

## Haier Smart Home Co., Ltd.

### Announcement on the Changes in Accounting Policies

The Board of Directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and accept legal responsibility for the authenticity, accuracy and completeness of the content herein.

Reminder of important content:

- The changes in accounting policies were made in accordance with the relevant interpretation of corporate accounting standards issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "MOF"), and were not required to be submitted for approval by the Board and the general meeting.

- The changes in accounting policies would not cause any material impact on the financial position, operating results and cash flow of the Company.

Haier Smart Home Co., Ltd. (hereinafter referred to as the "Company") has changed its accounting policies in accordance with the requirements of the *Notice on the Issuance of Interpretation No. 16 of the Accounting Standards for Business Enterprises (Caikuai [2022] No. 31)* 《关于印发〈企业会计准则解释第 16 号〉的通知》（财会〔2022〕31 号） (hereinafter referred to as the "Interpretation No. 16"). The changes in accounting policies were made by the Company in accordance with the relevant interpretation of corporate accounting standards issued by MOF, and were not required to be submitted for approval by the Board and the general meeting.

#### I. Overview of the changes in accounting policies

##### (I) Reasons for changes in accounting policies

In November 2022, the MOF issued the Interpretation No. 16, clarifying the “accounting for the non-applicability of the initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction”. The Company made relevant changes to the accounting policies pursuant to the Interpretation No. 16 from the MOF, which was implemented on 1 January 2023.

(II) Accounting policies adopted prior to the changes

Prior to such changes, the Company implemented the *Accounting Standards for Business Enterprises – Basic Standards* and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the MOF.

(III) Accounting policies adopted after the changes

After the changes in accounting policies, the Company implemented the relevant requirements of the Interpretation No. 16. The unchanged remaining parts continued to follow the *Accounting Standards for Business Enterprises – Basic Standards* and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the interpretation announcements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the MOF.

(IV) Date of the changes

The Company has implemented the above new accounting policies on the implementation date stipulated in the relevant documents of the MOF.

**II. Details of changes in accounting policies**

The Interpretation No. 16 provided for the “Accounting for the non-applicability of the initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction”. If a single transaction is not a business combination and affects neither the accounting profit nor taxable income (or deductible losses) at the time of the transaction, and the initially recognized assets and liabilities result in equal taxable temporary differences and deductible temporary differences (including lease transaction in which the lessee initially recognizes a lease liability and includes the right-of-use asset at the beginning of the lease term, and the transaction in which the lessee recognizes an estimated liability and includes the cost of the related asset due to the existence of abandonment obligations for fixed assets, etc.), the provisions of Articles 11(2) and 13 of the *Accounting Standards for Business Enterprises No. 18 – Income Tax* in relation to exemption from initial recognition of deferred income tax liabilities and deferred income tax assets do not apply to such single transactions. For the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities of the transactions, the enterprise shall respectively recognize the corresponding deferred income tax liabilities and deferred income tax assets upon the occurrence of the transactions in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 18 – Income Tax* and other relevant regulations.

### **III. Impact of the changes in accounting policies on the Company**

The impact of the changes in accounting policies on deferred tax assets and deferred tax liabilities before offsetting as at 1 January 2023 were as follows:

<b>Item</b>	<b>Before policy changes (RMB Yuan)</b>	<b>Impact of the changes (RMB Yuan)</b>	<b>After policy changes (RMB Yuan)</b>
Deferred income tax assets before offsetting	4,038,915,158.86	868,657,062.49	4,907,572,221.35

<b>Item</b>	<b>Before policy changes (RMB Yuan)</b>	<b>Impact of the changes (RMB Yuan)</b>	<b>After policy changes (RMB Yuan)</b>
Deferred income tax liabilities before offsetting	4,673,734,789.63	868,657,062.49	5,542,391,852.12
Offset amount	-2,314,874,230.44	-868,657,062.49	-3,183,531,292.93
Deferred income tax assets after offsetting	1,724,040,928.42		1,724,040,928.42
Deferred income tax liabilities after offsetting	2,358,860,559.19		2,358,860,559.19

The changes in accounting policies were reasonably made by the Company in accordance with the relevant regulations and requirements of the MOF, which were in compliance with the relevant laws and regulations, and the implementation of the accounting policy after the changes could objectively and fairly reflect the Company's financial position and operating results. The changes in accounting policies will not have any material impact on the financial position, operating results and cash flow of the Company for the current period, nor cause any harm to the interests of the Company and the minority shareholders.

It is hereby notified the above.

The Board of Directors of Haier Smart Home Co., Ltd.

27 March 2024