in the Americas, Australasia, and Europe, but our international market share still has room to grow compared with China, and profitability varies significantly across regions. The 2025 restructuring of our European operations has already delivered a significant improvement in operating efficiency. Australasia also presents substantial margin expansion potential. In South Asia, market conditions are exceptionally favorable: India has the potential to become our third-largest market after China and the U.S. Southeast Asia carries strong momentum. Product offerings there historically lagged our China portfolio by several generations, but the success of our *Effortless* three-drum washer shows that products from our China-led global R&D platform resonate strongly in emerging markets. Turning to the U.S., as supply chain adjustments progress, we expect the operating environment to improve gradually.

HVAC: From One-Quarter Toward One-Half of Company Revenue. In 2025, we consolidated our residential air conditioning, smart building, and water solutions businesses into a unified HVAC division. This was a strategic integration, not a simple reorganization. Externally, customers now deal with a single team and can access comprehensive solutions spanning air and water management for the entire home, rather than standalone products — deepening customer relationships and increasing revenue per customer. Internally, R&D, supply chain, and channel resources now serve unified objectives, and the overlapping investments that naturally arose from three separate businesses are being steadily consolidated.

CONSUMER FIRST. EMBRACING CHANGE. FORGING A SUSTAINABLE FUTURE.

Our HVAC business currently accounts for roughly one-quarter of Company revenue, a share we expect to grow to one-third or even close to half over time. This is a global opportunity: we see significant growth potential in Europe, South and Southeast Asia, and the Americas. In commercial applications, integrated cooling and heating solutions enable us to deliver greater value per customer. We will invest significantly in channels, technology, and the capabilities to deliver integrated solutions.

Artificial Intelligence: From Tools to Proactive Helpers. Haier Smart Home is committed to being an early mover in applied AI — not just to improve processes, but to rethink how our organization works from the ground up. On the consumer-facing side, traditional smart home connectivity models may be disrupted as AI-powered intelligent agents, combined with Haier’s vast installed consumer base, create the potential for AI to serve as a home assistant. Imagine appliances that are no longer passive instruments but proactive partners — anticipating needs and creating an entirely new consumer experience.

In March 2025, we launched the Casarte Connoisseur suite featuring our proprietary “AI Vision” technology, spanning range hoods, ovens, refrigerators, and washing machines. The AI Vision is a multimodal cooking agent we developed in-house: it recognizes ingredients, maps the oven’s interior, and plans the optimal cooking curve — effectively turning the oven into a culinary expert that can observe, think, and master precision cooking. I look forward to more AI-powered hardware innovations that elevate the smart home experience.

Over the past year, AI has also made our internal operations more efficient. Our R&D team built a digital engineering platform powered by AI — effectively giving every engineer a 24/7 specialist. For our 1.5HP wall-mounted air conditioner development, the testing and adjustment cycle was cut from 15 days to 7 days — a 54% improvement. Looking ahead, AI agent support can transform large organizations into lean, mission-driven teams — improving not only efficiency but also decision quality across customer service, marketing, and field operations.

Building for the Long Term

Sustainable growth requires more than strong financial results — it requires earning the trust of our communities, our planet, and our people. Haier has been named to Fortune’s World’s Most Admired Companies list for seven consecutive years — the only company in the home appliance sector from the Eurasia region to receive this recognition. Our MSCI ESG rating has been maintained at AA for two years running, the highest among domestic peers.

Carbon Neutrality and Green Supply Chain. In 2025, we formally established a Climate Change Committee chaired by the Company’s most senior leadership and published the *Haier Smart Home Carbon Neutrality White Paper*, detailing our roadmap to carbon neutrality, including key initiatives and technology pathways. Haier Smart Home has committed to achieving operational carbon neutrality no later than 2050. Emission reduction targets for two subsidiaries — Qingdao Haier Special Freezer Co., Ltd. and Candy SpA — have been validated by the Science Based Targets initiative (SBTi). We have built an industry-leading “6-Green” supply chain framework, embedding sustainability across the full product lifecycle — from design and procurement through manufacturing, logistics, recycling, and service. This framework is helping reduce product carbon footprints and drive green transformation across our supply chain.

Where People Build, Grow, and Lead. In the U.S., GE Appliances earned its fourth consecutive Best Place to Work recognition. In Europe, we received the UK Best Employer award for the third year in a row.

CONSUMER FIRST. EMBRACING CHANGE. FORGING A SUSTAINABLE FUTURE.

Our RenDanHeYi management philosophy exists for one purpose: to activate people. First, we activate the entrepreneurial spirit in our people — giving every young professional the courage to take on ambitious projects and every innovator a stage to test bold ideas. Second, we challenge our managers to reinvent themselves — because yesterday's experience can become today's burden, and past success can become tomorrow's trap. Only by starting from zero can we keep pace with change. Third, we push decision-making authority to the front lines — across every market and every function — because the people closest to the consumer know best what consumers need.

Shareholder Returns: Growing Together, Sharing Value

Alongside new highs in revenue and earnings in 2025, we continued to increase returns to shareholders. We raised the cash dividend payout ratio to 55%, an increase of 7 percentage points over 2024. Every increase in our payout reflects the value we place on long-term shareholder trust.

Looking ahead, we are committed to creating sustainable long-term value for shareholders. We have announced a three-year shareholder return plan for 2026–2028: a cash dividend payout ratio of no less than 58% for 2026, and no less than 60% for 2027 and 2028. This plan reflects our confidence in the road ahead and our deep respect for the commitment our shareholders have made.

I want to thank our 130,000 colleagues for what they achieved this year. And to every shareholder: thank you for your trust and your partnership. Though more than four decades have passed since Haier was founded in 1984, the entrepreneurial drive that defined our earliest days is very much alive. From our roots in Qingdao, together, we will keep building — taking Haier further into every corner of the world.

Challenges lie ahead, but our conviction has never been stronger.

Sincerely,

Li Huagang

Chairman of the Board of Directors

Haier Smart Home Co., Ltd.

Forward-Looking Statements

This letter contains forward-looking statements that reflect the Company's current expectations and assumptions regarding future events, including statements about anticipated revenue growth, margin expansion, market share trends, dividend payout ratios, strategic initiatives, and the expected impact of tariffs and supply chain developments. These statements are subject to risks and uncertainties that could cause actual results to differ materially, including changes in global economic conditions, trade policies, foreign exchange rates, competitive dynamics, regulatory developments, and consumer demand. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise. Investors are cautioned not to place undue reliance on these statements.

Section I Definitions

I. DEFINITIONS

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

Definition of frequently used terms

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

Section I Definitions

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

Section II General Information of the Company and Key Financial Indicators

I. INFORMATION OF THE COMPANY

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

II. CONTACT PERSON AND CONTACT INFORMATION

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

Section II General Information of the Company and Key Financial Indicators

III. SUMMARY OF THE GENERAL INFORMATION

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

IV. PLACE FOR INFORMATION DISCLOSURE AND DEPOSIT

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

V. SUMMARIZED INFORMATION OF SHARES OF THE COMPANY

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

Section II General Information of the Company and Key Financial Indicators

VI. OTHER RELATED INFORMATION

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

Note:

Accounting firm engaged by the Company (domestic and overseas): Pursuant to the motion for the appointment of an auditor approved at the Company's 2024 Annual Shareholders' Meeting, the Company engaged Hexin Certified Public Accountants LLP and HLB Hodgson Impey Cheng Limited to issue the China Accounting Standards and International Accounting Standards auditing report respectively for the Company's 2025 annual report.

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

(I) Key accounting data

Unit and Currency: RMB

Key accounting data	2025	2024		Yoy change (%)	2023
		After adjustment	Before adjustment		
Operating revenue	302,346,783,918.30	286,015,294,936.52	285,981,225,203.93	5.71	274,204,520,847.97
Total profit	23,478,743,800.22	22,722,718,578.69	22,732,792,428.45	3.33	20,211,643,792.71
Net profit attributable to shareholders of the listed company	19,552,798,222.85	18,731,046,273.17	18,741,120,122.93	4.39	16,596,615,045.87
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed company	18,603,631,637.54	17,804,732,809.63	17,804,732,809.63	4.49	15,824,164,161.43
Net cash flows from operating activities	26,002,941,969.92	26,318,091,311.95	26,543,081,911.96	-1.20	26,535,780,568.36

Section II General Information of the Company and Key Financial Indicators

	At the end of 2025	At the end of 2024		Yoy change (%)	At the end of 2023
		After adjustment	Before adjustment		
Net assets attributable to shareholders of the listed company	118,698,401,416.58	111,778,874,767.22	111,366,118,999.17	6.19	101,265,984,771.17
Total assets	295,795,068,591.57	290,736,357,978.75	290,113,822,824.61	1.74	261,067,684,897.49

(II) Key financial indicators

Key financial indicators	2025	2024		Yoy change (%)	2023
		After adjustment	Before adjustment		
Basic earnings per share (RMB/share)	2.12	2.02	2.02	4.95	1.79
Diluted earnings per share (RMB/share)	2.10	2.02	2.02	3.96	1.78
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	2.02	1.93	1.93	4.66	1.71
				Decreased by 0.63	
Weighted average return on net assets (%)	16.98	17.61	17.70	percentage points	17.24
				Decreased by 0.65	
Weighted average return on net assets after deducting non-recurring profit or loss (%)	16.16	16.81	16.81	percentage points	16.06

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

√ Applicable □ Not Applicable

Explanation of the reasons for the retrospective adjustment or restatement: In December 2024, the Company realised control over Youjin (Shanghai) Corporate Management Co., Ltd. by way of entrustment of voting rights. In March 2025, the Company completed the acquisition of equity interests in COSMOPlat Mould (Qingdao) Co., Ltd. The transaction was accounted for as a business combination under common control in accordance with relevant accounting standards and accordingly, the comparative figures for the corresponding period were restated.

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

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

☐ Applicable ☒ Not Applicable

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

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

☐ Applicable ☒ Not Applicable

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

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

☐ Applicable ☒ Not Applicable

IX. KEY FINANCIAL DATA OF 2025 BY QUARTER

Unit and Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	79,118,173,583.72	77,375,860,865.13	77,559,583,508.49	68,293,165,960.96
Net profit attributable to shareholders of the listed Company	5,486,615,176.18	6,546,380,644.09	5,339,701,483.85	2,180,100,918.73
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	5,364,091,335.39	6,338,317,221.31	5,189,920,054.97	1,711,303,025.87
Net cash flows from operating activities	2,284,614,694.47	8,854,431,086.87	6,352,080,911.47	8,511,815,277.11

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

☐ Applicable ☒ Not Applicable

Section II General Information of the Company and Key Financial Indicators

X. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNT

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Non-recurring profit and loss items	Amount in 2025	Amount in 2024	Amount in 2023
Profit or loss from disposal of non-current assets, including the write-off of provision for asset impairment	-203,144,693.48	-77,035,862.98	-97,873,276.66
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, conformed to requirements of state policies and granted according to specific criteria, and have a sustained impact on the Company's profit or loss	1,315,433,873.66	1,324,181,478.11	1,093,584,406.07
Profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial entities, and profit or loss arising from disposal of financial assets and financial liabilities, except for effective hedging activities related to the Company's normal business operations	157,464,383.83	46,092,153.02	20,829,305.37
Net profit or loss of subsidiaries arising from business combinations under common control of the current period from the beginning of the period to the date of consolidation	3,593,306.97	-10,073,849.76	-2,581,701.76
Other non-operating income and expenses apart from the aforesaid items	-80,280,033.06	-139,979,862.69	-71,400,519.77
Less: Effect of income tax	-193,626,165.01	-178,092,484.16	-150,225,774.23
Effect of minority interests (after tax)	-50,274,087.60	-38,778,108.00	-19,881,554.58
Total	949,166,585.31	926,313,463.54	772,450,884.44

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

☐ Applicable ☒ Not Applicable

XI. 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	2025	2024		Increase/ decrease for the reporting period compared with the corresponding period of last year (%)	2023
		After adjustment	Before adjustment		
Net profit after deduction of the impact of share-based payment	20,652,748,587.38	19,939,606,025.96	19,949,679,875.72	3.58	17,632,584,545.60

Section II General Information of the Company and Key Financial Indicators

XII. ITEMS MEASURED BY FAIR VALUE

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Closing balance	Changes in the current period	Affected amount to
				profit of current period
Wealth management products	746,436,121.40	1,485,993,504.45	739,557,383.05	94,624,262.70
Investment in other equity instruments	6,073,680,870.82	5,405,101,489.33	-668,579,381.49	48,149,944.99
Investment in trading equity instruments	195,177,368.77	209,183,404.17	14,006,035.40	100,839,725.39
Investment funds	294,404,349.36	339,093,852.91	44,689,503.55	55,251,132.65
Financing receivables	412,922,615.25	1,787,975,081.92	1,375,052,466.67	-75,923,719.88
Derivative financial instruments	71,698,406.90	-110,226,742.75	-181,925,149.65	-122,518,785.91
Total	7,794,319,732.50	9,117,120,590.03	1,322,800,857.53	100,422,559.94

XIII. OTHERS

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS OF THE COMPANY'S BUSINESS OPERATIONS DURING THE REPORTING PERIOD

Founded in 1984, Haier Smart Home has built its business by anticipating industry shifts, delivering market-defining innovations, and continuously reinventing its operating model. Over four decades, the Company has grown into the global leader in major home appliances and a pioneer in smart home solutions.

Market Position

Global leader in major home appliances. According to Euromonitor International, the Company has ranked No. 1 globally in major home appliance brand retail volume for 17 consecutive years. The Company operates a portfolio of seven global brands — Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel, and AQUA. From 2008 to 2025, the Haier brand has held the No. 1 position worldwide in both refrigerator and washing machine retail volume for 18 and 17 consecutive years, respectively.

Pioneer in smart home solutions. Euromonitor data confirms that, leveraging its full-category appliance portfolio, the Company was among the first in the industry to launch integrated smart home solutions. Sanyiniao, the Company's smart home platform, delivers personalized, professional smart living solutions through three core capabilities: a customization engine, a fulfillment platform, and the Smart Home AI Engine.

Business Segments

The Company has developed a comprehensive portfolio of smart home solutions spanning food preservation and cooking, fabric care, air management, water solutions, and other complementary businesses.

Food Preservation and Cooking Solutions

The Company manufactures and sells refrigerators, freezers, and kitchen appliances globally, and delivers integrated smart kitchen experiences combining intelligent appliances with ecosystem resources. For example, the Casarte Zhijing Series refrigerator features proprietary MSA nitrogen-oxygen intelligent freshness technology, retaining over 99% of nutritional value after seven days of cold storage — elevating the industry standard to cellular-level preservation. The unit is also engineered for a seamless flush fit within international standard cabinetry, with zero side gaps and zero protrusion.

In kitchen appliances, the Company introduced a 325mm ultra-slim fully built-in range hood and a top-intake fully built-in cooktop, achieving fully integrated design with cabinetry. Equipped with “AI Vision” technology, the range hood intelligently detects cookware and food status to prevent boil-overs, while the oven automatically identifies ingredients and matches optimal cooking profiles. The Company also introduced an original drawer-style dishwasher with ergonomic loading and dual-zone precision washing.

Section III Management Discussion and Analysis

Fabric Care Solutions

Haier washing machines are built on proprietary technology designed to solve everyday laundry challenges. The product range — including washing machines, dryers, washer-dryer combos, garment care systems, and drying racks — has evolved from standalone appliances to end-to-end fabric care solutions. During the reporting period, the Company advanced its three-drum zoned wash-and-care product family and launched heat-pump washer-dryer combos across three brands to capture growth in this emerging category. Key innovations include the Zhongzi Hemei washer, which integrates washing, drying, and garment care in one unit; the Jinghua washer, which generates triple-concentration cleaning fluid through high-pressure detergent pre-mixing for faster, more effective cleaning; and an industry-first 3D see-through drying technology that precisely measures internal fabric moisture levels, stopping the cycle the moment clothes are fully dry.

Air Solutions

Residential Air Conditioning

The Company sells residential air conditioners and fresh air systems worldwide, complemented by full-lifecycle design, installation, and service solutions. Smart-enabled products deliver whole-home intelligent air management across temperature, humidity, air quality, and sterilization. During the reporting period, the Company launched air conditioners with proprietary refrigerant-directed distribution and dual-evaporator coupled control technology, expanding comfort coverage by 40%. The system integrates proprietary AI models and cloud computing to monitor ambient conditions and cross-reference Haier's microbiology database, automatically triggering targeted self-cleaning programs.

Smart Building Solutions

Aligned with China's "dual carbon" strategic goals, the Company's smart building business provides energy-efficient, sustainable building solutions — covering building controls, environmental systems, energy management, and system integration — for government, commercial, transit, educational, and healthcare clients. The Company holds meaningful market positions in China in magnetic levitation central air conditioning, IoT-enabled VRF systems, and air-source heat pumps.

Water Solutions

The Company provides a full range of water products globally, including electric, gas, solar, and heat pump water heaters, as well as POE/POU water purifiers and water softeners. Smart-connected products enable integrated hot-water, purification, and heating scenarios. During the reporting period, the Company launched its "Crystal Tank" water heater technology — achieving zero metal contact, zero rust, and zero magnesium residue — with PCC mineral-infusion technology that releases beneficial minerals. For top-efficiency gas water heaters, a proprietary centrifugal atomization system achieves 100% condensate external discharge, balancing energy efficiency with clean aesthetics. Through the 2024 acquisition of Kwikot, a well-established South African brand, the Company further expanded its water heater footprint across Africa in 2025.

Global Footprint

The Company manufactures and sells a full range of home appliances and value-added services across more than 200 countries and regions, including North America, Europe, South Asia, Southeast Asia, Australia and New Zealand, Japan, the Middle East, and Africa.

In overseas markets, the Company develops and sells products under its proprietary brands, tailored to local consumer preferences. With over 20 years of international operating experience, the Company has expanded through a series of strategic acquisitions — including GE Appliances (2016), Fisher & Paykel (2018), Candy (2019), and most recently CCR and Kwikot (2024). CCR supports the Company's commercial refrigeration strategy in Europe and Asia-Pacific, while Kwikot strengthens the water heater business and accelerates white goods market penetration in South Africa.

Other Businesses

Building on its core smart home platform, the Company also operates small appliance, robotic cleaning, and channel distribution businesses. The small appliance business features products designed in-house and manufactured by third-party OEM partners under the Company's proprietary brands, enriching the smart home product ecosystem. The channel distribution business leverages the Company's extensive retail network to distribute TVs, consumer electronics, and other products for Haier Group and third-party brands.

Awards and Recognition

During the reporting period, the Company was once again named to the Fortune Global 500. GE Appliances earned Great Place to Work® certification for the fourth consecutive time and was named one of Fast Company's Most Innovative Companies in Consumer Electronics for 2025, while receiving IoT Breakthrough's "Smart Appliance Company of the Year" award for the ninth consecutive year. Casarte's brand value rose to RMB92.8 billion, ranking first among premium brands for five consecutive years.

The Company was also included on Fortune's China ESG Influence list, with an MSCI ESG rating of AA — among the highest in China's home appliance sector. In R&D, the Company's proprietary intelligent wash-and-dry technology received the Shandong Provincial Science and Technology Progress First Prize, and its green, low-carbon rapid-wash technology won the China Light Industry Federation Science and Technology Progress First Prize, among multiple provincial and ministerial-level awards.

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

☐ Applicable ☒ Not Applicable

II. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industry Overview for 2025

(1) Home Appliance Industry

Domestic market performance

In 2025, the extension of the home appliance trade-in policy had a diminishing impact on the market. The policy's residual effects supported demand through the first half of the year but momentum faded in the second half, resulting in strong early-year performance followed by a downturn. According to AVC, China's home appliance retail sales across all categories (excluding 3C products) reached RMB893.1 billion in 2025, a decrease of 4.3% year-on-year. Sales in the second half of the year totaled RMB421.4 billion, a 16% decline from the previous year.

In 2025, the Chinese home appliance industry underwent a significant reshuffle amid a saturated market, setting in motion a profound transformation in its growth strategies.

First, the industry's growth drivers have been shifting from customer acquisition to brand building. With the rising cost of online advertising, paid acquisition models became less effective. The industry is moving from meeting basic functional needs to creating value through integrated home scenarios, and from scattered product promotions to systematic brand development. Through consistent content delivery and user engagement, companies can establish brand recognition and boost customer loyalty and pricing power.

Second, as online and offline channels continued to merge, establishing a highly collaborative omnichannel operating model has become critical for success. E-commerce platforms continued to optimize product efficiency and user experience, reinforcing the fundamental model where customers actively search for products. Meanwhile, instant retail, enabled by location-based services, delivers goods within minutes and has emerged as a new growth engine by bringing products directly to customers. Physical stores also transformed from simple points of sale into experience centers, local fulfillment hubs, and community spaces. As these channels merged, a seamless, integrated retail environment has become the new industry standard. In this landscape, leveraging digital tools for omnichannel inventory sharing and direct-to-consumer delivery is the key to improving channel operation efficiency and responding rapidly to customer needs. This strategy is also vital for creating a sustainable competitive advantage.

Third, the "silver economy" has emerged as a new growth market for senior-friendly home appliances. This market has already exceeded RMB100 billion in 2025 according to AVC data. As of the end of 2025, China's population aged 60 and above amounted to 323 million, representing 23% of the total. Alongside this demographic growth, elderly spending is shifting from basic necessities toward lifestyle improvements and enjoyment. This trend fueled sustained demand for home modifications related to living, bathing, cooking, and safety. Consequently, products that are safe, user-friendly, and incorporate smart health features and emotional connections are becoming a key driver of growth for the industry.

Section III Management Discussion and Analysis

Overseas Markets

According to Euromonitor, the global home appliance market in 2025 recorded stable overall volume but experienced structural shifts. Global retail sales for core home appliances reached USD 298.3 billion, a year-on-year increase of 3.3%. Meanwhile, global retail sales for small home appliances reached USD 130.7 billion, a 4.6% increase year-on-year. While growth in developed markets remained relatively stable, emerging markets saw strong overall expansion. Regions like Southeast Asia and the Middle East experienced rapid growth fueled by urbanization, rising essential demand, and the expansion of online retail. However, these regions also faced mounting pressure from intensifying competition and rising costs.

The U.S.: Market remained under pressure from low consumer confidence and sluggish property sector.

Europe: Sales Volume grew 2.1% and revenue declined 1%, Industry Sales Value (YoY) -1.0% : New EU energy efficiency regulations have stimulated product upgrades, while weak economic growth and consumer pressure are suppressing prices.

South Asia: Market went down by 0.4% with major competitors experiencing decline in both volume and profit in India. Pakistan market grew 10% and AC grew 15% driven by economic and consumption recovery as well as favourable weather.

Australia and New Zealand: Australian market grew by 3.8%, supported by product suite demand and government rebate policies. In New Zealand, industry declined by 1%, constrained by a weak property market and labor shortages. Annual inflation stands at 3.0%. Overall recovery remains slow despite consumer confidence rebounded at year end.

Southeast Asia: In Thailand, growth was primarily driven by air conditioners, refrigerators, and washing machines. Vietnam saw continued increases in demand for air conditioners, while Malaysia experienced overall market growth. In Indonesia, overall sales revenue trended upward despite mild decline in volume of several categories. This indicated a shift from volume-driven to value-driven market growth as product mix upgrades boosted average prices.

Japan: GfK estimates sales volume of refrigerator, freezer and washing machine decline 3.0%, sales revenue down 3.8%.

Section III Management Discussion and Analysis

(2) Central Air Conditioning Industry

According to data from China IoL, China's central air conditioning industry recorded sales of RMB138.68 billion in 2025, with domestic and export markets showing divergent trends. Domestic sales contracted by 7.4% year-on-year to RMB112.55 billion, while export sales grew by 12.7% to RMB26.14 billion.

The domestic market faced pressure from three main factors. A significant downturn in the real estate sector caused a sharp drop in shipments for fully-furnished projects. Demand from traditional sectors such as industrial manufacturing, healthcare, and hospitality remained sluggish. At the same time, intensifying price competition further squeezed the market. Despite this weak overall performance, new structural opportunities are emerging. The rapid expansion of data centers is steadily increasing demand for cooling systems. Furthermore, China's "dual carbon" goals are creating a market for high-efficiency products such as magnetic levitation centrifugal chillers, driven by energy-saving retrofits in older buildings.

In contrast, export growth bucked the domestic trend. This increase was primarily driven by Chinese companies' strategic expansion into emerging markets, improved product performance, and localized adaptation efforts. The continued global growth of the data center industry also made a significant contribution. Exports have become a critical pillar for growth during this period of domestic consolidation.

(3) Commercial Refrigeration Business

In 2025, the global commercial refrigeration industry entered a period of structural growth, driven by technological advancements and regulatory policies.

Europe, the world's most mature core market for commercial refrigeration, was estimated at approximately USD 13 billion in 2025, representing steady year-on-year growth of about 3%. This growth was largely policy-driven. The strict enforcement of the EU's F-gas Regulation is phasing out equipment using high-GWP (Global Warming Potential) refrigerants, creating significant demand for environmentally friendly alternatives. This trend is expected to continue in 2026, with eco-friendly refrigerants, high-efficiency commercial freezers, and smart cold storage becoming mainstream.

China's commercial refrigeration market achieved growth in both sales volume and revenue in 2025. Annual sales reached 18 million units, up around 3% year-on-year, with sales revenue exceeding RMB36 billion, up around 2%. The catering industry remained the primary source of demand, while the booming ready-to-cook foods sector and improved cold chain logistics provided strong support for medium-to-large-scale cold storage facilities and retail-end freezers. Looking ahead to 2026, the national "equipment renewal" policy, recovery of offline consumption, and the need for equipment standardization from restaurant chains will further stimulate end-user demand.

In India, driven by government policies like the Prime Minister's Farmers Integrated Food Processing and Development Scheme (PMKSY), infrastructure investment in food processing and pharmaceutical cold chain sectors has reached a record high. As India transforms to modern and smart cold chain systems, it is becoming one of the world's fastest-growing emerging markets, with its compound annual growth rate expected to remain in the double digits for years to come.

In North America, market growth is primarily driven by evolving retail formats. Specifically, the widespread development of micro-fulfillment centers for online grocers has fueled sustained demand for highly automated refrigerated warehousing systems.

(II) Industry Outlook for 2026

(1) Home Appliance Industry

Domestic Market

China's domestic home appliance market is now defined by high penetration and a massive installed base. According to AVC, total home appliance ownership in China exceeds 4 billion units, averaging more than eight units per household. The industry has shifted from a period of rapid expansion to a competitive market centered on existing customers. Consequently, replacement demand is now the main driver. The sector has entered a new phase focusing on nurturing its customer base and encouraging product mix upgrades. Consumer preferences are moving from initial adoption to quality improvements, with key growth opportunities in green technology, whole-house smart systems, health-focused solutions, and integration with home furnishings.

The national subsidy program is set to continue in 2026 with updated standards. A joint notice from the Ministry of Commerce and four other departments outlines that the 2026 subsidies will target six appliance categories, including refrigerators, washing machines, and air conditioners, that meet Level 1 energy or water efficiency standards. The subsidy will cover 15% of the final sales price, with a maximum of RMB1,500 per item. This policy is designed to encourage the adoption of high-efficiency and smart products. AVC forecasts that overall industry growth may face pressure in 2026 due to the high base effect from previous subsidies, but structural opportunities will remain, as the policy favours high-efficiency models and accelerates product mix upgrades. Steady demand from home renovations and upgrades will also create growth for companies offering comprehensive solutions.

Section III Management Discussion and Analysis

Overseas Markets

Overall, the overseas home appliance market is expected to experience a moderate recovery in 2026, with different growth drivers for developed and emerging markets. Companies must continuously monitor global macroeconomic fluctuations and changes in trade policy, capitalizing on structural growth opportunities through technological innovation, localized operations, and flexible supply chain strategies.

- (1) North America: U.S. GDP grew by 2.2% in 2025, with Q4 growth slowed to 1.4%. Currently, U.S. consumer demand is relatively weak. Additionally, pressure from tariffs continues to reduce consumer disposable income and raise import costs for businesses, dampening demand in the home appliance market. This situation is expected to persist through the first half of 2026. However, as the Federal Reserve is expected to cut interest rates, falling mortgage rates could stimulate the real estate market and subsequently boost consumer demand for home appliances in the second half of 2026.
- (2) Europe: As energy efficiency standards become stricter, highly efficient, energy-saving products are rapidly replacing older models. The European home appliance market will continue to prioritize sustainability. Eco-friendly, smart, and efficient appliances are becoming mainstream, leading to intensified competition among manufacturers in both ESG performance and product innovation.
- (3) Emerging Markets: In 2026, consumer demand is expected to grow steadily. Accelerating urbanization and an expanding middle class in Southeast Asia, South Asia, the Middle East, and Africa will continue to create significant market opportunities for the industry.

(2) Central Air Conditioning Industry

Domestic Market. In 2026, demand in China's central air conditioning industry will shift from new installations to upgrades of existing systems. Although overall market growth has slowed, the national 'dual carbon' strategy and industrial upgrades are creating structural opportunities. There is a rising demand for energy-efficient retrofits. The adoption of high-efficiency products, such as magnetic levitation centrifugal chillers, is steadily increasing in industrial and commercial buildings. The 15th Five-Year Plan on industrial upgrades, along with policies promoting energy-saving renovations in older buildings, will continue to fuel growth in integrated energy solutions. The intelligent computing sector is generating new demand. The rapid expansion of AI and data centers is driving the need for advanced cooling systems, turning liquid cooling and high-power-density heat dissipation technologies into significant growth markets.

Export Market. The export market is expected to continue its growth trend, with China IoT projecting mid-to-high single-digit growth for the full year driven by factors such as the global transition to new refrigerants.

Rising raw material prices are expected to temper industry price wars, shifting the competitive focus toward “all-scenario, full lifecycle” integrated solutions. Distributors are increasingly prioritizing long-term operational efficiency and asset value over initial investment costs. Leading brands are poised to increase their market concentration through technological expertise and extensive service networks, reinforcing a winner-takes-all dynamic.

(3) Commercial Refrigeration Industry

In 2026, the European commercial refrigeration market is expected to achieve steady growth, driven by strict policies and demand for equipment upgrade. Tighter regulations on fluorinated gases and energy-efficient design are accelerating a systemic shift in product mix toward low-carbon solutions. The competitive landscape remains highly fragmented, with leading companies strengthening their ESG credentials by investing in renewable-energy-powered facilities and adopting circular economy principles. As the EU Green Deal progresses and the replacement cycle for older equipment begins, suppliers with expertise in natural refrigerants and smart system integration are well-positioned to capture a larger market share.

III. DISCUSSION AND ANALYSIS ON OPERATIONS

I. Industry Trends and Company’s Strategic Initiatives

The development of China’s home appliance industry has undergone a profound transformation. Consumer demand has shifted from basic functionality to the pursuit of a higher quality of life. Green, energy-efficient, smart, and health-focused products are now central to this consumption upgrade, and trade-in policies are effectively encouraging consumers to replace older appliances with superior new models. At the same time, a trend toward consumption focused on personal well-being is on the rise, making emotional value a new growth driver. Consumers are willing to pay for high-quality products with strong emotional appeal, shifting from purchasing to please others to purchasing for self-satisfaction. Furthermore, the growth from traditional e-commerce traffic has peaked. The deep integration of offline experiences and online transactions has become the norm. Improving retail efficiency now depends on digital insights into user needs across the entire customer journey. With highly fragmented channel touchpoints, simple traffic acquisition models are losing their edge. Instead, building long-term brand recognition has become a key competitive advantage.

The global market has also undergone significant adjustments. Geopolitical factors and tariff barriers have increased the uncertainty of overseas operations, placing higher demands on companies’ localized operations and supply chain resilience. However, the trend of consumption upgrades in emerging markets remains clear. The rise of the middle class in these markets is expected to drive a compound annual industry growth rate of over 7%. The retail channel landscape is also rapidly evolving, with both online and fragmented sales models gaining traction. In 2025, the proportion of online home appliance sales in the U.S. held steady at over 25%, while European online channels grew against headwinds. The penetration of the direct-to-consumer (DTC) model has placed higher demands on companies’ digital marketing and omnichannel coordination capabilities.

Section III Management Discussion and Analysis

The HVAC industry is facing structural opportunities, and overseas markets hold immense potential. In the Chinese market, integrated solutions such as heat pump systems and whole-house HVAC and water systems are gaining favor. Product development is focused on the deep integration of standardized components with scenario-based customizations. In Europe, Southeast Asia, and the Middle East and Africa, the HVAC market still has substantial room for growth due to climate change and population increases. Chinese companies have significant advantages in production capacity concentration and manufacturing efficiency, offering broad potential to increase their global market share.

In response to the opportunities and challenges, our Company has centered our core strategy on maximizing user value, systematically implementing transformative measures to upgrade our core competitiveness and drive growth despite market headwinds.

First, we established a user co-creation model to develop best-selling products. In response to the shift in user needs toward emotional and experiential value, the Company has transformed users from passive recipients into product co-creators. Through their deep involvement in defining requirements and validating use cases, we developed products with exceptional experiences, such as the Lazy Wash washing machine and the Mailang refrigerator. This model balanced emotional connection with practical functionality, creating differentiated competitiveness and driving our strategic shift from routine releases to systematic development of best-selling products.

Second, we strengthened our operations for direct-to-consumer engagement across all channels. In the domestic market, we comprehensively promoted the transformation to a direct-to-consumer model. By leveraging platform tools for digital inventory, marketing, and storefronts, we empowered distributors to operate with an asset-light model, shorten transaction chain, and improve efficiency and precision of direct user engagement. This approach facilitated the continuous accumulation and activation of our user base. In overseas markets, we strengthened localized brand-building systems, promoting deep localization of products, branding, and operations, enabling the Haier brand to build a lasting reputation and a sustainable competitive advantage in each local market.

Third, we unlocked synergies of our globalized local footprint. Our Company has over 60 overseas factories that formed a global manufacturing network. We implemented a “1+1+N” global supply model, which was based on localized supply, supported by regional coordination, and secured by global resource synergy. This approach enabled the highly efficient dual circulation of both localized and globalized operations, not only enhanced the resilience and stability of our supply chain but also ensured our ability to respond quickly to market fluctuations. Our globalization strategy is evolving from simply exporting products to exporting systemic capabilities, which has become a core source of our resilience against external uncertainties.

Fourth, we fully embraced AI by integrating intelligence into every business process, including R&D, manufacturing, and sales. Leveraging our Smart Home Brain and the Uhome large model, we advanced from product-level intelligence to scenario-based intelligence. We utilized algorithms to optimize user experience, data to drive precise services, and technology to enhance operational efficiency, which facilitated a leap from relying on hardware competitiveness to building comprehensive advantages across hardware, software, and services.

Fifth, we strengthened our strategic position in the HVAC industry to cultivate new growth engines. To capitalize on structural opportunities in the HVAC sector, the Company enhanced core competencies in home air conditioning and smart building solutions. We accelerated the overseas expansion of our water solution business, while promoting the integration and synergy of our broader HVAC operations, thereby building momentum for future development, and speeding up the cultivation of new growth drivers.

The coordinated implementation of these initiatives provided solid support for the Company's high-quality growth amid the complex environment in 2025. It also laid the strategic foundation for our continuous evolution into a platform-based, service-oriented technology ecosystem enterprise.

II. Analysis of Financial Indicators

In 2025, the Company's revenue totaled RMB302.347 billion, a year-on-year increase of 5.7% from 2024, driven by several factors: cocreation of best selling products, end-to-end consumer management and digital inventory in the domestic market; strong growth in South Asia, Southeast Asia, Middle East and Africa as well as the consolidation of CCR and Kwikot.

In 2025, the net profit attributable to shareholders of the parent company was RMB19.553 billion, representing a 4.39% increase from 2024; net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses was RMB18.604 billion, representing a 4.5% increase from 2024.

- (1) The Company's gross profit margin reached 26.7% in 2025, down 1.1 percentage points year-on-year. In the domestic market, the cost saved from efficiency initiatives was offset by increasing commodities market and intensified competition in the fourth quarter 2025; global coordination, digitalization and cost cutting efforts were also partly offset by increasing tariff overseas.
- (2) The selling expense ratio was 11.2% in 2025, a reduction of 0.6 percentage points compared to the same period in 2024. In the domestic market, digital transformation initiatives improved efficiency in marketing resource allocation, logistics, and warehouse operations, resulting in a year-on-year optimization of the selling expense ratio. In overseas markets, operational efficiency was improved through retail innovation and global resource integration.
- (3) The administrative expense ratio was 4.6% in 2025, an increase of 0.3 percentage points compared to the same period in 2024. digitalization and AI platform contributed to efficiency improvement in the domestic market while one-off restructuring cost and marketing expansion input resulted in an increase of administrative ratio overseas.
- (4) The financial expense ratio was -0.02% in 2025 (where expense is "+" and income is "-"), an decrease of 0.36 percentage points compared to 2024, leveraging an increase in foreign exchange gains from appreciation of Euro.

In 2025, the Company's net cash flow from operating activities was RMB26.003 billion, down RMB315 million from 2024.

III. Key Market Performance

China Market

In the China market, the Company focused on enhancing its omnichannel, direct-to-consumer competitiveness by developing three core capabilities for systematic transformation. First, we established foundational omnichannel direct-to-consumer capabilities through a digital inventory system that streamlined business chain and improved operational efficiency. Second, we centered digital marketing efforts on precisely targeting and converting consumers, leading to higher traffic conversion and building long-term user value. Third, we leveraged our multi-brand portfolio to reach diverse consumer segments, which enabled targeted outreach and deeper engagement. The synergy of these evolving capabilities enabled our Company to achieve domestic revenue growth of 3.1% that bucked market trends in 2025.

1. We enhanced our digital inventory transformation to build a foundation for omnichannel direct-to-consumer capabilities. Digital upgrades in the supply chain and logistics streamlined transactions and optimized operational efficiency. As of the end of 2025, RRS Logistics was delivering 100,000 units directly to users daily, with the proportion of omnichannel direct-to-consumer deliveries rising to 57%. Our 24-hour delivery service expanded to cover 1,944 districts and counties, and the rate of integrated delivery and installation increased to 97%.

On the supply chain side, we upgraded our order forecasting and automated inventory deployment models and improved our integrated online-offline inventory system. These changes enhanced inventory turnover, and increased order forecast accuracy by 2.6%.

On the logistics side, we optimized our warehouse and distribution network, improving efficiency and achieving cost reductions of RMB340 million. We saved RMB110 million in warehousing by sharing distributors' inventory across channels and implementing digital management for high-density storage, which boosted warehouse utilization by 6 percentage points. We also saved RMB230 million in distribution by consolidating shipments from multiple industrial parks, shipping small home appliances nationwide directly from a single warehouse, and enabling cross-regional delivery from the closest facility. Our unified warehouse direct-to-consumer model has reshaped partnerships with distributors. By systematically optimizing stocking, delivery, service, and settlement, the model reduced distributors' inventory pressure and capital requirements while addressing delivery and after-sales service needs, allowing them to focus on retail operations. Moreover, the transparency and predictability of the entire process, from product supply to policy support and revenue realization, has significantly increased distributors' motivation. By lowering capital barriers and operational risks, this model fostered a mutually beneficial and empowering relationship between the Company and our distributors.

2. We cultivated our user base through digital marketing and a multi-touchpoint engagement system.

Our strategy focused on managing the entire user lifecycle. We have developed cross-platform engagement capabilities that span the full customer journey, from initial awareness to long-term loyalty. Our marketing approach has evolved from experience-based to data-driven, centered on increasing our Share of Voice (SOV) and Net Promoter Score (NPS). This has allowed us to seamlessly integrate traffic acquisition with user engagement.

In terms of user reach, our social media following grew to 31.81 million, a year-on-year increase of 12%, establishing an omnichannel coverage for user engagement. On Xiaohongshu, the Haier brand achieved a 17.8% increase in search volume within the major home appliances category, ranking first in search frequency. In terms of promotion decision-making, we developed a smart end-to-end system for influencer collaborations, which added analytical rigor and improved risk management for our campaigns. In 2025, the efficiency of our influencer marketing on Xiaohongshu and Douyin improved by 13.7% and 24.7% respectively.

3. We strengthened our multi-brand portfolio and product suite strategy to precisely target diverse user segments.

We leveraged the differentiated market positioning of our three brands: Haier, Casarte, and Leader. With product suites as a core strategy, we focused resources on shaping consumer perception by developing high-impact, compelling marketing keywords related to these suites. This approach effectively converted product exposure into brand recognition, enabling us to precisely target and serve diverse user segments, reinforcing the competitive advantage of our multi-brand portfolio.

The Haier brand leveraged AI technology to comprehensively upgrade its brand, products, and customer touchpoints. To appeal to younger consumers, the brand launched the Little Red Flower suite, marketed as the “first AI appliance suite for young people”, which sold over 5.7 million units during the year. For families seeking quality, the brand introduced the Mailang suite, which captivated users with its calming aesthetic. In 2025, the Haier brand’s retail sales grew by 8% year-on-year, solidifying its leading position in the mainstream home appliance market.

The Casarte brand forged an emotional connection with consumers by blending intangible cultural heritage with proprietary AI technology. The brand launched the Connoisseur and Maestro suites featuring the “AI Vision” to cater to the evolving preferences of high-net-worth individuals, who increasingly seek cultural identity over material satisfaction. In 2025, Casarte’s revenue grew by double-digit year-on-year, with its core product categories maintaining a leading share in the premium market. The brand’s market share in the high-end segment reached 44% for refrigerators (priced over RMB10,000), 75% for washing machines, 30% for water heaters (over RMB10,000), and 53% for air conditioners priced above RMB15,000.

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The Leader brand focused on feedback-driven marketing and user co-creation. The brand achieved viral success with its best-selling Lazy Wash Triple-Drum Washing Machine, which led to the rapid expansion of the Lazy series into a full product line offering zone-washing solutions for diverse scenarios. In 2025, Leader's revenue surpassed RMB10 billion for the first time, a year-on-year increase of 30%. This success has established the brand as a key growth engine for the Company's strategy to engage younger consumers.

North America

During the reporting period, the Company remained focused on delivering technology-driven innovation, manufacturing excellence, and differentiated products in North America. The new launches included Monogram 24" Panel-Ready Beverage Centre that brings elevated versatility and thoughtful design; GE Profile™ Smart Compact Dishwasher for Countertop or built-in installation; UltraFast Combo washer with new finishes that brings a vibrant, design-forward aesthetic and personality to the laundry space; Powered by Google Cloud's generative AI, the expanded SmartHQ platform introduced specialized AI assistants for coffee and laundry care, each designed to tackle specific household challenges. Amid a changing tariff and policy environment, the Company continued to strengthen its position in premium segments with 7% YOY growth.

The Company also deepened partnerships with major retail channels through clear commercial strategies, fulfillment capabilities, and strong customer support. GE Appliances was named a 2025 Vendor Partner of the Year by Lowe's. In manufacturing, GE Appliances completed the expansion at its Georgia cooking products plant and plans to build its most advanced clothes-washer manufacturing facility in Louisville, Kentucky.

In Air & Water Solutions, the Company introduced new residential and commercial HVAC offerings with enhanced compatibility, serviceability, and installation flexibility for contractors. The segment achieved double-digit growth.

European Market

In 2025, the European market, as a core pillar of the Company's globalization strategy, underwent a profound structural transformation and integration, resulting in a significant improvement in profitability. Against a complex and challenging macroeconomic backdrop, the Company remained user-centric and pivoted its business focus from scale expansion to high-quality growth. This strategic shift led to a fundamental improvement in operational quality and further enhanced the region's strategic value.

During the reporting period, revenue in the European market achieved double-digit year-on-year growth, accompanied by a substantial upgrade in the quality of operations. Key initiatives driving this transformation included:

1. ***Comprehensive Implementation of "Operating Model 2.0"***

- **Supply Chain:** The Company continued to optimize its European supply chain footprint, systematically migrating production capacity to core manufacturing hubs in Turkey, Southeast Asia, and China. This movement leveraged cost advantages while enhancing market responsiveness.

Section III Management Discussion and Analysis

- Channels: We deepened our Key Account (KA) strategy and customized service offerings while accelerating the development of e-commerce platforms, led by Amazon, and Direct-to-Consumer (DTC) channels, resulting in rapid growth.
- Organization: Efficiency was bolstered through organizational streamlining and operational optimization, yielding clear transitional benefits. Furthermore, the Company established or upgraded hundreds of terminal outlets across Europe. By elevating the brand's visual identity and strengthening retail promoter training, we effectively boosted brand resonance among younger demographics.

2. Focus on Product and Service Upgrades

Through sustained R&D investment, the Company enhanced the competitiveness of its refrigerator and washing machine portfolios across all price segments. Our washing machine business climbed to the No. 2 market share position in the region, driven by product innovation — notably the coordinated launch of “triple-drum” washing machines, which showcased the seamless integration of our global R&D and sales networks. The refrigerator segment maintained robust momentum, continuing its trajectory toward the industry's top tier.

To drive brand premiumization, the Company launched a global sponsorship program, partnering with elite football clubs such as Liverpool and Paris Saint-Germain (PSG) to significantly elevate brand awareness and customer perception. Regarding sustainability, the Company ensured all products met the EU's stringent energy efficiency and environmental standards. We proactively invested in low-carbon technologies to address future carbon border adjustment (carbon tax) challenges while accelerating the deployment of our Smart Home platform in Europe to provide users with intelligent, scenario-based experiences.

Emerging Markets

In 2025, Emerging Markets served as a critical engine for sustained growth. By efficiently replicating the successful experiences and business models pioneered in the Chinese market, the Company achieved rapid growth that significantly outpaced the industry average.

During the reporting period, revenue from emerging regions (including Southeast Asia, South Asia, and Middle East & Africa) grew by over 24% year-on-year, further consolidating our leadership in several core markets. The Company transitioned from a “product export” model to deep “brand operations” model, prioritizing optimized regional and product mixes to enhance overall profitability. By implementing a localized brand-building strategy, the Company maintained its leading industry position in Pakistan, India, and Thailand. We continued to introduce high-margin, solution-based products to global markets, successfully moving beyond price competition to achieve simultaneous growth in volume and price.

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1. *Replicating the “Hero Product + Channel” Formula*

The Company combined its expertise in creating “Blockbusters” in China with deep local consumer insights. In South Asia, the GRAVITY series drove a significant increase in the market share of high-energy-efficiency products, propelling related categories to the top two in the Indian market. On the channel side, we successfully replicated China’s e-commerce and franchised store models, deepening partnerships with major Southeast Asian e-commerce platforms and rapidly expanding our offline footprint and flagship image stores in South Asia, the Middle East, and Africa.

2. *Strengthening Localized Manufacturing and Delivery*

The Company innovated its “1+1+N” flexible supply chain system, transitioning from a China-centric supply model to one that emphasizes localization, regionalization, and global synergy. Leveraging manufacturing bases in Southeast Asia, India, and Egypt, we achieved precise R&D and rapid delivery tailored to local climates (e.g., high temperature and humidity), creating a distinct competitive advantage that radiates into the Middle East and Africa. In response to complex trade policy shifts, we utilized digital models to flexibly allocate global capacity, effectively reducing tariffs and logistics costs while ensuring supply chain resilience.

IV. Business Operation Analysis

(I) Smart Kitchen

(1) Refrigeration

The Company’s refrigerators and freezers maintained their global No.1 positions by retail volume (for the 18th and 15th consecutive year, respectively). With this scale foundation firmly in place, the Refrigeration division pivoted its emphasis toward quality of growth during the period, supported by two differentiating capabilities: a systematic engine that converts proprietary technology into commercially successful products, and a digitally enabled global operating platform. Revenue for the period totaled RMB84.76 billion, up 1.4% year-on-year, led by strong momentum in emerging overseas markets. Domestically, offline retail revenue share rose to 47.7%, a gain of 3.6 percentage points.

Innovation pipeline and technology leadership. The division captured two converging tailwinds — robust trade-in demand in China and accelerating premiumization in overseas markets — and converted them into measurable commercial outcomes. Central to this is an R&D pipeline that has ranked first in the industry by published invention patents for eight consecutive years. The standout breakthrough was our Magnetic Control Full-Space Freshness Technology, which earned the highest award at China’s National Disruptive Technology Competition — the only recognition given to the home appliance sector — achieving cellular-level preservation that keeps chilled meat fresh for 10 days and frozen seafood for 60 days. This was complemented by advances in ultra-quiet operation (31dB, outperforming the national standard by 10dB), built-in installation via our proprietary hydraulic self-leveling system, and the AI Vision multimodal platform for intelligent food management.

Scaling premium across brands and geographies. What distinguishes this division is not just innovation, but the speed and consistency with which new technology reaches consumers as premium, high-volume products. Casarte, our premium brand, gained 2.5 percentage points of offline retail revenue share and 0.8 percentage points online. Its Zhijing Series commanded 53% of retail revenue in the RMB10,000-and-above segment. At the volume end, the Haier “Mailang” series topped every price tier with over 600,000 units sold. Overseas, we pursued targeted brand-building by country and category. In Europe, differentiated multi-door models — including 700L large-capacity units — captured 40% of the mid-to-high-end multi-door segment, while emerging markets delivered strong revenue growth driven by local product adaptation and expanded distribution.

Cost discipline through global coordination. Margin improvement was underpinned by the division’s global digital coordination platform. On the cost side, modular product design and coordinated cross-regional procurement drove further structural cost reduction, more than offsetting input cost headwinds and contributing to gross margin expansion. On the SG&A side, digital marketing tools improved consumer engagement efficiency, while process optimization in after-sales service lowered the domestic expense ratio year-on-year.

Taken together, the Refrigeration division’s 2025 performance demonstrates that its leadership rests on a mutually reinforcing system — proprietary technology, premium branding, rapid commercialization, and globally coordinated operations — rather than scale alone. These same capabilities position the division well for the next phase of the Company’s Smart Kitchen strategy, which aims to deepen the convergence of refrigeration and kitchen appliance solutions.

(2) Kitchen Appliances

Against a backdrop of macroeconomic volatility and trade disruptions that weighed on global kitchen appliance demand, the division delivered revenue of RMB41.54 billion, up 0.9% year-on-year — a resilient outcome given the challenging operating environment. Overseas, we maintained leading positions in North America and Australasia. The performance was underpinned by two engines: effective coordination across our global premium brand portfolio, and the continued strengthening of localized operations.

Multi-brand synergies powering overseas leadership. As global kitchen demand shifts from single-product purchases toward integrated, built-in, and smart-enabled solutions, the division is well positioned through the combined strengths of GE Appliances (GEA), Fisher & Paykel (FPA), and Casarte. In North America, GEA accelerated the rollout of premium built-in products under its Profile and Café lines, lifting high-end brand revenue by 7% and retaining the No.1 retail share position, with dishwasher and oven shares reaching 26.8% and 41.6%, respectively. In Australasia, FPA complemented GEA’s North American strength with continued premium momentum in its home market. Leveraging a model of global resource development with local experience delivery, we further consolidated our premium foothold in developed markets while scaling rapidly in emerging regions such as the Middle East and Africa.

Section III Management Discussion and Analysis

Premiumization and pre-installation positioning in China. In the domestic market, results improved on the back of two strategic priorities: premiumization and proactive positioning in the pre-installation channel. As demand for integrated kitchen solutions grows — driven by pre-fitted housing delivery, home renovation, and the convergence of furnishing and appliances — we continued to anchor premium pricing in proprietary technology while expanding user value through scenario-based offerings. Casarte's Zhijing series, including fully flush-mounted range hoods and a proprietary drawer-type dishwasher, continued to define the industry's direction in intelligent functionality and space efficiency. Casarte kitchen appliance revenue rose 27% year-on-year.

Margin expansion supported by supply chain efficiency. Profitability improvement was reinforced by the division's integrated global supply chain. Consolidation of procurement resources and optimization of the local manufacturing footprint helped offset external cost pressures, while GEA's vertically integrated North American operations provided a stable cost base. On the operating expense side, digitally enabled tools continued to improve efficiency in marketing and service, further strengthening the division's earnings foundation.

In summary, the Kitchen Appliances division's 2025 results reflect the combined contribution of overseas brand leadership — anchored in GEA — and domestic premiumization through Casarte's integrated kitchen approach. Both growth quality and earnings visibility improved. The capabilities developed around integrated kitchen offerings, premium built-in products, and the pre-installation channel provide a solid foundation for the Company's broader Smart Kitchen strategy.

(II) Smart Laundry Care

China's laundry market came under pressure during the period as government subsidy effects faded and growth reverted to product-driven fundamentals — an environment that favors companies with genuine product differentiation. The Laundry Care division delivered global revenue of RMB65.57 billion, up 3.5% year-on-year, driven by product innovation, channel transformation, and disciplined multi-brand execution.

Multi-brand execution in a polarizing market. As market polarization intensified, our portfolio approach proved effective. Casarte, our premium brand, grew revenue by over 15%, establishing itself as a key growth driver. Leader, targeting younger consumers, leveraged its "Effortless Three-Drum" washer to gain 2.5 percentage points of online retail revenue share, with front-load washer sales surging over 70%. Domestically, offline retail revenue share reached 47.4%, up 1.9 percentage points (per GfK). Globally, Haier washing machines held the No.1 market share at 14.4% (per Euromonitor), with leading positions in Australia, New Zealand, Pakistan, and Vietnam.

Defining two high-growth categories. The division has taken a defining role in two emerging segments: multi-drum segmented washing and heat pump integrated washer-dryers.

Section III Management Discussion and Analysis

In multi-drum washing, we were the first to commercialize a latent consumer need — the desire to wash intimate wear, baby clothes, and outerwear separately — through a purpose-built product. The Effortless Three-Drum washer sold over 300,000 units during the period, making it the No.1 online new product of the year. This was powered by a closed-loop system that moves from consumer insight to product launch in roughly half the industry's typical cycle time. Per AVC data, multi-drum penetration in China rose from 0.9% to 2.4% in 2025; the Company held a dominant share exceeding 60%.

The same product-creation engine extends across categories. In heat pump washer-dryers, the Casarte Neutron F2 deploys our proprietary Dual-Engine Heat Pump technology to resolve the core trade-offs of conventional condensation systems — delivering gentle 56°C drying that is 40% faster and 30% more energy-efficient while protecting fabric quality. The product quickly became a premium bestseller. Offline penetration of heat pump washer-dryers exceeded 5% industry-wide in 2025, with Casarte holding over 30% of the segment.

Channel transformation in China. The division moved decisively to capitalize on China's rapidly evolving retail landscape. The shift toward direct-to-consumer (DTC) retail operations drove a 22% year-on-year increase in online revenue. On content commerce platforms such as Douyin (China's leading short-video platform), partnerships with lifestyle creators to showcase real-use scenarios — segmented washing, luxury garment care — generated over 190% growth. We also captured emerging opportunities in large-format new-retail stores in lower-tier cities, adding 1,100 touchpoints and growing county and township retail revenue by 25%. The marketing model has evolved from traffic acquisition to user co-creation, with social media feedback being rapidly converted into new product iterations.

Profitability: channel efficiency and localization gains. The division's profitability improved during the period, supported by two drivers. Domestically, the DTC retail model reduced intermediate distribution layers, lowering channel costs and contributing to expense ratio improvement. Overseas, deeper localization yielded a more favorable cost structure: Candy in Europe returned to profitability through product platform upgrades and management efficiency gains, while strengthened local manufacturing in North America enhanced supply chain resilience and cost predictability.

Overseas: deeper localization, broader reach. In 2025, our three-in-one localization model — local design, local manufacturing, local marketing — moved into a phase of deeper structural embedding. In Southeast Asia, laundry revenue grew over 25%, driven by the introduction of mid-to-high-end products. Japan delivered revenue growth above 5%, led by new premium heat pump models. In Europe, the Candy turnaround also translated into share gains. In North America, we strengthened local manufacturing capacity, supporting continued share gains.

Market positions advanced across every major region. In the U.S., GE washing machines held a 26.7% share (per AHAM), with large-capacity front-load products maintaining leadership. In Europe, the multi-brand approach navigated tightening energy standards to lift overall share to 12.5% (No.2); in France, front-load models entered the top three. In Australasia, share exceeded 22% (No.1). In Vietnam, we held 21.2% (No.1); in Japan, our dual-brand share reached 17.7%, advancing from No.3 to No.2. In Pakistan, we maintained the No.1 position for multiple consecutive years.

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(III) Smart HVAC

During the reporting period, HVAC business recorded sales revenue of RMB72.356 billion, up 10% year on year, amongst which smart air solution grew 9.6% to RMB54.392 billion and water solution grew 11.1% to RMB17.964 billion.

(1) *Home Air Conditioning Business*

In 2025, the air conditioning business realized its full growth potential, driven by strengthening competitiveness in product technology, supply chain integration, and channel transformation. According to China IoL, Haier air conditioners defied market trends with exceptional growth. Global sales volume increased by 14.8%, with domestic volume up by 16.3% and overseas volume by 12.6%, outpacing the industry in terms of growth.

According to GfK CMM, our domestic offline retail sales share reached 21%, an increase of 1.8 percentage points year-on-year; online share rose to 10.9%, up 0.6 percentage points. In overseas markets, we ranked first in market share in Thailand, Pakistan, and Russia, with significant market share improvements in other regions.

Product Development: Creating best-selling products through original technology, delivering exceptional user experience at optimal cost

Our R&D has been centered on solving real user problems, committed to developing original technology and continuously strengthening the technology foundation of our whole-house smart air solutions. The Haier air conditioner's variable diversion technology has undergone continuous refinement, significantly improving cooling and heating efficiency and achieving an industry first with 24 hours of continuous heating. In 2025, this technology earned Gold Medals at both the 50th International Exhibition of Inventions of Geneva and the iENA Nuremberg International Trade Fair for Ideas, Inventions and New Products. The Haier air conditioner's inverter technology also received a Gold Medal at the Geneva exhibition and a Silver Medal at iENA Nuremberg, recognized for its combined strengths of precise temperature control, high energy efficiency, and stable operation. Additionally, seven technological achievements, including "Research and Application of Key Technologies for AI Smart Energy-Saving Air Conditioners" and "Variable Module Heat Exchanger Forward-Cycle Micro-Defrosting Technology for Room Air Conditioners to Achieve High Efficiency and Comfort", were certified by authoritative institutions as reaching "internationally leading" levels. In energy conservation and smart technology, our end-to-end AI energy-saving technology has enabled air conditioners to consume as little as 2 kWh of electricity per day, achieving an AI-driven energy saving rate of 46%. The innovative integration of technologies such as Smart Wind, Air Wash, and Integrated Sensing and Communication have seamlessly combined performance, comfort, health, and intelligence to enhance product experience.

Guided by our ESG strategy, the Company leveraged technological innovation for cost optimization to build sustainable cost competitiveness. First, during new product development, we applied new materials, technologies, and processes to enhance modularity, allowing cost optimization from the initial product planning stage, and quickly replicating these efficiencies to subsequent new products. Second, we leveraged vertical integration to strengthen manufacturing capabilities, continuously advancing our in-house manufacturing of core components such as compressors and computer boards to enhance supply chain efficiency and cost control. In 2025, these initiatives resulted in an approximate 8% reduction in the overall cost of our air conditioners.

This synergy of technological innovation and cost advantages has rapidly boosted our products' market competitiveness. In 2025, the share of best-selling products continued to grow, driving a 32.7% improvement in platform efficiency and a 22.2% increase in SKU efficiency. The Little Red Flower Energy Saving series, known for its industry-leading energy efficiency with an APF value of 6.12, achieved annual sales of over 1.3 million units. The Smart Wind series, which featured dual-powered mechanical arm for 270° airflow control and solved the user pain point of direct drafts, sold more than 600,000 units during the year.

Domestic Market: Channel Transformation Drove End-to-End Efficiency with Synergistic Online and Offline Growth.

The Company enhanced the competitiveness of our POP (platform open plan) and e-commerce channels by transforming our digital inventory and digital marketing models, which spurred rapid business development. For the POP channel, we helped distributors establish an asset-light operating model with omnichannel inventory sharing, where Haier manages warehousing, logistics, and direct-to-consumer delivery. This model accelerated touchpoint expansion and improved retail efficiency. In 2025, POP channel revenue grew by over 138% and retail sales by over 120%, while distributor inventory turnover efficiency improved by more than 50%. In our e-commerce channel, we focused on best-selling products and implemented a full-funnel conversion system covering brand awareness, user traffic, and product sales, which continuously improved our operational efficiency. Sales for both the 'Energy Saving' and 'Ultra Energy Saving' series exceeded one million units, boosting the channel's annual revenue growth by 38%. We also capitalized on the trend of content-driven e-commerce, increasing our market share in these channels by over 5 percentage points and securing a top two ranking. For offline channels, we focused on improving both the quantity and quality of our network while continuously refining operational capabilities. On the product side, we strengthened differentiation in our mid-to-high-end offerings and optimized our product mix, resulting in growth of over 10% for Casarte's air conditioners. To enhance distributor experience, we streamlined the return and exchange process, implemented digital tools for visible, controllable, and transferable inventory management, thereby improving inventory turnover and sales efficiency, significantly boosted distributors' confidence.

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Overseas Markets: Deepening Localization and Supply Chain Development to Unleash Growth

In overseas markets, we optimized regional structure, expanded our portfolio of high-margin, solution-based products, and advanced the localization of our supply chain. The Company strengthened the integrated localization of R&D, manufacturing, and sales in high-profit regions such as South Asia, Europe, and Africa.

On the product front, we created best-selling mid-to-high-end air conditioner products designed to meet local user needs, which strengthened the competitiveness of our mid-range offerings. In India, the launch of the best-selling GRAVITY product line increased our market share for 4-star and 5-star models to 12% and our high-end market share rose to 3rd in the industry. In terms of brand strategy, we increased product and marketing investments in our secondary brands such as HEC and Candy to capture incremental growth in markets including Italy, Spain, Eastern Europe, and Central Asia. Our customization capabilities have steadily improved, resulting in faster market response times. We have seen significant improvements in both the quantity and quality of our custom order clients, with customized sales volume increasing by 45% year-on-year.

On the supply chain side, the Chonburi factory in Thailand officially commenced production, boosting local capacity to 8.3 million units. The facility produced a range of products, including window units, dehumidifiers, portable units, RV air conditioners, and split systems. It catered to markets including Thailand, Vietnam, the U.S., and Turkey to enhance the resilience and cost-effectiveness of our global supply chain.

(2) Smart Building Business

In 2025, our Smart Building business achieved rapid revenue growth by deepening its strategic focus on core technologies like magnetic and air suspension, advancing strategic transformation and in-depth scenario applications in the domestic market, and accelerating the development of localized operations and differentiated solutions overseas. According to data from China IoL, our domestic market share for central air conditioning increased by 0.5 percentage points year-on-year to 11.3%, placing us among the top two in the industry. Our export market share rose by 1 percentage point to 15.2%, also ranking in the top two. Overseas, we maintained the number one market share in Pakistan, ranked first in the magnetic levitation centrifugal chiller category in Malaysia, and held the top share for multi-split systems in Turkey, continuously strengthening our global competitiveness.

In R&D, the Company remained committed to developing core technologies. By focusing on magnetic levitation, air suspension, AI algorithms, and new refrigerants, we have built systematic and comprehensive technical capabilities that solidified our leading position in the HVAC industry.

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Our developed static pressure air suspension technology has successfully filled a gap in the domestic market for large-capacity cooling. Based on this technology, we launched the industry's largest single-unit 750RT air suspension centrifugal chiller. It operates completely oil-free and improves energy efficiency by over 50%, offering a green, efficient solution for high-reliability environments like data centers, industrial facilities, and large hospitals. At the same time, we continued to deepen our expertise in high-efficiency centrifugal chillers and completed the independent design and development of our 800 to 1200 RT product series to strengthen the implementation capabilities for large-scale water chiller projects, laying a solid foundation for widespread adoption.

As a key proponent of magnetic and air suspension central air conditioning technology, the Company led the formulation of the first national standard, "Oil-Free Suspension Centrifugal Water Chiller (Heat Pump) Units", which has now been officially released. This is China's first national standard for magnetic and air suspension central air conditioning, marking a crucial step for the industry in establishing standards for energy-efficiency technology. The implementation of this standard not only set a higher energy-efficiency threshold for the industry but also guided the market toward greener, more energy-saving technologies, helping users make informed decisions on high-efficiency solutions.

The Company strategically acquired PROFROID, a global brand in CO₂ refrigerant applications and HVAC/R, gaining access to its patented CO₂ HVAC technologies. With a Global Warming Potential (GWP) of just 1, CO₂ is the industry's most environmentally friendly refrigerant option. This acquisition has proactively secured our leading technological position amid the industry's transition to new refrigerants. The Company launched the industry's first large-scale AI multi-split system. Built on a "chip + algorithm + scenario" architecture, it achieved 15% in operational energy savings and 30% in comprehensive energy savings. The revolutionized use of Bluetooth connectivity improved operations and maintenance efficiency by 50%. The system's single-unit capacity reached an industry-leading 48 HP, which reduced equipment usage by approximately 10%. The product also received the "Innovative Product Award" at the China Refrigeration Expo.

In the domestic market, despite an approximate 7.3% overall decline in the central air conditioning industry, the Company achieved growth by strategically transforming from an equipment supplier into an integrated solution provider for equipment and services.

We collaborated with key resource partners, including design institutes and industry associations, to provide systematic and customized energy solutions as we shifted from selling single pieces of equipment to providing full-lifecycle services. For example, in Asia-Pacific Plaza project in Zhengzhou, third-party testing of the installed Haier AI IoT multi-split systems showed a comprehensive energy saving rate of 29.21% compared to conventional multi-split systems. This result clearly demonstrated the energy-saving effects and practical value of Haier AI multi-split systems as a trustworthy solution for users.

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The Company actively expanded into specialized markets including smart manufacturing, rail transit, data centers, precision electronics, and high-efficiency equipment rooms, establishing professional reputation in these vertical markets. To address the high-density heat dissipation challenges from AI computing in data centers, where single-rack power could exceed 100kW, we achieved a strategic breakthrough by leveraging core magnetic and air suspension technology, collaborating closely with leading internet companies to co-develop industry-first innovations, such as the “Magnetic Levitation Natural Cooling Unit Module” and the “Magnetic Levitation Dual-Source Integrated Cooling Source”, which supported both air and liquid cooling. Through redesigning the cooling architecture with integrated magnetic levitation and natural cooling technologies, these solutions achieved energy savings of over 50%, reduced the equipment floor area by 30%, and enabled rapid 30-day delivery through modular prefabrication, offering groundbreaking solutions for high-density computing centers.

In overseas markets, we accelerated business development by enhancing specialized solutions, strengthening localized operations, and diversifying distribution channels.

We maintained a high-end strategy, building a competitive edge with our highly efficient magnetic levitation products and new-refrigerant multi-split systems. In Southeast Asia, our magnetic levitation solutions consistently secured data center projects, increasing our market share and building a professional reputation with clients. In Europe, our multi-split systems have successfully entered the high-end market by offering specialized solutions that are smart, energy-efficient, comfortable, and convenient. In the U.S., our comprehensive product line featuring multi-voltage outdoor units and diverse indoor unit options effectively met the needs of local users.

To strengthen our local competitiveness, we have increased the number of professionals stationing overseas to deliver exceptional user experience. We have incentivized teams to secure high-value orders, improve operational efficiency and market responsiveness, while responding rapidly to user needs.

The Company expanded distribution network by making investments in centralized procurement, professional distributors, and engineering projects for our various product lines. The acquisition of KLIMA KFT, a leading HVAC distributor in Hungary, has enabled us to build an extensive network and enhance our professional solution capabilities across Central and Eastern Europe, accelerating growth in the region.

(3) **Water Solution Business**

In 2025, China's water appliance market became highly segmented, influenced the national subsidy policy. While the water heater market faced significant headwinds from the real estate downturn, the water appliance sector evolved as consumers shifted from single devices to whole-house quality water systems, and from basic functionality to health-conscious experiences. Navigating this complex environment, our Water Solution Business centered its strategy on becoming a whole-house water solutions provider for all home scenarios. It developed systematic strategies across three key areas: product positioning, channel efficiency, and global synergy. According to GfK CMM, domestic market share went up by 3.2 percentage points to 32.5% offline and 46.9% online, up 2.1 percentage points.

In response to profound industry changes, the Company has been guided by cutting edge technology and user insight, delivering leading product breakthroughs by capitalizing on key trends, including mineral-rich water, health-conscious washing, and Level 1 energy efficiency.

1. **Advancing health-conscious innovation.** In the water purification market, mineral-rich technology has quickly gained popularity. Our advancements in mineralization technology increased the sales share of mineral-rich water purifiers by 20 percentage points. Specifically, Casarte's third-generation ore activation technology, which offered an "eight-in-one mineral" effect, captured the top market share in the RMB7,000+ price segment and earned the industry's CCLC premium mineral water certification, resulting in a revenue growth for Casarte's water purification by over 15%. The Haier Fresh Water 8-Year Long-Life series featuring a long-lasting RO membrane, gained significant online traction and sold over 100,000 units, ranking first in the RMB2,500–3,000 price segment. In the water heater sector, "beauty and health washing" emerged as a new premium market. The Haier "Little Blue Bottle" series has upgraded three times in three years. The 3.0 model addressed water hardness and bacterial growth with built-in limescale inhibitors and antibacterial modules. After its launch in August 2025, over 10,000 units were in just 28 hours, securing the top share in the mid-to-high-end market. The Casarte "Peach Blossom Water" series also led market demand, selling 7,242 units online in 2025.
2. **Integrating scenarios to boost share of whole-house water solution suites.** In the point-of-entry water purification market, rising demand for whole-house purification made mid-to-high-end products like water softeners and central purifiers key growth drivers. The Company introduced scenario-based solutions such as the "Whole-House Hot Water Golden Triangle", "Smart Bathroom" and Haier's whole-house smart water solution suite (pre-filter, central purifier, water softener, point-of-use purifier, and water heater) to address the demand for one-stop water solutions.
3. **Upgrading Energy Efficiency.** Guided by a forward-looking technology strategy, Casarte has developed a proprietary, aerospace-grade centrifugal atomization technology that achieves 100% outdoor discharge of condensation. The new Casarte CV6 Ultra series featuring this Level 1 energy-efficient technology has sold 60,000 units, boosting the sales share of our Level 1 energy-efficient products.

Section III Management Discussion and Analysis

In the domestic market, the Company responded to channel diversification by creating trending events like the 'Harbin Snow Water Tea Brewing Experience' and partnering with Key Opinion Consumers (KOCs) on nationwide co-creation projects. This approach enhanced direct communication between our leadership and users, boosted fan engagement across all platforms, and led to higher conversion rates. While reinforcing our edge in general e-commerce, we also increased investment in content-driven platforms, achieving over 60% growth on Douyin and Kuaishou. To address the large number of outdated products in lower-tier markets, we transformed township franchised stores into "trade-in service stations". Our salespersons conducted in-home visits to offer free water quality testing and replacement services, trade-in sales accounted for 40–50% of total revenue.

In overseas markets, the Company advanced its three-tiered global strategy of localized brand building, product customization, and strategic M&A, to deliver strong performance across all regions.

In brand-building markets such as Spain, we focused on product competitiveness to achieve industry leadership in energy efficiency and noise reduction. Our heat pump category ranked in the Top 2 with a price index over 100, marking a successful entry into the mid-to-high-end segment. In customization-focused markets like Australia, close client collaboration and R&D synergy propelled our heat pump shipments into the Top 5. By securing orders through exceptional platform experience and offering tailored solutions, the customization market segment grew by 300% during the period.

In 2025, the Company completed the acquisition and integration of Kwikot, South Africa's leading water heater manufacturer, achieving significant synergies across technology, products, and channels.

- **Technology:** A localized R&D center was established in South Africa to introduce our smart and energy-saving technologies, improving the Company's margin by nearly 2 percentage points through process optimization.
- **Products:** Leveraging supply chain integration, we expanded the portfolio from electric water heaters into new energy products like solar water heaters, positioning Kwikot as a leader in Integrated HVAC Solutions.
- **Channels:** We utilized the "Haier + Kwikot" dual-brand synergy to integrate offline networks and enhance e-commerce and engineering channel layouts, using South Africa as a beachhead to penetrate the broader Southern African market.

(4) Commercial Refrigeration Business

2025 marked the first full fiscal year following the acquisition of Carrier Commercial Refrigeration (CCR) business. The business delivered better-than-expected performance, with overall revenue achieving double-digit growth in USD terms. The business has maintained positive growth for five consecutive quarters post-acquisition, driven primarily by high-quality organic growth. Cabinets accounted for over 60% of revenue, and the share of service-related revenue continued to rise, reflecting a continuous optimization of the business structure.

At the operational level, the success of the integration was driven by the cross-border implementation of the “RenDanHeYi” management model. By decentralizing decision-making, adopting bottom-up goal setting, and implementing profit-sharing mechanisms, we effectively revitalized the organization. Digital transformation also played a pivotal role; we consolidated dozens of disparate ERP systems into a unified platform and implemented an independent “micro-enterprise” accounting model, significantly enhancing operational efficiency and P&L management.

In terms of brand and business synergy, CCR leveraged our brand equity, customer networks, and the supply chain advantages of our Smart Building business to achieve cost and technical complementarities. Furthermore, the CO2 refrigeration and heat pump technologies have established a robust technological moat to address global carbon reduction trends.

IV. 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 provides the organizational foundation for sustainable growth and enables the Company to replicate proven strategies across markets. Key competitive advantages include:

(1) Premium Brand Building Through Long-Term Investment

Over a decade ago, the Company began building Casarte as a dedicated premium brand in China — a process requiring sustained investment in technology, product differentiation, and service. Casarte integrates the Company’s global R&D capabilities, manufacturing excellence, dedicated marketing, and premium service to earn the trust of China’s high-end consumers.

During the reporting period, Casarte’s brand value reached RMB92.8 billion and its overall market volume exceeded RMB38 billion, with a cumulative base of 20 million premium members. According to GfK, Casarte maintained its leading position in China’s premium major home appliance market in 2025: 43% market share in refrigerators priced above RMB10,000; 76% in washing machines above RMB10,000; 18% in water heaters by offline retail revenue (No. 1 in the industry); and 60.8% in air conditioners priced above RMB15,000.

Section III Management Discussion and Analysis

(2) Deep Application of AI in Smart Home

The Company is advancing AI integration across its smart home ecosystem in three dimensions:

Software-defined products. Leveraging its comprehensive appliance portfolio, the Company is driving 100% product intelligence, 100% user connectivity on its platform, and a 100% open ecosystem, all powered by AI. As the only home appliance company featured at the Ministry of Housing and Urban-Rural Development's "Quality Housing Technology Exhibition," the Company demonstrated AI-powered smart scenarios integrating people, vehicles, homes, and communities. This platform-centric approach enables near-instant responsiveness to user needs across discovery, purchase, and after-sales touchpoints.

Unified global user access. Global smart home interactions reached 86.1 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 13 million and over 6,600 ecosystem partners. In Australia, Europe, and the Americas, the SmarHq platform connects over 21 million active devices with MAU exceeding 5 million and over 6,500 ecosystem partners.

Unified AI core capabilities. 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.

(3) Extensive Global Footprint and Localized Operations

The Company's international strategy combines proprietary brand building with strategic M&A, establishing a multi-brand, multi-category, multi-regional operating model with integrated R&D, manufacturing, and marketing capabilities. Deeply localized teams and agile management structures in each market enable rapid consumer insight and responsiveness.

During the reporting period, the Company continued to optimize its global manufacturing footprint. In Southeast Asia, the new air conditioning plant in Chon Buri, Thailand, commenced production with annual capacity of 6 million units. GE Appliances improved efficiency across all U.S. factories while advancing production transfers and greenfield projects globally. Fisher & Paykel relocated freestanding refrigerator production from Thailand to China, achieving a 15% cost reduction. The Company operates a 10+N global innovation ecosystem, multiple manufacturing centers and marketing hubs, and an extensive sales network worldwide.

(4) Comprehensive Multi-Brand Portfolio

Through organic development and acquisitions, the Company has assembled a seven-brand portfolio — Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel, and AQUA — each positioned to serve distinct consumer segments across global markets. In China, Casarte, Haier, and Leader address premium, mainstream, and value segments, respectively. In the U.S., GE Appliances operates six brands — Monogram, Café, GE Profile, GE, Haier, and Hotpoint — spanning all price tiers and consumer preferences. The brand matrix was further enriched with CCR in commercial refrigeration and Kwikot in African water heating.

(5) Cross-Border 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.

During the reporting period, CCR integration delivered strong early results: the business turned profitable in its first quarter post-closing, with global revenue growth outpacing the industry and China revenue growing at multiples of industry rates. On the organizational front, the RenDanHeYi model and ERP system integration were successfully completed, establishing a full end-to-end P&L accountability structure.

The Company's integration approach rests on three pillars. First, the RenDanHeYi model — an incentive mechanism aligning team value-sharing with value creation — energizes acquired organizations and their people. Second, the Company's global platform enables synergies in strategy, R&D, and procurement, strengthening acquired businesses' competitiveness. Third, the Company's open and inclusive culture supports autonomous, flexible management at acquired entities, fostering alignment and accelerating integration outcomes.

(6) Global Synergies and Platform Leverage

The Company harnesses its global platform to replicate proven strategies and drive cross-regional synergies across the value chain:

- **Product synergies:** Leveraging global R&D resources to co-develop products aligned with local consumer preferences. During the period, GE Appliances launched the Profile & Café shallow-depth refrigerator and Monogram wine storage; Fisher & Paykel introduced the Series 11 ultra-premium heat-pump washer-dryer; and Southeast Asia adopted global platform products, with T-door and TM refrigerator volumes up over 50% and front-load washer volumes up over 30%.
- **Capability synergies:** A unified engineering talent development program (GEDP), conducted at both the Qingdao headquarters and GE Appliances, is producing a growing cohort of high-caliber young engineers who are becoming core contributors to product development teams. The Company is also adopting advanced automotive-industry development tools and design methodologies to enhance development precision and product quality.

Section III Management Discussion and Analysis

- **Design synergies:** A globally coordinated industrial design system, centered on user experience and brand identity, enables cross-regional design collaboration. During the period, the headquarters design team supported a comprehensive brand refresh for Candy, and the New Candy series achieved immediate success at launch — ranking No. 1 on Spain's Hitlist and top three in Italy — with a meaningful uplift in Candy's price index.
- **Procurement synergies:** A Global Procurement Committee coordinates cross-category and cross-regional sourcing through a digital platform, aggregating group-level shared categories to achieve cost savings at scale. Standardized rules and differentiated sourcing strategies ensure efficiency and risk mitigation across the global supply chain.
- **Supply chain synergies:** An end-to-end digital supply chain management system — from market demand through supplier management, production, and logistics — uses intelligent algorithms to dynamically optimize global capacity allocation. During the period, GE Appliances completed production transfers for air conditioning and refrigeration lines; Fisher & Paykel shifted Mexico factory capacity to Thailand for cost optimization; and European refrigerator and laundry plants in Romania and Italy were closed, with capacity fully consolidated in China.
- **Marketing and brand synergies:** The Company operates a multi-tier global brand portfolio with coordinated promotion strategies. During the period, a sports-marketing-led approach was deployed globally: in Europe, the Haier brand partnered with Liverpool F.C. and Paris Saint-Germain, combining tennis for premium audiences with football for mass reach; in South Asia, cricket sponsorships boosted brand affinity; in Australia and New Zealand, the Australian Open partnership accelerated brand awareness. Successful sales and marketing models from China's lower-tier markets have been replicated in India, Pakistan, and Thailand.

(7) Industry-Leading R&D and Technology

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.

- **Proprietary technology leadership:** During the period, the Company continued to introduce category-defining innovations: MSA nitrogen-oxygen freshness technology in refrigeration (99%+ nutrient retention after seven days); three-drum zoned fabric care and heat-pump washer-dryer technology; "Crystal Tank" zero-corrosion water heater technology with PCC mineral infusion; and "AI Vision" technology enabling intelligent recognition in range hoods and ovens.
- **National-level recognition:** As of year-end 2025, the Company had received 17 National Science and Technology Progress Awards — the most in the industry. During the reporting period, multiple proprietary projects received provincial and ministerial-level first prizes for science and technology progress.

- **Patent leadership:** As of year-end 2025, the Company had filed over 112,000 patent applications globally, of which more than 73,000 were invention patents (over 60% of total). Haier Smart Home has ranked No. 1 globally on the “Global Smart Home Invention Patent Ranking” for 14 consecutive editions.
- **International standards leadership:** As of year-end 2025, the Company had led or participated in the publication of over 110 international standards and over 788 national/industry standards. It is the only company in the sector to fully cover IEC, ISO, IEEE, OCF, and Matter smart home standards, and the only company globally to serve on both the IEC CB (Conformity Board) and IEC MSB (Market Strategy Board), enabling deep participation in shaping international standards.
- **Design excellence:** The Company has received over 600 international design awards, including iF and Red Dot, with six international Gold awards — the most in the industry. It holds three China Ministry of Industry and Information Technology “Excellent Industrial Design Gold Awards”—the only company to achieve a three-time Gold streak.

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

Haier’s RRS (Ri Ri Shun) supply chain demonstrates strong competitive advantages through full-process, multi-scenario supply chain management and a nationwide delivery-and-installation network. Powered by digital operations, the Company integrates warehousing, transportation, and service resources into a logistics network reaching every village in China.

During the reporting period, the Company accelerated digital inventory management and unified-warehouse (TC model) transformation. On the supply chain side, upgraded demand forecasting and automated replenishment models reduced Haier’s central warehouse inventory turnover days by 2.1 days year-over-year. The unified-warehouse TC model now covers 22,000 clients, processing an average of 100,000 units per day. Direct-to-consumer orders account for 64% of total volume, with 24-hour delivery coverage across 1,947 districts and counties and a delivery-and-installation-in-one rate of 97%.

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.

(9) Sustainability Capabilities

Robust ESG governance and strategic focus. The Company has established an ESG governance framework with deep board-level engagement and management-level execution accountability. During the reporting period, a double materiality assessment was conducted to systematically evaluate how ESG topics affect both business performance and stakeholder interests, ensuring alignment between ESG strategy and core business priorities.

Section III Management Discussion and Analysis

Systematic stakeholder engagement. The Company maintains regular, multi-channel communication with investors, customers, employees, communities, and suppliers through ESG briefings, surveys, and interviews, integrating substantive feedback into ESG target-setting and performance improvement. During the period, the Company surveyed 1,543 consumers and 1,017 employees, and conducted in-depth interviews with 28 representatives from 20 global institutional investors — informing the identification of key ESG topics, strategy development, and disclosure practices.

Climate ambition and action. During the reporting period, the Company established and disclosed medium- and long-term carbon targets, committing to low-carbon transformation across both its own operations and the broader value chain. The publication of the *Haier Smart Home Carbon Neutrality White Paper* outlines a clear roadmap, key initiatives, and technology pathways toward carbon neutrality.

Innovative green supply chain. The Company has built an industry-leading “6-Green” supply chain framework — green design, green procurement, green manufacturing, green logistics, green recycling, and green services — embedding sustainability across the full product lifecycle and driving green transformation throughout the supply chain.

Global community impact. The Company actively fulfills its corporate citizenship responsibilities worldwide through education support, disaster relief, and community service, strengthening ties with local communities and reinforcing brand trust.

In summary, the Company has deeply integrated ESG into governance, operations, and its value chain — managing material risks while building sustainable competitive advantages that create long-term value for shareholders and broader stakeholders.

(10) 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.

VIII. MAJOR OPERATIONS DURING THE REPORTING PERIOD

Please refer to “I. INTRODUCTION OF THE COMPANY’S BUSINESS DURING THE REPORTING PERIOD” under this section.

(I) Analysis of principal business

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

Unit and Currency: RMB

Items	Current Period	Corresponding Period of Last Year	Change (%)
Operating revenue	302,346,783,918.30	286,015,294,936.52	5.71
Operating cost	221,738,754,173.11	206,439,444,975.26	7.41
Selling expenses	33,877,814,770.04	33,608,820,300.61	0.80
Administrative expenses	13,762,454,428.58	12,134,986,807.22	13.41
Financial expenses	-50,959,123.75	972,078,427.22	-105.24
R&D expenses	10,095,934,065.45	10,769,896,196.17	-6.26
Net cash flow from operating activities	26,002,941,969.92	26,318,091,311.95	-1.20
Net cash flow from investing activities	-17,075,303,744.16	-20,079,272,580.76	N/A
Net cash flow from financing activities	-17,670,708,963.02	-7,703,505,598.14	N/A
Gain on changes in fair value	91,896,354.25	47,130,324.67	94.98
Gain on disposal of assets	-31,036,861.90	-11,258,612.64	N/A
Loss on credit impairment	-25,782,774.37	-277,789,750.88	N/A
Non-operating incomes	322,171,826.28	183,940,070.88	75.15
Non-operating expenses	568,920,999.41	362,862,313.23	56.79

Section III Management Discussion and Analysis

Reasons for significant changes in certain indicators:

- 1) Reasons for the changes in financial expenses: the decrease of 105.24% in financial expenses over the corresponding period was mainly due to the increase in foreign exchange gains resulting from the appreciation of foreign currencies during the current period;
- 2) Reasons for the changes in net cash flow from financing activities: the increase of 129.39% in net cash outflow from financing activities over the corresponding period was mainly due to the increase in expenditure for the repayment of borrowings and dividend payment as well as the repurchase of shares;
- 3) Reasons for the changes in the gains on changes in fair value: the increase of 94.98% in the gains on changes in fair value over the corresponding period was mainly due to the increase in changes in fair value of equity investments over the corresponding period;
- 4) Reasons for the changes in gain on disposal of assets: the decrease of 175.67% in gain on disposal of assets over the corresponding period was mainly due to the year-on-year increase in losses from the disposal of non-current assets during the current period;
- 5) Reasons for the changes in loss on credit impairment: the decrease of 90.72% in loss on credit impairment over the corresponding period was mainly due to the year-on-year decrease in bad debt provisions for receivables during the current period;
- 6) Reasons for the changes in non-operating income: the increase of 75.15% in non-operating income over the corresponding period was mainly due to the year-on-year increase in incomes generated during the current period that were not directly related to the Company's ordinary operation;
- 7) Reasons for the changes in non-operating expenses: the increase of 56.79% in non-operating expenses over the corresponding period was mainly due to the year-on-year increase in expenses generated during the current period that were not directly related to the Company's ordinary operation.

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

☐Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

2. Analysis of Income and Cost

√ Applicable □ Not Applicable

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

Unit and Currency: RMB

Principal operating activities by product						
By product	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue increased/ decreased yoy (%)	Operating cost increased/ decreased yoy (%)	Gross profit margin increased/ decreased yoy (%)
Air conditioner	53,741,784,684.04	41,684,227,995.89	22.44	9.55	11.61	-1.43
Refrigerator	84,165,111,116.09	58,787,968,517.39	30.15	1.11	2.02	-0.62
Kitchen appliances	41,322,769,277.57	29,515,391,937.84	28.57	0.51	1.60	-0.76
Water Appliances	17,474,406,595.05	10,365,942,071.42	40.68	10.94	12.72	-0.94
Washing Machine	64,984,973,167.46	44,901,712,864.55	30.90	3.10	3.81	-0.47
Equipment parts and channel integrated services	38,892,634,649.73	35,260,348,503.79	9.34	19.93	19.28	0.49

Principal operating activities by region						
By region	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue increased/ decreased yoy (%)	Operating cost increased/ decreased yoy (%)	Gross profit margin increased/ decreased yoy (%)
Domestic	146,036,314,128.81	103,958,452,404.13	28.81	3.05	4.56	decreased by 1.03 percentage points
Overseas	154,545,365,361.13	116,557,139,486.75	24.58	8.15	9.33	decreased by 0.82 percentage points

Principal operating activities by sales mode						
Sale mode	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue increased/ decreased yoy (%)	Operating cost increased/ decreased yoy (%)	Gross profit margin increased/ decreased yoy (%)
Domestic — direct sale customers	19,240,877,479.61	11,226,360,416.00	41.65	42.91	50.94	-3.10
Domestic — distribution and others	126,795,436,649.20	92,732,091,988.00	26.86	-1.14	0.81	-1.41
Overseas — direct sale customers	7,133,286,244.33	6,304,420,263.00	11.62	14.34	16.40	-1.57
Overseas — trading companies sales	147,412,079,116.80	1.10253E+11	25.21	7.87	8.95	-0.75

Section III Management Discussion and Analysis

(2). Table of production and sales analysis

√ Applicable ☐ Not Applicable

Main products	Units	Production volume	Sales Volume	Inventory	Production volume increased/decreased yoy (%)	Sales volume increased/decreased yoy (%)	Inventory increased/decreased yoy (%)
Home Appliance	10,000 units/sets	13,925	13,695	2,618	10.2	7.9	9.6

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

☐ Applicable √ Not Applicable

(4). Table of cost analysis

Unit and Currency: RMB0'000

By sector						
By sector	Cost component	Amount for the current period	Percentage of the amount for the current period in total costs (%)	Amount for the corresponding period of last year	Percentage of the amount for the corresponding period of last year in total costs (%)	Percentage of change of the amount for the current period compared to the corresponding period of last year (%)
Home Appliance Industry	Primary operation costs	18,525,524	100.0	17,647,017	100.0	4.98
	Raw materials	15,554,203	84.0	14,474,214	82.0	7.46
	Labor	1,221,894	6.6	1,142,241	6.5	6.97
	Depreciation	336,435	1.8	298,634	1.7	12.66
	Energy	74,890	0.4	70,537	0.4	6.17
	Others	1,338,102	7.2	1,661,392	9.4	-19.46

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

☐ Applicable √ Not Applicable

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

☐ Applicable √ Not Applicable

(7). Major sales agent customers and major suppliers

Customers or suppliers under the control of the same entity shall be consolidated and presented as a single customer or supplier, except where they are subject to the de facto control of the same state-owned asset management institution.

Information on the following customers and suppliers is consolidated and presented under the same control criteria:

The Company consolidates Haier Group, its subsidiaries, and other related parties for the purpose of determining whether they are the top five suppliers or customers.

A. Major sales agent customers and major suppliers of the Company

☒ Applicable ☐ Not Applicable

Revenue from the top five sales agent customers was RMB59,273.1285 million, representing 19.6% of the total sales for the year; among the revenue from the top five sales agent customers, the revenue from related parties was RMB0 million, representing 0% of the total sales for the year.

The purchase amount from the top five suppliers amounted to RMB34,914.8010 million, representing 16.4% of the total purchase amount for the year; among the purchase amount from the top five suppliers, the purchase amount from related parties was RMB10,534.5344 million, representing 5.0% of the total purchase amount for the year.

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

C. If the Company's shares were subject to any delisting risk warning or other risk-related notifications during the reporting period

Top five sales agent customers

☐ Applicable ☒ Not Applicable

Top five suppliers

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

D. Revenue from trading operation of the Company during the reporting period

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Description of trading operation	Operating revenue of the current period	Operating revenue of the previous period	Increase/decrease in operating revenue for the current period compared with the corresponding period of last year (%)
Trading operation	3,859,830,585.13	4,147,353,274.57	-6.93

Top five sales agent customers of trading operation who accounts for more than 10% of operating revenue

☐ Applicable ☒ Not Applicable

Top five suppliers of trading operation whose revenue accounts for more than 10% of operating revenue

☐ Applicable ☒ Not Applicable

3. Expenses

☐ Applicable ☒ Not Applicable

4. R&D expenditure

(1). Table of R&D expenditure

☒ Applicable ☐ Not Applicable

Unit: RMB

Expensed R&D expenditure for the current period	10,095,934,065.45
Capitalized R&D expenditure for the current period	620,666,004.20
Total R&D expenditure	10,716,600,069.65
Total R&D expenditure as a percentage in operating revenue (%)	3.54
Proportion of capitalization of R&D expenditure (%)	5.79

Section III Management Discussion and Analysis

(2). *Table of R&D Personnel*

√ Applicable ☐ Not Applicable

Number of R&D personnel	25,913
Percentage of R&D personnel took up in the total employees (%)	19.2

Educational structure of R&D personnel

Categories of educational structure	Number of personnel
Doctor's degree	172
Master's degree	5,874
Bachelor's degree	13,264
College Diploma	5,562
High School diploma or below	1,041

Age structure of R&D personnel

Categories of age structure	Number of personnel
Under 30 years old (not including 30)	7,220
30–40 years old (including 30 and not including 40)	11,080
40–50 years old (including 40 and not including 50)	5,743
50–60 years old (including 50 and not including 60)	1,578
60 years old and above	292

(3). *Explanation*

√ Applicable ☐ Not Applicable

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

Section III Management Discussion and Analysis

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

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

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

☐ Applicable ☒ Not Applicable

5. Cash flow

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

Section III Management Discussion and Analysis

(III) Analysis of assets and liabilities

√ Applicable □ Not Applicable

1. Assets and liabilities

Unit: RMB

Name of Item	Amount at the End of Current Period	Percentage of Amount at the End of Current Period to Total Assets (%)	Amount at the End of Previous Period	Percentage of Amount at the End of Previous Period to Total Assets (%)	Change in the Amount at the end of Current Period to the End of Previous Period (%)	Description
Financial assets held for trading	2,034,270,761.53	0.69	1,236,017,839.53	0.43	64.58	Mainly as a result of the increase in short-term wealth management products
Derivative financial assets	80,641,860.30	0.03	142,709,716.91	0.05	-43.49	Mainly as a result of the fluctuations in the fair value of forward foreign exchange contracts
Bills receivable	6,482,353,046.34	2.19	12,179,856,870.01	4.19	-46.78	Mainly as a result of the discounting of bills
Financing receivables	1,787,975,081.92	0.60	412,922,615.25	0.14	333.00	Mainly as a result of the increase in bills expected to be discounted and endorsed for transfer
Non-current assets due within one year	8,666,892,203.60	2.93	1,439,758,652.55	0.50	501.97	Mainly as a result of the increase in time deposits due within one year
Long-term receivables	134,840,798.60	0.05	224,724,107.31	0.08	-40.00	Mainly as a result of the recovery of previous payments
Investment properties	334,429,715.96	0.11	246,161,259.83	0.08	35.86	Mainly as a result of the increase in leases during the current period
Development cost	417,653,270.53	0.14	267,267,592.92	0.09	56.27	Mainly as a result of the increase in investment in development projects
Other non-current assets	2,301,113,869.91	0.78	1,759,556,893.63	0.61	30.78	Mainly as a result of the increase in prepayments for equipment and land
Derivative financial liabilities	190,868,603.05	0.06	71,011,310.01	0.02	168.79	Mainly as a result of the fluctuations in the fair value of forward foreign exchange contracts
Non-current liabilities due within one year	8,678,897,462.98	2.93	16,530,040,461.37	5.69	-47.50	Mainly as a result of the decrease in long-term borrowings due within one year
Other comprehensive income	432,012,498.23	0.15	825,502,860.47	0.28	-47.67	Mainly as a result of the fluctuations in the fair value of investments in other equity instruments

Section III Management Discussion and Analysis

2. Overseas Assets

☒ Applicable ☐ Not Applicable

(1) Scope of assets

Among the assets, overseas assets amounted to 15,067,500.51 (Unit and Currency: RMB0'000), representing 50.94% of the total assets.

(2) Explanation of high percentage of overseas assets

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name of overseas asset	Reason for Formation	Operating mode	Operating revenue during the reporting period	Net profit of the reporting period
Overseas Home Appliance and Smart Home Business	Overseas mergers & acquisitions and the Company's own development	Localized Operations with the integration of R&D, manufacturing and marketing	155,792,205,647	6,810,870,386

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 industry operating information

☐ Applicable ☒ Not Applicable

(V) Analysis of investment

Overall analysis on external equity investment

☒ Applicable ☐ Not Applicable

1. Significant equity investment

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB'00,000,000

Section III Management Discussion and Analysis

Name of investee	Main business	Whether the subject is principally engaged in the investment business	Investment method	Investment amount	Shareholding (%)	Whether it is consolidated financial statement		Items in financial statement (if applicable)	Sources of funding	Partners (if applicable)	Investment term (if any)	Progress as at the balance sheet date	Estimated income (if any)	Effect of profit or loss for the period	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
						financial statement	financial statement										
Haier Group Finance Co., Ltd.	Enterprise group financial company services	No	Other	12.6	42%	No	/	Converting undistributed profits into registered capital	/	/	/	Completed	/	/	No	28 March 2025	Announcement on the Capital Increase in the Investee, Haier Group Finance Co., Ltd., by Converting Undistributed Profits into Registered Capital in Proportion, and the Related-Party Transaction of Haier Smart Home Co., Ltd. (Announcement no.: Lin 2025-008).
Qingdao Haiyunlian Industrial Development Co., Ltd. (青岛海云联产业发展有限公司)	Construction, sale, and leasing of industrial plants, warehouses, office buildings, and ancillary facilities	No	Acquisition	0.68	100%	Yes	/	Proprietary funds	/	/	/	Completed	/	/	No	29 August 2025	Announcement on the Acquisition of All Equity Interests in Qingdao Haiyunlian Industrial Development Co., Ltd. and Related Party Transaction of Haier Smart Home Co., Ltd. (Announcement no.: Lin 2025-055).
Total	/	/	/	13.28	/	/	/	/	/	/	/	/	/	/	/	/	/

Section III Management Discussion and Analysis

2. Significant non-equity investment

√ Applicable ☐ Not Applicable

During the reporting period, the 13th meeting of the 11th session of the Board of Directors of the Company considered and approved a new construction project of 3 million units of washing machines in the SCO Economic Demonstration Zone, Jiaozhou, Qingdao, with an estimated total investment of RMB1.784 billion. It also considered and approved the proposed purchase of real estate for Haier White Goods R&D Center for RMB267 million. For details, please refer to the Announcement on Investing in Construction of a New Washing Machine Production Plant with an Annual Capacity of 3 Million Units of Haier Smart Home Co., Ltd. (Announcement no.: Lin 2025-016) and the Announcement on the Acquisition of the Real Estate of Haier White Goods R&D Centre and the Related-party Transaction of Haier Smart Home Co., Ltd. (Announcement no.: Lin 2025-015) disclosed by the Company on 28 March 2025. For details of other non-equity investment, please refer to “Section VIII Financial Report” for relevant information of items such as construction in progress.

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	746,436,121.40	402,957.13			10,733,723,000.00	9,994,568,574.08		1,485,993,504.45
Investment in other equity instruments	6,073,680,870.82		-662,056,749.56		1,000,902.32	61,337,728.97	53,814,194.72	5,405,101,489.33
Investment in trading equity instruments	195,177,368.77	35,271,695.81				21,265,660.41		209,183,404.17
Investment funds	294,404,349.36	55,251,132.65			16,060,569.86	18,338,893.63	-8,283,305.33	339,093,852.91
Financing receivables	412,922,615.25				29,699,807,112.45	28,324,754,645.78		1,787,975,081.92
Derivative financial instruments	71,698,406.90	-147,631,231.84	-30,412,731.26				-3,881,186.55	-110,226,742.75
Total	7,794,319,732.50	-56,705,446.25	-692,469,480.82		40,450,591,584.63	38,420,265,502.87	41,649,702.84	9,117,120,590.03

Note: As of 31 December 2025, the aggregate balance of the Company's foreign exchange derivative transaction amounted to approximately US\$2.616 billion.

Section III Management Discussion and Analysis

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	10,584,698.04		-708,371.04				9,876,327.00	Investments in other equity instruments
Stock	600827	Bailian Group	154,770.00	Self-funding	430,510.84		-76,412.72				354,098.12	Investments in other equity instruments
Stock	300183	Neusoft Carrier	18,713,562.84	Self-funding	15,125,624.10		-3,533,220.72				11,592,403.38	Investments in other equity instruments
Stock	688455	KENGIC	13,820,053.00	Self-funding	86,936,035.20	28,351,163.24			6,406,851.83		108,880,346.61	Trading financial assets
Total	/	/	34,492,155.34	/	113,076,868.18	28,351,163.24	-4,318,004.48		6,406,851.83		130,703,175.11	/

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).

Section III Management Discussion and Analysis

Derivative investment

√ Applicable ☐ Not Applicable

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

√ Applicable ☐ Not Applicable

Unit and Currency: RMB'0,000

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 carrying amount to net assets of the Company at the end of the reporting period (%)
Forward foreign exchange contracts	1,014,344	1,014,344	-14,758	-3,041	4,918,363	4,093,923	1,838,784	15.5
Forward commodity contracts	4213	4,213	-5	0	913	5,126	0	0
Total	1,018,557	1,018,557	-14,763	-3,041	4,919,276	4,099,049	1,838,784	15.5
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[-22.1738] million.							
Explanation on the effect of hedging	Under the premise of ensuring normal production and operation, the Company carried out hedging business to reduce the impact of exchange rate fluctuations on the Company's production and operation and to realize the Company's long-term stable development.							
Source of funds for derivative investments	Self-owned funds							

Section III Management Discussion and Analysis

Type of derivatives investment	Initial investment 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 carrying amount to net assets of the Company at the end of the reporting period (%)
	Opening amount							
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 exceed the cost of not fixing the exchange rate, thus forming a loss of the Company. When the foreign exchange rate changes greatly, if the fluctuating direction of the Company's fixed foreign exchange hedging contract is inconsistent with that of the foreign exchange rate, the foreign exchange loss will be formed; if the exchange rate does not fluctuate in the future, the vast deviation from the foreign exchange hedging contract will also form a foreign exchange loss. (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.							

Section III Management Discussion and Analysis

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 carrying amount to net assets of the Company at the end of the reporting period (%)
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2. Risk Control Measures Taken by the Company

- (1) The Company may not engage in any foreign exchange derivative transactions except those carried out for the purpose of avoiding exchange rate risks, and only for foreign exchange operations related to the Company's import and export business and overseas asset/liability management.
- (2) The Company implemented approval process in strict compliance with the Foreign Exchange Risk Management Policy and the Foreign Exchange Derivatives Transaction Management Rules. The 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 Hedging Business

1. Risk Analysis

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

Section III Management Discussion and Analysis

Type of derivatives investment	Initial investment amount	Opening 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 carrying amount to net assets of the Company at the end of the reporting period (%)
2. Risk control measures adopted by the Company								
(1) Matching hedging business with the Company's production and operation to maximize hedging against the risk of market fluctuations.								
(2) Strictly control the scale of hedging funds and reasonably plan and use margins. The Company will reasonably allocate its own funds for hedging business, and will not use raised funds directly or indirectly for hedging.								
(3) The Company has formulated the Management Measures for Hedging Business of Bulk Raw Materials, which contains clear provisions on the organizational structure and its responsibilities, business processes, risk management, file management, etc. The Company will strictly follow the provisions of the internal control system to control all aspects of the business, and will implement the Management Measures in accordance with the established regulations.								
(4) The Company will strengthen the training of relevant personnel to enhance their professionalism and overall quality; strengthen research on the futures and derivatives market to grasp market changes and design specific operational plans for trading business.								
(5) The internal audit department of the Company will conduct regular and irregular inspections of hedging trading business, supervise hedging trading business personnel in the implementation of the risk management system and risk management procedures, and prevent operational risks in the business in a timely manner.								
Changes in market price or fair value of invested derivatives during the reporting period, where specific methodology used and the settings of relevant assumptions and parameters should be disclosed in the fair value analysis of derivatives	In respect of changes in market prices or fair value of products, gains or losses actually realized from the invested derivatives amounted to RMB[-22.1738] million during the reporting period. As for the specific methodology used and the related assumptions and parameter settings: Foreign exchange and interest rate swap forward quotations from financial institutions were used.							
Litigation case (if applicable)	N/A							
Disclosure date of announcement in relation to the consideration and approval of derivatives investment by the Board (if any)	28 March 2025							
Disclosure date of announcement in relation to the consideration and the approval of derivatives investment by shareholders' general meeting (if any)	28 May 2025							

Section III Management Discussion and Analysis

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

(VI) Sale of material assets and equity

☐ Applicable ☒ Not Applicable

(VII) Analysis on major subsidiaries and Investees

☒ Applicable ☐ Not Applicable

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

☒ Applicable ☐ Not Applicable

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

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

(VIII) Structured entities controlled by the Company

☐ Applicable ☒ Not Applicable

IX. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Setup and trend of the industry

☒ Applicable ☐ Not Applicable

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

(II) Development strategy of the Company

☒ Applicable ☐ Not Applicable

In an era defined by AI transformation and increasing consumer influence, Haier Smart Home is evolving from a global leader in major home appliances to a platform-based, service-oriented, user-centric technology ecosystem enterprise. To realize this long-term vision, we have established a strategic framework centered on “One Channel, Two Platforms, and Six Core Capabilities”. This framework is designed to drive comprehensive change, strengthen our core competencies, foster new avenues for growth, and ensure sustainable, high-quality development.

One Channel: Haier Smart Home

We are positioning the smart home business as our primary global competitive advantage. Focusing on this core channel, we are transforming our business, service, sales, and market operations from end to end. Our goal is to provide users with comprehensive, scenario-based solutions that encompass smart appliances, smart homes, and smart living. By fully upgrading the Haier Smart Home App and our overseas SmartHQ platform, we are creating a unified portal for direct user engagement and seamless partner integration. This approach fosters efficient connections between users and ecosystem resources, accelerating the global adoption and market leadership of our smart home vision.

Two Major Platforms: A comprehensive direct-to-consumer platform and a user lifecycle experience management platform

The Company is committed to a thorough direct-to-customer transformation, reshaping our operations and customer relationships through the development of two platforms.

The first is the comprehensive direct-to-consumer distributor platform. We are building a universal direct-to-consumer model, creating the shortest and most efficient path to directly connect with users. By developing digital capabilities in inventory, sales, transactions, and logistics, we are establishing a direct factory-to-customer channel, which reduces intermediate steps, eases financial and inventory burdens for our distributors, and improves inventory turnover. The platform serves as a hub for optimizing business processes like product planning and policy creation, while synchronizing information across logistics and service networks, resulting in greater operational efficiency, streamlined process for distributors, and a superior, integrated delivery and installation experience for users.

Section III Management Discussion and Analysis

The second is the user lifecycle experience management platform. This platform consolidates user data to provide continuous service and support throughout the entire customer journey. By collecting and analyzing user data, we can respond to user needs in real-time, deliver targeted services, and transform one-time transactions into lasting, trust-based relationships.

Six Core Capabilities:

Centered on the principle of user-centric management, the Company is systematically developing six strategic capabilities: Globalization, Premiumization, Digitalization, Smart Technology, Ecosystem Development, and Green Initiatives. These pillars provide a solid foundation for our sustainable development.

In terms of globalization, the Company is committed to global brand-building. We have established a global presence not only for our brands and products but also by standardizing ten major capabilities worldwide, including sales, marketing, service, logistics, procurement, R&D, manufacturing, finance, human resources, and IT. This comprehensive strategy ensures leading product competitiveness, rapid market responsiveness, and efficient governance. Our goal is to be a leader in business scale, product innovation, and operational efficiency in every market we serve.

In terms of premiumization, we are committed to a high-end brand strategy, rooted in localized global R&D and feedback-driven innovation to consistently launch best-selling products worldwide. By focusing on original product technology, refining our product suites, upgrading experience centers, and optimizing our direct-to-consumer service model, we strengthen our brand influence and solidify a leading price position in the market.

For digitalization, the Company implements a comprehensive, user-centric digital transformation to enhance operational efficiency and end-to-end user experience. By digitizing the entire processes of R&D, manufacturing, marketing, and service, we continuously optimize key performance indicators such as model efficiency, material utilization, and production efficiency. This enables our transition from experience-based management to data-driven operations.

For smart technology, we are committed to the comprehensive application of AI. By leveraging our Smart Home Brain and Uhome large model, we are evolving beyond individual smart products to deliver intelligent, scenario-based experiences. We use AI as a core engine to build an end-to-end marketing system and foster effective human-machine collaboration in R&D, manufacturing, and service, making smart technology a core driver for enhancing user experience and corporate efficiency.

Regarding ecosystem development, the Company is building an open ecosystem to offer users one-stop services for daily life, including clothing, food, housing, and entertainment. By expanding our network of resource partners, we are transforming the smart home from a physical space filled with appliances into a comprehensive ecosystem that addresses a full range of service scenarios.

For green initiatives, we integrate ESG principles into our corporate governance and are committed to carbon reduction across the entire product lifecycles. As the highest-rated company in our domestic industry by MSCI ESG, we view sustainable and low-carbon

development as a critical strategy component, not a cost. We systematically implement green practices in product design, manufacturing (including energy optimization and the use of recycled materials), and related industries like large-scale HVAC and recycling to continuously strengthen our environmental competitiveness.

(III) Business plan

☒ Applicable ☐ Not Applicable

2026 marks a critical year in the execution of the Company's 126 strategy. Priorities center on deepening the smart home ecosystem, completing the rollout of the DTC platform and user lifecycle management platform, and strengthening core capabilities in premiumization, globalization, digitalization, and ecosystem development.

Business Divisions: Sustained Leadership, Accelerated Expansion

We will sustain global leadership in refrigeration, laundry care, and kitchen appliances through continued technology-led differentiation. At the same time, we are accelerating the buildout of our HVAC business, integrating residential air conditioning, commercial building solutions, and water solutions into a unified platform spanning technology, supply chain, manufacturing, and distribution. Starting from real consumer needs, this business will offer integrated low-carbon energy solutions across design, installation, maintenance, and energy management — and is expected to become a meaningful contributor to the Company's growth.

Having completed its post-acquisition integration into Haier Smart Home, the CCR business has entered a new phase of efficient growth. In 2026, CCR will draw on its exclusive CO2 refrigeration technology license, shared R&D resources, and digital efficiency gains — alongside ongoing global expansion — to deliver stronger revenue growth and further operating margin improvement.

Looking further ahead, we are pursuing a vision of zero-effort housework through group intelligence that connects home appliances with service robots. Through proprietary R&D, partnerships, and strategic investments, we will increase our commitment to home robotics — leveraging our strengths in home-scenario data, appliance-level task coordination, and precision manufacturing — to deliver products that understand the home and can act on it.

China: Full-Scale Consumer-Centric Transformation

Channel network upgrade. We plan to open over 3,000 new specialty stores in county and township markets and upgrade more than 6,000 existing locations into integrated experience centers. An additional 1,000 Smart Kitchen experience stores will shift the in-store model from product display to lifestyle-driven presentation, with the aim of increasing bundled purchases.

Operating model transformation. We will complete the rollout of our DTC model, targeting 100% direct delivery to end consumers in 2026—further reducing handling steps, optimizing inventory, lowering channel costs, and improving overall efficiency.

Section III Management Discussion and Analysis

AI-driven product innovation. Our AI Vision platform is driving home appliances toward proactive, autonomous service. In 2026, we will launch next-generation smart appliances equipped with AI Vision 2.0, enabling machines to perceive their environment — identifying ingredients, anticipating laundry color-bleeding risks — bringing us closer to truly hands-free home management.

Expanding premium reach. Casarte will deepen its presence in Tier 1–3 cities with 100 new experience centers and 300 flagship stores, increasing the proportion of bundled-set sales and reinforcing our premium market leadership.

Overseas: Deepening Localization Across Global Markets

Developed markets. In North America and Europe, we will transition from single-product penetration to integrated solutions and deeper brand engagement, leveraging our multi-brand portfolio to expand coverage while building B2B capabilities for commercial applications.

Emerging markets. We will deepen local manufacturing and premium brand-building, combining global coordination with local agility. Accelerated capacity deployment and full-lifecycle service offerings are expected to drive gains in both share and profitability.

(IV) Potential risks of the Company

√ Applicable ☐ Not Applicable

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibit inherent cyclicity 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 our brand awareness.

Section III Management Discussion and Analysis

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 adjustments 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 selling expenses, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect our 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 our localised supply chain resources in respective markets, further optimise supply chain management, enhance production flexibilities, 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. To mitigate these exposures, the Company maintains a structured currency risk management program utilising authorised hedging instruments.

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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 ROEs. 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.

(V) Others

☒ Applicable ☐ Not Applicable

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

☐ Applicable ☒ Not Applicable

Section IV Corporate Governance, Environment and Society

I. EXPLANATION OF CORPORATE GOVERNANCE

√ Applicable ☐ Not Applicable

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

1. Scientific and standardized governance structure

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

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

2. Full protection of shareholders' right

The Company has established open and effective communication channels with shareholders to ensure their rights to be informed, participate in decision-making, and exercise oversight over major corporate matters. During the reporting period, the Company strengthened communication and exchange with investors in an active, open, innovative and professional manner so as to enhance investors' understanding and recognition of the Company and safeguard the legal rights of investors. In accordance with guideline of the Management System for Investor Relation, the Company integrated business and financial resources by the office of the board of Directors and realized positive and all-around access to investors in a multi-layer and diversified format through introduction reference, result announcement conference, and online forum. Meanwhile, the Company replied investors on a timely basis by ways of interview, e-mail, phone, fax and the website (<http://sns.sseinfo.com>) and enhanced interaction with investors, so as to respect and protect the interests of investors, with the aim of achieving harmonious and mutual success with the Company, staff and investors. During the reporting period, the Company has strictly complied with the provisions of the Articles of Association and the Rules of Procedure for the Shareholders' Meetings in convening and holding general meetings. Shareholders' meetings are witnessed by lawyers on site and legal opinions are issued on their legality. During the reporting period, the Company convened a total of eight shareholders' meetings to deliberate on matters such as financial matters, related-party transactions, external guarantees, and share repurchases. Major shareholders abstained from voting on proposals involving their own interests. For significant matters, the Company separately tallied the votes of small and medium-sized investors to further safeguard their rights and interests.

The Company has formulated and consistently implemented a sustainable, stable, and reasonable profit distribution policy to create value for its shareholders. As at 31 December 2025, the Company had achieved cumulative cash dividends of approximately RMB48.7 billion since the listing of A-share in 1993, with a dividend payout ratio exceeding 30%. During the reporting period, the Company also launched its first interim dividend, enhancing shareholders' sense of gain by increasing the frequency of dividend distributions. Meanwhile, the Company continued to advance its share repurchase, repurchasing A shares totaling RMB1.20 billion and H shares totaling HK\$100 million during the reporting period. Looking ahead, the Company will continue to strictly follow the requirements set out in the Articles of Association and in the Shareholder Return Plan for the Next Three Years of the Company, maintaining policy consistency, reasonableness, and stability.

3. Professional and efficient operation of the Board of Directors

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

(1) Diverse and professional Board of Directors

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

During the reporting period, the term of the Company's Board of Directors expired, and a new session of Board was re-elected, which consists of 11 directors, including 2 executive directors, 4 non-executive directors, 1 employee director and 4 independent directors. The Board of Directors now includes 1 foreign member, further enhancing its international diversity. The members of the Board of Directors have extensive knowledge and experience in AI technology, digitalization, industry experience, corporate governance, global market experience, financial management and risk management, which will help the Board of Directors to make the best decisions and promote the sustainable and healthy development of the Company.

(2) Compliance of Special Committees and Independent Performance of Duties by Independent Directors

All special committees of the Company are established in accordance with regulations. Except for the Strategy Committee and the ESG Committee, the chairpersons of all other special committees are Independent Directors. The chairperson of the ESG Committee is a non-executive director. The number of independent directors present at the meetings of the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy Committee accounted for at least one-half of the quorum of such meeting (inclusive). Each special committee has established comprehensive systems, with specific working procedures that clearly define their terms of reference and rules of procedure. The committees conduct their meetings with comprehensive agendas and exhaustive deliberations. Furthermore, to strengthen the support for the committees' performance of their duties, the Company has designated specific departments to assist each special committee. These departments promptly provide committee members with the information required for their duties, ensuring the compliant and effective operation of special committees and enhancing corporate governance standards. During the reporting period, with the implementation of the new Company Law, the Board of Supervisors has been abolished, and its oversight functions have been transferred. The Company's Audit Committee and other relevant bodies have promptly and effectively assumed all responsibilities previously held by the Board of Supervisors. By operating in compliance with the new rules of procedure, the Company has further leveraged its internal supervisory advantages thereby achieving a significant improvement in supervisory effectiveness.

The independent directors of the Company are all senior professionals with expertise in accounting, finance and AI technology. During the reporting period, the independent directors of the Company performed specific duties in accordance with the Articles of Association and the listing rules of its listed jurisdictions, including participating in the meetings of the Board of Directors, special meetings of independent directors and meetings of each of the Company's special committees, providing advice to the Company on its operation and management; and expressing opinion on significant matters of the Company. By performing their duties as mentioned above, the independent directors help protect the interests of the Company and the shareholders as a whole, and promote the development of the Company.

(3) A Balance between Incentives and Constraints

The Company has been adhering to the management model of "RenDanHeYi", and taking the "maximization of the value of people" as the core. In line with the global landscape of the capital market, the Company has established a short-term plus mid to long-term incentive system which aligns the interests of employees and all shareholders. During the reporting period, the Company has continued its incentive plan for the previous period and continued to introduce domestic and overseas incentive plans with various appraisal cycle, multi-level and all-round benefits, and to establish an incentive mechanism that links remuneration to corporate and individual performance, including A-Share Core Employee Stock Ownership Plan, H-Share Core Employee Stock Ownership Plan, H-Share Overseas Trust Incentive Plan, and A-Share Option Incentive Scheme. The Company has set competitive assessment indicators for such schemes to ensure a deeper and more effective alignment of interests between the participants and the Company.

4. Transparent and Comprehensive Information Disclosure

The Company is listed on the A-share, H-share, and D-share markets, and is therefore required to comply with the information disclosure regulations in both domestic and international markets, fulfilling its disclosure obligations accordingly. The Company ensures that its information disclosure is synchronous, comprehensive, and compliant: it discloses significant information simultaneously across all markets to avoid any information asymmetry caused by time differences or procedural delays, ensuring synchronisation; the content of the disclosures integrates requirements from all listing jurisdictions, addressing any differences in disclosure scope and standards to ensure comprehensiveness; and the Company adheres to a unified information disclosure management system to ensure the disclosures are truthful, accurate and procedurally sound, ensuring compliance. Additionally, recognising the differences in language and reading habits across various listing locations, the Company has formed a dedicated team to develop tailored solutions for each market. In summary, through internal coordination mechanisms, the Company ensures that its disclosures across all listing locations are fully compliant with regulatory requirements while maintaining consistency on key information, thereby safeguarding investor confidence and ensuring market fairness globally.

5. In-depth Upgrading of ESG Governance

Haier Smart Home has strengthened its global three-tier ESG governance framework by adding multiple execution chains to provide organisational support for ESG management. The Company has implemented the “6 Green” strategy, covering the entire product lifecycle, to promote low-carbon operations and industrial upgrades. The Company actively fulfils its social responsibilities globally by carrying out charitable and public welfare projects. Haier Smart Home’s outstanding ESG practices have earned recognition with leading ratings from authoritative institutions such as MSCI.

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

III. DIRECTORS AND SENIOR MANAGEMENT

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

√ Applicable □ Not Applicable

Unit: share

Name	Title	Gender	Age	Appointment date	Expiration date of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Increase/decrease in shares for the year	Reason for increase/decrease	Total remuneration received from the Company during the reporting period (RMB'000) (before tax)	Whether receive remuneration from the Company's related party
Li Huagang	Chairman, Chief Executive Officer	M	57	29 May 2025	28 May 2028	1,050,444	1,156,699	106,255	Employee stock ownership plan vested	355	NO
Gong Wei	Vice Chairman	M	53	29 May 2025	28 May 2028	2,072,527	2,124,906	52,379	Employee stock ownership plan vested	41	YES
Li Shachua	Director	M	63	29 May 2025	28 May 2028		30,729	30,729	Employee stock ownership plan vested		YES
Kevin Nolan	Director, vice president	M	60	29 May 2025	28 May 2028					1,951	NO
Sun Danfeng	Director, vice president, Chief Digital Officer	F	50	29 May 2025	28 May 2028		42,563	42,563	Employee stock ownership plan vested	106	NO
Yu Hon To	Director	M	78	29 May 2025	28 May 2028					41.5	NO
Chien Da-chun	Director	M	73	29 May 2025	28 May 2028					51.5	NO
Wong Hak Kun	Independent director	M	70	29 May 2025	2 June 2026					44.0	NO
Li Shipeng	Independent director	M	59	29 May 2025	4 March 2027					47.0	NO
Wu Qi	Independent director	M	59	29 May 2025	24 June 2027					46.0	NO
Wang Hua	Independent director	M	49	29 May 2025	28 May 2028					18.0	NO
Shao Xinzhi (retired following election)	Vice Chairman	F	56	28 June 2022	28 May 2028	25,558	25,558				YES
Li Kam Fun (retired following election)	Director	F	74	28 June 2022	28 May 2028					23.0	NO
Liu Dalin (retired following election)	Chairman of the Board of Supervisors	M	46	28 June 2022	28 May 2028	68,391	68,391				YES
Yu Miao (retired following election)	Employee supervisor	M	44	28 June 2022	28 May 2028	13,648	13,648			10	NO
Liu Yongfei (retired following election)	Supervisor	M	41	21 June 2024	28 May 2028					30	NO
Xie Juzhi (retired following election)	Vice president	M	60	28 June 2022	28 May 2028	180,808	180,808			39	NO
Li Pan (resigned)	Vice president	M	50	28 June 2022	30 December 2025	664,375	688,586	24,211	Employee stock ownership plan vested	149	NO
Zhao Yanfeng	Vice president	M	49	29 May 2025	28 May 2028	247,484	302,988	55,504	Employee stock ownership plan vested	225	NO
Li Yang	Vice president	M	50	29 May 2025	28 May 2028	151,252	196,668	45,416	Employee stock ownership plan vested	142	NO
Song Yujun	Vice president	M	51	29 May 2025	28 May 2028	287,478	321,621	34,143	Employee stock ownership plan vested	189	NO
Guan Jiangyong	Vice president	M	48	29 May 2025	28 May 2028	264,867	324,177	59,310	Employee stock ownership plan vested	203	NO
Wu Yong	Vice president	M	48	29 May 2025	28 May 2028	334,166	383,053	48,887	Employee stock ownership plan vested	174	NO

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Name	Title	Gender	Age	Appointment date	Expiration date of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Increase/decrease in shares for the year	Reason for increase/decrease	Total remuneration received from the Company during the reporting period (RMB0'000) (before tax)	Whether receive remuneration from the Company's related party
Huang Xiaowu	Chief Sustainable Development Officer, vice president	M	49	29 May 2025	28 May 2028	110,695	110,695			118	NO
Liu Xiaomei	Secretary to the Board of Directors	F	41	29 May 2025	28 May 2028	24,919	38,439	13,520	Employee stock ownership plan vested	44	NO
Sun Jiacheng	Chief Financial Officer, vice president,	M	44	29 May 2025	28 May 2028		33,256	33,256	Employee stock ownership plan vested	107	NO
Fu Songhui	Vice president	M	54	29 May 2025	28 May 2028		42,946	42,946	Employee stock ownership plan vested	149	NO
Huang Decheng	Vice president	M	52	29 May 2025	28 May 2028		39,013	39,013	Employee stock ownership plan vested	282	NO
JAMES QUN LIU	Chief Compliance Officer, vice president,	M	55	29 May 2025	28 May 2028		34,919	34,919	Employee stock ownership plan vested	214	NO
Total	/	/	/	/	/	5,496,612	6,159,663	663,051	/	4,799	/

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

Name	Major working experience
Li Huagang	Male, born in 1969. He graduated from Huazhong University of Science and Technology in 1991 with a Bachelor's degree of Economics, and from China Europe International Business School in 2014 with a degree of Executive Master of Business Administration (EMBA). He is currently chairman and president of Haier Smart Home Co., Ltd. Mr. LI Huagang joined Haier in 1991 and served as the sales head of the Marketing and Promotion Division of Haier (海尔商流本部销售事业部长) and the general manager of China operations of Haier Smart Home. From August 2017 to March 2019, he served as the chief executive officer of Haier Electronics. Since March 2019, Mr. LI has been appointed as an executive director of Haier Electronics. He has been an executive director and president of the Company since 2019. Mr. LI Huagang has extensive experience in the fields of corporate management, marketing, brand operation, and global business operation. Mr. LI Huagang was successively honoured with several prestigious awards, including the Award of Outstanding Contribution in 40-Years Development of China's Home Appliance Industry 2018, 2019 Person of the Year of China's Top Ten Brands, 2021 Taishan Industry Leading Talent, 2023 Model Worker in Shandong Province, recognition in the Forbes 2024 China's Best CEO List, and the 2023–2024 Outstanding Entrepreneur of the Year

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Name	Major working experience
Gong Wei	Male, born in 1973. He graduated from the University of International Business and Economics in 2011, and obtained a degree of Executive Master of Business Administration. He is also a member of the Chartered Institute of Management Accountants (CIMA) and an International Certified Public Accountant (ICPA). Mr. Gong Wei served as the financial manager of Haier Smart Home Co., Ltd, the senior finance manager and senior financial analyst of Haier Group, the Chief Financial Officer of Haier Washing Machine Division, the Chief Financial Officer of Haier Air Conditioning Division, the Chief Financial Officer of Haier White Goods Group, the Chief Financial Officer and vice president of Haier Smart Home, with extensive experience in financial management. Mr. Gong Wei was granted honorary titles such as Young Post Expert in Qingdao City (青岛市青年岗位能手), Qingdao Top Talent (青岛市拔尖人才), Outstanding Accounting Workers in Shandong Province (山东省优秀会计工作者) and National Outstanding Accounting Workers (全国优秀会计工作者), and received several awards, including Top Ten CFO in China by “New Money” Magazine (《新理财杂志》), and International Finance Leaders of the Year in China. He is currently the vice president and the Chief Financial Officer of Haier Group and the Vice Chairman of Haier Smart Home Co., Ltd.
LI Shaohua	Male, born in 1968. Mr. LI graduated from Ohio State University and Georgia State University in the United States and obtained a MA and a MBA degree, respectively. He holds various international professional certifications such as CPA (Certified Public Accountant), CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor), CRMA (Certification in Risk Management Assurance) and CRISC (Certified in Risk and Information Systems Control). Mr. LI has over 30 years of working experience in internal and external auditing, risk management, compliance governance, financial and operational management. He has worked for Deloitte (one of the Big Four accounting firms), and held important positions in various institutions, including AKZO Nobel (a Fortune Global 500 company), and Trina Solar (a listed company). Moreover, he has served as a director and vice president of internal audit and internal control of Haier Electronics Group Co., Ltd. and is currently the Vice President and Chief Audit and Risk Control Officer of Haier Group, the general manager of Haier Group’s Audit and Risk Control Committee, the chairman of the Haier Group’s ESG execution committee, and a Director of Haier Smart Home.

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Name	Major working experience
Kevin Nolan	Male, born in 1966. Mr. Nolan graduated magna cum laude with a Bachelor of Science in Mechanical Engineering from the University of Connecticut in 1989, where he was also a member of the Honors Scholar Program. He currently serves as a Vice President of Haier Smart Home, and the Chief Executive Officer of GE Appliances, a subsidiary of the company. After Mr. Nolan joined GE, he held multiple engineering and manufacturing roles across GE ED&C. He later advanced through leadership positions within GE's appliance, lighting, and industrial divisions. From 2001 to 2006, he led sourcing and new product introduction efforts, launching over 150 products annually while establishing global sourcing capabilities, notably in China, to enhance profitability and drive operational efficiency. He was instrumental in developing new NPI processes and building a quality-focused culture across GE Consumer and Industrial Products. As Vice President of Technology from 2006 to 2016, Mr. Nolan led GE Appliances' global engineering organization, guiding the business through a billion-dollar transformation of its U.S. manufacturing and product leadership. He founded FirstBuild, a groundbreaking open innovation platform, and drove the internal capability shift from outsourced to in-house manufacturing. Following Haier's acquisition of GE Appliances in 2016 and since becoming CEO of GE Appliances in 2017, Mr. Nolan has restructured the business to emphasize customer value and employee empowerment, introducing a microenterprise model to encourage entrepreneurship while leveraging scale. Under his leadership, the company doubled in size within five years, becoming the fastest-growing and largest appliance company in the U.S. He has championed a culture of innovation, diversity, and inclusion, entering new markets and reinvigorating GE Appliances as a nimble, consumer-driven organization. Mr. Nolan has received numerous honors throughout his career, including the 2014 GE Chairman's Award, six consecutive Haier CEO Special Awards (2018–2023), and the 2019 Business First Most Admired CEO. He is a Six Sigma Master Black Belt and a founding member of the Lean Institute for Product and Process Development. In recognition of his leadership, innovation, and commitment to public education, Mr. Nolan was awarded an honorary Doctor of Science degree from the University of Louisville in 2022.

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Name	Major working experience
Sun Danfeng	Female, born in 1976. Ms. SUN is currently an Employee Representative Director, Vice President, the Chief Digital Officer, and the general manager of digital transformation of Haier Smart Home Co., Ltd. Ms. SUN graduated from China Agricultural University in 1998 with a Bachelor's degree in Economics and joined Haier in August of the same year. She graduated from Renmin University of China in 2015 and obtained an Executive Master of Business Administration (EMBA) degree. Ms. SUN has been working in the home appliance industry for many years, specialising in the building and operation of user digitisation, employee digitisation and customer digitisation systems. She has served as strategic director of the business flow promotion division, general manager of the mega business exchange platform, and general manager of digital marketing for the China platform. She has extensive experience in digital system research, system construction, digital transformation, technology management and decision-making consulting. During her tenure, she has made remarkable achievements in big data analysis, transformation of scientific and technological achievements, and digital transformation and upgrading of industries. She has won the 2021 ICT industry Mulan Award, and the title of Shandong Province Big Data Industry Leader in 2022. She is a management expert of scientific and technological expert pool in Shandong Province.
Yu Hon To	Male, born in 1948. He holds a Bachelor of Social Science degree from Chinese University of Hong Kong. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate Member of Hong Kong Institute of Certified Public Accountants. Mr. Yu is a chartered accountant with over 40 years' experience in the fields of auditing, corporate finance (including advisory on IPO, mergers & acquisitions and financial restructuring), financial investigation and corporate governance. Mr. Yu was formerly a partner of a renowned international accounting firm with extensive experience in the corporate finance advisory assignments in Greater China for Hong Kong corporations, private equity groups and multinationals. He is currently a director of 12th session of the Board of Directors of Haier Smart Home.
Chien Da-chun	Male, born in 1953. He served as Chief Executive Officer of IBM ASEAN/South Asia, Chairman and Chief Executive of IBM Greater China region. He graduated from the Department of Mathematics of Tamkang University of Taiwan, and studied advanced management courses in the Institute of Business Administration of Harvard University, as well as the global senior manager courses of International Business Machines Corporation (IBM). He was a director of ENN Group, an independent director of Haier Smart, and a professor of Management Practice at the School of Business of Renmin University of China/Academic Director of EE Centre. He is currently a Director of Haier Smart Home.

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Name	Major working experience
Wong Hak Kun	Male, born in 1956. He received a Bachelor's of Social Science degree from University of Hong Kong. He has over 36 years of experience in auditing, assurance and management in Deloitte China. He has been a partner of Deloitte China since 1992 and served as a member of the board of directors of Deloitte China from 2000 to 2008. Prior to his retirement in May 2017, he was Deloitte China's National Managing Partner of Audit & Assurance. Mr. Wong is an associate of the Hong Kong Institute of Certified Public Accountants (HKICPA), an associate of the Association of Chartered Certified Accountants (ACCA), an associate of the Chartered Institute of Management Accountants (CIMA), an associate of The Chartered Governance Institute (previously known as "The Institute of Chartered Secretaries and Administrators"). He currently serves as an independent non-executive director of Yue Yuen Industrial Holdings (Limited), Lung Kee (Bermuda) Holdings Limited, Guangzhou Automobile Group Co., Ltd., Hangzhou SF Intra-City Industrial Co., Ltd. and Haier Smart Home Co., Ltd.
Li Shipeng	Male, born in 1967. He holds a bachelor's and Master's degree from University of Science and Technology of China, and a PhD degree from Lehigh University, USA. Mr. Li has extensive experience in Internet of Things technology and artificial intelligence. Mr. Li is currently a chair scientist at the International Digital Economy Academy and an executive director of the Low Altitude Economic Branch. Prior to that, he served as the Chief Researcher and Deputy Dean of Microsoft Research Asia, Chief Technology Officer of Cogobuy Group, Vice President of iFlytek Group, Executive President and Chief Scientist of Shenzhen Institute of Artificial Intelligence and Robotics. Mr. Li is a member of the International Eurasian Academy of Sciences and a fellow of the International Institute of Electrical and Electronics Engineers (IEEE fellow). He was listed as one of the world's top 1,000 computer scientists by Guide2Research and ranked top 20 in Mainland China in 2020. Mr. Li is a renowned expert in Internet, computer vision, cloud computing, Internet of Things and artificial intelligence. He is currently an independent director of the 12th Board of Directors of Haier Smart Home Co., Ltd.

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Name	Major working experience
Wu Qi	Male, born in 1967. He has 25 years of (New PCEBG) experience in world-class management and consulting companies. He is currently an independent director of the 12th session of the Board of Haier Smart Home Co., Ltd. He served as the vice president (Global) and vice chairman (Greater China) of Accenture, and the chairman of Shun Zhe Technology Development Co., Ltd. He was a member and the president (Greater China) of Roland Berger's Global Management Committee, a member of Roland Berger's Global Supervisory Board, a senior consultant for Foxconn's D sub-business group strategy and intelligent manufacturing and a consultant of Xnode, a famous accelerator for startups. Mr. Wu's experience in consulting industry involves transportation/logistics, high-tech manufacturing, tourism, finance, consumer goods, real estate, government departments and other industries. He has extensive experience in development strategy, organizational change, sales and brand strategy, corporate innovation, digital transformation and intelligent manufacturing, post-merger integration, regional industrial and economic development and upgrading. He is a well-known expert in China in Industry 4.0, transportation and regional planning and development. He served as a consultant for Hangzhou Bay Development Planning, a member of the Intelligent Manufacturing Expert Committee of Municipal Government, deputy head of the 13th Five-Year Planning Expert Committee of Zhengzhou City, Henan Province, vice chairman of China Cold Chain Alliance.

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Name	Major working experience
Wang Hua	Male, born in 1977. Mr. WANG Hua graduated from Shanghai University of Electric Power with a Bachelor's degree in automation in July 1999, and from Stanford University, California, the United States with a Master's degree in business administration in June 2006. Mr. WANG Hua is the co-founder of Sinovation Ventures, an established technology investment company in China, and currently serves as the co-CEO and Managing Partner of the investment department of Sinovation Ventures. Mr. WANG Hua has extensive experience in capital investment and information technology industry, mainly focusing on AI and cutting-edge technologies and expanding to the upstream and downstream industrial chains. He led investments in technology projects such as 4Paradigm, AlInnovation, WeRide, Horizon Robotics, Zhihu, Waterdrop Inc, Momena, Luchen, and Silicon Mobility. From September 2006 to October 2009, Mr. WANG Hua worked at Google China's Business Development Headquarters, where he built Google China's premium ad network. He was also responsible for managing investments during his three years at Google China. Prior to joining Google China, he founded Shanghai Yinda Technology Group Co., Ltd., a company that provides technology solutions to telecommunications operators and equipment providers. In addition, Mr. WANG Hua has been appointed as an independent non-executive director of AlInnovation since 6 February 2018. He has been appointed as an independent non-executive director of Maoyan Entertainment since 22 August 2018.
Shao Xinzhi (retired following election)	During the reporting period, she served as the Vice Chairman of Haier Smart Home and resigned following the Company's Board election in May 2025. For her detailed biography, please refer to the relevant disclosures in the Company's 2024 Annual Report.
Li Kam Fun (retired following election)	During the reporting period, she served as a Director of Haier Smart Home and resigned following the Company's Board election in May 2025. For her detailed biography, please refer to the relevant disclosures in the Company's 2024 Annual Report.
Liu Dalin (retired following election)	During the reporting period, he served as the Chairman of the Board of Supervisors of Haier Smart Home and resigned in May 2025 when the company decided to abolish the Board of Supervisors. For his detailed biography, please refer to the relevant disclosures in the Company's 2024 Annual Report.
Yu Miao (retired following election)	During the reporting period, he served as an Employee Supervisor of Haier Smart Home and resigned in May 2025 when the company decided to abolish the Board of Supervisors. For his detailed biography, please refer to the relevant disclosures in the Company's 2024 Annual Report.
Liu Yongfei (retired following election)	During the reporting period, he served as a Supervisor of Haier Smart Home and resigned in May 2025 when the company decided to abolish the Board of Supervisors. For his detailed biography, please refer to the relevant disclosures in the Company's 2024 Annual Report.

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Name	Major working experience
Xie Juzhi (retired following election)	During the reporting period, he served as a Vice President Haier Smart Home, among other roles, and resigned following the Company's Board election in May 2025. For his detailed biography, please refer to the relevant disclosures in the Company's 2024 Annual Report.
Li Pan (resigned)	During the reporting period, he served as a Vice President of Haier Smart Home, among other roles, and resigned from his senior executive positions at the end of December 2025. For his detailed biography, please refer to the relevant disclosures in the relevant disclosures in the Company's announcement of the resolution of the first meeting of the 12th Session of the Board of the Company
ZhaoYanfeng	Male, born in 1977. He graduated from Tianjin Institute of Light Industry and obtained a Bachelor's degree in Mechanical and Electronic Engineering in 2001. He graduated from Renmin University of China and obtained an Executive Master degree in Business Administration in 2019. He is currently the vice president, the general manager of China Region, and the general manager of the LC business of Haier Smart Home Co., Ltd. Mr. Zhao joined Haier in 2001 and has successively served multiple positions, including the general manager of the refrigeration business and the general manager of the washing business of Haier. He possesses whole-process management experience in product planning, research and development, manufacturing and marketing.
Li Yang	Male, born in 1976, is a senior engineer. He currently serves as a Vice President and the general manager for global procurement of Haier Smart Home. Mr. Li Yang graduated from Qingdao University of Science & Technology in 1998 and obtained a Bachelor's degree in Fine Chemical Engineering, and obtained a degree of Executive Master of Business Administration from Xi'an Jiaotong University in 2022. He joined Haier in 1998, and has held positions of the head of the quality department of Haier Smart Home, the manufacturing director, the general manager of the internet of clothing platform, the general manager of the integrated supply chain. He has served as the general manager for global procurement of Haier Smart Home since 2025, and has been involved in management related to the digital transformation of global procurement at Haier Smart Home. He has extensive experience in full-process management, covering product development, marketing, planning, research and development, manufacturing, and procurement. He has also been honoured with titles such as the "Most Promising Entrepreneur in Qingdao in 2018" and the "Advanced Individual in Management Innovation of National Light Industry Enterprises".

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Name	Major working experience
Song Yujun	Male, born in 1975. He graduated from Shandong University of Technology with a bachelor's degree in equipment engineering and management in 1998, and received a degree of Executive Master of Business Administration from Tsinghua University in 2015. Mr. Song Yujun joined Haier in 1998 and served as general manager of the Operation Department of Haier Overseas Promotion Headquarters, director and general manager of Haier Pakistan Company, executive director of Haier India Company, director of Haier Overseas businesses in South Asia and Southeast Asia region, and vice president of Haier Home Appliance Industry Group. Since 1998, he has held various important positions in Haier overseas companies and has rich experience in product, manufacturing, R&D and marketing. He has been honoured with several prestigious awards, including the Labor Model of Qingdao City, the Outstanding Talent in Professional Technology in Qingdao City, Qingdao High-level Service Talent, the first prize of the 2023 Science and Technology Advancement Award of China National Light Industry Council (2023年度中国轻工业联合会科技进步奖), the first prize of the Innovation Award 2023 of Energy Conservation Association (2023年节能协会创新奖), and the Top Ten "Civilized Citizens" of Qingdao in 2024, and the First-Class Science and Technology Progress Award from Shandong Province in 2025. He is currently Vice President and the general manager of overseas market of Haier Smart Home.
Guan Jiangyong	Male, born in 1978. He graduated from Tsinghua University in 2024 with a Master's degree in Advanced Business Administration. Mr. Guan joined Haier in 2001 and currently serves as a Vice President of Haier Smart Home, the general manager of the HVAC business and the general manager of the Haier Air Industry Group of Haier Smart Home. Since Mr. Guan Jiangyong joined Haier, he has been responsible for product management, production and manufacturing, product marketing and industrial pipeline management, and has served as a regional general manager, the market director of the water heater business, the general manager of the water heater business, the general manager of the water business, the general manager of the HAVC business, and the general manager of the Air Industry Group. He possesses whole-process management experience in product manufacturing, marketing, corporate planning management and industrial platforms.

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Name	Major working experience
Wu Yong	Male, born in 1978. He graduated from Tianjin College of Commerce in 2001 and obtained a Bachelor's degree in Heat Supply, Ventilation and Air-conditioning Engineering. He obtained the double degree of Executive Master of Business Administration from the School of Economics and Management of Tsinghua University and the INSEAD in 2015. He has also been recognised as a Mount Tai Industrial Leader of Shandong Province by the Communist Party of China (中共山东省泰山产业领军人才). Mr. WU Yong joined Haier in 2001 and currently serves as the vice president and the general manager of the refrigeration business at Haier Smart Home. He is also responsible for the management of the kitchen appliances business. Mr. WU has served as the general manager of the PRC Region on manufacturing and production of refrigerators, overseas marketing and the air-conditioning business, as well as the general manager of the kitchen appliances business since joining the Group and possesses whole-process management experience in high-end manufacturing, marketing and industrial platforms.
Huang Xiaou	Male, born in 1977. He graduated from the College of Photoelectric Engineering, Chongqing University with a Bachelor's degree in engineering in 1998 and graduated from the Faculty of Business and Economics of the University of Hong Kong with a master's degree in business administration in 2004. Mr. Huang has over 20 years of extensive working experience in commercial banking, strategic investment, industrial fund, corporate finance and capital market operation and management, and has participated in and led important strategic investment and financing projects involving numerous fields such as marketing channels, logistics, home appliances and technology industry. Mr. Huang was appointed as the vice president of the Company in 2021, responsible for, amongst others, investor relations, capital market, equity financing and strategic investment, and served as the Chief Sustainable Development Officer of Haier Smart Home. Prior to that, Mr. Huang worked as the deputy general manager of Haier Electronics Group Co., Ltd., a company listed on the Stock Exchange, which is controlled by the Company. Before joining Haier Group, Mr. Huang Xiaowu worked at the Ningbo branch and Shanghai branch of the Industrial and Commercial Bank of China, Investment Banking Division of Guosen Securities and Anglo Chinese Investment Banking Group (英高投资银行集团).

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Name	Major working experience
Liu Xiaomei	Female, born in 1985. She graduated from the Law School of Minzu University of China with a double bachelor's degree in law and literature in 2009, and graduated from the Department of International Law of the China Foreign Affairs University with a master's degree in international law in 2011, and is qualified to practice law in China. Ms. Liu joined the Company in June 2015 and has been in charge of legal and compliance matters of corporate governance, capital market, M&A and corporate finance at Haier Electronics Group Co., Ltd. and Haier Smart Home. She is currently the Board Secretary of Haier Smart Home. Prior to joining the Company, Ms. Liu worked for Jingtian & Gongcheng in Beijing. Ms. Liu has accumulated extensive work experience in corporate governance, capital market, industrial fund, and investment and financing.
Sun Jiacheng	Male, born in 1982. Mr. Sun Jiacheng joined Haier in 2005. He graduated from Renmin University of China with an Executive Master of Business Administration degree and was recognised as a certified Australian accountant in 2016. Mr. Sun Jiacheng joined Haier's financial management department in August 2005, where he has held various management positions, including the financial manager of Haier's washing machine product division, the financial director of its white goods supply chain platform, the financial director of its housing facilities business division, the China region financial director of Haier Smart Home, and the vice financial director of Haier Smart Home. During his tenure as the financial director for the China region, he built a budgeting, accounting, and profit-and-loss management system for sub-clusters, microenterprises and product models, and established a sub-cluster digital contract platform, aligning Haier Smart Home's strategic objectives with the smallest business units. As the vice financial director for Haier Smart Home, he developed an integrated digital platform for operations and finance, upgraded operational and financial processes and standards, and facilitated the platformisation of financial management and decision-making analysis, supporting the efficient operation of the listed company. Mr. Sun Jiacheng has received numerous accolades, including Advanced Financial Management Professional of Shandong Province's Light Industry, Business Leader of the Year 2020 by the China CFO Development Centre, and was named China CFO of the Year by Corporate Finance (《新理财》) in both 2016 and 2022.

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Name	Major working experience
Fu Songhui	Male, born in 1972. Mr. Fu Songhui is a senior engineer. He graduated from Nanjing University in 1996 with a Bachelor's degree in Applied Physics from the Department of Physics. He further obtained an Executive Master of Business Administration degree from the University of International Business and Economics in 2010, and an Executive Master of Business Administration degree from Renmin University of China in 2018. Fu Songhui joined Haier in 1996 and currently serves as a Vice President of Haier Smart Home and the general manager of its commercial HVAC division. He has held key positions including a manager of Haier's commercial flow headquarters, the marketing director of Mitsubishi Heavy Industries Haier, the marketing director of Haier's commercial air-conditioning division, and the deputy general manager of Haier Air Industry Group. He possesses extensive experience in full-cycle management across product development, marketing, corporate planning, research and development, and manufacturing. He has been recognised with numerous awards, including the Third Prize of the China Machinery Industry Science and Technology Progress Award, the First Prize of the China Commercial Federation Science and Technology Award, the First Prize of the Shandong Province Enterprise Modern Management Innovation Award, and the First Prize of the Qingdao Science and Technology Progress Award.
Huang Decheng	Male, born in 1974. Mr. Huang Decheng graduated from Hubei University of Automotive Technology with a Bachelor's degree in Hot Processing Technology and Equipment in 1998. In January 2025, he obtained a dual Executive Master of Business Administration degrees from Peking University Guanghua School of Management and Kellogg School of Management, Northwestern University. Mr. Huang Decheng joined Haier in 1998 and currently serves as a Vice President of Haier Smart Home and the Haier's South Asia Region CEO. He was awarded the Quality Management Black Belt in 2011 and led the development of the "Refrigerator Monitoring Device", which was granted a utility model patent in 2019. Since joining Haier, he has held diverse roles spanning domestic marketing, domestic manufacturing, overseas production, and international sales, gaining extensive end-to-end experience in managing overseas operations across the three key major functions.

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Name	Major working experience
JAMES QUN LIU	Male, born in 1971. Mr. JAMES QUN LIU holds a Bachelor's degree in Electrical Engineering from the University of California, Los Angeles and a Juris Doctor from Pepperdine University. Early in his career, he served as Legal Counsel and Senior Legal Counsel at Philips Electronics and ABB. He subsequently held the position of Chief Legal Counsel at several technology companies, including Spreadtrum Communications and Meizu Technology. Mr. JAMES QUN LIU joined Haier Smart Home in 2019 and, since late 2019, has been responsible for overseeing the its global legal and compliance affairs. Leveraging his technical background and extensive experience in technology enterprises, he has developed substantial cross-disciplinary expertise and skills in technology and law. He has applied these expertise and skills to Haier's product intelligence initiatives and enterprise digital transformation, making a distinctive contribution to the company's development. Drawing on his extensive overseas experience and solid grounding in traditional Chinese culture, Mr. JAMES QUN LIU has actively supported Haier's internationalisation strategy, acting as a bridge across diverse countries and cultures, and making a significant contribution to corporate mergers, acquisitions, and overseas governance. He has extensive experience in intellectual property litigation and has led multiple high-profile intellectual property cases over the course of his career. In the mergers and acquisitions domain, he has led and participated in major strategic projects of the Haier Smart Home, including its acquisition of Carrier Commercial Refrigeration and the South African Kwikot, and has actively contributed to and promoted Haier Smart Home's D-share and H-share listings. In 2019, Mr. JAMES QUN LIU was appointed the Vice Chairman of the Internet Committee of the China Intellectual Property Society. He currently serves as a Vice President and the Chief Compliance Officer of Haier Smart Home.

Other information

☐ Applicable ☒ Not Applicable

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

1. Appointment in shareholder units

√ Applicable □ Not Applicable

Name	Name of shareholder unit	Position	Start date of appointment	End date of appointment
Shao Xinzhi	Haier Group Corporation	Vice president and Chief Financial Officer	2020	2025
Shao Xinzhi	Qingdao Haier Venture & Investment Information Co., Ltd.	Supervisor		2025
Liu Dalin	Haier Group Corporation	Executive director of the Employee Care Committee	2022	
Gong Wei	Haier Group Corporation	Vice president and Chief Financial Officer	2025	
Gong Wei	Qingdao Haier Venture & Investment Information Co., Ltd.	Supervisor	2025	
Li Shaohua	Haier Group Corporation	Vice president	2026	
Li Shaohua	Haier Group Corporation	Chief Audit and Risk Control Officer	2020	
Li Shaohua	Haier Group Corporation	General manager of Audit and Risk Control Committee and Chairman of ESG Execution Committee	2022	
Explanation of appointment in shareholder units	Nil			

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2. Appointment in other units

√ Applicable □ Not Applicable

Name	Name of other unit	Position	Start date of appointment	End date of appointment
Yu Hon To	Keck Seng Investments (Hong Kong) Limited	Independent non-executive director	April 2013	
Yu Hon To	MS Group Holdings Limited	Independent non-executive director	May 2018	
Yu Hon To	China Resources Gas Group Limited	Independent non-executive director	December 2012	
Yu Hon To	One Media Group Limited	Independent non-executive director	June 2005	
Yu Hon To	Playmates Toys Limited	Independent non-executive director	May 2021	
Wong Hak Kun	Yue Yuen Industrial (Holdings) Limited	Independent director	June 2018	
Wong Hak Kun	Lung Kee (Bermuda) Holdings Limited	Independent director	June 2018	
Wong Hak Kun	Guangzhou Automobile Group Co., Ltd.	Independent director	May 2020	
Wong Hak Kun	Hangzhou SF Intra-City Industrial Co., Ltd.	Independent director	December 2021	
Wang Hua	Alnovation	Independent non-executive director	6 February 2018	
Wang Hua	Maoyan Entertainment	Independent non-executive director	22 August 2018	
Li Shipeng	Applied Artificial Intelligence Research Center Of the Suzhou Industrial Technology Research Institute	Director (concurrently)	August 2020	2025
Li Shipeng	The Chinese University of Hong Kong (Shenzhen)	Visiting Professor (concurrently)	February 2021	To date
Li Shipeng	ENN Group Co., Ltd.	Director	June 2024	May 2026
Li Shipeng	International Digital Economy Academy (Futian)	Chair scientist	May 2022	To date
Li Shipeng	Communication University of Zhejiang	Director of the Engineering Department (concurrently)	February 2023	February 2026
Li Shipeng	Jiangsu Hichain Logistics Co., Ltd.	Chief Scientist (concurrently)	October 2023	To date
Explanation of appointment in other units	Nil			

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(III) Remuneration of Directors and Senior Management

√ Applicable ☐ Not Applicable

Decision-making process of remuneration of Directors and Senior Management

The Remuneration and Assessment Committee of the Company shall formulate the standards, adjust principles, and assess and implement the principles of the remuneration of directors, supervisors and senior management personnel and submit to the Board of Directors for consideration and approval.

Directors abstain from discussions on their remuneration at the Board of Directors

Yes

The Remuneration and Assessment Committee or special meeting of independent directors provided recommendation on remuneration of Directors and Senior Management

During the reporting period, the Remuneration and Assessment Committee of the Company considered and approved the 2025 Annual Report of Haier Smart Home Co., Ltd. on Incentives for Senior Management of the Company and Implementation of Remuneration Assessment for Directors and Senior Management, and considered that the incentive mechanism for senior management of the Company and the implementation of Remuneration Assessment for Directors and Senior Management in 2025 were effectively carried out in accordance with the principles and mechanisms established by the Board of Directors at the beginning of the year; the 2026 Remuneration and Assessment Scheme of Senior Management of Haier Smart Home Co., Ltd. was considered and approved and arrangements were made for the 2026 Remuneration and Assessment Scheme of Senior Management with proposed resolution submitted to the Board of Directors for consideration and approval.

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Determining basis of matrix remuneration of Directors and Senior Management	The cash remuneration of executives in 2025 consists of monthly remuneration, bonuses and sharing, and is linked to orders triggered by the upgrade of the Company's Internet of Things from "high-end brands" to "scenario brands" to "ecological brands". Focusing on the rapid improvement of profitability and through digital transformation, the Company enhanced its competitiveness in the whole process, and achieved sharing of high added-value. Through the innovation of the mechanism, the Company encouraged its executives to achieve higher market goals, thus achieving a win-win situation for users, employees, enterprises and stakeholders. At the same time, the Company continues to promote the implementation of the employee stock ownership and other long-term incentive plans; multiple incentive tools will be effectively utilised to mobilise competent management, frontline managers and business and technical backbones on a wider scale, further aligning the interests of shareholders, the Company and incentive recipients, and bringing more efficient and sustainable returns to shareholders. After the approval by the general meeting, the allowance for directors consisted of three components: fixed remuneration, job-related remuneration and variable allowances. The travelling expenses of directors attending Board meetings and general meetings and the expenses required for performing their duties and according to the Articles of Association will be reimbursed.
Actual remuneration paid to Directors and Senior Management	Paid as prescribed
Total of actual remuneration received by all Directors and Senior Management at the end of the reporting period	RMB47.99 million

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Assessment criteria and implementation status for the actual remuneration received by all Directors and Senior Management at the end of the reporting period	Non-executive Directors' remuneration has been paid in accordance with the fixed remuneration, position-based remuneration and variable allowance standards determined by the shareholders' meeting, taking into account factors such as the Directors' actual attendance at meetings. Non-executive Directors who have an employment contract with Haier Group or its subsidiaries do not receive directors' remuneration from the Company. Executive Directors and senior management received annual performance appraisals based on the "User-Payment" assessment system for personnel, order, and remuneration, utilising evaluation tools such as the Value-Added Table and the "RenDanHeYi" scorecard. Performance bonuses for management are paid in accordance with pre-agreed rules, with the amount matched to the performance of each business sector. This flexible remuneration mechanism provides an incentive for management innovation, embodying the unity of value sharing and value creation.
Deferred payment arrangement for the actual remuneration received by all Directors and Senior Management at the end of the reporting period	Nil
Stop payment recourse for the actual remuneration received by all Directors and Senior Management at the end of the reporting period	Nil

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

√ Applicable □ Not Applicable

Name	Position held	Description of Change	Reason of Change
Li Huagang	Chairman, Chief Executive Officer	Elected	Re-election
Kevin Nolan	Director, vice president	Elected	Re-election
Sun Danfeng	Director, vice president, Chief Digital Officer	Elected	Re-election
Gong Wei	Vice Chairman	Elected	Re-election
Li Shaohua	Director	Elected	Re-election
Yu Hon To, David	Director	Elected	Re-election
Chien Da-chun	Director	Elected	Re-election
Wong Hak Kun	Independent director	Elected	Re-election
Li Shipeng	Independent director	Elected	Re-election
Wu Qi	Independent director	Elected	Re-election
Wang Hua	Independent director	Elected	Re-election
Shao Xinzhi	Vice Chairman	Resigned	Re-election
Li Kam Fun	Director	Resigned	Re-election
Liu Dalin	Chairman of the Board of Supervisors	Resigned	Re-election
Yu Miao	Employee supervisor	Resigned	Re-election
Liu Yongfei	Supervisor	Resigned	Re-election
Xie Juzhi	Vice president	Resigned	Re-election
Li Pan	Vice president	Resigned	Personal reasons
Zhao Yanfeng	Vice president	Appointed	Re-election
Li Yang	Vice president	Appointed	Re-election
Song Yujun	Vice president	Appointed	Re-election
Guan Jiangyong	Vice president	Appointed	Re-election
Wu Yong	Vice president	Appointed	Re-election
Fu Songhui	Vice president	Appointed	Re-election
Huang Decheng	Vice president	Appointed	Re-election
Sun Jiacheng	Vice president, Chief Financial Officer	Appointed	Re-election
JAMES QUN LIU	Vice president, Chief Compliance Officer	Appointed	Re-election
Huang Xiaowu	Vice president, Chief Sustainable Development Officer	Appointed	Re-election
Liu Xiaomei	Secretary to the Board of Directors	Appointed	Re-election

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

☐ Applicable ☒ Not Applicable

(VI) Others

☐ Applicable ☒ Not Applicable

IV. PERFORMANCE OF DUTIES BY DIRECTORS

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

Name of director	Whether an Independent director or not	Attendance of Board meetings					Attendances at general meetings	
		Required attendances of Board meetings	Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence	Absence from two consecutive meetings in person or not	Number of attendance of general meetings
Li Huagang	No	5	5	1	0	0	No	8
Gong Wei	No	5	5	0	0	0	No	8
Li Shaohua	No	3	3	0	0	0	No	4
Kevin Nolan	No	3	3	0	0	0	No	4
Sun Danfeng	No	3	3	0	0	0	No	4
Yu Hon To, David	No	5	5	1	0	0	No	8
Chien Da-chun	No	5	5	0	0	0	No	8
Wong Hak Kun	Yes	5	5	0	0	0	No	8
Li Shipeng	Yes	5	5	2	0	0	No	8
Wu Qi	Yes	5	5	1	0	0	No	8
Wang Hua	Yes	3	3	0	0	0	No	4
Shao Xinzhì	No	2	2	0	0	0	No	4

Explanation for absence from two consecutive Board meetings in person

☐ Applicable ☒ Not Applicable

Number of Board meetings held in the year 5

Of which: Number of on-site meetings 2

Number of meetings held by telecommunication 0

Number of meetings held both on site and by telecommunication 3

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

☐ Applicable ☒ Not Applicable

(III) Others

☐ Applicable ☒ Not Applicable

V. THE SPECIAL COMMITTEES ESTABLISHED UNDER THE BOARD

√ Applicable ☐ Not Applicable

(I) Personnel of The Special Committees of the Board

Categories of The Special Committees	Name of Personnel
Audit Committee	Wong Hak Kun, Yu Hon To, David, Wang Hua, Wu Qi, LI Shaohua
Nomination Committee	Li Shipeng, Wu Qi, Sun Danfeng, Wong Hak Kun
Remuneration and Appraisal Committee	Wu Qi, Li Shipeng, Wang Hua
Strategy Committee	Li Huagang, Wu Qi, Li Shipeng, Gong Wei, Chien Da-chun, Kevin Nolan, Wang Hua
ESG Committee	Chien Da-chun, LI Shaohua, Wu Qi, Gong Wei

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

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
26 March 2025	Considered and approved the following resolutions: Report on the 2024 Annual Financial Statements of Haier Smart Home Co., Ltd., 2024 Report on Internal Control Assessment of Haier Smart Home Co., Ltd., 2024 Report on Internal Control Audit of Haier Smart Home Co., Ltd., the 2024 Performance Evaluation Report on the Accountant Firm and the Report on the Supervision Obligation of the Audit Committee of the Board of the Director on the Accountant Firm of Haier Smart Home Co., Ltd., the Proposal on Re- appointment of PRC GAAP Auditor of Haier Smart Home Co., Ltd., the Proposal on Re-appointment of IFRS Auditor of Haier Smart Home Co., Ltd., the Resolution on the Anticipated Guarantees' Amounts for Haier Smart Home Co., Ltd. and its Subsidiaries in 2025, 2024 Annual Profit Distribution Plan of Haier Smart Home Co., Ltd., the Resolution on the Capital Increase by Acquisition of Haier Group Finance Co., Ltd. and Related-Party Transaction of Haier Smart Home Co., Ltd., the Risk Assessment Report on Haier Group Finance Co., Ltd. in 2024 of Haier Smart Home Co., Ltd., the Resolution on the Renewal of the Products and Materials Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation of Haier Smart Home Co., Ltd., the Resolution on the Renewal of the Services Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation of Haier Smart Home Co., Ltd., the Resolution on the Renewal of the Products and Materials Sales Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation of Haier Smart Home Co., Ltd., the Resolution on the Renewal of the Service Provision Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation of Haier Smart Home Co., Ltd., the Resolution on the Continued Entrusted Management of Qingdao Haier Optoelectronics Co., Ltd. and Related-Party Transaction of Haier Smart Home Co., Ltd., the Resolution on the Acquisition of the Real Estate of Haier White Goods R&D Centre and Related-party Transaction of Haier Smart Home Co., Ltd., the Resolution on the Conduct of Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd., the Feasibility Analysis Report on Conducting Foreign Exchange Fund Derivatives Business of Haier Smart Home Co., Ltd, the Resolution on Conducting Bulk Raw Materials Hedging Business of Haier Smart Home Co., Ltd., the Feasibility Analysis Report on Conducting Bulk Raw Materials Hedging Business of Haier Smart Home Co., Ltd., 2024 Annual Report on Performance of Duties of the Audit Committee of the Board of Haier Smart Home Co., Ltd.	No Objections	Nil

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Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
29 April 2025	Considered and approved the following resolution: the 2025 First Quarter Financial Report of Haier Smart Home Co., Ltd.	No Objections	Nil
27 August 2025	Considered and approved the following resolutions: the 2025 Interim Financial Report of Haier Smart Home Co., Ltd., the 2025 Interim Ongoing Risk Assessment Report on Haier Group Finance Co., Ltd. by Haier Smart Home Co., Ltd., the 2025 Half-year Profit Distribution Plan of Haier Smart Home Co., Ltd., the Resolution on the Acquisition of 100% Equity Interest of Qingdao Haiyunlian Industrial Development Co., Ltd. and Related-party Transaction of Haier Smart Home Co., Ltd.	No Objections	Nil
29 October 2025	Considered and approved the following resolution: the 2025 Third Quarter Financial Report of Haier Smart Home Co., Ltd.	No Objections	Nil
11 December 2025	Considered and approved the following resolution: the 2025 Annual Report on Audit Work Plan of Haier Smart Home Co., Ltd.	No Objections	Nil

(III) The Company convened 2 Nomination Committee meeting during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
25 March 2025	Considered and approved the following resolutions: the Report on the Performance of Duty of Current Directors of Haier Smart Home Co., Ltd., Supervisors and Senior Management, the 2024 Annual Report on the Performance of Duty of the Nomination Committee of the Board of Haier Smart Home Co., Ltd.	No Objections	Nil
18 April 2025	Considered and approved the following resolutions: the Resolution on Proposed Candidates of Independent Directors for the 12th Session of the Board of Haier Smart Home Co., Ltd., the Resolution on Proposed Candidates of Non-independent Directors for the 12th Session of the Board of Haier Smart Home Co., Ltd.,	No Objections	Nil

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

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
25 March 2025	Considered and approved the following resolutions: the 2024 Annual Report on Incentives for Senior Management of the Company and Implementation of Remuneration Assessment for Directors and Senior Management, the 2025 Annual Report on Remuneration and Assessment Scheme of Directors and Senior Management, the 2024 Annual Report on Performance of Duties of the Remuneration and Appraisal Committee of the Board	No Objections	Nil
18 April 2025	Considered and approved the following resolutions: the 2025 A Share Core Employee Stock Ownership Plan (draft) of Haier Smart Home Co., Ltd. and its Summary, the 2025 H Share Core Employee Stock Ownership Plan (draft) of Haier Smart Home Co., Ltd. and its Summary, the Resolution on Partial Cancellation of Share Options under the 2021 A-share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution on Partial Cancellation of Share Options under the 2022 A-share Option Incentive Scheme of Haier Smart Home Co., Ltd., the Resolution on the Vesting of the Second Phase of the 2023 A Share and H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd., the Resolution on the Vesting of the First Phase of the 2024 A Share and H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd.,	No Objections	Nil

(V) The Company convened 1 Strategy Committee meeting during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
27 March 2025	Considered and approved the following resolutions: Resolution on the Investment in Construction of a New Project with an Annual Capacity of 3 Million Washing Machines of Haier Smart Home Co., Ltd., the 2024 Annual Report on the Performance of Duties of the Strategy Committee of the Board of Haier Smart Home Co., Ltd.,	No Objections	Nil

(VI) The Company convened 2 meetings of the ESG Committee during the reporting period

Date of Meeting	Contents of Meeting	Major Opinions and Suggestions	Other Notes on Performance of Duty
25 March 2025	Considered and approved the following resolutions: the 2024 ESG Report and 2025 ESG Work Plan of Haier Smart Home Co., Ltd., 2024 Annual Report on the Performance of Duties of the ESG Committee of Haier Smart Home Co., Ltd.	No Objections	Nil
19 August 2025	Discussed the following issues: Global Carbon Project Progress: Scope 1 and Scope 2 Target Setting in China, Research Insights and Findings on Dual Materiality Assessment	No Objections	Nil

(VII) Details of Disagreements

☐ Applicable ☒ Not Applicable

VI. AUDIT COMMITTEE' EXPLANATION ON RISKS ABOUT THE COMPANY

☐ Applicable ☒ Not Applicable

Audit Committee had no objections to the supervising items during the reporting period.

VII. INFORMATION ON STAFF OF THE PARENT COMPANY AND PRINCIPAL SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Staff Information

Number of staff of the parent company	26
Number of staff of principal subsidiaries	134,969
Total number of staff	134,995
Number of employees whose retirement expenses are borne by the parent company and the principal subsidiaries	0

Breakdown by Function

Function	Number
Production	81,728
Sales	22,693
Technical	25,913
Financial	1,966
Administrative	2,695
Total	134,995

Breakdown by Education Background

Education	Number (person)
Bachelor and above	44,057
College diploma	72,626
Secondary vocational training diploma and below	18,312
Total	134,995

(II) Remuneration policies

√ Applicable ☐ Not Applicable

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

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

(III) Personnel Training

☒ Applicable ☐ Not Applicable

The Company has established a comprehensive and hierarchical system for talent training that covers all employees, including those based overseas. By providing employees with rich and diverse learning resources through a wide range of methods such as course training, special training and temporary exchange, the Company promotes talent growth in multiple dimensions for employees with different needs, thus assisting them in improving their professionalism, expertise and leadership skills. For example, during the reporting period, in order to deepen the integration of industry and education and explore new models for talent development, the Company collaborated with prestigious universities to establish 'Maker Classes'. These classes aim to identify and nurture high-potential talent aligned with Haier's development strategy at an early stage through systematic empowerment and practical business experience, whilst simultaneously enhancing students' overall employability, thereby achieving a win-win-win situation for the university, the enterprise and the students. Furthermore, in response to current developments and future trends in AI and digitalisation, the Company has launched the "Smart Home Digitalisation 2025 AI Talent Development Programme". This initiative focuses on the transition of internal digital talent towards becoming AI-specialised professionals. Elite product and development personnel were selected from various fields and organised into separate "AI Product Manager Camp" and "Large Model Development Camp". The programme comprised several months of online learning, offline workshops and an "Extreme Innovation Competition", driving the deep integration of AI talent development with manufacturing scenarios to provide robust support for the Company's intelligent transformation. Furthermore, the Company has launched a development programme for senior engineers responsible for the research of smart manufacturing, which focuses on enhancing the technical innovation capabilities of manufacturing engineers. Through a system of ranking technical projects to compete for excellence, the programme selected young engineers with high potential. Centred on practical experience with key technical projects, participants are paired one-to-one with mentors who are experts from the platform and industry. Utilising training methods such as action learning workshops, innovation empowerment through common projects, tailored mentoring, and stage-based performance evaluations, the programme enabled participants to learn by doing and do whilst learning, thereby achieving both capability enhancement and value creation through practical application.

(IV) Labor Outsourcing

☐ Applicable ☒ Not Applicable

VIII. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE

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

☒ Applicable ☐ Not Applicable

The Company's 2024 profit distribution plan was passed on its 2024 Annual General Meeting held on 28 May 2025: based on the Company's total existing shares (deducting the repurchased shares) of 9,322,644,064 (including 6,194,231,825 A shares, 271,013,973 D shares and 2,857,398,266 H shares), it was proposed that the Company would distribute cash dividends of RMB9.6504 (tax inclusive) per 10 shares to all shareholders, with a total amount before tax of RMB8,996,688,692.76 (tax inclusive). The plan was implemented and completed in July 2025. Details were set out in the Announcement on Implementation of Rights and Interests Distribution of A-shares for 2024 of Haier Smart Home Co., Ltd. (No.: Lin 2025-049) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 19 July 2025 and relevant announcements in respect of dividend distribution of D shares and H shares published on the Company's website, Hong Kong Stock Exchange and other publication platforms.

The Company's 2025 Half-year profit distribution plan was passed on its 2025 First Extraordinary General Meeting held on 16 October 2025: based on the Company's total existing shares (deducting the repurchased shares) of 9,311,542,364 (including 6,185,580,125 A shares, 271,013,973 D shares and 2,854,948,266 H shares), it was proposed that the Company would distribute cash dividends of RMB2.692 (tax inclusive) per 10 shares to all shareholders, with a total amount before tax of RMB2,506,684,210.62 (tax inclusive). The plan was implemented and completed in November 2025. Details were set out in the Announcement on Implementation of 2025 Half-year Rights and Interests Distribution of A-shares of Haier Smart Home Co., Ltd. (No.: Lin 2025-067) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 1 November 2025 and relevant announcements in respect of dividend distribution of D shares and H shares published on the Company's website, Hong Kong Stock Exchange and other publication platforms.

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

The dividend distribution plan of 2025 of the Company: based on the total number of shares after deducting the repurchased shares on equity interest record date for future profit distribution, it is proposed that the Company will distribute cash dividend of RMB8.867 per 10 shares (tax inclusive) with cash dividend of RMB8,248,280,749.27. The retained undistributed profit would be for the Company's principal business in order to maintain sustainable and stable development and to create more value for investors. The amount of this distribution, combined with the interim dividend already paid for the 2025 financial year, represents 55.0% of the net profit attributable to owners' parent company in 2025 (In addition, during the reporting period, the Company spent RMB1,200 million on the purchase of A shares and HKD100 million on the repurchase of H shares; if this is included in cash dividends, the ratio of cash dividends to net profit attributable to owners' parent company for the year would be over 61.6%).100% dividend is paid in cash. If there is any change in the total share capital of the Company during the period from the date of this report to the record date of the equity distribution, the total distribution amount will remain unchanged with corresponding adjustment to the proportion of distribution per share.

(II) Notes to the cash dividend policies

☒ Applicable ☐ Not Applicable

Whether in compliance with regulations of the Articles of Association and Requirements of the resolutions of the general meeting ☒ Yes ☐ No

Whether the standard and ratio of dividends were clear ☒ Yes ☐ No

Whether relevant procedures and mechanisms for decision-making were complete ☒ Yes ☐ No

Whether independent directors performed their duties and responsibilities ☒ Yes ☐ No

Whether minority shareholders were given the opportunity to fully express their views and demands, and whether their legitimate interests were adequately protected ☒ Yes ☐ No

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

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Number of shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	8.867
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	8,248,280,749.27
Net profit attributable to ordinary shareholders of listed company in the consolidated financial statement	19,552,798,222.85
Percentage of the amount of cash dividend to the net profit attributable to the ordinary shareholders of the listed companies in the consolidated financial statement (%)	42.18
Repurchase of shares by cash included in the amount of cash dividend	1,291,628,876.21
Total dividend amount (tax inclusive)	9,539,909,625.48
Percentage of total dividend amount to the net profit attributable to the ordinary shareholders of the listed companies in the consolidated financial statement (%)	48.79

Note: The aforementioned "Repurchase of shares by cash included in the amount of cash dividend" refers to the value of shares repurchased during the reporting period, specifically RMB1.2 billion on the purchase of A-shares and HKD100 million on the repurchase of H-shares.

(V) Cash dividend for the past three accounting years

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Cumulative amount of cash dividend for the past three accounting years (tax inclusive) (1)	27,223,126,644.87
Cumulative amount of repurchase and cancellation for the last three accounting years (2)	1,830,157,279.16
Cumulative amount of cash dividend and repurchase and cancellation for the last three accounting years (3) = (1)+(2)	29,053,283,924.03
Average annual net profit for the last three accounting years (4)	18,296,844,463.88
Cash dividend ratio for the last three accounting years (%) (5) = (3)/(4)	158.79
Net profit attributable to the ordinary shareholders of the listed companies in the consolidated financial statement for the last accounting year	19,552,798,222.85
Year-end undistributed profit in the parent company's financial statement for the last accounting year	11,632,101,669.43

IX. THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND ITS INFLUENCE

(I) Matters disclosed in temporary announcements and without any subsequent progress or change

√ Applicable ☐ Not Applicable

Summary of matters	Query index
Cancellation of certain 2021 and 2022 equity incentive options: In view of the fact that the fourth exercise period of the first/ reserved grant portion of the 2021 A-share Option Incentive Scheme and the third 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 reassignment of some of the participants, the Company cancelled the corresponding 9,652,135 share options and 25,262,727 share options that had been granted but had not yet been exercised.	For details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Cancellation of Certain Share Options Granted under the 2021 A-share Option Incentive Scheme, the 2022 A-share Option Incentive Scheme disclosed by the Company on 30 April 2025, the Announcement of Haier Smart Home Co., Ltd. on the Completion of Cancellation of Certain Share Options Granted under the 2021 A-share Option Incentive Scheme, the 2022 A-share Option Incentive Scheme and relevant contents disclosed by the Company on 10 May 2025.

Summary of matters	Query index
Introduction of New Phase of A Share and H Share Employee Stock Ownership Plan: In order to further improve the governance mechanism of the Company, create shareholder value and promote the comprehensive implementation of the Company's IoT smart home ecological brand strategy, the Company considered and introduced the 2025 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) and the 2025 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) at the 14th meeting of the 11th session of the Board of Directors held by the Company on 29 April 2025 and the 2024 Annual General Meeting held by the Company on 28 May 2025. During the reporting period, the establishment of positions for both 2025 A Share and H Share Employee Stock Ownership Plans have been completed.	For details, please refer to the 2025 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft), the 2025 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft), the Announcement of Resolutions at the General Meeting disclosed on 29 May 2025, the Announcement of the Completion of the Establishment of Positions for A Share Employee Stock Ownership Plan disclosed on 21 June 2025 the Announcement of the Completion of the Establishment of Positions for H Share Employee Stock Ownership Plan disclosed on 3 July 2025 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

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(III) Share option granted to directors and senior management during the reporting period

√ Applicable □ Not Applicable

Unit: 0,000 shares

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Exercisable shares during the reporting period	Shares subject to stock option exercised during the reporting period	price (RMB)	Number of stock options held at the end of the reporting period	Market value at the end of the reporting period (RMB)
Li Huagang	Director	36.56	0	0	-18.28	/	18.28	26.09
Gong Wei	Director	18.28	0	0	-9.14	/	9.14	26.09
Li Shaohua	Director	6.24	0	0	-3.12	/	3.12	26.09
Sun Danfeng	Director	3.75	0	0	-1.87	/	1.87	26.09
Li Pan	Senior management	18.28	0	0	-9.14	/	9.14	26.09
Zhao Yanfeng	Senior management	18.73	0	0	-9.36	/	9.36	26.09
Li Yang	Senior management	18.28	0	0	-9.14	/	9.14	26.09
Song Yujun		12.49	0	0	-6.24	/	6.24	26.09
Guan Jiangyong	Senior management	9.14	0	0	-4.57	/	4.57	26.09
Wu Yong	Senior management	9.14	0	0	-4.57	/	4.57	26.09
Fu Songhui	Senior management	7.49	0	0	-3.75	/	3.75	26.09
Huang Decheng	Senior management	9.99	0	0	-4.99	/	4.99	26.09
Sun Jiacheng	Senior management	9.99	0	0	-4.99	/	4.99	26.09
JAMES QUN LIU	Senior management	10.24	0	0	-10.24	/	0	26.09
Huang Xiaowu	Senior management	18.28	0	0	-9.14	/	9.14	26.09
Liu Xiaomei	Senior management	5.82	0	0	-2.91	/	2.91	26.09
Total	/	212.70	0	0	-111.45	/	101.21	/

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

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

☒ Applicable ☐ Not Applicable

The cash remuneration of executives in 2025 consists of monthly remuneration, bonuses and sharing, and is linked to orders triggered by the upgrade of the Company's Internet of Things from "high-end brands" to "scenario brands" to "ecological brands". Focusing on the rapid improvement of profitability and through digital transformation, the Company enhanced its competitiveness in the whole process, and achieved sharing of high added-value. Through the innovation of the mechanism, the Company encouraged its executives to achieve higher market goals, thus achieving a win-win situation for users, employees, enterprises and stakeholders. At the same time, the Company continues to promote the implementation of the employee stock ownership and other long-term incentive plans; multiple incentive tools will be effectively utilised to mobilise competent management, frontline managers and business and technical backbones on a wider scale, further aligning the interests of shareholders, the Company and incentive recipients, and bringing more efficient and sustainable returns to shareholders.

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

☒ Applicable ☐ Not Applicable

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

For details, please refer to the 2025 Internal Control Assessment Report of Haier Smart Home Co., Ltd. disclosed on the same day of this report.

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

☐ Applicable ☒ Not Applicable

XI. CONTROL OVER MANAGEMENT OF SUBSIDIARIES DURING THE REPORTING PERIOD

☒ Applicable ☐ Not Applicable

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

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

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

5. Operation analysis and performance evaluation: The Company regularly convenes global and industry-specific performance and operations meetings to discuss the operations and performance and carries out performance evaluation.
6. Information transmission: The Company widely collects macroeconomic and industry development information, market information, regulatory compliance and other external information through various channels, and analyzes and organizes the collected information into research reports every month, which are submitted to different levels of management after review. The management of the parent company holds regular meetings with industries and segments to convey the management requirements of the parent company and to be aware of the operation status of subsidiaries in a timely manner. At the same time, the Company has formulated the information security and internal report confidentiality system, which specifies the confidentiality content, confidentiality measures, confidentiality level and transmission scope to prevent the disclosure of commercial secrets.
7. Test and audit of internal control: During the reporting period, the parent company conducts test and audit of internal control for subsidiaries, which account for more than 87% and 89% of revenue and assets of the parent Company in aggregate, respectively, to identify problems in a timely manner and facilitate the closed-loop rectification of problems.

Risk Warning Regarding Abnormal Management Control Over Subsidiaries

☐ Applicable ☒ Not Applicable

XII. RELEVANT EXPLANATIONS ON THE AUDIT REPORT OF INTERNAL CONTROL

☒ Applicable ☐ Not Applicable

Nil

Whether to disclose the audit report on internal control: Yes

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

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

Not Applicable

XIV. 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)		6
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	Qingdao Haier Washing Appliance Co., Ltd.	http://221.214.62.226:8090/EnvironmentDisclosure/
4	Qingdao Economic and Technological Development Zone Haier Water Heater Co., Ltd.	http://221.214.62.226:8090/EnvironmentDisclosure/
5	Qingdao Haier Smart Electrics Equipment Co. Ltd.	http://221.214.62.226:8090/EnvironmentDisclosure/
6	Zhengzhou Haier Air-conditioning Co., Ltd.	http://222.143.24.250:8247/home/home

Other explanations

☐ Applicable ☒ Not Applicable

XV. PERFORMANCE OF SOCIAL RESPONSIBILITIES

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

☒ Applicable ☐ Not Applicable

The Company will disclose its 2025 Sustainability Report within the stipulated timeframe to which investors are advised to pay attention.

(II) Details of social responsibility works

☒ Applicable ☐ Not Applicable

External donation, public welfare projects	Quantity/Content
Total Contribution (RMB0'000)	788.18
Among which: Funds (RMB0'000)	788.18

Specifications

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

Poverty alleviation and rural revitalization projects	Quantity/Content	Description
Total Contribution (RMB0'000)	60.70	
Among which: Funds (RMB0'000)	60.70	

Forms of assistance (such as poverty alleviation through industry development, poverty alleviation through employment, poverty alleviation through education, etc.) Poverty alleviation through education, etc.

Specifications

☒ Applicable ☐ Not Applicable

The Company places high importance on poverty alleviation and rural revitalization efforts. In accordance with national planning documents and policy requirements, and within the scope of authorization granted by the shareholders' meeting for matters such as donations, it provides targeted assistance to support technological advancement and rural revitalization. During the reporting period, the company allocated funds for targeted poverty alleviation initiatives, to support technological innovation and education-based poverty reduction. This actively responds to government calls and fulfills social responsibilities.

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For instance, during the reporting period, an earthquake struck Dingri County in Shigatse City, Tibet Autonomous Region, leaving local residents in urgent need of essential cold-weather supplies and food, which drew widespread public attention. Haier responded immediately by formulating a relief plan. Collaborating with the Tibet Kezhong Technology Haier Store, the Company rushed aid to the disaster area, donating electric water heaters and daily necessities to the Shigatse Red Cross Society. Working against the clock to assist affected residents, Haier helped the people of Dingri County restore their daily lives and rebuild their homes. In addition, during the reporting period, the Company continued to fulfil its social responsibilities by supporting the construction of Hope Primary School and contributing to the growth of technology funds.

XVII. OTHERS

☐ Applicable ☒ Not Applicable

Section V Significant Events

I. FULFILLMENT STATUS OF UNDERTAKINGS

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

√ Applicable □ Not Applicable

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

Section V Significant Events

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

Section V Significant Events

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

Section V Significant Events

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

Section V Significant Events

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

Section V Significant Events

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

Section V Significant Events

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertakings related to Equity incentive	Others	Haier Smart Home Co., Ltd.	The Company will not provide loans or any other forms of financial assistance, including guaranteeing their loans, to any incentive recipient for acquiring relevant stock options under this incentive plan.	15 September 2021/28 June 2022	Yes	The completion of equity incentive implementation	Yes
Other undertakings	Asset injection	Haier Group Corporation	Inject the assets of Haier Photoelectric to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2030. For more details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Changes of Some Commitments on Asset Injection (Lin 2025- 013) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 28 March 2025, as well as the announcement of relevant shareholders' meeting resolutions disclosed on 29 May 2025.	December 2015/ March 2025	Yes	30 June 2030	Yes

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

☐ Reached ☐ Not Reached ☒ Not Applicable

(III) Performance commitments

☐ Applicable ☒ Not Applicable

Changes in performance commitments

☐ Applicable ☒ Not Applicable

Other explanations

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

III. INFORMATION ON NON-COMPLIANCE GUARANTEES

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

(III) Communication with former accounting firm

☐ Applicable ☒ Not Applicable

(IV) Approval processes and other explanations

☐ Applicable ☒ Not Applicable

Section V Significant Events

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRM

Unit and Currency: RMB0'000

Current appointment	
Name of domestic accounting firm	Hexin Certified Public Accountants LLP
Remuneration of domestic accounting firm	655
Audit period of domestic accounting firm	13 years
Names of certified public accountants of domestic accounting firm	Zhang Jun, Li Xiang Zhi
Number of accumulative years of audit services of certified public accountants in domestic accounting firms	1 years, 4 years
Name of overseas accounting firm	HLB Hodgson Impey Cheng Limited
Remuneration of overseas accounting firm	389
Audit period of overseas accounting firm	6 years

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

Explanation of appointment and dismissal of accounting firm

☐ Applicable ☒ Not Applicable

Explanation of change of accounting firm during the auditing period

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

VII. POSSIBILITY OF DELISTING

(I) Reasons of warning for delisting risks

☐ Applicable ☒ Not Applicable

(II) Response measures to be taken by the Company

☐ Applicable ☒ Not Applicable

(III) Circumstances and reasons for termination of listing

☐ Applicable ☒ Not Applicable

VIII. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

☐ Applicable ☒ Not Applicable

IX. MATERIAL LITIGATION AND ARBITRATION MATTERS

☐ Material litigation and arbitration matters during the year

☒ No material litigation and arbitration matters during the year

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

XII. SIGNIFICANT RELATED-PARTY TRANSACTIONS

(I) Related-party transactions from daily operation

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

√ Applicable ☐ Not Applicable

Summary of matters	Query index
Renewal of the Framework Agreement on Regular Related-Party Transaction and the Estimated Related-Party Transaction Limit: During the reporting period, the Company renewed its regular related-party transaction with the related parties for the procurement of products and materials for the period from 2026 to 2028, which was approved by the shareholders' meeting.	For details, please refer to the Announcement on the Renewal of the Framework Agreement on Regular Related-Party Transaction and the Estimated Related-Party Transaction Limit of Haier Smart Home Co., Ltd. disclosed by the Company on 28 March 2025, and other related announcements, as well as the Announcement of Resolutions at the Shareholders' Meeting disclosed on 29 May 2025.

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

√ Applicable ☐ Not Applicable

Pursuant to, among others, the “Product and Materials Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation” (《海尔智家股份有限公司与海尔集团公司之产品及物料采购框架协议》) and the “Services Procurement Framework Agreement between Haier Smart Home Co., Ltd. and Haier Group Corporation” (《海尔智家股份有限公司与海尔集团公司之服务采购框架协议》) considered and approved at the 28th meeting of the 10th session of the Board of Directors and the 2021 Annual General Meeting, and the “Resolution of Haier Smart Home Co., Ltd. on Renewing the Framework Agreement on Financial Services with Haier Group Corporation and Haier Group Finance Co., Ltd. and Estimated Amount of Connected Transactions” (《海尔智家股份有限公司关于与海尔集团公司、海尔集团财务有限责任公司续签〈金融服务框架协议〉暨预计关联交易额度的议案》) considered and approved at the 4th meeting of the 11th session of the Board of Directors and the 2022 Annual General Meeting, the Company has made estimation on the connected transactions for the next three years (including 2025), as detailed in the aforesaid announcements regarding the resolutions of the meetings.

For the actual performance of the Company's connected transactions during the year of 2025, 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. Matter disclosed in temporary announcements and with no subsequent progress or change

☒ Applicable ☐ Not Applicable

Summary of matters	Query index
Acquisition of the Real Estate of Haier White Goods R&D Centre and Related-party Transaction: Qingdao Haier Air Conditioner Gen Corp., Ltd., the Company's wholly-owned subsidiary, purchased the Real Estate of Haier White Goods R&D Centre from Haier Group Corporation to meet its office needs. The purchase price was RMB267 million.	For details, please refer to the Announcement on the Acquisition of the Real Estate of Haier White Goods R&D Centre and Related-party Transaction of Haier Smart Home Co., Ltd. disclosed by the Company on 28 March 2025.
Acquisition of 100% Equity Interest of Qingdao Haiyunlian Industrial Development Co., Ltd.: Qingdao Haier Carrier Refrigeration Equipment Co., Ltd., the Company's wholly-owned subsidiary, proposed to acquire 100% equity interest of Qingdao Haiyunlian Industrial Development Co., Ltd. from Qingdao Haier Industrial Development Co., Ltd. to meet its needs of business development. The purchase price was RMB68 million.	For details, please refer to the Announcement on the Acquisition of 100% Equity Interest of Qingdao Haiyunlian Industrial Development Co., Ltd. and Related-party Transaction of Haier Smart Home Co., Ltd. disclosed by the Company on 29 August 2025.

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

Section V Significant Events

(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

Summary of matters	Query index
Haier Group Finance Co., Ltd. (hereinafter, the "Finance Company") planned to increase its capital by converting undistributed profits into capital, with a total capital increase of RMB3 billion. Upon completion of the capital increase, Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Qingdao Haier Air Conditioner Gen Corp., Ltd., the Company's subsidiaries, as well as Haier Group Corporation and Qingdao Haikeda Electronics Co., Ltd., the Company's related parties, will increase their capital contributions to the Finance Company in proportion to their existing shareholding, and the shareholding of each party in the Finance Company will remain unchanged.	For more details, please refer to the Announcement on the Proportional Capital Increase of the Joint-stock Company, Haier Group Finance Co., Ltd. by Converting Undistributed Profits into Capital and Related-Party Transaction of Haier Smart Home Co., Ltd. (Lin 2025—008) disclosed by the Company on 28 March 2025.

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

☐ Applicable ☒ Not Applicable

3. Matters not disclosed in temporary announcements

☐ Applicable ☒ Not Applicable

(IV) Amounts due to or from related parties

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

3. Matters that haven't been disclosed in temporary announcements

☐ Applicable ☒ Not Applicable

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

√ Applicable ☐ Not Applicable

1. Deposit business

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Maximum daily deposit limit	Range of deposit interest	Balance as at the beginning of the period	Changes of the period		Balance as at the end of the period
					Total amount deposited during the period	Total amount withdrawn during the period	
Haier Group Finance Co., Ltd.	A subsidiary of Haier Group	34 billion	0.0001% to 4.1%	33,951,519,130.81	560,821,356,900.08	560,798,441,894.77	33,974,434,136.12
Total	/	/	/	33,951,519,130.81	560,821,356,900.08	560,798,441,894.77	33,974,434,136.12

2. Lending business

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Loan limit	Range of loan interest	Balance as at the beginning of the period	Changes of the period		Balance as at the end of the period
					Total loan amount for the period	Total repayment amount for the period	
Haier Group Finance Co., Ltd.	A subsidiary of Haier Group	10 billion	1.828%-4.9%	196,200,183.66	3,691,420,649.45	121,047,120.59	3,766,573,712.52
Total	/	/	/	196,200,183.66	3,691,420,649.45	121,047,120.59	3,766,573,712.52

3. Credit business or other finance businesses

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Related party	Relationship	Type of business	Total amount	Actual amount of occurrence
Haier Group Finance Co., Ltd.	A subsidiary of Haier Group	Foreign exchange derivatives	5,500,000,000	2,507,682,748.01
Haier Group Finance Co., Ltd.	A subsidiary of Haier Group	Service fees	80,000,000	8,596,687.62

Section V Significant Events

4. Other explanations

☐ Applicable ☒ Not Applicable

(VI) Others

☐ Applicable ☒ Not Applicable

XIII.SIGNIFICANT CONTRACTS AND THEIR EXECUTION

(I) Trusteeship, contracting and leasing

1. Trusteeship

☐ Applicable ☒ Not Applicable

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

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

2. Contracting

☐ Applicable ☒ Not Applicable

3. Leasing

☐ Applicable ☒ Not Applicable

Section V Significant Events

(II) Guarantee

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

External guarantees provided by the Company (excluding guarantees for subsidiaries)													
Guarantor	Relationship between the guarantor and the listed company	Secured party	Amount of guarantee	Date of occurrence of the guarantee (date of agreement)	Commencement date of guarantee	Expiration date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Overdue amount of the guarantee	Whether there is a counter-guarantee	Whether Related-party guarantee or not
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													705,170
Total balance of guarantees for subsidiaries at the end of the reporting period (B)													721,348
Total amount of guarantees provided by the Company (including guarantees for subsidiaries)													
Total amount of guarantee (A + B)													721,348
Ratio of total amount of guarantees to net assets of the Company (%)													6.1
Including:													
Amount of guarantees for shareholders, ultimate controllers and their related parties(C)													0
Amount of debt guarantees provided directly or indirectly for the secured party with asset-liability ratio exceeding 70% (D)													94,060
The amount of total amount of guarantee in excess of 50% of net assets (E)													0
Total amount of the above three guarantees (C + D + E)													94,060
Explanation of possibly bearing related discharge duty for premature guarantees													Nil
Explanation of guarantee status													Nil

(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) Overall of entrusted wealth management

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Type	Risk characteristics	Premature balance	Past due uncollected amount
Brokerage wealth management product	Low risk	49,708,806	
Bank wealth management product	Low risk	1,434,000,000.00	

Others

☐ Applicable ☒ Not Applicable

Section V Significant Events

(2) Individual entrusted wealth management

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Trustee	Type of entrusted wealth management	Risk characteristics	Commencement		Expiration date of entrusted wealth management	Investment	Whether there are restrictions	Actual gains or losses	Undue amount	Past due uncollected amount
			Amount of entrusted wealth management	date of entrusted wealth management						
Asset management account of Industrial Bank CO., LTD.	Brokerage wealth management product	Low risk	49,708,806			Money market fund	NO		49,708,806	
Haier Road sub-branch of Construction Bank	Bank wealth management product	Low risk	134,000,000	2025/11/21	2026/1/8	Managed by deposit	NO		134,000,000	
Haier Road sub-branch of Construction Bank	Bank wealth management product	Low risk	300,000,000	2025/9/18	2026/3/18	Managed by deposit	NO		300,000,000	
Minsheng Bank	Bank wealth management product	Low risk	1,000,000,000	2025/12/31	2026/2/4	Managed by deposit	NO		1,000,000,000	

Others

☐ Applicable ☒ Not Applicable

(3) Provisions for impairment of entrusted wealth management

☐ Applicable ☒ Not Applicable

2. Entrusted loans

(1) Overall entrusted loans

☐ Applicable ☒ Not Applicable

Others

☐ Applicable ☒ Not Applicable

(2) Individual entrusted loans

☐ Applicable ☒ Not Applicable

Others

☐ Applicable ☒ Not Applicable

(3) Provisions for impairment of entrusted loans

☐ Applicable ☒ Not Applicable

3. Others

☐ Applicable ☒ Not Applicable

(IV) Other Major Contracts

☐ Applicable ☒ Not Applicable

XIV.EXPLANATION OF PROGRESS IN USE OF PROCEEDS

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

Section 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

Unit: share

	Prior to the change		Increase and decrease of the change (+,-)					After the change	
	Number	Percentage (%)	New shares issued	Bonus shares	Shares converted from reserve	Others	Subtotal	Number	Percentage (%)
I. Shares with selling restrictions									
1. Shares held by the state									
2. Shares held by the state-owned legal entities									
3. Shares held by other domestic investors									
Including:									
shares held by Domestic non-state-owned legal entities									
Shares held by domestic individuals									
4. Shares held by foreign investors									
Including:									
shares held by foreign legal entities									
Shares held by foreign individuals									
II. Tradable shares without selling restrictions									
1. RMB ordinary shares	6,254,501,095	66.66				-1,472,684	-1,472,684	6,253,028,411	66.68
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	3,128,412,239	33.34				-3,811,000	-3,811,000	3,124,601,239	33.32
4. Others									
III. Total shares	9,382,913,334	100.00				-5,283,684	-5,283,684	9,377,629,650	100.00

Section VI Changes in Shares and Information about Shareholders

2. Statement on the changes in shares

☒ Applicable ☐ Not Applicable

- (1) **Cancellation of A share repurchase:** The Resolution on the Change of Use and Cancellation of Partial Repurchased Shares of Haier Smart Home Co., Ltd. was considered and approved by the Company at the 2025 First Extraordinary General Meeting, 2025 Second A Share Class Meeting, 2025 Second D Share Class Meeting, and 2025 Second H Share Class Meeting held on 16 October 2025. The Company proposes to change the use of the repurchased shares under the Company's 2022 Annual Repurchase Plan from "for equity incentives/employee stock ownership plan" to "for cancellation to reduce registered capital", i.e., all 1,472,684 shares in the designated securities repurchase account under the 2022 Annual Repurchase Plan is proposed to be canceled and the registered capital of the Company is proposed to be reduced accordingly. This cancellation was completed on 5 December 2025. For details, please refer to the Announcement on the Completion of Cancellation of Partial Repurchased Shares and Share Changes of Haier Smart Home Co., Ltd. (Announcement No.: Lin 2025-071) disclosed by the Company on 5 December 2025.
- (2) **Cancellation of H share repurchase:** On 20 June 2024, the Resolution on Proposing the General Meeting to Grant the General Mandate to the Board of Directors to Repurchase not more than 10% of the Total Number of H shares of the Company in Issue of Haier Smart Home Co., Ltd. was considered and approved by the Company at the 2023 Annual General Meeting, 2024 First A Share Class Meeting, 2024 First D Share Class Meeting, and 2024 First H Share Class Meeting. The Company intends to repurchase H shares and cancel them within the agreed period. During the reporting period, the Company repurchased a total of 3,811,000 H shares, which have been cancelled. For details, please refer to the Announcement on Changes in Share of Overseas Listed Foreign Shares (H Shares) of Haier Smart Home Co., Ltd. (《海尔智家股份有限公司关于境外上市外资股(H股)股份变动情况的公告》) (No.: Lin 2025-072) disclosed by the Company on 18 December 2025.

Based on the above, during the reporting period, the share capital of the Company was changed from 9,382,913,334 shares at the beginning of the reporting period to 9,377,629,650 shares.

Section VI Changes in Shares and Information about Shareholders

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

☒ Applicable ☐ Not Applicable

In 2025, the Company achieved net profit attributable to shareholders of the Parent Company of RMB19,552,798,222.85, equity attributable to owners of the Parent Company of RMB118,698,401,416.58, in terms of total share capital of 9,382,913,334 shares at the beginning of the period, profit per share was RMB2.084 and net asset was RMB12.650 per share accordingly; in terms of total share capital of 9,377,629,650 shares at the end of the period, profit per share was RMB2.085 and net asset was RMB12.658 per share accordingly.

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

☐ Applicable ☒ Not Applicable

(II) Changes in shares with selling restriction

☐ Applicable ☒ Not Applicable

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issuance of securities as of the reporting period

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable

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

(III) Information on existing shares specifically issued for staff

☐ Applicable ☒ Not Applicable

Section VI Changes in Shares and Information about Shareholders

III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLERS

(I) Total number of shareholders

Total number of ordinary shareholders up to the end of the reporting period	156,478
Total number of ordinary shareholders as at the end of the last month prior to the disclosure day of the annual report	182,481

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

Unit: share

Shareholdings of top ten shareholders (excluding the lending of shares under refinancing)							
Name of shareholder (full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held with selling restrictions	Status of shares pledged, marked or frozen		Nature of shareholder
					Status	Number	
HKSCC NOMINEES LIMITED		2,312,302,816	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.		343,466,764	3.66		None		Unknown
China Securities Finance Corporation Limited		182,592,654	1.95		None		State-owned legal entity
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询 有限公司)		172,252,560	1.84		None		Domestic non-state- owned legal entity
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管 理咨询企业(有限合伙))		133,791,058	1.43		None		Domestic non-state- owned legal entity
National Social Security Fund Investment Portfolio 113		73,000,090	0.78		None		Unknown
Industrial and Commercial Bank of China — Shanghai 50 Exchange-traded Open-End Index Securities Investment Fund (中国工商银行—上证 50交易型开放式指数证券投 资基金)		69,411,792	0.74		None		Unknown

Section VI Changes in Shares and Information about Shareholders

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

Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,312,302,816	Overseas listed foreign shares	2,312,302,816
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	1,258,684,824	RMB ordinary	1,258,684,824
Haier Group Corporation	1,072,610,764	RMB ordinary	1,072,610,764
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000
Hong Kong Securities Clearing Co., Ltd.	343,466,764	RMB ordinary	343,466,764
China Securities Finance Corporation Limited	182,592,654	RMB ordinary	182,592,654
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司)	172,252,560	RMB ordinary	172,252,560
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合伙))	133,791,058	RMB ordinary	133,791,058
National Social Security Fund Investment Portfolio 113	73,000,090	RMB ordinary	73,000,090

Section VI Changes in Shares and Information about Shareholders

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

Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares	
		Class	Number
Industrial and Commercial Bank of China — Shanghai 50 Exchange-traded Open-End Index Securities Investment Fund (中国工商银行—上证50交易型开放式指数证券投资基金)	69,411,792	RMB ordinary	69,411,792
Explanation on repurchase account of top ten shareholders	As at the end of the reporting period, the Company's repurchase account held 69,791,486 shares.		
Explanation on delegated voting rights, entrusted voting rights, abstained voting rights of the aforesaid shareholders	Nil		
Related parties or parties acting in concert among the aforesaid shareholders	(1) Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司) is a holding subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Each of Qingdao Haier Venture & Investment Information Co., Ltd.(青岛海尔创业投资咨询有限公司), HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED and Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合伙)) is a party acting in concert with Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.		

Section VI Changes in Shares and Information about Shareholders

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

Name of shareholder	Number of tradable shares without selling restrictions	Class and number of shares	
		Class	Number
Explanation of preferential shareholders with restoration of voting rights and their shareholdings	Not Applicable		

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

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

IV. CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

(I) Status of controlling shareholder

1. Legal person

☒ Applicable ☐ Not Applicable

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

Section VI Changes in Shares and Information about Shareholders

2. Natural person

☐ Applicable ☒ Not Applicable

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

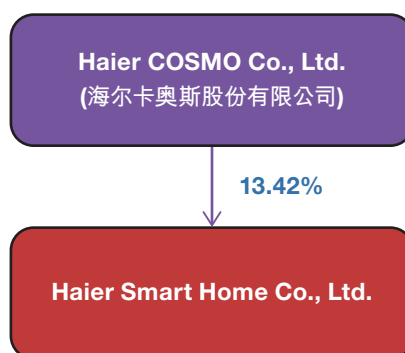
☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable



(II) Status of the ultimate controller

1. Legal person

☒ Applicable ☐ Not Applicable

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

Section VI Changes in Shares and Information about Shareholders

Principal business	Technology development, technology consultation, technology transfer and technology services (including industrial Internet, etc.); data processing; digital technology, intelligent technology, software technology; research and development, sales and after-sales service of robots and automation equipment products; logistics information service; research and development and sales of software technology for smart home products and solutions systems; manufacturing of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen utensils, industrial robots; wholesale and retail of domestic commerce (except for the national dangerous prohibition franchise exclusive control merchandises); import and export business (see the foreign trade enterprise finalized certification for details); economic and technological consultation; research and development and transfer of technological achievements; rental of owned properties. (For projects subject to approval, business activities can only be carried out after the approval by relevant departments)
Shareholding of other controlling and participating domestic and overseas listed companies in the reporting period	Indirect/direct control of/participation in the Company: 'Qingdao Haier Biomedical Co., Ltd.' (青岛海尔生物医疗股份有限公司) (stock name: 'Haier Biomedical', stock code: 688139), Yingkang Life Technology Co., Ltd. (盈康生命科技股份有限公司) (stock name: 'Yingkang Life', stock code: 300143), 'Qingdao Bank Co., Ltd.' (青岛银行股份有限公司) (stock name: 'Bank of Qingdao', stock code: 002948 and 3866.HK), 'Qingdao Thunderobot Technology. Co., Ltd.' (stock name: 'THUNDEROBOT', stock code: 872190), Shanghai Raas Blood Products Co.,Ltd (上海莱士血液制品股份有限公司) (stock name: 'SHANGHAI RAAS', stock code: 002252), Zhongmiao Holdings (Qingdao) Co., Ltd. (stock name: 'ZHONGMIAO HOLDINGS', stock code: 1471.HK), Autohome Inc. (stock name: 'Autohome', stock code: 2518.HK and ATHM.N), Shanghai STEP Electric Corporation (stock name: 'STEP', stock code: 002527.SZ), etc.
Other explanation	Nil

Section VI Changes in Shares and Information about Shareholders

2. Natural person

☐ Applicable ☒ Not Applicable

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

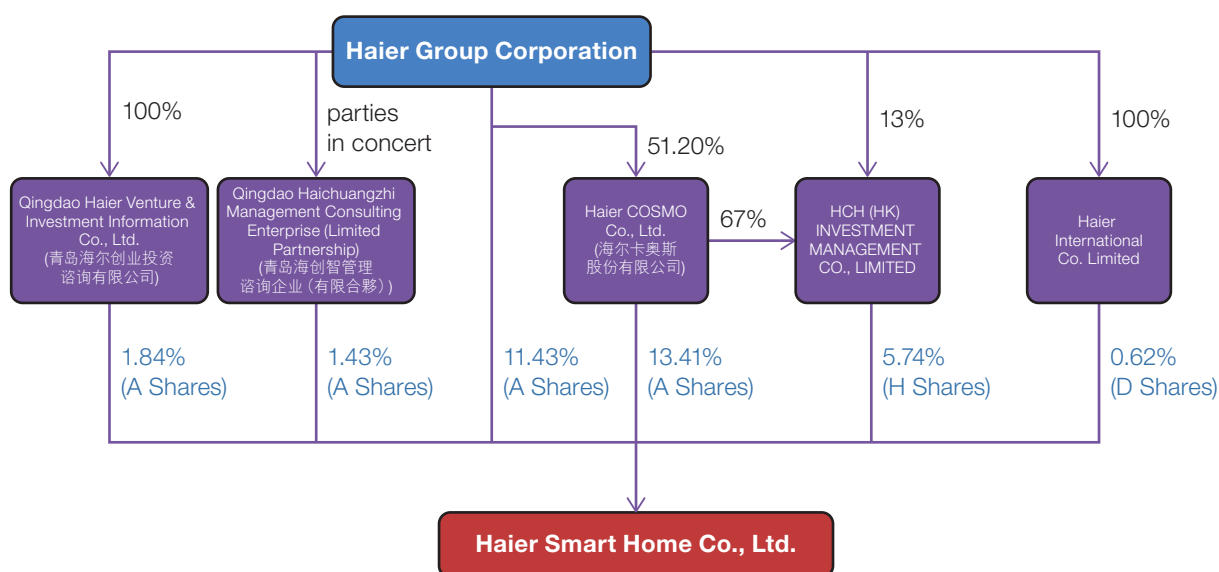
☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not Applicable



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

☐ Applicable ☒ Not Applicable

(III) Introduction of controlling shareholders and ultimate controllers

☒ Applicable ☐ Not Applicable

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

Section VI Changes in Shares and Information about Shareholders

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

VII. EXPLANATION OF RESTRICTIONS ON SHAREHOLDING REDUCTION

☐ Applicable ☒ Not Applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name of share repurchase plan	Haier Smart Home Co., Ltd.'s public share proposal in relation to the partial repurchase of A Shares
Date of disclosure of the share repurchase plan	28 March 2025
Number of shares proposed to be repurchased and its percentage to the total share capital (%)	25.00 million shares to 50.00 million shares, 0.27 to 0.53
Proposed amount of repurchase	RMB1.0–2.0 billion
Proposed period of repurchase	28 March 2025–27 March 2026
Purpose of repurchase	Used for employee share ownership plans
Amount repurchased (share)	42,825,700
Repurchased amount as a percentage to the underlying shares covered by the equity incentive scheme (%) (if any)	Not Applicable
Progress of the Company's reduction of its holdings of repurchased shares by way of centralised bidding	Not Applicable

Note: During the reporting period, the Company also implemented the H-share repurchase scheme. For details, please refer to "2. Statement on the changes in shares" under "Section VII Changes in Shares and Information about Shareholders" of this report and the Announcement on the Changes in Shares of Overseas Listed Foreign Shares (H Shares) of Haier Smart Home Co., Ltd. (《海尔智家股份有限公司关于境外上市外资股(H股)股份变动情况的公告》) (No.: Lin 2025-072) disclosed by the Company on 18 December 2025.

Section VI Changes in Shares and Information about Shareholders

IX. 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

Section VII Relevant Information of Corporate Bonds

(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

The interest payments and redemptions of bonds during the reporting period

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

3. Intermediary institutions providing services for bond issuance and duration business

Nil

Changes in the above intermediary institutions

☐ Applicable ☒ Not Applicable

Section VII Relevant Information of Corporate Bonds

4. Utilisation of raised funds as at the end of the reporting period

☐ Applicable ☒ Not Applicable

Progress of construction projects financed by the raised funds and operational benefits

☐ Applicable ☒ Not Applicable

Explanation of changes in the use of raised funds from the above bonds during the reporting period

☐ Applicable ☒ Not Applicable

Other explanations:

☐ Applicable ☒ Not Applicable

5. Adjustment of credit rating results

☐ Applicable ☒ Not Applicable

Other explanations:

☐ Applicable ☒ Not Applicable

6. 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

7. 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) Overdue interest-bearing liabilities (excluding bonds) as at the end of the reporting period

☐ Applicable ☒ Not Applicable

(VIII) Impact on the rights and interests of bond investors during the reporting period arising from violations of laws and regulations, the Company's articles of association, provisions of the information disclosure management system, or agreements and undertakings in the bond prospectus

☐ Applicable ☒ Not Applicable

Section VII Relevant Information of Corporate Bonds

(IX) Accounting data and financial indicators of the Company for the last two years as at the end of the reporting period

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Main indicators	2025	2024	Increase/decrease for the period compared with the corresponding period of last year
			(%)
Net profit attributable to shareholders of the listed company, excluding non- recurring gains and losses	18,603,631,637.54	17,804,732,809.63	4.49
Current ratio	1.07	1.02	5.70
Quick ratio	0.74	0.73	2.37
Gearing ratio (%)	57.41	59.14	-2.92
EBITDA to total debt ratio	38.71%	37.89%	2.16
Interest coverage ratio	9.76	9.33	4.62
Cash interest coverage ratio	9.70	9.65	0.57
EBITDA interest coverage ratio	13.03	12.30	5.90

II. CONVERTIBLE CORPORATE BOND

☐ Applicable ☒ Not Applicable

Section VIII Financial Report

I. AUDIT REPORT

☒ Applicable ☐ Not Applicable

Audit Report

He Xin Shen Zi. (2026) No.000296

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

I. AUDIT OPINION

We have audited the financial statements of Haier Smart Home Co., Ltd. (hereinafter referred to as the 'Haier Smart Home Co.'), which comprise the Consolidated and the Company's Balance Sheet as at 31 December 2025, the Consolidated and the Company's Income Statement, the Consolidated and the Company's Cash Flow Statement, the Consolidated and the Company's Statement of Changes in Shareholders' Equity for the year 2025, and notes related to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Consolidated and the Company's financial position of the Haier Smart Home Co as at 31 December 2025, and the Consolidated and the Company's financial performance and cash flow for the year 2025 in accordance with the requirements of Accounting Standards for Business Enterprises.

II. BASIS OF OUR AUDIT OPINION

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

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identify the following matters as the key audit matters that need to be communicated in the audit report:

Section VIII Financial Report

Key Audit Matters	Audit Response
(I) Provision for impairment of goodwill and intangible assets with indefinite useful lives	
Relevant disclosures are included in Note V. 30 Other significant accounting policies and accounting estimates and Note V.20 Impairment of long-term assets to the financial statements. As of 31 December 2025, the book value of goodwill was RMB27.300 billion, and the book value of intangible assets with indefinite useful lives was RMB2.705 billion, without any provision for asset impairment. Whether the provision for impairment of long-term assets was sufficient had great influence to the financial statements. Significant management judgments are involved in calculation of asset group's recoverable amount, such as revenue growth rate, gross margin, discount rate, etc. Provision for impairment of goodwill and intangible assets with indefinite useful lives is considered as the key audit matter due to the significant amount and management judgement involved in calculation.	We mainly implemented the following audit procedures on the provisions for the impairment of goodwill and intangible assets with indefinite useful life: (1) Compared the actual operating results of the related assets group with previous year's forecasted figures, to assess the reliability of the management forecast on cash flow; (2) Compared the input of cash flow forecast with historical data, approved budget and business plan; (3) Tested the calculation accuracy of the discounted cash flow model; (4) Assessed the appropriateness of parameters in the cash flow conversion model, such as the discount rate and the perpetual growth rate. The assessment is based our understanding of the Company's businesses and the industry.

Key Audit Matters	Audit Response
(II) Provision for impairment of inventory	
Relevant disclosures are included in Note VII.9 Inventory to the financial statements. The Company's inventories are measured at the lower of cost and net realizable value. As of 31 December 2025, the inventory balance was RMB48.747 billion, and the provision for impairment of inventory was RMB1.898 billion and the book value was RMB46.849 billion. Whether the provision for the impairment of inventories was sufficient and accurate had great influence to the financial statements. The Company determines the net realizable value of inventory based on the estimated selling price minus the estimated selling expenses and related taxes. Management estimates the selling price based on the status of inventory. The estimation process involves significant management judgments such as inventory status, repair rate, discount rate, etc. Provision for inventories is considered as the key audit matter due to the significant amount and management judgement involved in calculation.	We mainly implemented the following audit procedures on the provision for impairment of inventories: (1) Obtained the calculation table for provision for impairment of inventory of the Company, and reviewed the conditions and aging of the products models stated in the table to see whether they are consistent with the information obtained through physical inventory on a sample basis; (2) Compared the major parameters estimated by management with historical data, and assessed the appropriateness; (3) Assessed the selling price estimated by the management, and checked the inventory against the actual selling price after the balance sheet date on a sample basis; (4) Assessed selling expenses and related tax estimated by management and compared with actual amounts incurred.

IV. OTHER INFORMATION

The management of Haier Smart Home Co (hereinafter referred to as the "Management") is responsible for other information. Other information includes the information covered in the 2025 annual report of Haier Smart Home Co, but does not include the financial statements and our audit reports.

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

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

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

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

The Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the requirements as set out in the Accounting Standards for Business Enterprises, and for such internal control as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management are responsible for assessing the ability of Haier Smart Home Co to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Haier Smart Home Co or to cease operations, or has no realistic alternative but to do so.

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

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

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

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

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used by the Management and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

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

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

Hexin Certified Public Accountants LLP
Certified Public Accountant: Zhang Jun (Engagement Partner)
Certified Public Accountant: Li Xiang Zhi

Jinan, China
26 March 2026

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet

31 December 2025

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	31 December 2025	31 December 2024
Current assets:			
Monetary funds	VII.1	47,621,657,441.30	55,597,554,622.83
Provision of settlement fund			
Funds lent			
Financial assets held for trading	VII.2	2,034,270,761.53	1,236,017,839.53
Derivative financial assets	VII.3	80,641,860.30	142,709,716.91
Bills receivable	VII.4	6,482,353,046.34	12,179,856,870.01
Accounts receivable	VII.5	27,065,839,108.45	26,494,845,510.56
Financing receivables	VII.6	1,787,975,081.92	412,922,615.25
Prepayments	VII.7	2,846,387,274.70	2,378,144,459.47
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII.8	3,096,465,068.39	3,601,357,495.02
Including: Interest receivables		342,158,094.18	771,591,076.67
Dividends receivables			
Financial assets purchased under resale agreements			
Inventories	VII.9	46,848,790,687.12	43,189,855,697.96
Including: Data resources			
Contract assets	VII.10	1,007,695,591.67	997,963,705.67
Assets held for sale			
Non-current assets due in one year	VII.11	8,666,892,203.60	1,439,758,652.55
Other current assets	VII.12	5,294,521,861.08	4,443,274,038.03
Total current assets		152,833,489,986.40	152,114,261,223.79

Items	Notes	31 December 2025	31 December 2024
Non-current assets:			
Loans and advances granted			
Debt investments	VII.13	16,383,203,551.26	15,474,759,856.99
Other debt investments			
Long-term receivables		134,840,798.60	224,724,107.31
Long-term equity investments	VII.14	21,756,902,299.19	20,932,439,255.93
Investments in other equity instruments	VII.15	5,405,101,489.33	6,073,680,870.82
Other non-current financial assets			
Investment properties	VII.16	334,429,715.96	246,161,259.83
Fixed assets	VII.17	40,353,013,813.33	37,613,215,769.46
Construction in progress	VII.18	4,885,331,872.38	5,686,050,990.48
Biological assets for production			
Oil and gas assets			
Right-of-use assets	VII.19	6,024,233,315.08	5,841,869,564.36
Intangible assets	VII.20	14,224,842,429.14	14,042,940,068.17
Including: Data resources			
Development cost	VIII.2	417,653,270.53	267,267,592.92
Including: Data resources			
Goodwill	VII.21	27,300,229,637.37	27,384,007,599.06
Long-term prepaid expenses	VII.22	661,484,963.82	598,216,433.64
Deferred income tax assets	VII.23	2,779,197,579.27	2,477,206,492.36
Other non-current assets	VII.24	2,301,113,869.91	1,759,556,893.63
Total non-current assets		142,961,578,605.17	138,622,096,754.96
Total assets		295,795,068,591.57	290,736,357,978.75

Section VIII Financial Report

Items	Notes	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	VII.25	17,420,784,420.86	13,784,367,443.93
Borrowings from central bank			
Funds borrowed			
Financial liabilities held for trading			
Derivative financial liabilities	VII.26	190,868,603.05	71,011,310.01
Bills payable	VII.27	23,870,662,224.10	21,220,364,311.81
Accounts payables	VII.28	53,544,741,780.87	54,665,277,420.32
Receipts in advance			
Contract liabilities	VII.29	8,534,516,748.92	10,865,337,767.67
Disposal of repurchased financial assets			
Absorbing deposit and deposit in inter-bank market			
Customer deposits for trading in securities			
Amounts due to issuer for securities underwriting			
Payables for staff's remuneration	VII.30	5,617,781,339.32	5,057,260,277.99
Taxes payable	VII.31	3,393,123,835.23	3,915,219,916.17
Other payables	VII.32	19,493,605,624.57	21,746,135,764.08
Including: Interest payables			
Dividends payables		54,860,109.41	14,082,609.41
Fees and commissions payable			
Reinsurance Accounts payables			
Liabilities held for sale			
Non-current liabilities due within one year	VII.33	8,678,897,462.98	16,530,040,461.37
Other current liabilities	VII.34	1,601,301,581.05	1,899,945,460.39
Total current liabilities		142,346,283,620.95	149,754,960,133.74

Items	Notes	31 December 2025	31 December 2024
Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	VII.35	11,165,886,169.09	9,665,074,313.67
Bonds payable	VII.36	3,500,000,000.00	-
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII.37	4,551,410,567.84	4,480,895,997.36
Long-term payables	VII.38	167,862,276.79	188,220,056.59
Long-term payables for staff's remuneration	VII.39	2,443,566,578.23	2,561,647,446.35
Estimated liabilities	VII.40	2,490,370,063.63	2,386,261,752.92
Deferred income	VII.41	1,441,477,536.11	1,252,216,590.03
Deferred income tax liabilities	VII.23	1,631,293,729.71	1,547,287,169.00
Other non-current liabilities		79,916,734.11	98,073,333.45
Total non-current liabilities		27,471,783,655.51	22,179,676,659.37
Total liabilities		169,818,067,276.46	171,934,636,793.11
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII.42	9,377,629,650.00	9,382,913,334.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII.43	20,366,679,277.75	20,310,218,222.04
Less: treasury stock	VII.44	4,261,082,044.07	3,510,728,776.44
Other comprehensive income	VII.45	432,012,498.23	825,502,860.47
Special reserve			
Surplus reserve	VII.46	5,296,602,892.45	5,296,602,892.45
General risk provisions			
Undistributed profits	VII.47	87,486,559,142.22	79,474,366,234.70
Total equity attributable to owners (or shareholders) of the Parent Company		118,698,401,416.58	111,778,874,767.22
Minority shareholders' interests		7,278,599,898.53	7,022,846,418.42
Total owners' equity (or shareholders' equity)		125,977,001,315.11	118,801,721,185.64
Total liabilities and owners' equity (or shareholders' equity)		295,795,068,591.57	290,736,357,978.75

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Sun Jiacheng

Person in charge of accounting department: Ying Ke

Section VIII Financial Report

Balance Sheet of the Parent Company

31 December 2025

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	31 December 2025	31 December 2024
Current Assets:			
Monetary funds		6,823,857,021.79	8,721,089,765.37
Financial assets held for trading			
Derivative financial assets			
Bills receivable		85,102.59	
Accounts receivable	XIX.1	3,380,866,320.45	2,089,263,590.36
Financing receivables			
Prepayments		-	3,124,793.19
Other receivables	XIX.2	86,288,251,654.38	35,309,208,101.73
Including: Interest receivables		3,164,444.44	137,951,583.62
Dividends receivables		5,764,255,305.39	955,746,044.23
Inventories		8,771,266.45	9,092,410.78
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year		1,934,770,698.92	1,105,291,666.67
Other current assets		1,006,425,692.53	174,671,080.16
Total current assets		99,443,027,757.11	47,411,741,408.26

Section VIII Financial Report

Items	Notes	31 December 2025	31 December 2024
Non-current assets:			
Debt investments		7,032,941,801.07	7,243,616,935.47
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX.3	72,677,530,760.67	62,193,654,756.17
Investments in other equity instruments		1,602,333,806.12	1,602,852,951.00
Other non-current financial assets			
Investment properties			
Fixed assets		20,054,479.76	131,874,644.27
Construction in progress		4,712,836.53	490,452.83
Biological assets for production			
Oil and gas assets			
Right-of-use assets			
Intangible assets		30,071,927.84	35,196,337.86
Including: Data resources			
Development cost			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		870,249.60	3,502,636.81
Deferred income tax assets			
Other non-current assets		2,170,292,448.68	1,738,121,667.23
Total non-current assets		83,538,808,310.27	72,949,310,381.64
Total assets		182,981,836,067.38	120,361,051,789.90
Current liabilities:			
Short-term borrowings		2,001,113,555.55	2,000,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payables		2,753,829,826.14	1,526,611,034.49
Receipts in advance			
Contract liabilities		12,672,460.67	12,597,148.63
Payables for staff's remuneration		11,844,528.82	7,798,419.39
Taxes payable		11,647,239.66	884,572.31
Other payables		119,944,998,021.77	63,004,946,189.17
Including: Interest payable		-	1,234,444.45
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,730,066,805.56	1,495,350,000.00
Other current liabilities		6,034,650.00	18,881,166.43
Total current liabilities		126,472,207,088.17	68,067,068,530.42

Section VIII Financial Report

Items	Notes	31 December 2025	31 December 2024
Non-current liabilities:			
Long-term borrowings		2,312,000,000.00	3,292,370,000.00
Bonds payable		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		15,705,919.40	14,265,249.50
Deferred income tax liabilities		393,898,743.39	394,292,088.98
Other non-current liabilities			
Total non-current liabilities		6,221,604,662.79	3,700,927,338.48
Total liabilities		132,693,811,750.96	71,767,995,868.90
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)		9,377,629,650.00	9,382,913,334.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		25,710,105,926.41	25,680,561,451.57
Less: treasury stock		1,715,665,009.44	1,467,523,464.56
Other comprehensive income		592,395,413.02	618,368,749.67
Special reserve			
Surplus reserve		4,691,456,667.00	4,691,456,667.00
Undistributed profits		11,632,101,669.43	9,687,279,183.32
Total owners' equity (or shareholders' equity)		50,288,024,316.42	48,593,055,921.00
Total liabilities and owners' equity (or shareholders' equity)		182,981,836,067.38	120,361,051,789.90

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-December 2025

Unit and Currency: RMB

Items	Notes	2025	2024
I. Total operating revenue	VII.48	302,346,783,918.30	286,015,294,936.52
Including: Operating revenue	VII.48	302,346,783,918.30	286,015,294,936.52
Interest income			
Insurance premiums earned			
Fee and commission income			
II. Total cost of operations		280,753,746,329.95	265,203,050,750.74
Including: Operating cost	VII.48	221,738,754,173.11	206,439,444,975.26
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	1,329,748,016.52	1,277,824,044.26
Selling expenses	VII.50	33,877,814,770.04	33,608,820,300.61
Administrative expenses	VII.51	13,762,454,428.58	12,134,986,807.22
R&D expenses	VII.52	10,095,934,065.45	10,769,896,196.17
Financial expenses	VII.53	-50,959,123.75	972,078,427.22
Including: Interest expenses		2,679,484,195.35	2,727,313,494.33
Interest income		1,719,937,738.86	1,898,277,571.88
Add: Other income	VII.54	1,881,559,430.00	1,715,831,425.30
Investment income			
(losses are represented by '-')	VII.55	1,529,885,600.02	1,916,147,612.42
Including: investment income of associates and joint ventures		1,327,576,097.46	1,816,477,749.42
Income generated from the derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by '-')			

Section VIII Financial Report

Items	Notes	2025	2024
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')	VII.56	91,896,354.25	47,130,324.67
Loss on credit impairment (losses are represented by '-')	VII.57	-25,782,774.37	-277,789,750.88
Loss on assets impairment (losses are represented by '-')	VII.58	-1,314,066,363.00	-1,300,664,363.61
Gain from disposal of assets (losses are represented by '-')	VII.59	-31,036,861.90	-11,258,612.64
III. Operating profit (losses are represented by '-')		23,725,492,973.35	22,901,640,821.04
Add: non-operating income	VII.60	322,171,826.28	183,940,070.88
Less: non-operating expenses	VII.61	568,920,999.41	362,862,313.23
IV. Total profit (total losses are represented by '-')		23,478,743,800.22	22,722,718,578.69
Less: income tax expense	VII.62	3,315,650,253.71	3,157,179,926.77
V. Net profit (net losses are represented by '-')		20,163,093,546.51	19,565,538,651.92
(1) Classification by continuous operation			
1. Net profit from continuous operation (net losses are represented by '-')		20,163,093,546.51	19,565,538,651.92
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 '-')		19,552,798,222.85	18,731,046,273.17
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')		610,295,323.66	834,492,378.75

Items	Notes	2025	2024
VI. Other comprehensive income, net of tax	VII.63	-401,706,337.42	-1,157,895,472.07
(I) Other comprehensive income attributable to owners of the Parent Company, net of tax		-393,629,381.46	-1,159,823,186.95
1. Other comprehensive income that cannot be reclassified into the profit or loss		-354,082,798.93	-269,291,725.03
(1) Changes arising from re-measurement of defined benefit plans		191,778,591.61	-1,011,523.04
(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		-545,861,390.54	-268,280,201.99
(4) Changes in fair value of credit risks of the enterprise			
2. Other comprehensive income to be reclassified into the profit or loss		-39,546,582.53	-890,531,461.92
(1) Other comprehensive income that can be transferred into profit or loss under equity method		-346,140,938.77	-16,560,814.12
(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		-10,380,671.02	-27,453,055.10
(6) Exchange differences on translation of financial statements denominated in foreign currencies		316,975,027.26	-846,517,592.70
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-8,076,955.96	1,927,714.88

Section VIII Financial Report

Items	Notes	2025	2024
VII.Total comprehensive income		19,761,387,209.09	18,407,643,179.85
(I) Total comprehensive income attributable to the owners of Parent Company		19,159,168,841.39	17,571,223,086.22
(II) Total comprehensive income attributable to the minority shareholders		602,218,367.70	836,420,093.63
VIII.Earnings per share:			
(I) Basic earnings per share (RMB/share)	XXI.1	2.12	2.02
(II) Diluted earnings per share (RMB/share)	XXI.1	2.10	2.02

For business combination under common control occurring in the current period, the net profit of the acquiree before the combination was RMB3,593,306.97, and the net profit of the acquiree for the previous period was RMB-10,073,849.76.

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-December 2025

Unit and Currency: RMB

Items	Notes	2025	2024
I. Operating income	XIX.4	1,230,501,895.97	494,626,718.01
Less: operating cost	XIX.4	1,161,203,478.66	435,635,653.30
Taxes and surcharges		8,712,750.61	4,150,024.06
Selling expenses		11,171,168.43	9,832,864.30
Administration expenses		558,198,850.39	582,561,636.48
R&D expenses		17,009,609.00	13,959,129.62
Financial expenses		-156,601,090.20	-345,610,897.81
Including: interest expenses		197,420,778.57	119,101,225.24
Interest income		350,633,204.65	429,448,235.99
Add: other income		31,648,738.57	3,266,837.73
Investment income (losses are represented by '-')	XIX.5	13,782,362,130.40	10,349,967,347.91
Including: investment income of associates and joint ventures		268,977,218.78	330,033,883.50
Derecognition income on financial assets measured at amortized cost			
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')			
Loss on credit impairment (losses are represented by '-')		-393,796.83	-1,138.93
Loss on assets impairment (losses are represented by '-')			
Gain from disposal of assets (losses are represented by '-')		4,768,220.45	6,653.71
II. Operating profit (losses are represented by '-')		13,449,192,421.67	10,147,338,008.48
Add: non-operating income		9,273.90	3,053,172.00
Less: non-operating expenses		159,474.27	566,088.28
III. Total profit (total losses are represented by '-')		13,449,042,221.30	10,149,825,092.20
Less: income tax expenses		2,993,973.46	-21,659,242.84
IV. Net profit (net losses are represented by '-')		13,446,048,247.84	10,171,484,335.04
(I) Net profit from continuous operations (net losses are represented by '-')		13,446,048,247.84	10,171,484,335.04

Section VIII Financial Report

Items	Notes	2025	2024
(II) Net profit from discontinued operations (net losses are represented by '-')			
V. Other comprehensive income, net of tax		-25,973,336.65	-12,305,942.28
(I) Other comprehensive income that cannot be reclassified into the profit or loss		-389,358.66	-12,305,942.28
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		-389,358.66	-12,305,942.28
4. Changes in fair value of credit risks of the enterprise			
(II) Other comprehensive income to be reclassified into the profit or loss		-25,583,977.99	
1. Other comprehensive income that can be transferred into profit or loss under equity method		-25,583,977.99	
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		13,420,074,911.19	10,159,178,392.76
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-December 2025

Unit and Currency: RMB

Items	Notes	2025	2024
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering services		324,589,571,682.81	306,985,299,086.99
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		2,311,107,616.27	1,923,571,144.49
Cash received from other related operating activities	VII.64	3,560,390,629.88	2,792,106,587.46
Sub-total of cash inflows from operating activities		330,461,069,928.96	311,700,976,818.94
Cash paid on purchase of goods and services		225,694,889,868.36	211,867,902,901.68
Net increase in loans and advances of distributors			
Net increase in deposits in the PBOC and inter bank			
Cash paid for compensation payments under original insurance contract			
Net increase in cash lent			
Cash paid for interest, bank charges and commissions			
Cash paid for insurance policy dividend			
Cash paid to and on behalf of employees		35,347,931,318.35	31,660,676,554.63

Section VIII Financial Report

Items	Notes	2025	2024
Cash paid for all types of taxes		17,078,199,542.31	16,333,908,098.41
Cash paid to other operation related activities	VII.64	26,337,107,230.02	25,520,397,952.27
Sub-total of cash outflows from operating activities		304,458,127,959.04	285,382,885,506.99
Net cash flow from operating activities	VII.65	26,002,941,969.92	26,318,091,311.95
II. Cash flow from investing activities:			
Cash received from recovery of investments		44,866,454,240.51	17,220,575,654.67
Cash received from return on investments		635,778,699.78	769,074,464.07
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		118,334,499.36	42,340,809.10
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities	VII.64	130,700,686.64	
Sub-total of cash inflows from investing activities		45,751,268,126.29	18,031,990,927.84
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		8,851,563,940.89	10,080,067,313.04
Cash paid for investments		53,975,007,929.56	23,621,681,494.71
Net increase in secured loans			
Net cash paid on acquisition of subsidiaries and other operating entities			4,409,336,291.58
Other cash paid on investment activities			178,409.27
Sub-total of cash outflows from investing activities		62,826,571,870.45	38,111,263,508.60
Net cash flow from investing activities		-17,075,303,744.16	-20,079,272,580.76
III. Cash flow from financing activities:			
Cash received from capital contributions		65,230,000.00	268,823,131.22
Including: cash received from capital contributions by minority shareholders of subsidiaries			
Cash received from borrowings		29,647,961,681.36	13,648,752,061.24
Cash received from bond issuance		3,500,000,000.00	
Other cash received from financing activities	VII.64	111,646,384.65	338,116,773.45
Sub-total of cash inflows from financing activities		33,324,838,066.01	14,255,691,965.91
Cash paid on repayment of loans		31,629,212,927.73	9,568,987,868.67
Cash paid on distribution of dividends, profits or repayment of interest expenses		13,873,428,690.71	10,091,640,214.86
Including: dividend and profit paid to minority shareholders by subsidiaries			
Other cash paid to financing activities	VII.64	5,492,905,410.59	2,298,569,480.52

Items	Notes	2025	2024
Sub-total of cash outflows from financing activities		50,995,547,029.03	21,959,197,564.05
Net cash flow from financing activities		-17,670,708,963.02	-7,703,505,598.14
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		16,163,321.54	-256,390,521.12
V. Net increase in cash and cash equivalents		-8,726,907,415.72	-1,721,077,388.07
Add: balance of cash and cash equivalents at the beginning of the period	VII.65	54,994,595,280.18	56,715,672,668.25
VI. Balance of cash and cash equivalents at the end of the period	VII.65	46,267,687,864.46	54,994,595,280.18

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Sun Jiacheng

Person in charge of accounting department: Ying Ke

Section VIII Financial Report

Cash Flow Statement of the Parent Company

January-December 2025

Unit and Currency: RMB

Items	Notes	2025	2024
I. Cash flow from operating activities:			
Cash received from the sale of goods and rendering of services		90,013,623.99	79,770,736.65
Refunds of taxes			
Other cash received from operating activities		183,524,291.92	242,684,813.63
Sub-total of cash inflows from operating activities		273,537,915.91	322,455,550.28
Cash paid on purchase of goods and services		19,475,837.30	11,757,139.14
Cash paid to and on behalf of employees		17,298,543.41	59,924,608.57
Cash paid for all types of taxes		22,549,973.59	15,354,015.14
Other cash paid to operation activities		64,163,764.66	331,913,231.15
Sub-total of cash outflows from operating activities		123,488,118.96	418,948,994.00
Net cash flow from operating activities		150,049,796.95	-96,493,443.72
II. Cash flow from investing activities:			
Cash received from recovery of investments		33,752,000,000.00	15,046,000,000.00
Cash received from return on investments		128,798,687.92	9,817,956,966.61
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		1,768,672.96	74,850.43
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities		1,726,491,699.58	417,440,719.28
Sub-total of cash inflows from investing activities		35,609,059,060.46	25,281,472,536.32
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		7,253,193.42	4,791,247.35
Cash paid for investments		36,945,553,819.26	25,143,152,357.00
Net cash paid on acquisition of subsidiaries and other operating entities			

Items	Notes	2025	2024
Other cash paid on investment activities		2,769,000,000.00	30,000,000.00
Sub-total of cash outflows from investing activities		39,721,807,012.68	25,177,943,604.35
Net cash flow from investing activities		-4,112,747,952.22	103,528,931.97
III.Cash flow from financing activities:			
Cash received from capital injections			
Cash received from borrowings		5,110,000,000.00	2,940,000,000.00
Cash received from bond issuance		3,500,000,000.00	
Other cash received from financing activities		12,289,306,155.96	6,347,134,479.62
Sub-total of cash inflows from financing activities		20,899,306,155.96	9,287,134,479.62
Cash paid on repayment of borrowings		5,899,350,000.00	65,780,000.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		11,695,479,744.62	7,631,548,707.92
Other cash paid on financing activities		1,233,677,136.83	491,581,396.89
Sub-total of cash outflows from financing activities		18,828,506,881.45	8,188,910,104.81
Net cash flow from financing activities		2,070,799,274.51	1,098,224,374.81
IV.Effect of fluctuations in exchange rates on cash and cash equivalents		-5,333,862.82	36,189,377.52
V. Net increase in cash and cash equivalents		-1,897,232,743.58	1,141,449,240.58
Add: balance of cash and cash equivalents at the beginning of the period		8,721,089,765.37	7,579,640,524.79
VI.Balance of cash and cash equivalents at the end of the period		6,823,857,021.79	8,721,089,765.37

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

Unit and Currency: RMB

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Equity attributable to owners of the Parent Company															
2024															
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															
Items															
I. Closing balance for the previous year	9,438,114,893.00				21,514,544,384.54	5,034,065,107.42	1,859,365,062.65		4,842,338,543.80	-	68,535,686,494.60		101,255,984,771.17	6,264,355,202.17	107,530,339,973.34
Add: changes in accounting policies															
Error correction for prior period															
Business combination under common control															
Others					194,859,300.11		15,855,716.90				305,295,814.70		517,011,833.71		517,011,833.71
II. Opening balance for the current year	9,438,114,893.00				21,709,404,184.65	5,034,065,107.42	1,865,221,781.55		4,842,338,543.80		68,841,982,309.30		101,762,996,604.88	6,264,355,202.17	108,047,351,807.05
III. Increase/decrease for the current period (decrease is represented by "-")	-55,201,559.00				-1,399,185,992.61	-1,523,336,330.98	-1,159,718,921.08		454,284,348.65		10,632,363,305.40		9,995,878,162.34	758,491,216.25	10,754,369,376.59
(I) Total comprehensive income							-1,159,823,186.95				18,731,046,273.17		17,571,223,086.22	886,420,063.63	18,407,643,179.85
(II) Capital injection and reduction by owners	-55,201,559.00				-1,399,185,992.61	-1,523,336,330.98							68,053,075.24	31,960,403.41	101,013,478.65
1. Ordinary shares invested by owners														31,960,403.41	31,960,403.41
2. Capital contribution by holders of other equity instruments															
3. Share-based payment included in owners' equity															
4. Others															
(III) Profit distribution	-55,201,559.00				374,067,374.04								374,067,374.04		374,067,374.04
1. Transfer of capital reserves into capital (or share capital)					-1,773,149,070.78	-1,523,336,330.98							-305,014,298.80		-305,014,298.80
2. Transfer of surplus reserves into capital (or share capital)									454,284,348.65				-7,444,389,001.59	-7,552,025,354.97	-7,552,025,354.97
3. Surplus reserves used for remedying loss									454,284,348.65						
4. Changes in defined benefit plans carried toward to related earnings															
5. Other comprehensive income carried toward to related earnings															
6. Others															
(IV) Special reserve															
1. Withdrawal for the period															
2. Utilization for the period															
(V) Others	9,382,913,334.00				20,310,218,222.04	3,510,728,776.44	825,502,860.47		5,296,802,692.45		-20,018,997.53		-20,008,997.53	-2,253,927.41	-202,261,924.94
IV. Opening balance for the period					-104,265.87		104,265.87				79,474,366,244.70		11,177,667,476.22	7,022,946,418.42	118,801,721,165.64

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

Section VIII Financial Report

Statement of Changes in Owners' Equity of the Parent Company

January-December 2025

Unit and Currency: RMB

Items	Paid-in capital (or share capital)	Other equity instruments				2025		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stock						
I. Closing balance for the previous year	9,382,913,334.00				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 "-")	-5,283,684.00				29,544,474.84	248,141,544.88	-25,973,336.65				1,944,822,486.11	1,694,968,395.42
(I) Total comprehensive income							-25,973,336.65				13,446,048,247.84	13,420,074,911.19
(II) Capital injection and reduction by owners	-5,283,684.00				29,544,474.84	248,141,544.88						-223,880,754.04
1. Ordinary shares invested by owners												
2. Capital contribution by holders of other equity instruments												
3. Share-based payment included in owners' equity					92,421,973.76							92,421,973.76
4. Others	-5,283,684.00				-62,877,498.92	248,141,544.88						-316,302,727.80
(III) Profit distribution											-11,501,225,761.73	-11,501,225,761.73
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)											-11,501,225,761.73	-11,501,225,761.73
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				25,710,105,926.41	1,715,665,009.44	592,395,413.02			4,691,456,667.00	11,632,101,669.43	50,288,024,316.42

Section VIII Financial Report

2024											
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 year	9,438,114,893.00				27,263,651,777.44	3,175,293,942.36	630,674,691.95		4,237,192,318.35	7,484,026,291.62	45,878,366,030.00
Add: changes in accounting policies											
Error correction for prior period											
Others											
II. Opening balance for the current year	9,438,114,893.00				27,263,651,777.44	3,175,293,942.36	630,674,691.95		4,237,192,318.35	7,484,026,291.62	45,878,366,030.00
III. Increase/decrease for the current period (decrease is represented by "-")	-55,201,559.00				-1,583,090,325.87	-1,707,770,477.80	-12,305,942.28		454,264,348.65	2,203,252,891.70	2,714,689,891.00
(I) Total comprehensive income	-						-12,305,942.28			10,171,484,335.04	10,159,178,392.76
(II) Capital injection and reduction by owners	-55,201,559.00				-1,583,090,325.87	-1,707,770,477.80					69,478,592.93
1. Ordinary shares invested by owners											
2. Capital contribution by holders of other equity instruments											
3. Share-based payment included in owners' equity					389,757,180.67						389,757,180.67
4. Others	-55,201,559.00				-1,972,847,506.54	-1,707,770,477.80					-320,278,587.74
(III) Profit distribution									454,264,348.65	-7,968,231,443.34	-7,513,967,094.69
1. Withdrawal of surplus reserves									454,264,348.65	-454,264,348.65	
2. Distribution to owners (or shareholders)										-7,513,967,094.69	-7,513,967,094.69
3. Others											
(IV) Internal transfer of owner's equity											
1. Transfer of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves into capital (or share capital)											
3. Surplus reserves used for remedying loss											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others											
IV. Closing balance for the period	9,382,913,334.00				25,680,561,451.57	1,467,523,464.56	618,368,749.67		4,691,456,667.00	9,687,279,183.32	48,593,055,921.00

Person in charge 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 refrigerators/freezers, kitchen appliances, air-conditioners, laundry appliances and water appliances, and other smart home business, as well as providing smart home packaged solutions.

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

These financial statements have been approved for publication by the Board of the Company on 26 March 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 impairment for accounts receivable (Note V.11); the measurement of inventories (Note V.12); the depreciation and amortization of the investment properties (Note V.15); the depreciation of fixed assets (Note V.16), the amortization of intangible assets (Note V.19), the criterion for determining of long-term assets impairment (Note V.20); and the date of revenue recognition (Note V.26), etc.

1. Statement of compliance with Accounting Standards for Enterprises

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

2. Accounting period

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

3. Operating period

√ Applicable ☐ Not Applicable

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

4. Recording currency

Renminbi is the recording currency of the Company.

5. Materiality criteria determination method and selection basis

√ Applicable ☐ Not Applicable

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

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

√ Applicable ☐ Not Applicable

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

(1) Business combinations under common control

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

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

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

(2) Business combinations involving entities not under common control

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

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

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

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

√ Applicable ☐ Not Applicable

Judgement Criteria for Control:

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

Preparation method of consolidated statements:

(1) *Scope of consolidated financial statements*

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

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

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

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

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

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

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

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

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

① General treatment

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

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

② Disposal of subsidiaries step by step

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

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

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

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

(6) Purchase of minority interests in subsidiaries

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

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

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

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

☒ Applicable ☐ Not Applicable

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

(1) Joint operations

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

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

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

(2) Joint ventures

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

9. Recognition standard for cash and cash equivalents

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

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

10. Foreign currency businesses and translation of foreign currency statements

☒ Applicable ☐ Not Applicable

(1) Foreign currency transactions

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

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

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

(2) Translation of foreign currency financial statements

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

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

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

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

11. Financial instruments

☒ Applicable ☐ Not Applicable

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

(1) Classification, recognition and measurement of financial assets

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

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

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

① Financial assets measured at amortized cost

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

② Financial assets measured at fair value through other comprehensive income

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

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

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

2) *Equity instrument investments of the Company:*

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

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

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

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

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

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

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

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

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

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

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

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

(4) Recognition and measurement on transfer of financial assets

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

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

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

(5) Derecognition of financial liabilities

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

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

(6) Offsetting financial assets and financial liabilities

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

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

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

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

(8) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

12. Inventory

☒ Applicable ☐ Not Applicable

(1) Classification of inventory

☒ Applicable ☐ Not Applicable

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

(2) Pricing of dispatch of inventory

☒ Applicable ☐ Not Applicable

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

(3) Impairment provision for inventory

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

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

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

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

(4) Inventory system

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

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

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

13. Contract assets

☒ Applicable ☐ Not Applicable

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

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

14. Long-term equity investments

☒ Applicable ☐ Not Applicable

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and recognition of profit or loss

① Cost method

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

② Equity method

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Methods for impairment test and impairment provision

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

(6) Disposal of long-term equity investments

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

15. Investment properties

(1) Types and measurement models of investment properties

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

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

(2) Adoption of cost model as accounting policy

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

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

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

16. Fixed assets

(1) Recognition criteria and measurement of fixed assets

☒ Applicable ☐ Not Applicable

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

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

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

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

(2) Classification and depreciation of fixed assets

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

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

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

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

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

(4) Disposal of fixed assets

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

17. Construction in progress

√ Applicable ☐ Not Applicable

(1) Measurement of construction in progress

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

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

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

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

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

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

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

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

18. **Borrowing costs**

☒ Applicable ☐ Not Applicable

(1) **Principle for recognition of capitalisation of borrowing cost**

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

(2) **Computation of capitalised amounts**

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

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

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

19. Intangible assets

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

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

(1) Measurement of intangible assets

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

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

(2) Criterion of determining indefinite useful life

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

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

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

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

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

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

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

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

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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 conducive to the employees, including the shortening of the vesting period, change or cancellation of the performance conditions (rather than market conditions), the modified vesting conditions are considered upon the disposal of vesting conditions. If the modification reduces the total fair value of shares paid or the Company uses other methods not conducive to employees to modify the terms and conditions of share-based payment plans, the Company will continue to be accounted for the services obtained in the accounting treatment, as if the change had not occurred, unless the Company cancelled some or all of the equity instruments granted.

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

26. Revenue

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.

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When one of the following conditions is met, the Company and its subsidiaries perform performance obligations during a certain time horizon, otherwise, it belongs to fulfilling performance obligations at a certain time point:

- ① The client simultaneously obtains and consumes economic benefits as the Company and its subsidiaries perform the contract;
- ② The client is able to control goods under construction during the process of performance of the Company and its subsidiaries;
- ③ Goods produced by the Company and its subsidiaries during the process of performance have no alternative use, and the Company and its subsidiaries are entitled to collect the amount for the cumulative completed and performed portion to date during the entire contractual period.

For the performance obligations performed during a certain time horizon, the Company and its subsidiaries recognize revenue in accordance with the schedule of performance during such time horizon. When the schedule of performance can't be reasonably recognized, where the costs that have been incurred by the Company and its subsidiaries are estimated to be compensated, revenue shall be recognized in accordance with the amount of costs that has been incurred until the schedule of performance can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company and its subsidiaries recognize revenue at the time point when the client obtains the control right of relevant goods or services. When judging whether the client has obtained control right over goods or services, the Company and its subsidiaries will consider the following signs:

- ① The Company and its subsidiaries enjoy the right of instant collection over such goods and services;
- ② The Company and its subsidiaries have transferred the material objects of such goods to the client;
- ③ The Company and its subsidiaries have transferred statutory ownership right of the goods or major risks and rewards of the ownership to the client;
- ④ The client has accepted such goods or service.

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

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

(1) Sale of goods

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

(2) Construction contract income

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

(3) Warranty obligations

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

27. Government grants

√ Applicable ☐ Not Applicable

(1) Types of government grants

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

(2) Accounting treatment of government grants

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

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

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

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

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

- ① Government grant subject to a certain project shall be separated according to the proportion of expenditure budget and capitalization budget, and the proportion shall be reviewed and modified if necessary on each balance sheet date;
- ② Government grant shall be categorized as revenue-related if its usage is described in general statement and no specific project is specified in the relevant government document.

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

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

(5) Recognition of government grants

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

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

28. Deferred tax assets/deferred tax liabilities

☒ Applicable ☐ Not Applicable

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

- (1) Deferred income tax assets are recognized by the Company to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred income tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits. Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary differences.
- (2) Deferred income tax asset of the Company is recognized to the extent that there is enough taxable income for the deduction of the deductible temporary difference. At the balance sheet date, if there is sufficient evidence that there will be enough taxable income in the future for the deduction of the deductible temporary difference, the deferred income tax asset not recognized in previous accounting period is recognized. If there is no sufficient evidence that there will be enough taxable income in the future for the deduction of the deferred income tax asset, the carrying value of the deferred income tax asset is reduced.
- (3) The Company recognizes deferred income tax liability for taxable temporary difference arising from investments in subsidiaries and associated companies, unless the Company could control the time of reversal of the temporary differences and the temporary differences would not be probably reversed in the foreseeable future. The Company recognizes deferred income tax asset for deductible temporary differences arising from investments in subsidiaries and associated companies, if the temporary difference will be very probably reversed in the foreseeable future and it is highly probable that taxable income will be available in the future to deduct the deductible temporary difference.

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- (4) The Company does not recognize deferred income tax liability for a temporary difference arising from the initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable income (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities of the Company are measured at the tax rates that apply to the period when the asset is expected to be recovered or the liability is expected to be settled.
- (5) Deferred income tax assets and deferred income tax liabilities are offset when:
- 1) deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity within the Company; and
 - 2) such taxable entity within the Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis.

29. Leases

☒ Applicable ☐ Not Applicable

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

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

(1) **Asset securitisation**

The Company has securitised certain receivables to entrust the assets to specific-purpose entities which would issue such securities to investors. As asset service provider, the Company is responsible for the provision of maintenance and daily management of the assets, formulation of annual asset disposal plans, formulation and implementation of asset disposal plan, signing of relevant asset disposal agreements and preparation asset service reports on a regular basis.

In applying the accounting policy for the securitisation of financial assets, the Company has considered the extent to which the risk and reward of the assets have been transferred to other entities, and the extent to which the Company exercises control over the entity:

- ① When the Company has transferred substantially all risk and reward relating to the ownership of a financial asset, such financial asset is derecognised;
- ② When the Company retains substantially all risk and reward relating to the ownership of a financial asset, the Company continues to recognise such financial asset;

- ③ If the Company neither transfers nor retains substantially all risk and reward relating to the ownership of a financial asset, the Company considers whether it has control over the financial asset. If the Company does not retain control, the financial asset is derecognised, and the rights and obligations arising from or retained the transfer are recognised as assets and liabilities, respectively. If the Company retains control, the financial asset is recognised according to the extent of continued involvement in the financial assets.

(2) Hedge accounting

Hedge refers, in respect of the risk exposure arising from the company's management of specific risks such as foreign exchange risks, interest rate risks, price risks and credit risks, to risk management activity of designating financial instruments as hedging instruments such that the change in the fair value or cash flow of the hedging instruments can be expected to set off the change in the fair value or cash flow of the hedged item.

The hedged item refers to an item designated for hedge against the risk of change in fair value or cash flow that can be reliably measured.

Hedging instruments are financial instruments designated for hedge, the change in fair value or cash flow of which is expected to set off the change in the fair value or cash flow of the hedged item.

The Company assesses whether the hedge relationship fulfills the requirement for hedge effectiveness at the inception date of the hedge and continuously in subsequent periods. The effectiveness of hedge refers to the extent to which the change in the fair value or cash flow of the hedging instruments can offset the change in the fair value or cash flow of the hedged item caused by the risk against which the hedge is made. The change in the fair value or cash flow of a hedging instrument in excess or shortfall of the change in the fair value or cash flow of the hedging instruments can offset the change in the fair value or cash flow of the hedged item represents the ineffective portion of the hedge.

(3) Significant accounting estimates

In the course of applying accounting policies, the Company is required to make judgements, estimations and assumptions on the carrying values of statement items that cannot be accurately measured owing to uncertainties to which operating activities are subject. Such judgements, estimations and assumptions are made based on the past experience of the management and taking into consideration of other relevant factors. Such judgements, estimations and assumptions affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities as at the balance sheet date. However, the actual outcome resulting from the uncertainty of such estimates could be different from the current estimates of the management, thereby resulting in significant adjustments to the carrying value of the future assets or liabilities affected. The Company regularly reviews such judgements, estimations and assumptions on a going concern basis. If the change in accounting estimates affects only the current period in which the change occurs, the affected amount is recognized for the period in which the change occurs; if both the current period and future periods are affected, the affected amount is recognised for the current period and the future periods.

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At the balance sheet date, important aspects in which the Company is required to make judgements, estimations and assumptions on the amount of items on the financial statements are as follows:

① ***Estimated liabilities***

The Company estimates and makes provision for product warranty and estimated contract loss according to contract terms, existing knowledge and historical experience. When such contingencies have given rise to a present obligation, and the performance of such present obligation is likely to result in the outflow of economic benefit from the Company, the Company recognises estimated liabilities for the contingencies based on the best estimates of expenses required for the performance of relevant present obligations. The recognition and measurement of estimated liabilities is dependent to a large extent on management judgement. In the course of judgement, the Company is required to assess factors such as risks, uncertainties and the time value of currency relating to such contingencies. In particular, the Company recognises estimated liabilities in respect of after-sales undertaking to customers for return and replacement, maintenance and installation of goods sold. The recognition of estimated liabilities has taken into account the maintenance experience and data of the Company for recent years, although past experience in maintenance may not reflect maintenance in the future. Any increase or decrease in this provision might affect the profit or loss of future years.

② ***Provision for ECL***

The Company measures ECL through default risk exposure and the ECL rate, which is determined based on the default probability rate and default loss rate. In determining the ECL rate, the Company uses data such as internal historic credit loss experience and adjusts the historic data taking into consideration current conditions and prospective information. When considering prospective information, indicators adopted by the Company include the risk of economic downside, expected growth in unemployment rate, and changes in external market conditions, technical conditions and customer conditions. The Company monitors and reviews the assumptions relating to ECL computation on a regular basis. There was no significant change to aforesaid estimation technique and key assumptions during the year.

③ ***Impairment provisions for inventory***

The Company makes impairment provisions for inventory of which cost is higher than net realisable value and obsolete and slow-moving inventory based on the lower of cost and net realisable value according to its inventory accounting policy. The impairment of inventory to its net realisable value is based on assessment of the sellability of inventory and its net realisable value. The authentication of inventory impairment requires the management to obtain conclusive evidence and make judgment and estimates taking into consideration factors such as the purpose of inventory and post-balance sheet date events. Any difference between the actual outcome and the previous estimate will affect the carrying value of inventory and the charge or reversal of impairment provisions for inventory during the period in which the estimates are modified.

④ ***Fair value of financial instruments***

For financial instruments without an active trading market, the Company determines its fair value using valuation techniques. Such valuation techniques include discounted cash flow model analysis and others. During the assessment, the Company is required to make estimates on future cashflow, credit risk, market volatility rate and relevance and select an appropriate discount rate. Such relevant assumptions are subject to uncertainty, and any change will affect the fair value of financial instruments.

⑤ ***Impairment of other equity instrument investments***

The Company's determination of impairment for other equity instrument investments is largely dependent on the management's judgment and assumptions to determine whether impairment should be recognised. In the course of making judgments and assumptions, the Company is required to assess the extent and duration of the fair value of the investment being lower than cost, as well as the financial conditions and short-term business prospects of the investee, including industry conditions, technological revolution, credit rating, default rate and counterparty risks.

⑥ ***Impairment provision for long-term assets***

At the balance sheet date, the Company assesses whether there are indications of possible impairment of non-current assets other than financial assets. In addition to the annual impairment test, intangible assets with indefinite useful life are also tested for impairment when there are indications of the same. Impairment tests on non-current assets other than financial assets are conducted when there are indications that its carrying value may not be recoverable. An impairment has occurred when the carrying value of an asset or asset group is higher than the recoverable amount (the higher of net fair value less disposal cost and the present value of estimated future cash flow). The net fair value less disposal cost is determined with reference to the agreed selling price of similar assets in a fair transaction or observable market prices less incremental costs attributable directly to the disposal of such asset. In estimating the present value of future cashflow, significant judgement is required to be made in respect of the production volume and selling price of the asset or (asset group), relevant operating cost and discount rate for the computation of present value. The Company takes into consideration all available relevant information when making estimates on the recoverable amount, including forecasts on production volume, selling price and relevant operating costs based on reasonable and justifiable assumptions. The Company conducts goodwill impairment tests at least annually. This requires estimates on the present value of future cashflow of asset group or portfolio of asset groups to which goodwill has been allocated. When making estimates on the present value of future cashflow, the Company is required to make estimates on cashflow generated from future asset group or portfolio of asset groups, and at the same time select an appropriate discount rate to determine the present value of future cashflow.

⑦ **Depreciation and amortisation**

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

⑧ **Deferred income tax assets**

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

⑨ **Income tax**

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

⑩ **Provision for sales rebate**

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

31. Changes in significant accounting policies

For details, please refer to "EXPLANATION OF THE COMPANY'S ANALYSIS ON REASONS AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS" under the section of "SIGNIFICANT EVENTS".

32. Adjustments made to the financial statements as at the beginning of the year of the initial adoption of new accounting standard or interpretation of standards since 2025

☐ Applicable ☒ Not Applicable

33. Others

☐ Applicable ☒ Not Applicable

VI. TAXATION

1. 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

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Company	Tax rate	Preferential tax
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
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

Company	Tax rate	Preferential tax
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
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

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Company	Tax rate	Preferential tax
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
COSMOPlat Mould (Qingdao) 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.	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

Company	Tax rate	Preferential tax
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
Tonghai Energy Technology Development Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Jiangxi Haier Medical Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Electrical Appliance Sales Co., Ltd. and some Western companies	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Refrigeration Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Guizhou Haier Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC

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Company	Tax rate	Preferential tax
Chongqing Hairishun Home Appliance Sales Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Water Heater Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Drum Washing Machine Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Guizhou Peiji Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Central Asia Baofeng International Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Central Asia Baofeng International Logistics Co., Ltd. Xi'an Branch	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Shenzhen Furunde Supply Chain Management Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Gooday Supply Chain Technologies Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Haier Robotics Technology (Qingdao) Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Guiyang Ririshun Logistics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC

Company	Tax rate	Preferential tax
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 31 December 2025 and opening balances represent the amount as at 31 December 2024; amount for the period represents the amount from 1 January to 31 December 2025 and amount for the previous period represents the amount from 1 January to 31 December 2024.

1. Monetary funds

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	2,361,449.23	560,953.91
Cash in bank	45,475,152,052.12	54,256,005,280.85
Other cash balances	2,144,143,939.95	1,340,988,388.07
Total	47,621,657,441.30	55,597,554,622.83
Include: total amount of overseas deposits	23,587,103,117.58	21,113,746,333.40
Deposit in Finance Company	11,330,984,136.12	20,565,469,130.81

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	1,485,993,504.45	746,436,121.40
Investments in other equity instruments	209,183,404.17	195,177,368.77
Investment funds	339,093,852.91	294,404,349.36
Total	2,034,270,761.53	1,236,017,839.53

3. Derivative financial assets√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	80,641,860.30	138,404,575.66
Cross-currency interest rate swaps		4,254,681.44
Forward commodity contracts		50,459.81
Total	80,641,860.30	142,709,716.91

4. Bills receivable**(1) Bills receivable presented by types**

Items	Closing balance	Opening balance
Bank acceptance notes	1,850,368,672.70	10,382,273,687.38
Commercially acceptance notes	4,633,044,463.38	1,798,754,865.96
Balance of bills receivable	6,483,413,136.08	12,181,028,553.34
Allowance for bad debts	1,060,089.74	1,171,683.33
Bills receivable, net	6,482,353,046.34	12,179,856,870.01

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

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Allowance for bad debts	1,171,683.33	120,167.51		231,761.10		1,060,089.74
Total	1,171,683.33	120,167.51		231,761.10		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 RMB1,234,476,913.38 (amount at the beginning of the period RMB5,115,222,700.13).

5. Accounts receivable

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

Aging	Closing balance	Opening balance
Within one year	26,524,874,187.83	26,234,170,508.25
1-2 years	665,945,645.16	689,351,514.18
2-3 years	403,445,806.03	388,342,245.65
Over 3 years	386,375,085.09	252,055,595.77
Balance of accounts receivable	27,980,640,724.11	27,563,919,863.85
Allowance for bad debts	914,801,615.66	1,069,074,353.29
Accounts receivable, net	27,065,839,108.45	26,494,845,510.56

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

Categories	Book balance		Closing balance		Carrying value
	Amount	Percentage (%)	Allowance for bad debts		
			Amount	Percentage of provision	
				(%)	
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

(continued)

Categories	Book balance		Opening balance		Carrying value
	Amount	Percentage (%)	Allowance for bad debts		
			Amount	Percentage of provision (%)	
Account receivables subject to provision for bad debts on a separate basis	401,873,990.95	1.46	384,907,108.05	95.78	16,966,882.90
Account receivables subject to provision for bad debts on a collective basis	27,162,045,872.90	98.54	684,167,245.24	2.52	26,477,878,627.66
Total	27,563,919,863.85	100.00	1,069,074,353.29	3.88	26,494,845,510.56

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

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Name	Closing balance			Reason for provision
	Book balance	Allowance for bad debts	Percentage of provision (%)	
76 customers in total	130,762,026.19	124,278,608.47	95.04	The obligors were in significant financial difficulty
Total	130,762,026.19	124,278,608.47	95.04	

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 RMB195,473,905.66).

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

√ Applicable □ Not Applicable

Aging	Closing balance		Percentage of provision (%)
	Book balance	Allowance for bad debts	
Within 1 year	26,457,359,828.58	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

(continued)

Aging	Opening balance		Percentage of provision (%)
	Book balance	Allowance for bad debts	
Within 1 year	26,106,894,301.60	389,323,682.89	1.49
1-2 years	659,738,683.37	100,738,283.50	15.27
2-3 years	181,282,912.23	60,958,005.85	33.63
Over 3 years	214,129,975.70	133,147,273.00	62.18
Total	27,162,045,872.90	684,167,245.24	2.52

(5) Changes in allowance for bad debts of accounts receivable in the current period:

Items	Increase for the current period		Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	
Allowance for bad debts	1,069,074,353.29	299,875,059.24		332,449,191.57	914,801,615.66

- (6) The aggregate amount of the top 5 account receivables and contract assets as at the end of the period was RMB6,561,936,499.48 (amount at the beginning of the period: RMB6,775,144,962.81), accounting for 22.54% (at the beginning of the period: 23.65%) of the book balance of account receivables and contract assets, and the amount of provision for bad debts was RMB68,707,453.89 (amount at the beginning of the period: RMB18,226,518.24).

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

The amount of accounts receivable actually written off in the current period was RMB156,186,430.25 (amount for the corresponding period: RMB713,599,798.71) and there was a significant bad debt write-off of accounts receivable amounting to 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 RMB6,343,003,587.44 (amount at the beginning of the period: RMB6,095,179,589.77) 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 of financing receivables by category**

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Bills receivable	1,787,975,081.92	235,730,229.72
Accounts receivable		177,192,385.53
Total	1,787,975,081.92	412,922,615.25

- (2) The Company's pledged financing receivables at the end of the period were RMB163,275,421.25 (amount at the beginning of the period: RMB0.00).

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

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amounts derecognized at the end of the period	Amounts not derecognized at the end of the period
Bills receivable	9,968,975,237.07	
Total	9,968,975,237.07	

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

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

7. Prepayments

(1) Prepayments are presented by aging:

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within one year	2,765,358,764.92	96.86%	2,319,075,168.29	97.16%
1-2 years	48,030,594.75	1.68%	43,056,825.13	1.80%
2-3 years	20,887,129.32	0.73%	8,098,753.24	0.34%
Over 3 years	20,866,112.78	0.73%	16,669,039.88	0.70%
Balance of prepayments	2,855,142,601.77	100.00%	2,386,899,786.54	100.00%
Provision for impairment of prepayments	8,755,327.07		8,755,327.07	
Net prepayments	2,846,387,274.70		2,378,144,459.47	

(2) Provision for impairment

Items	Increase for the current period		Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement
Provision for impairment	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 RMB1,462,082,182.66, accounting for 51.21% of the book balance of prepayment (amount at the beginning of the period: RMB974,866,936.72, accounting for 40.84%).

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

8. Other receivables**Presented by items**

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	342,158,094.18	771,591,076.67
Other receivables	2,754,306,974.21	2,829,766,418.35
Total	3,096,465,068.39	3,601,357,495.02

Interest receivable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Within one year	149,965,224.39	374,172,658.71
1-2 years	116,576,908.67	316,667,022.35
2-3 years	75,615,961.12	80,000,932.60
Over 3 years		750,463.01
Total	342,158,094.18	771,591,076.67

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Other receivables

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

Aging	Closing balance	Opening balance
Within one year	2,048,736,625.30	2,251,224,809.42
1–2 years	289,733,063.51	161,728,827.38
2–3 years	84,210,088.36	73,549,505.88
Over 3 years	406,466,589.49	392,681,572.53
Balance of other receivables	2,829,146,366.66	2,879,184,715.21
Allowance for bad debts	74,839,392.45	49,418,296.86
Other receivables, net	2,754,306,974.21	2,829,766,418.35

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	39,245,962.81		10,172,334.05	49,418,296.86
Provision for the current period	65,048,685.86		7,793,174.79	72,841,860.65
Reversal for the current period	14,373,360.36			14,373,360.36
Write-off and others for the current period	31,670,202.31		1,377,202.39	33,047,404.70
Closing balance	58,251,086.00		16,588,306.45	74,839,392.45

③ *Changes in allowance for bad debt provision of other receivables in the current period*

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Allowance for bad debts	49,418,296.86	72,841,860.65		14,373,360.36	33,047,404.70	74,839,392.45

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

Company name	Closing Balance	Percentage in closing balance (%)	Nature	Aging	Allowance for credit losses
Laoshan District Bureau of Natural Resources	217,424,926.00	7.69	Government Compensation	Over 3 years	
Zhejiang Cainiao Supply Chain Management Co., Ltd.	120,724,463.52	4.27	Transactions	Within 1 year	
Management Committee of Jiaodong Air Economic Demonstrative Zone, Qingdao	110,527,480.65	3.91	Government grants	Within 1 year	5,082,016.06
Hangzhou Alimama Software Services Co., Ltd.	109,885,087.84	3.88	Transactions	Within 1 year	
U.S CUSTOMS AND BORDER PROTECTION	108,034,945.42	3.82	Tax rebates	Within 1 year	10,617,384.34
Total	666,596,903.43	23.57			15,699,400.40

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

The amount of other receivables actually written off in the current period was RMB33,863,097.59 (amount for the corresponding period: RMB9,318,523.34) and no significant other receivables were written off for bad debts.

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

9. Inventories

(1) Category of inventories

Items	Closing Balance		
	Book balance	Impairment Provision of inventories	Carrying value
Raw materials	6,546,677,570.97	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

(continued)

Items	Opening Balance		
	Book balance	Impairment Provision of inventories	Carrying value
Raw materials	6,899,891,071.77	229,902,166.82	6,669,988,904.95
Work in progress	388,624,719.50		388,624,719.50
Finished goods	37,599,053,611.30	1,467,811,537.79	36,131,242,073.51
Total	44,887,569,402.57	1,697,713,704.61	43,189,855,697.96

(2) Impairment provision of inventories

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/other movement	
Raw materials	229,902,166.82	47,728,997.17			49,538,475.92	228,092,688.07
Work in progress						
Finished goods	1,467,811,537.79	946,046,488.45			744,212,222.07	1,669,645,804.17
Total	1,697,713,704.61	993,775,485.62			793,750,697.99	1,897,738,492.24

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

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

10. Contract assets

(1) Contract assets

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance			Opening Balance		
	Book balance	Allowance for bad debts	Carrying Value	Book balance	Allowance for bad debts	Carrying Value
Relating to construction						
service contract	1,132,938,344.70	125,242,753.03	1,007,695,591.67	1,089,472,041.72	91,508,336.05	997,963,705.67
Total	1,132,938,344.70	125,242,753.03	1,007,695,591.67	1,089,472,041.72	91,508,336.05	997,963,705.67

(2) Classification by method of provision for bad debts

Categories	Book balance		Closing balance		Carrying value
	Amount	Percentage	Amount	Percentage	
		(%)		of provision (%)	
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

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(Continue)

Categories	Book balance		Opening balance		Carrying value
	Amount	Percentage (%)	Allowance for bad debts		
			Amount	Percentage of provision (%)	
Contract assets subject to provision for bad debts on a separate basis	55,755,776.06	5.12	55,755,776.06	100.00	
Contract assets subject to provision for bad debts on a collective basis	1,033,716,265.66	94.88	35,752,559.99	3.46	997,963,705.67
Total	1,089,472,041.72	100.00	91,508,336.05	8.40	997,963,705.67

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

Name	Closing balance			Reason for provision
	Book balance	Allowance for bad debts	Percentage of provision (%)	
7 customers in total	61,021,502.20	61,021,502.20	100.00	Significant financial difficulty of the borrower
Total	61,021,502.20	61,021,502.20	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		Closing balance	
	Contract assets	Allowance for bad debts	Percentage of provision (%)
Relating to construction			
service contract	1,071,916,842.50	64,221,250.83	5.99
Total	1,071,916,842.50	64,221,250.83	5.99

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

Items	Changes in amount for the current period					Closing balance
	Opening balance	Provision for the current period	Recovery or reversal for the current period	Write-off/cancellation for the current period	Other movement	
Relating to construction						
service contract	91,508,336.05	33,734,416.98				125,242,753.03
Total	91,508,336.05	33,734,416.98				125,242,753.03

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11. Non-current assets due within one year

Items	Closing balance	Opening balance
Debt investments due within one year	8,666,892,203.60	1,439,758,652.55
Total	8,666,892,203.60	1,439,758,652.55
Including: time deposit in finance company	8,003,711,313.18	334,466,985.88

12. Other current assets

(1) Details

Items	Closing Balance		Opening Balance	
	Book balance	Impairment Provision	Book balance	Impairment Provision
Deductible taxes products	3,463,013,778.41		3,618,407,941.29	
Short-term deposits	1,321,749,793.07		491,724,709.59	
Returns cost receivables	699,328,019.41	246,501,456.63	566,481,435.22	281,079,517.50
Others	56,931,726.82		47,739,469.43	
Total	5,541,023,317.71	246,501,456.63	4,724,353,555.53	281,079,517.50

(2) Impairment Provision

Items	Increase for the current period			Decrease for the current period		Closing balance
	Opening balance	Provision for the current period	Other movement	Reversal	Write-off/ other movement	
Returns cost receivables	281,079,517.50	246,501,456.63			281,079,517.50	246,501,456.63
Total	281,079,517.50	246,501,456.63			281,079,517.50	246,501,456.63

(3) Time deposit in finance company was RMB1,321,749,793.07 at the end of the period.

13. Debt investments

Items	Closing balance		Opening balance	
	Principal	Interest	Principal	Interest
Time deposit -long term	24,060,500,000.00	989,595,754.86	16,292,500,000.00	622,018,509.54
Less: Debt investments due				
within one year	8,041,500,000.00	625,392,203.60	1,327,500,000.00	112,258,652.55
Total	16,019,000,000.00	364,203,551.26	14,965,000,000.00	509,759,856.99
Include: time deposit in Finance Company	13,899,000,000.00	327,944,825.23	12,605,000,000.00	448,060,172.04

14. Long-term equity investments

Investees	Increase/decrease for the current period					
			Adjustment in			
	Opening balance	Investment increase	Investment profit recognized under equity method	other comprehensive income	Other changes in equity	Declaration of cash dividends or profits
Associate :						
Haier Group Finance Co., Ltd.	8,219,298,837.87		548,648,548.39	-1,962.47		-235,200,000.00
Bank of Qingdao Co., Ltd.	3,473,162,128.86		386,774,044.19	-64,581,521.19	308,725,653.86	-76,288,906.40
Wolong Electric (Jinan) Motor Co., Ltd.	198,467,631.66		22,197,003.94			-15,000,000.00
Qingdao Hegang New Material Technology Co., Ltd.	342,315,345.52		14,968,444.38			-4,186,865.40
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	191,276,594.86		-75,349,230.26			
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	698,845,993.61		155,816,004.45			
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)	31,132,443.76		-427,792.97			-1,894,814.59
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	98,560,581.01		5,786,392.04	541,914.42		
Zhejiang Futeng Fluid Technology Co., Ltd.	73,460,549.11	7,000,000.00	76,261.84			
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	6,464,386.26		-1,328,352.32			
Beijing ASU Tech Co., Ltd.			-17,360,099.92		44,717,657.48	
Qingdao Haimu Investment Management Co., Ltd.	2,692,755.00		30,022.91			
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	56,749,040.79		-109,997.18			

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Investees	Increase/decrease for the current period					
	Opening balance	Investment increase	Investment profit recognized under equity method	Adjustment in other comprehensive income	Other changes in equity	Declaration of cash dividends or profits
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.	40,920,413.54		1,331,922.33			
Guangzhou Heying Investment Partnership (Limited Partnership)	132,620,094.53					
Qingdao Home Wow Cloud Network Technology Co., Ltd.	1,083,682.47		-1,083,682.47			
Bingji (Shanghai) Corporate Management Co., Ltd.	1,095,450,007.15		50,166,943.37			
Shandong Port Land-Sea International Logistics (Ji'nan) Co., Ltd.	58,941,327.06		-277,508.30			
Haier Best Water Technology Co., Ltd.	148,369,638.40		2,635,925.51			
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	188,907,510.60					
Qingdao Ririshun Huizhi Investment Co., Ltd.	4,083,482.78					
Qingdao Xiaoshuai Intelligent Technology Co., Ltd.	9,578,046.65		3,875,486.18			
Qingdao Xinchenghui Technology Co., Ltd.	11,365,227.21		1,916,391.09			
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	3,724,499.78		-514,274.15			
Qingdao Dongfang Haisheng Technology Co., Ltd. (青岛东方海盛科技有限公司)		19,960,000.00				
Konan Electronic Co., Ltd.	59,415,065.89		-463,600.26	-1,687,722.70		-214,632.00
HNR (Private) Company Limited	140,530,747.42		50,939,130.04	-3,908,031.35		
HPZ LIMITED	11,203,257.77					
Controladora Mabe, S.A. de C.V.	5,638,478,867.77		219,077,124.03	-276,422,978.91	-26,728,280.28	-145,683,471.56
Middle East Air conditioning Company, Limited	7,389,990.91			-458,145.29	458,145.29	
Total	21,032,788,148.24	26,960,000.00	1,367,325,106.86	-346,518,447.49	327,173,176.35	-478,468,689.95

(Continued)

Investees	Increase/decrease for the current period			Impairment Provision
	Other movement	The disposal of the investment	Closing balance	Closing Balance
Associate :				
Haier Group Finance Co., Ltd.			8,532,745,423.79	
Bank of Qingdao Co., Ltd.			4,027,791,399.32	
Wolong Electric (Jinan) Motor Co., Ltd.			205,664,635.60	
Qingdao Hegang New Material Technology Co., Ltd.			353,096,924.50	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)		-3,733,393.81	112,193,970.79	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.			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	
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	
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	
Guangzhou Heying Investment Partnership (Limited Partnership)		-39,353,517.00	93,266,577.53	
Qingdao Home Wow Cloud Network Technology Co., Ltd.				
Bingji (Shanghai) Corporate Management Co., Ltd.			1,145,616,950.52	

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Investees	Increase/decrease for the current period			Impairment Provision Closing Balance
	Other movement	The disposal of the investment	Closing balance	
Shandong Port Land-Sea International Logistics (Ji'nan) Co., Ltd		-133,358.45	58,530,460.31	
Haier Best Water Technology Co., Ltd.			151,005,563.91	
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)		-22,243,476.88	166,664,033.72	
Qingdao Ririshun Huizhi Investment Co., Ltd.			4,083,482.78	
Qingdao Xiaoshuai Intelligent Technology Co., Ltd			13,453,532.83	
Qingdao Xinshenghui Technology Co., Ltd.			13,281,618.30	
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)			3,210,225.63	
Qingdao Dongfang 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	
HNR (Private) Company Limited			187,561,846.11	
HPZ LIMITED			11,203,257.77	-11,203,257.77
Controladora Mabe, S.A. de C.V.			5,408,721,261.05	
Middle East Air conditioning Company, Limited		-7,389,990.91		
Total		-72,853,737.05	21,856,405,556.96	-99,503,257.77

15. Investments in other equity instruments

(1) Details of investments in other equity instruments at the end of the period:

Items	Closing balance	Opening balance
SINOPEC Fuel Oil Sales Corporation Limited	1,127,500,000.00	1,674,427,670.51
Haier COSMO IOT Ecosystem Technology Co., Ltd.	2,789,172,842.14	2,786,307,000.00
Other	1,488,428,647.19	1,612,946,200.31
Total	5,405,101,489.33	6,073,680,870.82

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

Items	Amount for the current period
SINOPEC Fuel Oil Sales Corporation Limited	40,926,698.60
Other	7,223,246.39
Total	48,149,944.99

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16. Investment properties

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

Items	Houses and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	162,700,718.91	108,900,075.76	271,600,794.67
2. Increase for the period			
(1) External acquisition	100,035,695.40		100,035,695.40
(2) Intangible asset/fixed assets/construction in progress transferred in	113,248.43		113,248.43
(3) Increase in business combinations			
3. Decrease for the period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Change in foreign exchange rate and others			
5. Closing balance	262,849,662.74	108,900,075.76	371,749,738.50
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	19,258,789.34	6,180,745.50	25,439,534.84
2. Increase for the period			
(1) Provision or amortization	9,704,712.16	2,175,775.54	11,880,487.70
(2) Intangible asset/fixed assets/construction in progress transferred in			
3. Decrease for the period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Change in foreign exchange rate and others			
5. Closing balance	28,963,501.50	8,356,521.04	37,320,022.54
III. Provision for impairment			
1. Opening balance			
2. Increase for the period			
(1) Provision			
3. Decrease for the period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book value			
1. Closing book value	233,886,161.24	100,543,554.72	334,429,715.96
2. Opening book value	143,441,929.57	102,719,330.26	246,161,259.83

- (2) The depreciation and amortization amount charge for the period is RMB11,880,487.70 (amount for the corresponding period: RMB8,437,457.44).
- (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

Overview

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	40,353,013,813.33	37,613,215,769.46
Total	40,353,013,813.33	37,613,215,769.46

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(1) Fixed assets:

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	23,587,425,943.99	39,983,465,124.95	282,740,896.81
2. Increase for the period			
(1) Acquisition	554,810,237.55	838,206,378.48	23,137,237.56
(2) Construction in progress transferred in	2,762,345,642.61	3,642,415,135.45	45,932,036.20
(3) Increase in business combinations			
(4) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	386,400,388.28	2,293,576,598.87	40,686,781.48
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	9,257,187.12	-141,263,627.89	12,133,173.12
5. Closing balance	26,527,438,622.99	42,029,246,412.12	323,256,562.21
II. Accumulated depreciation			
1. Opening balance	7,079,072,646.10	21,078,671,488.71	161,340,026.39
2. Increase for the period			
(1) Provision	1,084,511,114.89	3,524,121,341.35	35,648,529.85
(2) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	77,348,330.87	1,738,012,709.51	22,630,585.44
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-173,853,598.07	-127,016,876.11	164,609.93
5. Closing balance	7,912,381,832.05	22,737,763,244.44	174,522,580.73
III. Provision for impairment			
1. Opening balance	42,187,643.34	17,624,919.83	105,101.78
2. Increase for the period			
(1) Provision	23,843,257.58	5,511,302.52	1,092,873.58
(2) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	33,955,900.86	5,970,211.43	78,521.06
(2) Disposal of subsidiaries			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-885,515.96	927,662.09	28,261.55
5. Closing balance	31,189,484.10	18,093,673.01	1,147,715.85
IV. Book value			
1. Closing book value	18,583,867,306.84	19,273,389,494.67	147,586,265.63
2. Opening book value	16,466,165,654.55	18,887,168,716.41	121,295,768.64

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(Continue)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	1,866,237,560.00	3,564,759,601.87	69,284,629,127.62
2. Increase for the period			
(1) Acquisition	37,188,868.82	53,167,178.63	1,506,509,901.04
(2) Construction in progress transferred in	205,428,076.53	534,522,381.28	7,190,643,272.07
(3) Increase in business combinations			
(4) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	218,476,938.98	386,904,528.96	3,326,045,236.57
(2) Disposal of subsidiary			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	96,994,604.52	110,006,009.62	87,127,346.49
5. Closing balance	1,987,372,170.89	3,875,550,642.44	74,742,864,410.65
II. Accumulated depreciation			
1. Opening Balance	1,091,419,033.13	2,198,543,345.96	31,609,046,540.29
2. Increase for the period			
(1) Provision	255,767,013.75	390,109,334.44	5,290,157,334.28
(2) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	193,643,589.46	290,273,199.63	2,321,908,414.91
(2) Disposal of subsidiary			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	36,715,306.08	18,785,979.03	-245,204,579.14
5. Closing Balance	1,190,257,763.50	2,317,165,459.80	34,332,090,880.52
III. Provision for impairment			
1. Opening balance	209,527.14	2,239,625.78	62,366,817.87
2. Increase for the period			
(1) Provision	3,620,819.96	1,068,435.23	35,136,688.87
(2) Investment properties transferred in			
3. Decrease for the period			
(1) Disposal or write-off	5,373.38	61,129.46	40,071,136.19
(2) Disposal of subsidiary			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-16,856.66	273,795.23	327,346.25
5. Closing balance	3,808,117.06	3,520,726.78	57,759,716.80
IV. Book value			
1. Closing book value	793,306,290.33	1,554,864,455.86	40,353,013,813.33
2. Opening book value	774,608,999.73	1,363,976,630.13	37,613,215,769.46

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- (2) In the current period, the balance of the construction in progress transferred to the original value of the fixed assets in a total of RMB7,190,643,272.07 (amount for the corresponding period: RMB6,552,651,060.82).
- (3) As at 31 December 2025, the net book value of the buildings for which the Company has not yet obtained certificates of title was RMB1,088 million (amount at the beginning of the period RMB396 million), and the relevant certificates of title were being processed. The Company can legally and effectively occupy and operate the above-mentioned buildings for which no certificates of title have been obtained.
- (4) The amount of mortgage secured by the fixed assets mortgage at the end of the period was RMB31,591,541.19, and there was no mortgage secured by the fixed assets mortgage at the beginning of the period.

18. Construction in progress

Presented by items

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Construction in progress	4,885,331,872.38	5,686,050,990.48
Total	4,885,331,872.38	5,686,050,990.48

Construction in progress**(1) Construction in progress**

√ Applicable □ Not Applicable

Unit and Currency: RMB

Projects	Closing Balance			Opening Balance		
	Book balance	Impairment Provision	Book Value	Book balance	Impairment provision	Book Value
New Zealand FPA Project	1,027,457,217.89		1,027,457,217.89	404,446,522.30		404,446,522.30
Qingdao Refrigeration Appliance Project	821,140,461.78		821,140,461.78	598,424,118.21		598,424,118.21
America GE Appliances Project	477,440,471.95	24,263,425.12	453,177,046.83	255,332,644.93	24,814,364.49	230,518,280.44
Qingdao HVAC Project	307,377,327.62		307,377,327.62	37,447,065.83		37,447,065.83
Haier Thailand Project	283,216,560.40		283,216,560.40	163,488,281.00		163,488,281.00
Qingdao Water Ecology Technology Project	127,719,944.98		127,719,944.98	1,066,513,889.60		1,066,513,889.60
Others	1,868,601,113.08	3,357,800.20	1,865,243,312.88	3,187,941,332.33	2,728,499.23	3,185,212,833.10
Total	4,912,953,097.70	27,621,225.32	4,885,331,872.38	5,713,593,854.20	27,542,863.72	5,686,050,990.48

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

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Transfer to investment properties	Change in foreign exchange rate and others	Closing balance	Source of fund
New Zealand FPA Project	404,446,522.30	797,088,324.40	153,504,586.68		-20,573,042.13	1,027,457,217.89	Self-funding
Qingdao Refrigeration Appliance Project	598,424,118.21	989,214,170.47	766,497,826.90			821,140,461.78	Self-funding
America GE Appliances Project	255,332,644.93	647,169,380.17	415,741,531.81		-9,320,021.34	477,440,471.95	Self-funding
Qingdao HVAC Project	37,447,065.83	278,190,201.88	8,259,940.09			307,377,327.62	Self-funding
Haier Thailand Project	163,488,281.00	788,100,445.93	678,261,536.01		9,889,369.48	283,216,560.40	Self-funding
Qingdao Water Ecology Technology Project	1,066,513,889.60	147,008,068.70	1,085,802,013.32			127,719,944.98	Self-funding
Others	3,187,941,332.33	2,714,260,606.52	4,082,575,837.26	113,248.43	49,088,259.92	1,868,601,113.08	Self-funding
Total	5,713,593,854.20	6,361,031,198.07	7,190,643,272.07	113,248.43	29,084,565.93	4,912,953,097.70	

(3) Impairment provision of construction in progress

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Other decrease	Change in foreign exchange rate and others	Closing balance
America GE Appliance Project	24,814,364.49				-550,939.37	24,263,425.12
Eastern European Project	1,890,763.38				629,300.97	2,520,064.35
Lejia IOT Project	837,735.85					837,735.85
Total	27,542,863.72				78,361.60	27,621,225.32

19. Right-of-use assets

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	7,414,325,184.86	424,335,480.27	287,794,375.66
2. Increase for the current period			
(1) Acquisition	1,593,028,909.87	150,769,257.41	111,945,093.11
(2) Increase in business			
3. Decrease for the current period			
(1) Disposal	1,062,701,176.16	27,474,750.42	56,483,689.42
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	152,544,461.92	5,917,652.90	9,637,131.11
5. Closing balance	8,097,197,380.49	553,547,640.16	352,892,910.46
II. Accumulated depreciation			
1. Opening balance	2,728,106,200.79	72,300,559.30	141,273,353.79
2. Increase for the current period			
(1) Provision	1,407,369,631.58	120,330,517.72	107,911,103.97
3. Decrease for the current period			
(1) Disposal	843,198,131.97	2,390,612.71	56,140,671.27
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	13,994,696.40	-2,436,282.18	-2,316,003.74
5. Closing balance	3,306,272,396.80	187,804,182.13	190,727,782.75
III. Impairment provision			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	4,790,924,983.69	365,743,458.03	162,165,127.71
2. Opening book balance	4,686,218,984.07	352,034,920.97	146,521,021.87

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(continued)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	407,420,134.04	624,841,431.90	9,158,716,606.73
2. Increase for the current period			
(1) Acquisition	17,524,271.28	169,237,823.71	2,042,505,355.38
(2) Increase in business			
3. Decrease for the current period			
(1) Disposal	5,593,001.06	27,150,831.72	1,179,403,448.78
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	-2,810,231.79	-16,077,328.59	149,211,685.55
5. Closing balance	416,541,172.47	750,851,095.30	10,171,030,198.88
II. Accumulated depreciation			
1. Opening balance	65,901,643.86	309,265,284.63	3,316,847,042.37
2. Increase for the current period			
(1) Provision	46,814,277.73	98,103,282.26	1,780,528,813.26
3. Decrease for the current period			
(1) Disposal	5,593,001.04	17,808,168.02	925,130,585.01
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others	-26,594,492.43	-8,096,304.87	-25,448,386.82
5. Closing balance	80,528,428.12	381,464,094.00	4,146,796,883.80
III. Impairment provision			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	336,012,744.35	369,387,001.30	6,024,233,315.08
2. Opening book balance	341,518,490.18	315,576,147.27	5,841,869,564.36

20. Intangible assets

(1) Intangible assets

Items	Proprietary technology	Licenses and franchises	Land use rights
I. Original book value			
1. Opening balance	2,233,838,691.22	5,045,290,131.23	3,896,750,377.76
2. Increase for the current period			
(1) Purchase		81,481.09	246,628,024.28
(2) Internal research and development	150,637,291.78		
(3) Increase in business combination			
3. Decrease for the current period			
(1) Disposal	107,184,272.02	910,563.86	
(2) Disposal of subsidiary			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-35,475,188.21	75,107,716.41	-5,049,620.29
5. Closing balance	2,241,816,522.77	5,119,568,764.87	4,138,328,781.75
II. Accumulated amortization			
1. Opening balance	1,544,511,772.33	1,379,799,620.89	611,504,507.21
2. Increase for the current period			
(1) Provision	197,507,425.29	195,636,639.30	84,905,637.71
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal	107,184,272.02	101,500.27	
(2) Disposal of subsidiary			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others	-27,390,539.69	12,446,806.36	-839,349.92
5. Closing balance	1,607,444,385.91	1,587,781,566.28	695,570,795.00
III. Impairment provision			
1. Opening balance		67,588,227.33	
2. Increase for the current period			
(1) Provision			
(2) Increase in business combination			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiary			
(3) Transfer to investment properties			
4. Change in foreign exchange rate and others		-1,446,325.10	
5. Closing balance		66,141,902.23	
IV. Book Value			
1. Closing book balance	634,372,136.86	3,465,645,296.36	3,442,757,986.75
2. Opening book balance	689,326,918.89	3,597,902,283.01	3,285,245,870.55

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(continued)

Items	Trademark rights	Customer Relationship	Application management software and others	Total
I. Original book value				
1. Opening balance	2,771,507,897.39	1,635,555,560.33	7,212,821,183.79	22,795,763,841.72
2. Increase for the current period				
(1) Purchase			612,580,865.36	859,290,370.73
(2) Internal research and development			342,011,242.14	492,648,533.92
(3) Increase in business combination				
3. Decrease for the current period				
(1) Disposal			74,279,457.86	182,374,293.74
(2) Disposal of subsidiary				
(3) Transfer to investment properties				
4. Change in foreign exchange rate and others	118,163,485.41	135,015,447.34	-28,265,409.87	259,496,430.79
5. Closing balance	2,889,671,382.80	1,770,571,007.67	8,064,868,423.56	24,224,824,883.42
II. Accumulated amortization				
1. Opening balance	34,235,166.67	184,372,755.73	4,907,168,057.06	8,661,591,879.89
2. Increase for the current period				
(1) Provision	12,780,503.54	81,234,918.28	841,121,820.58	1,413,186,944.70
(2) Increase in business combination				
3. Decrease for the current period				
(1) Disposal			35,103,877.82	142,389,650.11
(2) Disposal of subsidiary				
(3) Transfer to investment properties				
4. Change in foreign exchange rate and others	-399,038.88	1,644,072.81	-12,672,236.23	-27,210,285.55
5. Closing balance	46,616,631.33	267,251,746.82	5,700,513,763.59	9,905,178,888.93
III. Impairment provision				
1. Opening balance			23,643,666.33	91,231,893.66
2. Increase for the current period				
(1) Provision			4,918,314.90	4,918,314.90
(2) Increase in business combination				
3. Decrease for the current period				
(1) Disposal			58,760.67	58,760.67
(2) Disposal of subsidiary				
(3) Transfer to investment properties				
4. Change in foreign exchange rate and others			158,442.56	-1,287,882.54
5. Closing balance			28,661,663.12	94,803,565.35
IV. Book Value				
1. Closing book balance	2,843,054,751.47	1,503,319,260.85	2,335,692,996.85	14,224,842,429.14
2. Opening book balance	2,737,272,730.72	1,451,182,804.60	2,282,009,460.40	14,042,940,068.17

- (2) At the end of the period, the intangible assets developed through the Company accounted for the 18.58% of the original value at the end of the period (accounting for 18.59% at the beginning of the period).
- (3) The amount of intangible assets pledged at the end of the period was RMB351,274,674.37, The amount of intangible assets pledged at the beginning of the period was RMB97,328,830.10.

21. Goodwill

Items	Opening balance	Increase for the current period	Decrease for the current period	Change in foreign exchange rate and others	Closing balance
GEA	21,360,922,505.97			-477,908,085.86	20,883,014,420.11
Candy	1,946,245,938.71			183,563,704.02	2,129,809,642.73
CCR	2,141,379,302.22			187,926,595.98	2,329,305,898.20
Others	1,935,459,852.16			22,639,824.17	1,958,099,676.33
Total	27,384,007,599.06			-83,777,961.69	27,300,229,637.37

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
Renovation	204,123,378.57	197,812,578.53	156,786,277.97		414,696.07	245,564,375.20
Improvement on leased property	199,983,171.28	63,181,975.11	38,305,746.16		-933,245.79	223,926,154.44
Others	194,109,883.79	55,729,493.78	59,086,859.59		1,241,916.20	191,994,434.18
Total	598,216,433.64	316,724,047.42	254,178,883.72		723,366.48	661,484,963.82

23. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before elimination

Items	Closing balance	Opening balance
Provision for assets impairment	700,443,398.81	601,791,456.35
Liabilities	3,527,870,568.73	3,015,752,813.85
Internal unrealized earnings eliminated due to combination	764,199,607.06	887,557,367.83
Uncovered losses	469,134,535.87	248,331,903.96
R&D expenses	875,363,814.21	1,523,977,439.36
Others	573,800,687.07	620,466,885.20
Total	6,910,812,611.75	6,897,877,866.55

(2) Deferred income tax liabilities before elimination

Items	Closing balance	Opening balance
Asset amortisation	4,698,185,656.20	4,823,267,766.46
Remeasurement of fair value of the reaming equity on the day when the control right was lost	374,198,127.62	374,198,127.62
Changes in fair value of investments in other equity instruments	301,261,849.11	301,550,087.64
Others	389,263,129.26	468,942,561.47
Total	5,762,908,762.19	5,967,958,543.19

- (3) The deferred income tax assets and the deferred income tax liabilities eliminated at the end of the period was RMB4,131,615,032.48 (amount at the beginning of the period RMB4,420,671,374.19).

24. Other non-current assets

Items	Closing balance	Opening balance
Prepayments for equipment and land	1,679,848,538.95	1,381,218,293.01
Others	621,265,330.96	378,338,600.62
Total	2,301,113,869.91	1,759,556,893.63

25. Short-term borrowings

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — secured by pledge	38,196,767.61	46,809,229.31
Borrowings — secured by guarantee	195,880,915.36	466,702,681.40
Borrowings — secured by credit	17,158,326,737.89	13,270,855,533.22
Borrowings — secured by mortgage and guarantee guarantee	28,380,000.00	
Total	17,420,784,420.86	13,784,367,443.93

26. Derivative financial liabilities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	190,868,603.05	71,011,310.01
Total	190,868,603.05	71,011,310.01

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27. Bills payable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Commercial acceptance notes	5,806,514,646.24	8,488,327,100.21
Bank acceptance notes	18,064,147,577.86	12,732,037,211.60
Total	23,870,662,224.10	21,220,364,311.81

28. Accounts payables

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Accounts payables	53,544,741,780.87	54,665,277,420.32
Total	53,544,741,780.87	54,665,277,420.32

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. Contractual liabilities

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Contractual liabilities	8,534,516,748.92	10,865,337,767.67
Total	8,534,516,748.92	10,865,337,767.67

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 contractual 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	4,970,397,275.48	34,502,564,825.80	33,938,142,171.61	5,534,819,929.67
II. Post-employment benefits defined contribution plan	24,053,768.46	1,736,332,417.49	1,732,789,013.82	27,597,172.13
III. Termination benefits	17,767,282.21	67,027,672.23	63,690,899.72	21,104,054.72
IV. Other benefits due within one year	45,041,951.84		10,781,769.04	34,260,182.80
Total	5,057,260,277.99	36,305,924,915.52	35,745,403,854.19	5,617,781,339.32

(2) Short-term remuneration√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Salaries, bonus, allowances and benefit	3,486,859,330.29	26,021,858,117.80	25,487,907,506.00	4,020,809,942.09
II. Employee welfare	387,478,465.50	1,231,917,767.64	1,230,565,737.27	388,830,495.87
III. Social benefit	266,622,546.54	2,119,275,447.01	2,140,223,720.46	245,674,273.09
IV. Housing fund	5,690,085.85	742,464,161.55	733,203,434.22	14,950,813.18
V. Labor union fee and education fund	13,453,646.86	150,563,387.72	156,774,504.87	7,242,529.71
VI. Short-term compensated leave	278,959,789.45	517,720,716.19	550,911,599.75	245,768,905.89
VII. Others	531,333,410.99	3,718,765,227.89	3,638,555,669.04	611,542,969.84
Total	4,970,397,275.48	34,502,564,825.80	33,938,142,171.61	5,534,819,929.67

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(3) Defined contribution plan

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
1. Basic pension insurance	22,019,009.13	1,598,414,484.17	1,596,170,577.40	24,262,915.90
2. Unemployment insurance	384,540.86	47,580,362.09	47,589,451.52	375,451.43
3. Enterprise annuity payment	1,650,218.47	90,337,571.23	89,028,984.90	2,958,804.80
Total	24,053,768.46	1,736,332,417.49	1,732,789,013.82	27,597,172.13

(4) Termination benefits

Items	Closing balance	Opening balance
Termination compensation	21,104,054.72	17,767,282.21
Total	21,104,054.72	17,767,282.21

31. Taxes payable

☒ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	954,146,861.16	961,504,803.99
Corporate income tax	2,130,354,621.31	2,649,673,418.47
Individual income tax	130,717,764.32	127,574,718.36
City maintenance and construction tax	39,660,819.55	40,152,216.35
Education surcharge	16,198,526.77	16,711,119.94
Other taxes	122,045,242.12	119,603,639.06
Total	3,393,123,835.23	3,915,219,916.17

32. Other payables√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Dividends payable	54,860,109.41	14,082,609.41
Other payables	19,438,745,515.16	21,732,053,154.67
Total	19,493,605,624.57	21,746,135,764.08

(1) Dividends payable√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Other public shareholders	54,860,109.41	14,082,609.41
Total	54,860,109.41	14,082,609.41

(2) Other payables***Other payables by nature***√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Other payables	19,438,745,515.16	21,732,053,154.67
Total	19,438,745,515.16	21,732,053,154.67

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

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33. Non-current liabilities due within one year

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within one year	4,356,450,000.00	10,365,227,785.72
Long term payables due within one year	749,239.28	50,806,318.73
Lease liabilities due within one year	1,631,251,739.94	1,352,476,354.94
Estimated liabilities due within one year	2,638,189,200.59	2,710,430,236.34
Non-current liabilities due within one year	8,560,477.61	2,051,099,765.64
Bonds interest payable due within one year	43,696,805.56	
Total	8,678,897,462.98	16,530,040,461.37

34. Other current liabilities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Payable refund	800,266,844.42	624,122,847.31
Tax amount to be transferred to output tax	689,818,607.74	1,134,910,313.73
Others	111,216,128.89	140,912,299.35
Total	1,601,301,581.05	1,899,945,460.39

35. Long-term borrowings

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Borrowing category	Closing balance	Opening balance
Borrowings — secured by pledge	250,751,033.00	108,200,000.00
Borrowings — unsecured by credit	10,915,135,136.09	9,556,874,313.67
Total	11,165,886,169.09	9,665,074,313.67

The interest rates of the Company's long-term borrowings: 1.50%–5.30%.

36. Bonds payable

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

As of 31 December 2025, the balance of bonds payable is as follows:

Name of bonds	Face value	Coupon rate	Date of issue	Bonds maturity	Issue amount	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	100	1.99%	2025/2/25	3 years	1,500,000,000.00	1,500,000,000.00		25,621,250.00			25,621,250.00	1,500,000,000.00	No
MTN002	100	1.66%	2025/6/17	3 years	2,000,000,000.00	2,000,000,000.00		18,075,555.56			18,075,555.56	2,000,000,000.00	No
Total					3,500,000,000.00	3,500,000,000.00		43,696,805.56			43,696,805.56	3,500,000,000.00	

37. Lease liabilities

Items	Closing balance	Opening balance
Lease liabilities	6,182,662,307.78	5,833,372,352.30
Less: lease liabilities due within one year	1,631,251,739.94	1,352,476,354.94
Total	4,551,410,567.84	4,480,895,997.36

38. Long-term payables

Items	Closing balance	Opening balance
Others	168,611,516.07	202,526,375.32
Investment from CDB development fund		36,500,000.00
Less: long-term payables due within one year	749,239.28	50,806,318.73
Total	167,862,276.79	188,220,056.59

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39. Long-term employee benefits payable

√ Applicable ☐ Not Applicable

(1) Statement of Long-term employee benefits payable

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
I. Post-employment benefits: net liability of defined benefit plan	1,587,461,836.72	1,766,487,772.54
II. Termination benefits	581,272,186.35	541,765,948.00
III. Other long-term benefits	159,777,096.41	100,022,169.77
IV. Provision for work-related injury compensation	115,055,458.75	153,371,556.04
Total	2,443,566,578.23	2,561,647,446.35

(2) Defined benefits plan

Some subsidiaries of the Company have set several defined benefit plans for the qualified staff. Under these plans, the employees are entitled to the retirement benefits agreed in such defined benefit plans.

These plans are exposed to interest rate risks, changes in life expectancy of the beneficiary and other risks.

The recent actuarial evaluation of the assets and the present value of defined benefit obligations under such plans are determined by using the projected unit credit method.

① ***The defined benefit plan of Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company***

Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company, has provided post-retirement defined benefit plan of health care benefits for the eligible employees.

Actuarial assumptions used in defined benefit plans

Items	Rate
Discount rate	5.45%

Present value of defined benefit obligations

Items	Amount
I. Opening balance	138,011,845.57
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	6,049,077.10
1. Current service cost	
2. Past service cost	
3. Settlement gains (loss indicated in '-')	
4. Interest cost	6,049,077.10
IV. Defined benefit cost recognized in other comprehensive incomes	210,401.81
1. Actuarial loss (gain indicated in '-')	210,401.81
V. Other changes	-110,298,828.63
1. The consideration paid at the time of settlement	
2. Benefit paid	-18,005,951.72
3. Plan amendment	-90,847,199.13
4. Exchange differences	-1,445,677.78
VI. Closing balance	33,972,495.85

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Net liability (net asset) of defined benefit plan

Items	Amount
I. Opening balance	138,011,845.57
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	6,049,077.10
IV. Defined benefit cost recognized in other comprehensive incomes	210,401.81
V. Other changes	-110,298,828.63
VI. Closing balance	33,972,495.85

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

Carrier Refrigeration Benelux B.V., a subsidiary of the Company, has provided defined benefit plan of pension for the eligible employees.

Actuarial assumptions used in defined benefit plans

Items	Rate
Discount rate	4.20%

Present value of defined benefit obligations

Items	Amount
I. Opening balance	1,423,443,470.41
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	68,421,962.18
1. Current service cost	16,126,387.23
2. Past service cost	
3. Settlement gains (loss indicated in '-')	
4. Interest cost	52,295,574.95
IV. Defined benefit cost recognized in other comprehensive incomes	-140,954,812.64
1. Actuarial loss (gain indicated in '-')	-140,954,812.64
V. Other changes	-2,596,182.92
1. The consideration paid at the time of settlement	
2. Benefit paid	-121,105,535.82
3. Exchange differences	118,509,352.90
VI. Closing balance	1,348,314,437.03

Fair value of plan assets

Items	Amount
I. Opening balance	50,570,397.42
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 incomes	-1,531,406.77
1. Return on plan assets (except those included in net interests)	-1,531,406.77
2. Changes in impact of asset cap (except those included in net interests)	
V. Other changes	5,789,007.07
1. Employer contributions	
2. Benefits paid out	
3. Exchange differences	5,789,007.07
VI. Closing balance	54,827,997.72

Net liability (net asset) of defined benefit plan

Items	Amount
I. Opening balance	1,372,873,072.99
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	68,421,962.18
IV. Defined benefit cost recognized in other comprehensive income	-139,423,405.87
V. Other changes	-8,385,189.98
VI. Closing balance	1,293,486,439.31

Classification of the balance of defined benefit plan

Items	Closing balance	Opening balance
Short-term Benefit	27,968,651.56	37,042,017.07
Long-term Benefit	1,587,461,836.72	1,766,487,772.54
Total	1,615,430,488.28	1,803,529,789.61

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40. Estimated liabilities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Active litigation	40,983,354.77	52,893,571.31
Others	481,108,834.82	353,215,103.35
Projection of warranty expenses and installation fees	1,968,277,874.04	1,980,153,078.26
Total	2,490,370,063.63	2,386,261,752.92

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	1,252,216,590.03	443,565,527.80	254,304,581.72	1,441,477,536.11
Total	1,252,216,590.03	443,565,527.80	254,304,581.72	1,441,477,536.11

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	9,382,913,334		5,283,684	9,377,629,650
1. Ordinary shares in RMB	6,254,501,095		1,472,684	6,253,028,411
2. Domestic listed foreign Shares				
3. Offshore listed foreign Shares	3,128,412,239		3,811,000	3,124,601,239
4. Others				
III. Total shares	9,382,913,334		5,283,684	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)	18,567,161,037.20	535,449,910.53	864,666,147.25	18,237,944,800.48
Others capital reserve	1,743,057,184.84	796,526,334.42	410,849,041.99	2,128,734,477.27
Total	20,310,218,222.04	1,331,976,244.95	1,275,515,189.24	20,366,679,277.75

The main reasons for the change in capital premium: share premium in the current period was offset by the capital reduction by the minority shareholders of RMB305,871,527.15 ; share premium in the current period was offset by combination under common control of RMB385,944,236.13 ; the cancellation of treasury stock for the current period resulted in the reduction of capital premium of RMB160,753,865.95.

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 RMB489,655,040.87 ; changes in other equity of investees accounted for using the equity method of RMB306,871,293.55; share-based payment vested for the current period reduced other capital reserves of RMB410,849,041.99.

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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	3,510,728,776.44	1,330,902,419.60	580,549,151.97	4,261,082,044.07
Total	3,510,728,776.44	1,330,902,419.60	580,549,151.97	4,261,082,044.07

The main reasons for the change in treasury stock: the repurchase of treasury stock for the current period of RMB1,330,902,419.60, the cancellation for the current period of RMB580,549,151.97.

45. Other comprehensive income

Items	Opening balance	Amount before current income tax	Deduction of impact on income tax	Amounts for the current period		Others	Closing balance
				Attributable to the parent company after tax	Attributable to minority shareholders after tax		
a	-362,738,623.59	-346,518,447.49		-346,140,938.77	-377,508.72	373,239.24	-708,506,323.12
b	-122,083,113.66	-30,255,376.24	19,654,116.51	-10,380,671.02	-220,588.71		-132,463,784.68
c	83,057,616.24	309,428,485.79		316,975,027.26	-7,546,541.47	845,540.64	400,878,184.14
d	1,081,059,271.89	-660,845,065.36	114,752,488.72	-545,861,390.54	-231,186.10	-1,080,436.22	534,117,445.13
e	146,207,709.59	210,251,895.85	-18,174,435.20	191,778,591.61	298,869.04	675.56	337,986,976.76
Total	825,502,860.47	-517,938,507.45	116,232,170.03	-393,629,381.46	-8,076,955.96	139,019.22	432,012,498.23

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	79,288,144,269.76
Change in accounting policy	
Combination under common control	186,221,964.94
Undistributed profits at the beginning of the year	79,474,366,234.70
Add: net profit attributable to owners of the parent company	19,552,798,222.85
Other transfer in	-58,210,686.50
Adjustment due to implementation of enterprise accounting standard	
Profit available for appropriation for the year	98,968,953,771.05
Less: appropriation of statutory surplus reserve	
Dividend payable for ordinary shares	11,482,394,628.83
Undistributed profits at the end of period	87,486,559,142.22

48. Operating income and operating cost

(1) Operating income

Items	Amount for the current period	Amount for the previous period
Primary business	300,581,679,489.94	284,616,707,296.06
Other Business	1,765,104,428.36	1,398,587,640.46
Total	302,346,783,918.30	286,015,294,936.52

(2) Primary business income and primary business cost by product category

Categories	Amount for the current period		Amount for the previous period	
	Primary business income	Primary business cost	Primary business income	Primary business cost
Air conditioner	53,741,784,684.04	41,684,227,995.89	49,055,935,438.09	37,346,454,702.38
Refrigerator	84,165,111,116.09	58,787,968,517.39	83,240,760,926.03	57,624,075,173.29
Kitchen appliance	41,322,769,277.57	29,515,391,937.84	41,111,204,777.78	29,051,095,842.50
Water appliance	17,474,406,595.05	10,365,942,071.42	15,750,526,855.24	9,195,963,076.46
Washing machine	64,984,973,167.46	44,901,712,864.55	63,028,390,279.46	43,252,584,256.77
Equipment product and integrated channel services	38,892,634,649.73	35,260,348,503.79	32,429,889,019.46	29,560,601,475.62
Total	300,581,679,489.94	220,515,591,890.88	284,616,707,296.06	206,030,774,527.02

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	409,026,668.79	418,881,158.65
Education surcharge	198,006,848.83	240,788,884.00
Property tax	175,101,380.87	153,313,363.82
Land use tax	67,000,042.16	51,673,613.84
Stamp duty	381,111,024.70	356,287,051.24
Others	99,502,051.17	56,879,972.71
Total	1,329,748,016.52	1,277,824,044.26

50. Selling expenses√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Selling expenses	33,877,814,770.04	33,608,820,300.61
Total	33,877,814,770.04	33,608,820,300.61

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	13,762,454,428.58	12,134,986,807.22
Total	13,762,454,428.58	12,134,986,807.22

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

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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	10,095,934,065.45	10,769,896,196.17
Total	10,095,934,065.45	10,769,896,196.17

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	2,679,484,195.35	2,727,313,494.33
Less: interest income	1,719,937,738.86	1,898,277,571.88
Less: cash discount	173,729,330.00	122,627,794.57
Exchange gains and losses (gains are represented by '-')	-1,001,008,413.76	119,482,597.70
Others	164,232,163.52	146,187,701.64
Total	-50,959,123.75	972,078,427.22

Interest expenditure in lease liabilities for the current period was RMB367,386,809.61 (amount for the corresponding period: RMB222,683,164.78).

54. Other income√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Classification by nature	Amount for the current period	Amount for the previous period
Government grants related to revenue	1,655,101,016.47	1,582,858,282.58
Government grants related to assets	226,458,413.53	132,973,142.72
Total	1,881,559,430.00	1,715,831,425.30

55. Investment income (losses are represented by '-')√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Long-term equity investments income calculated by the equity method	1,327,576,097.46	1,816,477,749.42
Investment income from disposal of long-term equity investments	-5,638,691.51	-26,833,481.45
Investment income from other equity instrument investments during holding period	48,149,944.99	58,023,034.74
Income from wealth management products	94,230,219.50	69,518,481.36
Investment income from disposal of financial assets measured at fair value with changes included in current profit and loss	65,568,029.58	-1,038,171.65
Total	1,529,885,600.02	1,916,147,612.42

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56. Gains on changes in fair value (losses are represented by '-')

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Source of gains on change in fair value	Amount for the current period	Amount for the previous period
Change in fair value of equity investments	35,271,695.81	-713,816.05
Change in fair value of fund investments	55,251,132.65	41,204,390.70
Others	1,373,525.79	6,639,750.02
Total	91,896,354.25	47,130,324.67

57. Credit impairment loss (losses are represented by '-')

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Bad debts losses on bills receivable	111,593.59	4,680,223.35
Bad debts losses on accounts receivable	32,574,132.33	-321,953,300.77
Bad debts losses on other receivable	-58,468,500.29	39,483,326.54
Total	-25,782,774.37	-277,789,750.88

58. Impairment loss on assets (losses are represented by '-')

Items	Amount for the current period	Amount for the previous period
Impairment losses on inventory	-993,775,485.62	-975,313,169.87
Impairment losses on other current assets	-246,501,456.63	-281,079,517.50
Impairment losses on fixed assets	-35,136,688.87	-6,188,659.52
Impairment losses on construction in progress		-4,040,147.51
Impairment losses on intangible assets	-4,918,314.90	
Impairment losses on contract assets	-33,734,416.98	-24,334,622.59
Impairment losses on long-term equity investment		-11,203,257.77
Impairment losses on prepayments		1,495,011.15
Total	-1,314,066,363.00	-1,300,664,363.61

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	30,505,719.85	15,695,650.15
Losses on disposal of non-current assets	-61,542,581.75	-26,954,262.79
Total	-31,036,861.90	-11,258,612.64

60. Non-operating income√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Total gains on disposal of non-current assets	6,144,000.72	1,552,662.43
Quality claims and fines	26,868,955.86	43,622,231.29
Others	289,158,869.70	138,765,177.16
Total	322,171,826.28	183,940,070.88

61. Non-operating expenses√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Total losses on disposal of non-current assets	172,613,140.79	40,496,578.31
Others	396,307,858.62	322,365,734.92
Total	568,920,999.41	362,862,313.23

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62. Income tax expenses

(1) Statement of income tax expenses

Items	Amount for the current period	Amount for the previous period
Current income tax expense	3,431,507,679.13	4,026,894,346.66
Deferred income tax expense	-115,857,425.42	-869,714,419.89
Total	3,315,650,253.71	3,157,179,926.77

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

Items	Amounts
Total accounting profit	23,478,743,800.22
Income tax expense calculated pursuant to statutory tax rate	5,869,685,950.06
Impact from different tax rates applicable to subsidiaries	-1,735,980,322.74
Impact from adjustment to income tax in prior periods	-289,509,140.94
Impact from non-taxable income	-515,540,809.21
Impact from non-deductible cost, expense and loss	280,330,728.80
Impact from deductible provisional differences or deductible losses of unrecognized deferred tax	-24,845,137.03
Others	-268,491,015.23
Total income tax expense	3,315,650,253.71

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	387,519,443.01
Government grants	1,233,109,063.69
Non-operating income excluding government grants	37,248,047.58
Interest income	1,630,791,627.82
Others	271,722,447.78
Total	3,560,390,629.88

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	18,182,269,776.32
Cash paid on administrative and R&D expenses	7,574,029,271.31
Cash paid on financial expenses	150,932,480.39
Non-operating expenses	42,309,714.94
Deposits and securities	130,455,642.03
Others	257,110,345.03
Total	26,337,107,230.02

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(2) Cash related to investing activities

Other cash received from significant investing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Redemption of wealth management products	44,699,651,740.62
Total	44,699,651,740.62

Other cash paid to significant investing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Purchase of wealth management products	53,947,147,929.56
Total	53,947,147,929.56

Other cash received from other investing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Recovery of amounts from disposal of equity interests in previous years	128,359,203.42
Others	2,341,483.22
Total	130,700,686.64

(3) Cash related to financing activities

Other cash received from other financing activities

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Amount recovered from the capital pool of COSMOPlat Mould (Qingdao) Co., Ltd.	111,646,384.65
Total	111,646,384.65

Other cash paid to financing activities√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Repurchase of shares	1,233,645,922.24
Cash paid to lease	1,801,234,098.84
Purchase of minority interests in subsidiaries	2,191,555,760.34
Cash paid for business combination under common control	77,749,769.26
Change in ownership interest in subsidiaries	188,719,859.91
Total	5,492,905,410.59

Changes of various liabilities arising from financing activities√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Increase for the current period		Decrease for the current period		Closing balance
	Opening balance	Cash change	Non-cash change	Cash change	Non-cash change
Short-term borrowings	13,784,367,443.93	22,306,700,670.34	352,600,191.23	18,976,074,655.33	46,809,229.31
Long-term borrowings (including those due within one year)	20,030,302,099.39	7,341,261,011.02	263,201,606.58	12,111,679,308.62	15,523,085,408.37
Lease liabilities (including those due within one year)	5,833,372,352.27		2,437,093,356.98	1,801,234,098.84	286,569,302.63
Bonds payable (including those due within one year)		3,500,000,000.00	43,696,805.56		3,543,696,805.56
Total	39,648,041,895.59	33,147,961,681.36	3,096,591,960.35	32,888,988,062.79	333,378,531.94

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	20,163,093,546.51	19,565,538,651.92
Add: impairment provision for assets	1,314,066,363.00	1,300,664,363.61
Loss from credit impairment	25,782,774.37	277,789,750.88
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of biological assets for production	5,302,037,821.98	4,722,365,794.59
Amortization of right-of-use assets	1,780,528,813.26	1,509,594,187.35
Amortization of intangible assets	1,413,186,944.70	1,403,251,337.35
Amortization of long-term prepaid expenses	254,178,883.72	467,452,036.82
Loss from disposal of fixed assets, intangible assets and other long-term assets (gain represented by “—”)	197,506,001.97	50,202,528.52
Loss from change of fair value (gain represented by “—”)	-91,896,354.25	-47,130,324.67
Financial expenses (gain represented by “—”)	2,160,905,101.82	2,280,130,175.06
Loss from investments (gain represented by “—”)	-1,529,885,600.02	-1,916,147,612.42
Decrease in deferred income tax assets (increase represented by “—”)	28,023,838.48	-790,601,936.80
Increase of deferred income tax liabilities (decrease represented by “—”)	-143,881,263.90	-79,112,483.06
Decrease in inventories (increase represented by “—”)	-4,651,670,929.24	-3,665,427,970.94
Decrease of operational account receivables (increase represented by “—”)	3,389,558,304.06	-7,764,622,861.36
Increase of operational account payables (decrease represented by “—”)	-4,287,508,263.49	8,635,893,575.31
Others	678,915,986.95	368,252,099.79
Net cash flow generated from operational activities	26,002,941,969.92	26,318,091,311.95
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	46,267,687,864.46	54,994,595,280.18
Less: cash balance at the beginning of the period	54,994,595,280.18	56,715,672,668.25
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	-8,726,907,415.72	-1,721,077,388.07

(2) Composition of cash and cash equivalents√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
I. Cash	46,267,687,864.46	54,994,595,280.18
Including: Cash on hand	2,361,449.23	560,953.91
Bank deposits always available for payment	45,475,152,052.12	54,256,005,280.85
Other monetary funds always available for payment	790,174,363.11	738,029,045.42
II. Cash equivalents		
Including: bond investments due within three months		
III. Closing balance of cash and cash equivalents	46,267,687,864.46	54,994,595,280.18
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	Closing balance	Opening balance	Reasons
Deposit	1,218,085,032.34	532,703,901.59	Poor marketability, not readily realizable, or available for payment
Restricted special account deposit	67,286,255.09	36,317,505.47	
Others	68,598,289.41	33,937,935.59	
Total	1,353,969,576.84	602,959,342.65	/

(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	151,089,188.11	98,355,349.41
Including: Amounts received by suppliers from financing provider	151,089,188.11	98,355,349.41
Accounts payable	8,675,434,827.79	8,502,906,169.43
Including: Amounts received by suppliers from financing provider	4,517,989,746.97	4,674,536,705.90

The payment period for comparable accounts payable not under supplier financing arrangements ranges from 30 to 270 days.

66. Monetary items in foreign currency

Items	Closing balance			Opening balance		
	Balance in foreign currency	Exchange rate	Balance in RMB	Balance in foreign currency	Exchange rate	Balance in RMB
Monetary funds						
USD	2,362,409,186.15	7.0288	16,604,901,687.63	2,212,325,253.41	7.1884	15,903,078,851.59
EUR	169,567,322.38	8.2355	1,396,471,683.43	171,400,140.17	7.5257	1,289,906,034.89
JPY	5,475,229,185.88	0.044797	245,273,841.84	4,381,349,907.64	0.046233	202,562,950.28
HKD	570,465,077.25	0.9032	515,244,057.77	539,613,158.97	0.9260	499,681,785.21
Others			4,347,798,811.89			3,453,401,844.51
Subtotal			23,109,690,082.56			21,348,631,466.48
Accounts receivables						
USD	1,280,324,708.19	7.0288	8,999,146,308.90	1,463,282,401.93	7.1884	10,518,659,218.06
EUR	631,798,787.60	8.2355	5,203,178,915.24	637,522,791.08	7.5257	4,797,805,268.81
JPY	4,870,603,614.08	0.044797	218,188,430.10	4,138,295,194.99	0.046233	191,325,801.75
Others			5,142,259,697.91			4,807,501,407.14
Subtotal			19,562,773,352.15			20,315,291,695.76
Short-term borrowings						
USD	1,047,113,664.07	7.0288	7,359,952,522.03	774,590,743.79	7.1884	5,568,068,102.65
EUR	81,724,620.85	8.2355	673,043,114.97	129,161,874.07	7.5257	972,033,515.70
JPY				1,952,854,108.54	0.046233	90,286,304.00
HKD	700,000,000.00	0.9032	632,240,000.00	2,530,000,000.00	0.9260	2,342,780,000.00
Others			1,143,779,394.22			1,734,146,904.27
Subtotal			9,809,015,031.22			10,707,314,826.62
Accounts payables						
USD	1,968,569,837.21	7.0288	13,836,683,671.81	2,204,807,610.20	7.1884	15,849,039,025.17
EUR	659,268,871.59	8.2355	5,429,408,792.00	799,305,156.44	7.5257	6,015,330,815.80
JPY	4,891,090,942.03	0.044797	219,106,200.93	4,562,773,337.01	0.046233	210,950,699.69
NZD	140,710,877.08	4.0520	570,160,473.92	144,506,699.36	4.0955	591,827,187.21
Others			4,883,934,596.96			3,963,471,194.55
Subtotal			24,939,293,735.62			26,630,618,922.42
Non-current liabilities due within one year						
USD	350,000,000.00	7.0288	2,460,080,000.00	500,000,000.00	7.1884	3,594,200,000.00
EUR				573,987,092.00	7.5257	4,319,654,658.26
Others						941,786,481.62
Subtotal			2,460,080,000.00			8,855,641,139.88
Long-term borrowings						
USD	660,000,000.00	7.0288	4,639,008,000.00	660,000,000.00	7.1884	4,744,344,000.00
EUR	300,000,000.00	8.2355	2,470,650,000.00			
Others			126,720,000.00			
Subtotal			7,236,378,000.00			4,744,344,000.00

67. Leases

(1) As lessee

√ Applicable ☐ Not Applicable

Variable lease payments not included in the measurement of lease liabilities

√ Applicable ☐ Not Applicable

RMB66,976,680.15

Lease expenses of short-term leases or leases of low-value assets which are subject to simplified treatment

√ Applicable ☐ Not Applicable

RMB1,289,415,325.76

Total cash outflow for leases: RMB3,157,626,104.75 (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: RMB17,480,352.80, including incomes related to variable lease payments not included in lease receipts: RMB917,624.57

b. Undiscounted lease receipts for the next five years:

Lease receipts	Undiscounted lease receipts per year	
	Closing amount	Opening amount
Within 1 year	16,625,299.65	11,744,103.00
1 to 2 years	12,762,328.22	10,343,953.00
2 to 3 years	10,362,328.22	10,343,953.00
3 to 4 years	10,362,328.22	10,343,953.00
4 to 5 years	10,362,328.22	10,343,953.00
Over 5 years	117,418,902.61	132,155,812.00
Total	177,893,515.14	185,275,727.00

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

Items	Amount for the current period	Amount for the previous period
Independent research and development expenses	9,841,494,990.45	10,411,383,866.07
Outsourcing research and development expenses	875,105,079.20	906,844,248.54
Total	10,716,600,069.65	11,318,228,114.61
Including: expensed research and development expenditure	10,095,934,065.45	10,763,614,314.23
Capitalized research and development expenditure	620,666,004.20	554,613,800.38

2. Development expenditure on research and development projects eligible for capitalization

Items	Decrease for the current period					
	Opening balance	Increase for the current period	Recognized as intangible asset	Included in current profit and loss	Change in foreign exchange rate and others	Closing balance
Development expenditure	267,267,592.92	620,666,004.20	492,648,533.92		22,368,207.33	417,653,270.53
Total	267,267,592.92	620,666,004.20	492,648,533.92		22,368,207.33	417,653,270.53

IX. CHANGES OF CONSOLIDATION SCOPE

1. Business combination not under common control

☐ Applicable ☒ Not Applicable

2. Business combination under common control

☒ Applicable ☐ Not Applicable

(1) Business combination under common control occurring in the current period

Name of the acquiree	The proportion of equity acquired in the business combination	The basis for the transaction of constituting business combination under common control Controlled by Haier Group Corporation before and after combination	Combination date	Recognition basis of combination date
COSMOPlat Mould (Qingdao) Co., Ltd.	100.00%		2025.3	Transfer of voting rights

(Continued)

Name of the acquiree	The income of the acquiree from the beginning of the current period to combination date	Net profit of the acquiree from the beginning of the current period to combination date	The income of the acquiree during the comparison period	Net profit of the acquiree during the comparison period
COSMOPlat Mould (Qingdao) Co., Ltd.	139,744,829.73	3,593,306.97	133,233,842.59	-5,554,270.73

(2) Combination cost

Combination cost	-- Cash	-- Equity
COSMOPlat Mould (Qingdao) Co., Ltd.	77,749,769.26	

a. Acquiree's assets and liabilities

Items	COSMOPlat Mould (Qingdao) Co., Ltd.	
	Combination date	End of the previous period
Monetary funds	8,151,371.17	13,712,033.13
Accounts receivables	36,498,914.84	298,755,305.13
Inventories	138,787,502.80	145,441,470.58
Contract assets	10,457,165.36	10,294,407.38
Other current assets	12,292,032.78	13,922,096.30
Investments in other equity instruments		86,992,207.36
Fixed assets	73,851,879.90	94,570,444.38
Construction in progress	2,842,390.82	5,949,707.82
Intangible assets	8,660,560.56	8,265,155.63
Accounts payables	-229,495,562.35	-219,041,447.08
Payables for staff's remuneration	-6,839,598.34	-16,710,350.13
Taxes payable	-640,750.97	-137,995.99
Other current liabilities	-1,956,603.11	-8,653,112.52
Deferred income	-17,089,283.86	-20,604,153.94
Net assets	35,520,019.60	412,755,768.05
Less: minority interests		
Net assets acquired	35,520,019.60	412,755,768.05

3. Disposal of subsidiary

Whether single disposal of investment in subsidiary will result in losing control power:

Items	Qingdao Haier Kitchen IoT Technology Co., Ltd. (青岛海尔厨联网 物联科技有限公司)	Haier Israel Innovation Center Ltd
Equity disposal price	—	
Proportion of equity disposal	100%	100%
Method of equity disposal	Cancel	Cancel
Time of loss-of-control	June 2025	March 2025
Basis for determination the time of loss-of-control	Cancel	Cancel
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	-110,214.59	-4,285,448.05

4. Changes of consolidation scope due to other reasons

√ Applicable ☐ Not Applicable

- (1) During the period, Qingdao Ruibo Ecological Environmental Technology Co., Ltd.(青岛瑞博生态环保科技有限公司), a subsidiary of the Company, established Qingdao Haier Environmental Protection Material Technology Co., Ltd. (青岛海尔环保材料科技有限公司).
- (2) During the period, Qingdao Haier Home AI Industry Innovation Center Co., Ltd., a subsidiary of the Company, established Haier Jingling Technology (Zhejiang) Co., Ltd.(海尔景龄科技(浙江)有限公司).
- (3) During the period, Qingdao Haier Intelligent Home Appliance Technology Co., Ltd., a subsidiary of the Company, established Qingdao Haiyi Wenhua Commercial Management Co., Ltd. (青岛海逸文华商业管理有限公司).
- (4) During the period, the Company established Qingdao Lechuang Wujie Intelligent Technology Co., Ltd.(青岛乐创无界智能科技有限公司) through capital contribution.
- (5) During the period, the Company's subsidiary, Qingdao Lechuang Wujie Intelligent Technology Co., Ltd.(青岛乐创无界智能科技有限公司), established Shenzhen Lechuang Wujie Intelligent Technology Co., Ltd.(深圳市乐创无界智能科技有限公司) through capital contribution.

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X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% 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

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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

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
Wuhan Haier Freezer Co., Ltd	Wuhan Economic & Technological Development Zone High-tech Industrial Park	Wuhan Economic & Technological Development Zone High-tech Industrial Park	Research, manufacture and sales of freezer and other refrigeration products	82.93%	4.36%	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
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

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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
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	Manufacturing and sales 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

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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, chuankge 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
Shanghai Zhihan Technology Co., Ltd. (上海挚瀚科技有限公司)	Shanghai	Shanghai	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
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

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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
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

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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 Hailiyuan 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 control
Qingdao Haier Special Plastic Development Co., Ltd.	Qingdao	Qingdao	Manufacture and sale of refrigerator doors		100.00%	100.00%	Business combination under common control
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

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
Qingdao Ruibo Ecological Environmental Technology Co., Ltd. (青岛瑞博生态环保科技有限公司)	Qingdao	Qingdao	Environmental and AI technology consulting	89.13%		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, R&D and sales of home appliances		100.00%	100.00%	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	% of voting right		Method
				Shareholding Direct	Indirect	
Qingdao Haixiangmian Technology Co., Ltd. (青岛海享聚科技有限公司)	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
Qingdao Haixiangzhi Technology Co., Ltd. (青岛海享智科技有限公司)	Qingdao	Qingdao	Manufacturing of home appliances	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
Qingdao Haier Youyang Technology Co., Ltd. (青岛海尔有养科技有限公司)	Qingdao	Qingdao	Technology development service	51.00%	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	Manufacture 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	Manufacture 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 of home appliances	100.00%	100.00%	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding		% of voting right	Method
				Direct	Indirect		
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
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 for the Company

☐ Applicable ☒ Not Applicable

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2. Transactions leading to the change of shareholding in subsidiaries but not losing the control

☒ Applicable ☐ Not Applicable

(1) Description of changes in the share of owners' equity in subsidiaries:

☒ Applicable ☐ Not Applicable

Capital contribution by minority shareholders of the subsidiary of the Company leads to changes in the Company's shareholding ratio.

(2) Impact of the transactions on minority interest and the equity attributable to shareholders of the Company:

Items	Amount
Total Consideration for acquisition/disposal	2,230,275,620.25
Less: share of net assets of subsidiaries in respect to the shareholding proportion acquired/disposed	2,424,374,723.39
Difference	194,099,103.14
Including: adjustment to decrease capital reserve	194,099,103.14

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3. Interests in joint ventures and associates

√ Applicable □ Not Applicable

(1) Joint ventures and associates

Name of joint venture and associates	Principal place of business	Place of registration	Nature of business	Shareholding	Accounting treatment of investment
Haier Group Finance Co., Ltd	Qingdao	Qingdao	Financial services	42.00%	Equity method
Bank of Qingdao Co., Ltd	Qingdao	Qingdao	Commercial Bank	8.19%	Equity method
Wolong Electric (Jinan) Motor Co., Ltd.	Jinan	Jinan	Motor Manufacturing	30.00%	Equity method
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	Qingdao	Qingdao	Steel plate manufacturing	23.94%	Equity method
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	Qingdao	Qingdao	Venture Capital	63.13%	Equity method
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	Qingdao	Qingdao	Manufacturing of home appliances	45.00%	Equity method
Qingdao Haier Multimedia Co., Ltd.	Qingdao	Qingdao	R&D and sales of television	20.20%	Equity method
Baoshihua 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

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Name of joint venture and associates	Principal place of business	Place of registration	Nature of business	Shareholding	Accounting treatment of investment
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	Qingdao	Qingdao	Water equipment technology development service	49.00%	Equity method
HuizhiXiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	Qingdao	Qingdao	Investment management	30.00%	Equity method
Qingdao RRS Huizhi Investment Co., Ltd.	Qingdao	Qingdao	Investment management	50.00%	Equity method
Qingdao 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 Dongfang 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.

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② Financial information of important associates:

Items	Finance company	
	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Current assets	61,699,237,826.29	55,206,996,489.12
Non-current assets	16,134,734,856.48	20,913,398,205.82
Total assets	77,833,972,682.77	76,120,394,694.94
Current liabilities	57,416,107,723.37	55,911,360,017.96
Non-current liabilities	101,804,426.70	639,275,539.37
Total liabilities	57,517,912,150.07	56,550,635,557.33
Minority interests		
Equity attributable to shareholders of the parent company	20,316,060,532.70	19,569,759,137.61
Including: share of net assets calculated per shareholding percentage	8,532,745,423.73	8,219,298,837.80
Operating income	1,134,816,372.82	1,983,012,738.31
Net profit	1,306,306,067.57	1,294,168,274.34
Other comprehensive income	-4,672.48	5,868.88
Total comprehensive income	1,306,301,395.09	1,294,174,143.22
Dividend received from associates for the year	235,200,000.00	235,200,000.00

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(3) Summarized financial information of insignificant joint ventures and associates

Investment in associates	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Bank of Qingdao Co., Ltd.	4,027,791,399.32	3,473,162,128.86
Wolong Electric (Jinan) Motor Co., Ltd.	205,664,635.60	198,467,631.66
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	353,096,924.50	342,315,345.52
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	112,193,970.79	191,276,594.86
Mitsubishi Heavy Industries Haier (Qingdao) Airconditioners Co., Ltd.	854,661,998.06	698,845,993.61
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	31,132,443.76
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	104,888,887.47	98,560,581.01
Zhejiang Futeng Fluid Technology Co., Ltd.	80,536,810.95	73,460,549.11
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	5,136,033.94	6,464,386.26
Beijing ASU Tech Co., Ltd.	27,357,557.56	
Qingdao Haimu Investment Management Co., Ltd.	2,722,777.91	2,692,755.00
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	56,639,043.61	56,749,040.79
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd. (青岛国创智能家电研究院有限公司)	42,252,335.87	40,920,413.54
Guangzhou Heying Investment Partnership (Limited Partnership)	93,266,577.53	132,620,094.53
Qingdao Home Wow Cloud Network Technology Co., Ltd		1,083,682.47
Bingji (Shanghai) Corporate Management Co., Ltd.	1,145,616,950.52	1,095,450,007.15
Shangang Luhai International Logistics (Jinan) Co., Ltd. (山港陆海国际物流(济南)有限公司)	58,530,460.31	58,941,327.06
Haier Best Water Technology Co., Ltd. (倍世海尔饮水 科技有限公司)	151,005,563.91	148,369,638.40
HuizhiXiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	166,664,033.72	188,907,510.60
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)	13,453,532.83	9,578,046.65
Qingdao Xinshenghui Technology Co., Ltd. (青岛鑫晟汇科技有限公司)	13,281,618.30	11,365,227.21

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Investment in associates	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	3,210,225.63	3,724,499.78
Qingdao Dongfang 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	59,415,065.89
HNR (Private) Company Limited	187,561,846.11	140,530,747.42
HPZ LIMITED	11,203,257.77	11,203,257.77
Controladora Mabe, S.A. de C.V.	5,408,721,261.05	5,638,478,867.77
Middle East Air conditioning Company,Limited		7,389,990.91
Total book balance	13,323,660,133.17	12,813,489,310.37
Total amount of the following financial data of associates calculated based on shareholding percentage		
Net profit	818,676,558.47	1,265,519,987.00
Other comprehensive income	-346,058,339.73	-42,720,610.31
Total comprehensive income	472,618,218.74	1,222,799,376.69

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XI. SEGMENT REPORT

(1) Basis for Determining Reporting Segments and Accounting Policies

☒ Applicable ☐ Not Applicable

The Company is principally engaged in manufacture and sales of home appliances and relevant services business, manufacture of upstream home appliances parts, distribution of products of third party, logistics and after-sale business.

The Company has five business segments: (1) Household Food Storage and Cooking Solutions: mainly manufacturing and selling refrigerator/freezers and kitchen appliances; (2) Air Solutions: mainly manufacturing and selling air conditioners; (3) Household Laundry Management Solutions: mainly manufacturing and selling washing machines and dryers; (4) Household Water Solutions: mainly manufacturing and selling water home appliances such as water heaters and water purifiers; (5) Other business: mainly include channel, equipment components, small home appliance business and others. The management of the Company assesses operating performance of each segment and allocates resources according to the division. Sales between segments were mainly based on market price.

Due to centralized management under the headquarters or exclusion from the assessment scope of segment management, the total assets of segments exclude monetary funds, financial assets held for trading, derivative financial assets, dividends receivable, held-for-sale financial assets, other current assets, debt investment, long-term accounts receivable, long-term equity investment, other equity instruments investment, other non-current financial assets, goodwill and deferred income tax assets; the total liabilities of segments exclude long-term and short-term borrowings, financial liabilities held for trading, derivative financial liabilities, taxes payable, interests payable, dividends payable, held-for-sale liabilities, bonds payable, deferred income tax liabilities and other non-current liabilities; profits of segments exclude financial expenses, profit or loss in fair value changes, income from investment, and income on disposal of assets, Non-value-added tax refundable upon imposition component of other income, non-operating incomes and expenses and income tax.

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(1) Information of reportable segments

Segment information for the period

Segment information	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions
	Refrigerator/freezers	Kitchen appliances	Air Solutions	
Segment revenue	84,762,337,299.27	41,538,427,334.59	54,391,654,687.48	65,564,834,526.00
Including: external revenue	84,486,688,340.46	41,488,074,097.96	54,021,467,006.76	65,385,520,405.69
Inter-segment revenue	275,648,958.81	50,353,236.63	370,187,680.72	179,314,120.31
Total segment operating cost	78,647,492,309.97	38,645,501,241.21	52,050,284,222.97	58,967,649,625.32
Segment operating profit	6,114,844,989.30	2,892,926,093.38	2,341,370,464.51	6,597,184,900.68
Total segment assets	55,795,666,023.59	22,274,568,360.93	57,700,376,936.75	52,993,767,015.13
Total segment liabilities	81,067,476,889.83	14,746,564,777.62	51,741,093,362.12	28,138,807,142.66

(continued)

Segment information	Household Water Solutions	Other business	Inter-segment eliminations	Total
Segment revenue	17,964,162,434.30	136,385,286,216.31	-98,259,918,579.65	302,346,783,918.30
Including: external revenue	17,736,195,892.99	39,228,838,174.44	—	302,346,783,918.30
Inter-segment revenue	227,966,541.31	97,156,448,041.87	-98,259,918,579.65	—
Total segment operating cost	15,546,498,636.16	136,030,995,842.88	-98,309,992,843.78	281,578,429,034.73
Segment operating profit	2,417,663,798.14	354,290,373.43	50,074,264.13	20,768,354,883.57
Total segment assets	19,932,649,602.05	105,439,628,672.86	-155,799,047,502.57	158,337,609,108.74
Total segment liabilities	7,278,328,386.63	100,760,043,723.43	-155,708,179,846.57	128,024,134,435.72

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Segment information for the corresponding period of last year

Segment information	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions
	Refrigerator/freezers	Kitchen appliances	Air Solutions	
Segment revenue	83,555,822,435.77	41,183,935,202.50	49,616,332,409.20	63,320,888,484.87
Including: external revenue	83,343,535,295.39	41,119,050,248.22	49,300,597,408.41	63,134,454,557.06
Inter-segment revenue	212,287,140.38	64,884,954.28	315,735,000.79	186,433,927.81
Total segment operating cost	77,581,357,166.45	38,004,968,260.47	47,312,616,024.50	56,822,308,929.18
Segment operating profit	5,974,465,269.32	3,178,966,942.03	2,303,716,384.70	6,498,579,555.69
Total segment assets	50,542,675,724.28	21,839,636,887.29	32,728,708,862.96	37,335,152,980.59
Total segment liabilities	71,520,224,809.93	14,943,277,260.43	29,805,083,060.27	27,393,275,290.67

(continued)

Segment information	Household Water Solutions	Other business	Inter-segment eliminations	Total
Segment revenue	16,175,189,916.78	118,641,515,133.12	-86,478,388,645.72	286,015,294,936.52
Including: external revenue	16,014,265,716.89	33,103,391,710.55		286,015,294,936.52
Inter-segment revenue	160,924,199.89	85,538,123,422.57	-86,478,388,645.72	
Total segment operating cost	13,954,084,938.03	118,239,682,012.62	-86,485,691,795.85	265,429,325,535.40
Segment operating profit	2,221,104,978.75	401,833,120.50	7,303,150.13	20,585,969,401.12
Total segment assets	11,352,587,655.40	98,430,952,654.13	-96,919,489,838.22	155,310,224,926.43
Total segment liabilities	4,228,086,063.74	81,313,928,140.48	-96,780,130,782.22	132,423,743,843.30

(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.

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a. External transaction revenue

Items	Amount for the current period	Amount for the previous period
Mainland China	146,554,578,270.93	142,201,323,244.53
Other countries/regions	155,792,205,647.37	143,813,971,691.99
Among which:		
America	79,870,721,756.60	79,528,519,635.18
Australia	6,697,773,163.96	6,642,441,139.99
South Asia	14,199,352,243.45	11,525,063,724.02
Europe	38,490,745,958.28	32,089,184,505.33
Southeast Asia	7,520,292,312.45	6,632,695,292.07
Middle East and Africa	4,167,395,282.94	2,674,195,861.21
Japan	3,778,635,697.79	3,425,631,328.28
Others	1,067,289,231.90	1,296,240,205.91
Total	302,346,783,918.30	286,015,294,936.52

b. Total non-current assets

Items	Closing balance	Opening balance
Mainland China	31,603,924,652.07	30,199,437,868.54
Other countries/regions	37,598,178,598.08	35,855,840,703.95
Total	69,202,103,250.15	66,055,278,572.49

Total non-current assets exclude: debt investments, long-term receivable, long-term equity investments, other equity instrument investments, other non-current financial assets, goodwill and deferred income tax assets.

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XII. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value is significant to the fair value measurement as a whole:

Level 1: Unadjusted quotes for the same asset or liability in an active market.

Level 2: Inputs that are directly or indirectly observable for related assets or liabilities, except for Level 1 inputs.

Level 3: Unobservable inputs of related assets or liabilities.

At the end of the period

Items	Input used for fair value measurement			Total
	Quotes in an active market (Level 1)	Important observable input (Level 2)	Important unobservable input (Level 3)	
Continuously measured at fair value				
Financial assets held for trading	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 contracts		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 contracts		190,868,603.05		190,868,603.05

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Items	Input used for fair value measurement			Total
	Quotes in an	Important	Important	
	active market	observable	unobservable	
	(Level 1)	input	input	
		(Level 2)	(Level 3)	
At the beginning of the period				
Continuously measured at fair value				
Financial assets held for trading	381,340,384.56	746,436,121.40	108,241,333.57	1,236,017,839.53
Including: Bank wealth management products		746,436,121.40		746,436,121.40
Investment fund	294,404,349.36			294,404,349.36
Investment in equity instruments	86,936,035.20		108,241,333.57	195,177,368.77
Derivative financial assets		142,709,716.91		142,709,716.91
Including: Forward foreign exchange contracts		138,404,575.66		138,404,575.66
Forward commodity contracts		50,459.81		50,459.81
Cross currency interest rate swap contracts		4,254,681.44		4,254,681.44
Financing receivables		412,922,615.25		412,922,615.25
Including: Bills receivable		235,730,229.72		235,730,229.72
Accounts receivable		177,192,385.53		177,192,385.53
Other equity instruments	26,140,832.98		6,047,540,037.84	6,073,680,870.82
Including: Equity instruments measured at fair value through other comprehensive income	26,140,832.98		6,047,540,037.84	6,073,680,870.82
Derivative financial liabilities		71,011,310.01		71,011,310.01
Including: Forward foreign exchange contracts		71,011,310.01		71,011,310.01

For financial instruments traded in an active market, the Company determines its fair value based on its quotes in an active market; for financial instruments not traded in an active market, the Company uses valuation techniques to determine its fair value.

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2. The basis for determining the fair value of the continual Level 2 fair value measurement items

Items	Fair value at the end of the period	Valuation techniques
Financial assets held for trading		
Including: Bank wealth management products	1,485,993,504.45	Discounted cash flow
Derivative financial assets		
Including: Forward foreign exchange contracts	80,641,860.30	Discounted cash flow
Financing receivables		
Including: Bills receivable	1,787,975,081.92	Discounted cash flow
Derivative financial liabilities		
Including: Forward foreign exchange contract	190,868,603.05	Discounted cash flow

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3. Continual Level 3 fair value measurement major items, the valuation techniques adopted and information of important parameters

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)	2,789,172,842.14	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 RMB24.9 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)	1,127,500,000.00	Market approach	1. Average P/E multiple of peers 2. Discount for lack of marketability	1. 45.30 to 46.22 2. 25.97% to 27.97%	1. 1% increase (decrease) in average P/E multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB11.2 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB15.4 million.

4. Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value include: monetary funds, bills receivable, accounts receivable, other receivables, other current assets, long-term and short-term borrowings, bills payable, accounts payable, other payables, long-term payables, bonds payable, etc. The difference between the book value and the fair value of financial assets and financial liabilities not measured at fair value at the end of the period is small.

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XIII.RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(I) Explanation for basis of identifying related party

According to Accounting Standards for Business Enterprises No. 36 — Related Party Disclosures, parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party. Parties (two or more than two) are also considered to be related if they are subject to common control, joint control or significant influence from another party.

According to Management Practices for Information Disclosure of Listed Company (China Securities Regulatory Commission Order No. 182), related legal entity or individual will be identified as related parties in certain occasions.

(II) Relationships between related parties

1. Information about the parent company and other companies holding shares of the Company

Name	Type of enterprise	Registered place	Registered capital	Legal representative	Relationships with Interest in the 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 joint ventures and associates of the Company are detailed in Note VII.14 and Note X.3.

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4. Connected companies with no relationship of control

Name	Relationship with the Company
Qingdao Haier Electronic Plastic Co., Ltd.	Subsidiary of Haier Group
Shanghai Qinghai Brothers Technology Co., Ltd. (上海擎海兄弟科技有限公司)	Subsidiary of Haier Group
Qingdao Manniq Intelligent Technology Co., Ltd.	Subsidiary of Haier Group
Haier International (HK) Limited (海尔国际(香港)有限公司)	Subsidiary of Haier Group
Qingdao Oasis Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Lingzhi Electronic Technology Co., Ltd. (青岛领智电子科技有限公司)	Subsidiary of Haier Group
Qingdao Junyi Holding Group Co., Ltd. (青岛君一控股集团有限公司)	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. (青岛鼎新电子科技有限公司)	Subsidiary of Haier Group
COSMO Digital Technology (Qingdao) Co., Ltd. (卡奥斯数字科技(青岛)有限公司)	Subsidiary of Haier Group
COSMOPlat Energy Technology Co., Ltd.	Subsidiary of Haier Group
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD (卡奥斯工业智慧研究院(青岛)有限公司)	Subsidiary of Haier Group
Cosmoplat Chuangzhi IOT Technology (Chongqing) Co., Ltd.	Subsidiary of Haier Group
Shandong COMSMO Smart Carbon Technology Co., Ltd.	Subsidiary of Haier Group
COSMOPlat Energy Technology (Chongqing) Co., Ltd.	Subsidiary of Haier Group
Haier Electrical Appliances Co., Ltd.	Subsidiary of Haier Group
Feiketeng Intelligent Technology (Qingdao) Co., Ltd. (斐科腾智能科技(青岛)有限公司)	Subsidiary of Haier Group
Dalian Haier International Trade Co., Ltd.	Subsidiary of Haier Group

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Name	Relationship with the Company
Lenong IoT Co., Ltd. (乐农物联网有限公司)	Subsidiary of Haier Group
Thailand Histar Technology Co., Ltd	Subsidiary of Haier Group
HNR (Private) Company Limited	Associate
Controladora Mabe, S.A. de C.V.	Associate
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd. (青岛国创智能家电研究院有限公司)	Associate
Wolong Electric (Jinan) Motor Co., Ltd.	Associate
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	Associate
Qingdao Haier Multimedia Co., Ltd.	Associate
Qingdao Haier New Materials R & D Co., Ltd	Associate of subsidiary of Haier Group

(III) Related party transactions

(1) Related-party transactions involving the purchase and sale of goods and the provision and receipt of services

Name of related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	15,244,521,006.18	15,276,391,329.09
HNR (Private) Company Limited	3,896,667,306.14	2,794,389,779.88
Qingdao Haier Parts Procurement Co., Ltd.	3,335,266,986.78	6,036,753,675.43
Qingdao Haier Electronic Plastic Co., Ltd.	2,167,185,217.94	2,289,682,866.24
Other related parties	5,602,822,449.37	3,734,133,996.97
Total	30,246,462,966.41	30,131,351,647.61

(2) Details of the Company's sales of goods to related parties are as follows:

Name of related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	1,273,954,994.11	1,355,540,753.07
HNR (Private) Company Limited	1,005,710,768.92	880,955,311.94
Qingdao Haier International Trading Co., Ltd.	349,622,879.36	538,731,523.78
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	191,166,608.45	74,914,597.89
Qingdao Haier Multimedia Co., Ltd.	136,993,775.35	143,708,540.52
Other related parties	614,114,988.13	585,141,349.50
Total	3,571,564,014.32	3,578,992,076.70

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(3) Amount of unsettled items of related parties

Items and name of customers	Closing Balance	Opening Balance
Bills receivable:		
Qingdao Haier Parts Procurement Co., Ltd.	5,000,000.00	86,560.83
COSMOPlat Digital Technology (Qingdao) Co., Ltd.	3,544,332.95	
Qingdao Junyi Holding Group Co., Ltd.	2,492,183.97	
Other related parties	4,138,060.67	22,012,639.46
Accounts receivable:		
HNR (Private) Company Limited	585,411,519.70	488,559,920.90
Haier International (HK) Limited	280,229,638.69	
Shanghai Qinghai Brothers Technology Co., Ltd.	126,592,019.07	126,058,445.94
Qingdao Haier International Trading Co., Ltd.	129,738,587.33	29,353,831.77
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	93,604,569.85	16,206,223.73
Qingdao Oasis Innovation Technology Co., Ltd.	80,632,651.73	102,960,367.75
Qingdao Haier Parts Procurement Co., Ltd.	44,395,202.29	66,821,220.25
Other related parties	289,881,490.01	255,185,800.14
Prepayments:		
HNR (Private) Company Limited	725,192,500.00	527,935,926.53
Qingdao Haier Parts Procurement Co., Ltd.	327,866,762.10	319,433,156.93
Qingdao Haier International Trading Co., Ltd.	241,805,022.11	13,105,977.20
Other related parties	29,075,961.14	57,300,430.80
Other receivables:		
Qingdao Haier International Trading Co., Ltd.	95,291,185.99	20,305,273.82
Controladora Mabe S.A.de C.V.	28,170,754.30	17,263,596.82
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	19,610,000.00	
Qingdao Manniq Intelligent Technology Co., Ltd.	16,382,910.55	1,325,478.01
Haier Electrical Appliances Co., Ltd.	14,742,622.34	314,110.91
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD	11,323,576.35	11,408,491.68
Qingdao Junyi Holding Group Co., Ltd.	9,631,906.05	
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd.	8,763,750.00	
Other related parties	33,248,311.95	148,185,796.27
Bills payable:		
Qingdao Haier New Material Co., Ltd.	523,141,638.34	336,704,809.61
Wolong Electric (Jinan) Motor Co., Ltd.	15,979,283.00	6,643,894.00
Accounts payable:		
Controladora Mabe S.A.de C.V.	844,739,433.08	1,036,070,558.18
Qingdao Lingzhi Electronic Technology Co., Ltd.	145,771,598.22	32,483,627.17
HNR (Private) Company Limited	120,797,402.56	2,019,530.59

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Items and name of customers	Closing Balance	Opening Balance
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	74,184,060.41	24,470,494.23
Qingdao Haier New Material Co., Ltd.	68,093,990.80	92,751,346.46
COSMOPlat AIoT Technology (Chongqing) Co., Ltd.	66,364,790.16	
Thailand Histar Technology Co., Ltd	65,685,099.86	68,202,373.17
Qingdao Dingxin Electronic Technology Co., Ltd.	63,827,973.22	10,779,491.89
Qingdao Oasis Innovation Technology Co., Ltd.	62,265,048.66	115,396,480.69
Other related parties	387,749,287.48	595,277,481.59
Contract liabilities:		
Wolong Electric (Jinan) Motor Co., Ltd.	37,220,299.48	
Qingdao Haier Parts Procurement Co., Ltd.	7,691,679.89	
Qingdao Haier International Travel Service Co., Ltd.	5,595,550.87	2,767,826.60
Other related parties	12,565,940.22	32,720,822.27
Other payables:		
Qingdao Manniq Intelligent Technology Co., Ltd.	51,574,915.92	46,404,473.49
Qingdao Haier International Travel Service Co., Ltd.	28,562,108.09	15,356,340.96
Qingdao Haier Parts Procurement Co., Ltd.	28,290,259.12	5,066,668.80
Feiketeng Intelligent Technology (Qingdao) Co., Ltd.	25,563,425.13	21,925,926.08
Dalian Haier International Trading Company Limited	21,800,000.00	21,899,297.26
COSMO Industrial Intelligence Research Institute (Qingdao) Co., LTD	21,277,941.77	15,933,086.90
COSMOPlat Energy Technology Co., Ltd.	18,087,187.33	14,925,462.42
Lenong IoT Co., Ltd.	15,000,000.00	
Shandong COMSMO Smart Carbon Technology Co., Ltd.	12,935,412.76	19,403,922.64
COSMOPlat Energy Technology (Chongqing) Co., Ltd.	11,394,977.05	6,134,610.97
Other related parties	52,622,659.93	69,822,277.79

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(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	11,330,984,136.12	20,565,469,130.81
Debt investment deposited at the Finance Company	13,899,000,000.00	12,605,000,000.00
Other current assets deposited at the Finance Company	1,312,950,000.00	453,550,000.00
Debt investment due within one year deposited at the Finance Company	7,431,500,000.00	327,500,000.00
Loans of the Finance Company	3,766,573,712.52	196,200,183.66
Interest receivable from the Finance Company	1,127,813,471.03	1,164,072,073.76
Interest payable to the Finance Company	51,467,869.35	2,070,180.99
Bills issued	8,069,164,137.67	7,770,695,481.53
Foreign exchange derivatives of the Finance Company	1,642,152.00	2,413,311.00

Various balances of the Company and the Finance Company are as follows:

Items	Closing Balance	Opening Balance
Interest income of the Finance Company	794,550,271.25	873,841,715.67
Interest expense of the Finance Company	56,242,343.79	2,285,259.96
Service fee of the Finance Company	8,596,687.62	8,377,892.14
Spot foreign exchange business (foreign exchange settlement and sale)	9,190,305,536.48	11,311,708,350.08

- (2) The lease expense of the Company and its subsidiaries for production and operation leased from related parties for the current period was RMB54 million (amount for the corresponding period: RMB105 million).
- (3) Haier Group Corporation provided joint liability guarantee for certain bills payable of the subsidiaries of the Company with the guaranteed amount of RMB2,741 million at the end of the period (amount at the beginning of the period: RMB2,182 million).

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(IV) Pricing Policy

1. Related-party Sales

Some related parties purchase components through the independent procurement platform of the Company, purchase electrical appliances for sales from the Company, and receive after-sales services, R&D service, housing rental and other business provided by the company due to their business needs. In April 2022, according to the implementation of connected transactions in the early stage and the relevant listing requirements in Hong Kong, the Company and Haier Group Corporation revised and signed the Product and Materials Sales Framework Agreement, the Service Provision Framework Agreement and the Property Leasing Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2023 to 31 December 2025, which can be renewed for another three years upon expire.

2. Related-party Procurement

In addition to independent procurement platform, the Company entrusted Haier Group Corporation and its subsidiaries for procurements of part of raw materials. Moreover, the Company entrusted Haier Group Corporation and its subsidiaries to provide the Company with logistics and distribution, energy and power, basic research and testing, equipment leasing, house leasing and maintenance, greening and cleaning, gift procurement, design, consulting, various ticket booking and other services. In April 2022, according to the implementation of connected transactions in the early stage and the relevant listing requirements in Hong Kong, the Company and Haier Group Corporation revised and signed the Product and Materials Sales Framework Agreement, the Service Provision Framework Agreement and the Property Leasing Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2023 to 31 December 2025, which can be renewed for another three years upon expire.

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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.

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XIV. SHARE-BASED PAYMENTS

1. Equity instruments

(1) Details

√ 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	4,136,224.00	92,617,426.62			1,595,808.00	35,972,206.07	2,622,018.00	35,539,720.41
Staff	37,825,592.00	906,139,778.37			17,435,220.00	409,827,643.87	46,219,989.00	552,996,961.80
Total	41,961,816.00	998,757,204.99			19,031,028.00	445,799,849.94	48,842,007.00	588,536,682.21

(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
2021 First Option	RMB25.63 per share	September 2021 – September 2026		
2021 Second Option	RMB25.63 per share	December 2021 – December 2026		
2022 Option	RMB23.86 per share	June 2022 – June 2026		
2024 Stock Ownership Plan A			N/A	August 2024 – August 2026
2024 Stock Ownership Plan H			N/A	August 2024 – August 2026
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- May 2028

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2. Equity-settled share-based payments

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Method of determining the fair value of equity instrument on the date of grant	Closing price of share on the date of grant, Black-Scholes Model
Important parameters of the fair value of equity instrument on the date of grant	Historical volatility rate, risk-free rate, yield rate
Basis for determining the number of exercisable equity instruments	The best estimate of the management
Reason for significant differences between current and prior period estimates	Nil
Accumulated amount of equity-settled share-based payment included in the capital reserve	RMB1,163 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	82,128,447.37	
Staff	407,526,593.50	
Total	489,655,040.87	

5. Modification and termination of share-based payments

☐ Applicable √ Not Applicable

XV. CONTINGENCIES

√ Applicable ☐ Not Applicable

As of 26 March 2026, the Company has no significant contingencies that need to be disclosed.

XVI. EVENTS AFTER THE BALANCE SHEET DATE

According to the resolution of the fourth 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.

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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	Financial assets measured at fair value and changes of which included in current profit and loss	Closing Balance		Total
		Measured at amortized cost	Financial assets measured at fair value and changes of which included in other comprehensive income	
Monetary funds		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 assets (continued)

Items	Financial assets measured at fair value and changes of which included in current profit and loss	Opening Balance		Total
		Measured at amortized cost	Financial assets measured at fair value and changes of which included in other comprehensive income	
Monetary funds		55,597,554,622.83		55,597,554,622.83
Financial assets held for trading	1,236,017,839.53			1,236,017,839.53
Derivative financial assets			142,709,716.91	142,709,716.91
Bills receivable		12,179,856,870.01		12,179,856,870.01
Accounts receivable		26,494,845,510.56		26,494,845,510.56
Financing receivables			412,922,615.25	412,922,615.25
Other receivables		3,601,357,495.02		3,601,357,495.02
Other current assets		491,724,709.59		491,724,709.59
Non-current assets due within one year		1,439,758,652.55		1,439,758,652.55
Debt investments		15,474,759,856.99		15,474,759,856.99
Long-term receivables		224,724,107.31		224,724,107.31
Other equity instruments			6,073,680,870.82	6,073,680,870.82

Section VIII Financial Report

Financial liabilities

Items	Financial liabilities measured at fair value	Closing Balance	
		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

Financial liabilities (continued)

Items	Financial liabilities measured at fair value	Closing Balance	
		Financial liabilities measured at amortised cost	Total
Short-term borrowings		13,784,367,443.93	13,784,367,443.93
Derivative financial liabilities	71,011,310.01		71,011,310.01
Bills payable		21,220,364,311.81	21,220,364,311.81
Accounts payable		54,665,277,420.32	54,665,277,420.32
Other payables		21,746,135,764.08	21,746,135,764.08
Non-current liabilities due in one year		12,389,280,182.98	12,389,280,182.98
Long-term borrowings		9,665,074,313.67	9,665,074,313.67
Long-term payables		188,220,056.59	188,220,056.59

Please refer to related items in Note VII for details on each of the financial instruments of the Company. Risks related to these financial instruments and the risk management policies taken by the Company to mitigate these risks are summarized below. The management of the Company manages and monitors these risk exposures to ensure the above risks are well under control.

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1. Credit risk

The credit risk of the Company mainly arises from bank deposits, bills receivable, accounts receivable, interest receivable, other receivables and wealth management products.

(1) The Company's bank deposits and wealth management products are mainly deposited in Haier Finance Co., Ltd., state-owned banks and other large and medium-sized listed banks. The interest receivables are mainly the accrued interests from fixed deposits which are deposited in the above banks. The Group does not believe there is any significant credit risk due to defaults of its counterparties which would cause any significant loss. (2) Accounts receivable and bills receivable: The Company only trades with approved and reputable third parties. All customers who are traded by credit are subject to credit assessment according to the policies of the Company, and the payment terms shall be determined on a reasonable basis. The Company monitors the balances of accounts receivable on an ongoing basis and purchases credit insurance for receivables of large-amount credit customers in order to ensure the Company is free from material bad debts risks. (3) Other receivables of the Company mainly include export tax refund, borrowings and contingency provision. The Company strengthened its management and continuous monitoring in respect of these receivables and relevant economic business based on historical data, so as to ensure that the Company's significant risk of bad debts is controllable and will be further reduced.

2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in fulfilling obligations associated with financial liabilities. To control such risk, the Company utilizes various financing methods such as notes settlement and bank loans to strive for a balance between sustainable and flexible financing. It also has obtained bank credit facilities from several commercial banks to satisfy its needs for working capital and capital expenditures.

3. Exchange rate risk

The Company's businesses are based in mainland China, USA, Japan, Southeast Asia, South Asia, central and east Africa, Europe, and Australia, etc. and are settled in RMB, USD, and other currencies.

The Company's overseas assets and liabilities denominated in foreign currencies as well as transactions to be settled in foreign currencies expose the Company to fluctuations in exchange rates. The Company's finance department is responsible for monitoring the size of transactions in foreign currencies and assets and liabilities denominated in foreign currencies to minimize the risk of exposure to fluctuation in exchange rate; the Company resorts the way of signing forward foreign exchange contracts to avoid the risk of exchange fluctuation.

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4. Interest rate risk

The Company's interest rate risk arises primarily from its long- and short- term bank loans and bonds payables which are interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Group determines the relative proportion of fixed-interest rate and floating interest rate contracts in light of the prevailing market conditions.

XVIII. OTHER SIGNIFICANT EVENTS

√ Applicable ☐ Not Applicable

As at 26 March 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 one year	1,355,876,727.08	467,689,337.45
1-2 years	412,939,541.49	714,128,728.58
2-3 years	714,128,728.58	378,071,982.79
Over 3 years	897,921,323.30	529,373,541.54
Accounts receivable balance	3,380,866,320.45	2,089,263,590.36
Allowance for bad debts		
Net receivables	3,380,866,320.45	2,089,263,590.36

Changes in bad debt provision for accounts receivable in the current period:

Items	Opening Balance	Increase for the current period		Decrease for the current period		Closing Balance
		Provision for the current period	Other increase	Reversal	Write-off and other movement	
Allowance for bad debts						

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2. Other receivables

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Interest receivable	3,164,444.44	137,951,583.62
Dividend receivable	5,764,255,305.39	955,746,044.23
Other receivables	80,520,831,904.55	34,215,510,473.88
Total	86,288,251,654.38	35,309,208,101.73

Interest receivable

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Within 1 year	3,164,444.44	70,005,254.26
More than 1 year		67,946,329.36
Total	3,164,444.44	137,951,583.62

Dividend receivable

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items (or investees)	Closing Balance	Opening Balance
Within 1 year	5,764,255,305.39	385,746,044.23
More than 1 year		570,000,000.00
Total	5,764,255,305.39	955,746,044.23

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Other receivables

① The disclosure of other receivables by aging is as follows:

Aging	Closing Balance	Opening Balance
Within one year	70,260,953,583.22	23,315,358,021.45
More than one year	10,263,638,391.53	10,903,518,725.80
Other receivables balance	80,524,591,974.75	34,218,876,747.25
Allowance for bad debts	3,760,070.20	3,366,273.37
Net other receivables	80,520,831,904.55	34,215,510,473.88

② Changes in bad debt provision for other receivables in the current period:

Items	Opening Balance	Increase for the current period		Decrease for the current period		Closing Balance
		Provision for the current period	Other increase	Reversal	Write-off and other movement	
Allowance for bad debts	3,366,273.37	393,796.83				3,760,070.20

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.	25,226,657,341.03	31.33	Funds transfers between parent and subsidiary companies	Within 2 years	
Haier Electronics Sales (Hefei) Co., Ltd.	20,471,292,230.24	25.42	Funds transfers between parent and subsidiary companies	Within 2 years	
Qingdao Haier Smart Home Electronics Appliances Limited	7,333,789,882.47	9.11	Funds transfers between parent and subsidiary companies	Within 1 year	
Qingdao Haier Refrigeration Appliances Co., Ltd.	4,583,403,542.06	5.69	Funds transfers between parent and subsidiary companies	Within 1 year	
Qingdao Haier Refrigerator Co., LTD	3,522,482,452.51	4.37	Funds transfers between parent and subsidiary companies	Within 1 year	
Total	61,137,625,448.31	75.92			

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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	69,194,199,218.61	7,100,000.00	59,022,876,043.31	7,100,000.00
Long-term equity investments in associates	3,599,731,542.06	109,300,000.00	3,287,178,712.86	109,300,000.00
Total	72,793,930,760.67	116,400,000.00	62,310,054,756.17	116,400,000.00

(2) Long-term equity investments to subsidiaries

Name of investee	Opening Balance	Increase/ Decrease for the current period	Closing Balance	Impairment provisions at the end of the period
I. Subsidiaries:				
Chongqing Haier Electronics Sales Co., Ltd.	9,500,000.00		9,500,000.00	
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd.	34,735,489.79		34,735,489.79	
Qingdao Haier Refrigerator Co., Ltd.	402,667,504.64		402,667,504.64	
Qingdao Haier Special Refrigerator Co., Ltd.	426,736,418.99		426,736,418.99	
Qingdao Haier Information Plastic Development Co., Ltd.	102,888,407.30		102,888,407.30	
Dalian Haier Precision Products Co., Ltd.	41,836,159.33		41,836,159.33	
Hefei Haier Plastic Co., Ltd.	72,350,283.21		72,350,283.21	
Qingdao Haier Technology Co., Ltd.	16,817,162.03		16,817,162.03	
Qingdao Household Appliance Technology and Equipment Research Institute	66,778,810.80		66,778,810.80	
Qingdao Meier Plastic Powder Co., Ltd.	24,327,257.77		24,327,257.77	
Chongqing Haier Precision Plastic Co., Ltd.	47,811,283.24		47,811,283.24	
Qingdao Haier Electronic Plastic Co., Ltd.	69,200,000.00		69,200,000.00	
Dalian Haier Refrigerator Co., Ltd.	138,600,000.00		138,600,000.00	
Dalian Haier Air-conditioning Co., Ltd.	99,000,000.00		99,000,000.00	
COSMOPlat Mould (Qingdao) 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.	1,131,107,944.51	600,000,000.00	1,731,107,944.51	
Qingdao Haier Air Conditioner Gen Corp., Ltd.	220,636,306.02	700,000,000.00	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	

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Name of investee	Opening Balance	Increase/ Decrease for the current period	Closing Balance	Impairment provisions at the end of the period
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	35,448,380,641.24	1,585,804,050.00	37,034,184,691.24	
Shenyang Haier Refrigerator Co., Ltd.	100,000,000.00		100,000,000.00	
Foshan Haier Freezer Co., Ltd.	100,000,000.00		100,000,000.00	
Zhengzhou Haier Air-conditioning Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Haidayuan Procurement Service Co., Ltd.	20,000,000.00		20,000,000.00	
Qingdao Haier Intelligent Technology Development Co., Ltd.	130,000,000.00		130,000,000.00	
Qingdao Haier Technology Investment Co., Ltd.	410,375,635.00		410,375,635.00	
Qingdao Casarte Smart Living Appliances Co., Ltd.	10,000,000.00		10,000,000.00	
Haier Overseas Electric Appliance Co., Ltd.	500,000,000.00	500,000,000.00	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)	12,751,300,336.02	5,777,811,898.79	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 Ruibo Ecological Environmental Technology 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	59,022,876,043.31	10,171,323,175.30	69,194,199,218.61	7,100,000.00

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(3) Long-term equity investments to associates

Name of investee	Opening Balance	Increase/Decrease for the current period			Closing Balance	Impairment provisions at the end of the period
		Increased/decreased amount for the current period	Investment income recognized under equity method	Others		
Wolong Electric (Jinan) Motor Co., Ltd.	193,369,088.85		22,706,858.23	-15,000,000.00	201,075,947.08	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	191,276,594.86	-3,733,393.81	-75,349,230.26		112,193,970.79	
Bank of Qingdao Co., Ltd.	1,375,893,627.61		153,220,587.74	66,495,869.63	1,595,610,084.98	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	698,845,993.61		155,816,004.45		854,661,998.06	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	416,283,326.98		-2,385,445.76		413,897,881.22	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.	323,210,080.95		14,968,444.38	-4,186,865.40	333,991,659.93	
Total	3,287,178,712.86	-3,733,393.81	268,977,218.78	47,309,004.23	3,599,731,542.06	109,300,000.00

4. Operating revenue and operating cost

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Primary Business	1,156,502,218.16	1,092,867,498.81	415,969,097.84	360,553,019.13
Other Business	73,999,677.81	68,335,979.85	78,657,620.17	75,082,634.17
Total	1,230,501,895.97	1,161,203,478.66	494,626,718.01	435,635,653.30

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5. Investment income

√ Applicable ☐ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Investment income from long-term equity investment accounted for using cost method	13,442,299,143.63	9,958,795,244.23
Long-term equity investments income calculated by the equity method	268,977,218.78	330,033,883.50
Income from wealth management products	70,630,009.28	60,818,942.18
Investment income from investment in other equity instrument during the holding period	455,758.71	319,278.00
Total	13,782,362,130.40	10,349,967,347.91

XX. APPROVAL OF FINANCIAL REPORT

This financial report was approved for publication by the Directors of the Company on 26 March 2026.

XXI. OTHER SUPPLEMENTARY INFORMATION

1. Basic earnings per share and diluted earnings per share

Items	Amount for the current period Earnings per share (RMB)			Amount for the previous period Earnings per share (RMB)		
	Weighted average return on net assets	Basic earnings per share	Diluted earnings	Weighted average return on net assets per share	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	16.98%	2.12	2.10	17.61%	2.02	2.02
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	16.16%	2.02	2.00	16.81%	1.93	1.92

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2. Non-recurring profit or loss

Items	Amount for the current period	Amount for the previous period
Net profit attributable to ordinary shareholders of the Parent Company	19,552,798,222.85	18,731,046,273.17
Less: non-recurring profit or loss	949,166,585.31	926,313,463.54
Net profit attributable to ordinary shareholders of the Parent Company after deduction of non-recurring profit or loss	18,603,631,637.54	17,804,732,809.63

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	-203,144,693.48
Government subsidies included in current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, to be enjoyed in a fixed amount or fixed quantity based on the national unified standards	1,315,433,873.66
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	157,464,383.83
Other non-operating income and expenses except the aforementioned items	-80,280,033.06
Effect of minority equity interest	-50,274,087.60
Effect of income tax	-193,626,165.01
Effect of profit from business combination under common control	3,593,306.97
Total	949,166,585.31

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, 26 March 2026

The Board of Haier Smart Home Co., Ltd

Li Huagang _____

Kevin Nolan _____