

Company Code: 600690.SH, 690D.DE

Short Name: Haier Smart Home

**Haier Smart Home Co., Ltd.**

**2024 Interim Report**

海尔智家

**Haier smart home**

# Important Notice

- I. **The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of Haier Smart Home Co., Ltd. (the “Company”) are individually and collectively responsible for the content set out therein and hereby assure that the content set out in the interim report is true, accurate and complete, and free from any false record, misleading representation or material omission.**
- II. **All directors have attended the Board meetings.**
- III. **The interim report is unaudited.**
- IV. **Li Huagang (legal representative of the Company), Gong Wei (chief financial officer of the Company) and Ying Ke (the person in charge of accounting department) hereby certify that the financial report set out in the interim report is true, accurate and complete.**
- V. **Proposal of profit distribution or proposal of converting capital reserves into share capital for this reporting period resolved and passed by the Board**

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

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

No

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

No

**IX. Are there more than half of the Directors could not warrant the truthfulness, accuracy and completeness of the interim report disclosed by the Company**

No

**X. Important risk warnings**

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

## Important Notice

### XI. Others

Applicable     Not Applicable

Chairman of the Board: LI Huagang  
Haier Smart Home Co., Ltd  
27 August 2024

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Documents Available for Inspection	I. 2024 Interim Report of Haier Smart Home Co., Ltd. with signature of the legal representative.
	II. Financial statements with signatures or seals of the person in charge of the entity, chief accountant and person in charge of accounting department.
	III. All documents publicly disclosed on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of Shanghai Stock Exchange ( <a href="http://www.sse.com.cn">www.sse.com.cn</a> ) during the reporting period.

# Section I Definitions

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

## DEFINITION OF FREQUENTLY USED TERMS

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
The Company, Haier Smart Home	Haier Smart Home Co., Ltd, its original name is “Qingdao Haier Co., Ltd.”, and the original short name is “Qingdao Haier”
Four Major Securities Newspapers	<i>China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily</i>
Haier Electronics, 1169	Haier Electronics Group Co., Ltd. (a company originally listed in Hong Kong, stock code: 01169.HK), a subsidiary as accounted for in the consolidated statement of the Company. Haier Electronics has been privatized by way of H shares issuance on 23 December 2020 and became a wholly owned subsidiary of the Company since then.
GE Appliances	Household appliances assets and business of General Electric Group, which are currently owned by the Company.
FPA	Fisher & Paykel Appliances Holdings Limited (Chinese Name: 斐雪派克) was established in 1934 and is known as the national appliance brand of New Zealand, the global top-level kitchen appliance brand and the famous luxury brand of the world. It has products including ventilator, gas stove, oven, dishwasher, microwave oven, built-in freezer, washing machine, clothes dryer and etc. Its business covers 50 countries/regions across the world. FPA is wholly-owned subsidiary of the Company.
Candy	Candy Group (Candy S.p.A) is an international professional appliances manufacturer from Italy. Since its establishment in 1945, it has been committed to enabling the global users to enjoy a higher quality of life through innovative technologies and quality services. Candy Group has been prestigious in the global market with users all over the world via its various self-owned professional household appliance brands. In January 2019, Candy became a wholly-owned subsidiary of the Company.
CMM	China Market Monitor Co., Ltd., as an authoritative market research institute in Chinese home appliances area, was established in 1994 and has been focusing on research of retail sales in China consumption market ever since.

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

# Section II General Information of the Company and Key Financial Indicators

## I. INFORMATION OF THE COMPANY

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

## II. CONTACT PERSON AND CONTACT INFORMATION

	<b>Secretary to the Board</b>	<b>Representative of securities affairs</b>	<b>Company Secretary (D/H shares)</b>	<b>Others</b>
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	Rm 1908, 19/F, 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 CHANGES IN GENERAL INFORMATION

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

### IV. MOVEMENT OF PLACE FOR INFORMATION DISCLOSURE AND DEPOSIT

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

### V. SUMMARIZED INFORMATION OF SHARES OF THE COMPANY

Type of Shares	Stock Exchange of Shares Listed	Stock Short Name	Stock Code	Stock Short Name Before Variation
A share	Shanghai Stock Exchange	海尔智家	600690	青島海尔
D share	Frankfurt Stock Exchange	Haier Smart Home	690D	Qingdao Haier
H Share	Hong Kong Stock Exchange	Haier Smart Home	6690	/



## Section II General Information of the Company and Key Financial Indicators

### VI. OTHER RELATED INFORMATION

Applicable  Not Applicable

### VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

#### (I) Key accounting data

Unit and Currency: RMB

Key accounting data	For the reporting period (January-June)	The corresponding period of last year		Increase/decrease for the reporting period compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Operating revenue	135,622,549,121.01	131,628,595,912.05	131,626,581,506.56	3.03
Net profit attributable to shareholders of the listed Company	10,420,218,389.22	8,962,851,469.46	8,963,875,999.84	16.26
Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	10,160,504,902.38	8,603,977,764.58	8,603,977,764.58	18.09
Net cash flows from operating activities	7,818,257,937.26	6,790,021,534.62	6,790,530,462.54	15.14

  

	As at the end of the reporting period	As at the end of reporting period of last year		Increase/decrease as at the end of the reporting period compared with that of last year (%)
		After adjustment	Before adjustment	
Net assets attributable to shareholders of the listed Company	105,734,300,351.38	103,514,153,535.04	96,681,175,780.71	2.14
Total assets	262,251,245,011.55	253,379,859,977.97	246,302,105,777.51	3.50

## Section II General Information of the Company and Key Financial Indicators

### (II) Key financial indicators

Key financial indicators	For the reporting period (January-June)	The corresponding period of last year		Increase/decrease for the reporting period compared with the corresponding period of last year (%)
		After adjustment	Before adjustment	
Basic earnings per share (RMB/share)	1.13	0.96	0.97	17.71
Diluted earnings per share (RMB/share)	1.12	0.96	0.96	16.67
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	1.10	0.93	0.93	18.28
Weighted average return on net assets (%)	9.67	9.16	9.16	0.51
Weighted average return on net assets after deducting non-recurring profit or loss (%)	9.43	8.80	8.80	0.63

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

## Section II General Information of the Company and Key Financial Indicators

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

Applicable  Not Applicable

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

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

Applicable  Not Applicable

## IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNT

Applicable  Not Applicable

Unit and Currency: RMB

<b>Non-recurring profit and loss items</b>	<b>Amount</b>
Profit or loss from disposal of non-current assets, including the write-off of provision for asset impairment	-24,802,715.11
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	373,800,184.84
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	-29,489,597.82
Other non-operating income and expenses except the aforementioned items	-3,829,918.04
Less: Effect of income tax	46,231,142.38
Effect of minority equity interest (After Tax)	9,733,324.65
<b>Total</b>	<b>259,713,486.84</b>

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

Applicable  Not Applicable

## X. OTHERS

Applicable  Not Applicable

# Section III Management Discussion and Analysis

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

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

- Global leader of the major home appliance industry: According to data from Euromonitor — an authoritative market researcher, the Company ranked first in terms of sales volume in global major appliance market for 15 consecutive years. The Company has a global portfolio of brands, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher&Paykel and AQUA. From 2008 to 2023, Haier brand refrigerators and washing machines ranked first among global major home appliance brands in sales volume for 16 and 15 consecutive years respectively.
- Pioneer of global smart home solutions: Capitalizing on our full-range home appliances products, the Company is recognized by Euromonitor as one of the first in the industry to introduce smart home solutions. San Yi Niao remained committed to the mission of “providing smart home experience for a better home”, by enhancing three major capabilities in respect of customisation capability, delivery capability and intelligence capability, we have been dedicated to providing customised and specialised smart home appliance solutions for users.



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

## Section III Management Discussion and Analysis

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

- Household Food Storage and Cooking Solutions: Through selling products such as refrigerators, freezers, kitchen appliances in global market, as well as providing one-stop smart kitchen scenario solutions and ecosystem solutions including smart cooking and nutrition planning, the Company fully addresses users' need for convenient, healthy and tasteful gourmet experiences.
- Household Laundry Management Solutions: Haier's washing machine focuses on applying original technologies to directly solve users' pain points in home living scenarios and create new experiences and value for users. With a product lineup of washing machines, tumble dryers, all in-one laundry machines, garment care machines, and heated drying racks, the Company has evolved from selling individual products to providing scenario-based solutions and offering end-to-end laundry care services. For example, the Zhongzihemei (中子和美) three-in-one washer combines washing, drying, and fabric care functions into a single unit, and the Essence Wash washing machine reduces washing time and improves cleaning effectiveness by producing a highly concentrated detergent solution that can quickly soak into clothes through detergent pre mixing and high pressure spraying.
- Air Solutions (Internet of Air):

Home air conditioners: Through worldwide sales, the Company provides products such as home air-conditioners and fresh air systems, as well as a comprehensive range of full-cycle solutions including coordination of multiple air-conditioners and purifiers, adaptive air flow, air quality monitoring and air disinfection, thereby delivering a healthy and comfortable experience at home and during commute that caters to the user needs in terms of air temperature, humidity and quality.

Smart buildings: The Company is committed to becoming a leader in efficient, sustainable and smart building solutions based on the state's "carbon peaking and carbon neutrality" strategy. Focusing on the business areas of smart control, environment, energy and system integration of buildings, the Company provides green and smart building solutions integrating "technology + experience + space" for government and commercial buildings, railways, schools, and hospitals.
- Household Water Solutions (Internet of Water): Through providing worldwide users with electric water heaters, gas water heaters, solar water heaters, air energy heat pump water heaters, POE water purifiers, POU water purifiers, water softening equipment, the Company offers smart water solutions including interactions between water heaters and purifiers, and between heating appliances and water heaters, so as to comprehensively cater to users' needs for water purification, softening and heating.

## Section III Management Discussion and Analysis

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

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

At present, the overseas business of the Company has entered a stage of promising growth, having achieved a multi-brand, cross-product and cross-regional presence on a global basis. According to Euromonitor, the Company's share of the global market (retail volume) for major home appliances in key regions market share in 2023 is as follows: ranked first in Asia in terms of retail volume, with a market share of 26%; ranked second in America, with a market share of 15.8%; ranked first in Australia and New Zealand, with a market share of 14.6%. The Company ranked fourth in Europe with a market share of 8.8%.

### Other Businesses

Building on our established smart home businesses, the Company has also developed small home appliances, cleaning robots, channel distribution and other businesses. In particular, the small home appliance business primarily involves small home appliances designed by the Company, produced by outsourced third-party manufacturers and sold under the Company's brands, which serve to enrich our smart home solutions product mix. The channel distribution business primarily offers distribution services for products such as televisions and user electronics for the Haier Group or third-party brands, which leverages the Company's sales network.

During the reporting period, the Company was once again listed among the Top 500 World's Companies and named again as the 2024 World's Most Admired Companies by the Fortune Magazine. We are the only company being selected in Europe and Asia in the home appliances industry and are the only selected company incorporated outside the US. Meanwhile, the Company is also the world's only Internet-of-Things (IoT) ecosystem brand being named again as BrandZ™ Top 100 Most Valuable Global Brands in 2024. At the same time, the Company was named again among Fortune's China ESG Impact list. The Company's ESG effort has also been recognized by external rating agencies, receiving an MSCI ESG rating of A, which is at leading levels within home appliance sector in China. Haier Smart Home was selected into the three major ESG indices of the Hang Seng Index, including the HSI ESG Enhanced Index, the HSI ESG Enhanced Select Index and the HSCEI ESG Enhanced Index.

### II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable  Not Applicable

The Company has established a solid strategic presence and competitive advantage in global market. In China's major home appliance market, the Company has long maintained a leading position across all product categories. According to CMM's report, the Company has established a continued leading market position in key major home appliance categories during the reporting period. In overseas markets, the Company has adhered to its high-end brand creation strategy, building capacity to create leading sustainable growth, which has continuously improved its market share. Building on this foundation, the Company will further consolidate its leadership position in the industry by leveraging integrated synergies of its global unified platforms, through efficiency transformation driven by digitalization, and by leveraging its technological strength and innovative capabilities. As cornerstone for sustainable development, our "Rendanheyi (人單合一)" Model also provided management guidance to the Company and enabled us to replicate successful experiences. It is believed that the following advantages will help the Company to continue to strengthen its leading position:

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

To better meet the need of consumers in pursuit of quality life, the Company has started to develop the high-end brand Casarte in the Chinese market more than 10 years ago. The creation of high-end brands requires not only focus, experience and patience, but also continuous innovation of technological standards and differentiated service capabilities to fulfil user demand for high-quality experiences. The Casarte brand combined the Company's global technological strengths, product development capabilities and manufacturing craftsmanship, as well as privilege marketing and differentiation services, which has won the trust of users in China's high-end market. According to data from CMM, the Casarte brand has assumed a definitive leading position in China's high-end major home appliance market in the first half of 2024, ranking first in the retail sales of refrigerator, washing machine and air conditioner categories in the high-end segment. Specifically, in terms of offline retail sales, shares of the Casarte brand of air conditioners reached 32% in the market with product priced above RMB15,000 in China, while its share of refrigerators and drum washing machines priced above RMB10,000 in the China's market reached 39.5% and 82.3% respectively.

In the North American market, the Company owns high-end brands such as Monogram, Café, and GE Profile. In collaboration with the Qingdao headquarters, we enhanced our high-end brand profile through launching leading products including Combo washers and dryers. Through the creation of luxurious, customizable and smart technology-enabled user experience, our high-end brands Monogram, Café and GE Profile have grown rapidly.

## Section III Management Discussion and Analysis

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

As users continued to demand for higher living quality, with its focus on the mission of “providing smart home experience for a better home”, San Yi Niao has been dedicated to providing customised and specialised smart home appliance solutions for users, strengthening its leadership around “customisation capabilities, delivery capabilities and intelligence capabilities”. In terms of customisation capabilities, San Yi Niao promotes one-stop customisation of the whole process through the digital middle platform to meet the personalized needs of users; in terms of delivery capabilities, San Yi Niao has established mature whole-process delivery standards, which can improve user experience through integrated delivery tools for smart home appliances. In terms of smart capabilities, San Yi Niao relies on Haier Smart Home’s main platform to achieve deep interconnection of the whole household, providing more boundless interaction and more active services.

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

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

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

At present, the Company established 10+N innovative ecosystems, 122 manufacturing centres, and 108 marketing centres around the world, and achieved a coverage of nearly 230,000 points of sales in global markets.

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

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



## Section III Management Discussion and Analysis

### (v) Cross-border acquisition and synergy realisation capabilities

The Company has an excellent track record of acquisition and integration. The Company has acquired Haier Group Corporation's overseas white goods business, including Sanyo Electric Co., Ltd.'s white goods businesses in Japan and Southeast Asia in 2015, the home appliance business of General Electric in the US in 2016, the New Zealand company Fisher&Paykel (which has been entrusted by the Haier Group since 2015) in 2018, and the Italian company Candy in 2019. The Company's capability to perform acquisition and integration is reflected in the following: First of all, the Company implements the "Rendanheyi (人單合一)" Model in the acquired companies, which is a value-added sharing mechanism for the whole-process team under a common goal. Such model can motivate the acquired companies and their employees and enable them to generate more value. Secondly, the Company made use of its global platform to empower the acquired companies in terms of strategic planning, R&D and procurement in order to enhance their competitiveness. Thirdly, the Company's open and inclusive corporate culture can support the acquired companies in establishing a flexible and autonomous management mechanism, which can easily earn recognition from the acquired companies and is conducive to the promotion of integration.

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

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

- Global collaborative R&D: The Company has a global collaborative R&D system and has established global technology R&D mechanisms to share common modules, utilize common technologies, and share patents within the scope of compliance. For example, the Company's R&D team in China joined hands with FPA's and CANDY's R&D teams to develop the H2O spray technology, which has been applied to freestanding and built-in dishwashers of Haier, Fisher&Paykel, CANDY and HOOVER, hence strengthening the Company's product leadership.
- Global collaborative product development: The Company has established a global product development mechanism to facilitate regional collaboration and supplementation across product categories. For example, the R&D teams in South Asia and China embarked on a 10-month collaboration, breaking away from the traditional product development model by innovating on team organisation, quality control, product testing and cost control leveraging complementary local resources, in order to develop the HRT-683 refrigerator which has become a mainstream high-end product in the local market.

## Section III Management Discussion and Analysis

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

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

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

## Section III Management Discussion and Analysis

- **Leadership in original technologies:**  
In 2024, Haier Smart Home continued to innovate with a user-oriented approach and has produced a series of scientific and technological innovations. It developed the low-temperature intelligent unmanned retail technology, promoted the market-oriented operation and management of frozen products, led the intelligent unmanned retail industry, and promoted the comprehensive application of refrigerated intelligent unmanned retail equipment. In view of the problems of elution and drying, such as unclean rinsing, high noise of dehydration vibration, and accumulation of linen scraps in the air duct, we have achieved breakthroughs in the research on elution and drying performance, with rinsing capacity increasing by 7% and developing low vibration and low noise washing machines, so as to achieve the effect of maintaining efficient drying for a long time. The industry's first thermal comfort control technology based on sleep staging has established the thermal comfort equation (SPMV equation) based on sleep process to establish the relationship between sleep and environmental parameters, filling the gap in the industry where there is only the thermal sensation of the waking state but a lack of thermal comfort environmental parameters in the sleep process.
- **Certification from authorities:**  
For the first half of 2024, the Company received a total of 17 State Science and Technology Progress Award, more than any other company in the industry. The Company won the Disruptive Technology Innovation Competition of the Ministry of Science and Technology for two consecutive years, the highest accolade in the industry.
- **Leadership in patent quality:**  
For the first half of 2024, Haier Smart Home has accumulated more than 109,000 patents applications globally, including more than 70,000 invention patents. The Company also accumulated 12 state patent gold awards, ranking first in the domestic market.  
  
In the 'Global Smart Home Invention Patent Ranking' in the first half of 2024, Haier Smart Home ranked first in the world for the eleventh consecutive times with 3,109 published patent applications.
- **Leadership in international standards:**  
For the first half of 2024, Haier Smart Home has cumulatively led and participated in the drafting of 100 international standards and 708 state/industrial standards. We are the only company in the industry to have participated in smart home standards from international organizations including the IEC, ISO, IEEE, OCF and Matter. We are also the only enterprise in the world to serve on both the IEC Board and the IEC Market Strategy Board, which have enabled the Company to stay actively involved in the formulation of international standards.
- **Leadership in experience design:**  
Haier won over 600 accolades, including international design awards such as the German IF Design Award and the Red Dot Design Award. The Company won six international design gold awards and won 3 China Excellent Industrial Design Gold Awards from the Ministry of Industry and Information Technology, which is the only enterprise in China that have earned three consecutive gold awards.

## Section III Management Discussion and Analysis

### (viii) Sustainability

- ① Global ESG governance structure: Haier Smart Home has established a global ESG governance structure, including the ESG Committee of the Board of Directors, the ESG Global Executive Office, and the Global ESG Executive Working Group, which provides organisational support for the in-depth practice of ESG.
- ② Green development and low-carbon operation: Haier Smart Home has formulated the “6 Green” strategy of green management throughout the entire life cycle, which includes “green design, green manufacturing, green marketing, green recycling, green disposal, and green procurement”, and promotes green actions throughout the entire life cycle. Haier Smart Home has integrated low-carbon, recycling, energy saving and emission reduction into its daily operations to promote green upgrading of the industry.
- ③ Social responsibility and charity work: Haier Smart Home actively participates in public welfare projects such as the Hope Project, rural revitalisation, and emergency relief on a global scale, and continues to give back to society through donations and volunteer services.
- ④ Leading ESG rating: Haier Smart Home has the leading rating among its peers in China in respect of the ESG ratings issued by three major organizations, namely CSI, MSCI and Wind, which demonstrates its excellent performance in environmental, social responsibility and corporate governance.

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

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

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

## III. DISCUSSION AND ANALYSIS ON OPERATIONS

### Part 1: Discussion and analysis on overall operations

During the reporting period, in response to changing environment, the Company advanced end-to-end digital transformation, improved user experience and operational efficiency, to improve profitability.

## Section III Management Discussion and Analysis

In the first half of 2024, the Company recorded sales revenue of RMB135.623 billion, a 3.0% increase compared to the same period in 2023. The following factors are contributing to revenue changes.

In domestic markets, despite weak momentum in the white goods sector, particularly against a 14.5% drop in air conditioner retail sales, the Company managed to grow revenue by 2.3% in the first half this year, leveraging multi-brand product lineup and innovative new media marketing strategies.

The Company's revenue from overseas markets grew by 3.7% in the first half of the year. In developed markets like the U.S. and Europe, where inflation suppressed demand, the Company increased market share by launching high-end products, optimizing supply chain, and improving operational efficiency. In rapidly growing South Asia, Southeast Asia, and the Middle East & Africa, the Company strengthened supply chain and distribution network, enhanced high-end product lineup and increased price indices to achieve 9.9% revenues growth in South Asia, 12.4% in Southeast Asia and 26.8% in Middle East & Africa in the first half this year.

In the first half of 2024, the net profit attributable to the shareholders of the parent company was RMB10.42 billion, representing a 16.3% increase from the same period in 2023. The net profit attributable to the shareholders of the parent company after deducting non-recurring profit or loss amounted to RMB10.161 billion, representing a growth of 18.1% compared to the same period in 2023.

In the first half of 2024, the Company's gross profit margin was 30.6%, up 0.2 percentage points compared to the same period in 2023, leveraging digitalizing procurement, R&D, and manufacturing to coordinate production and sales management systems in domestic market; while we improved cost competitiveness with digital procurement platform and enhanced utilization through global supply chain collaboration.

The selling expense ratio in the first half of 2024 was 13.8%, an improvement of 0.5 percentage points compared to the same period in 2023, leveraging digitally enhanced efficiency in marketing resource allocation, logistics network and warehouse management.

The administrative expense ratio in the first half of 2024 was 3.8%, an improvement of 0.3 percentage points compared to the same period in 2023, leveraging streamlining business processes, and enhancing organizational efficiency.

The financial expense ratio in the first half of 2024 was 0.04% (“+” as expenses, “-” as income), an increase of 0.05 percentage points compared to the same period in 2023 as higher interest income from improved capital management could not offset the increase in interest payment.

The Company's net cash flow from operating activities in the first half of 2024 was RMB7.818 billion, an increase of RMB1.028 billion year-on-year, achieved from increased operating profit and enhanced operational efficiency during the period.

## Section III Management Discussion and Analysis

### I. Household Food Storage and Cooking Solutions

#### (I) Refrigeration business

In the first half of 2024, the Company maintained technological leadership and accelerated overseas high-end brand transformation to improve product competitiveness and market share. During the reporting period, the Company's global refrigerator revenue reached RMB41.128 billion, a year-on-year increase of 1.8%.

According to Gfk, the Company consolidated leadership with offline retail share of 44.1%, and an online retail share of 39% in China; the Company's retail volume share also went up by 0.4 percentage points reaching 22.9% overseas.

#### *R&D*

The Company leveraged global technology platforms to accelerate development in integrated appliances & furniture solutions, freshness preservation, and ice-making. MSA oxygen control preservation was also made available on more products, to offer user better value for their purchase. In response to users' needs for integrated home appliances and furnishings Casarte launched built-in Ultra-realm (致境) 600/601 refrigerator which contributed 98% growth in sales volume of seamless built-in units during the first half of the year.

#### *Domestic market*

The Company focused on creating optimal user experiences by leveraging multi-brand portfolio of Haier, Casarte and Leader, catering to specific user needs with distinct value propositions. Haier refrigerators concentrated on full-space freshness preservation technology and smart features, introduced the world's first full-space smart preservation compartment. This innovation combined freshness preservation technology with smart interaction for superior food storage and management. Casarte refrigerators pioneered high-end integration of home appliances and furnishings by expanding its built-in range. Leader attracted trendy users through performance and aesthetic design, new launches in the first half including Little European style (小歐包) series, featuring light green colour, rounded exterior and drawer-style door design.

#### *Overseas markets*

The Company remained committed to premium building by introducing high-end products tailored to local demands overseas. In Western European market, the Company strengthened leading position in multi-door, large-capacity units and while making breakthrough in side-by-side refrigerators, helping Haier brand price index increase to 147. In South Asian market, the Company tailored high-end products to meet local needs, achieving a year-on-year volume growth of 50%. In the Australia, Fisher & Paykel concentrated on ultra-high-end home appliances integrated with home furnishings, with a brand price index reaching 200, while Haier brand targeted mid to high-end mainstream market, to maintain leadership while elevating its price index to 108.

## Section III Management Discussion and Analysis

### **(II) Kitchen appliance business**

In the first half of 2024, the kitchen appliance business focused on iterating product platforms, expanding product lineup, and enhancing presence in home improvement channels to achieve a global revenue of RMB20.275 billion, a year-on-year increase of 0.3%.

According to Gfk, in China, the Company's ranked the third in the offline market with 8.6% retail share, up 0.2 percentage points year-on-year while online retail share went up by 0.7 percentage reaching 5.1%. Casarte ovens ranked first in the price segment above RMB11,000. In the North America, built-in and microwave products continued to gain market share against headwind. In Europe, Haier continued to grow and ranked amongst Top 4 despite industry downturn.

#### *Domestic market*

The Company further expanded the kitchen appliance lineup and upgraded product competitiveness: Casarte launched a seamless built-in smart lift range hood, an ultra-thin built-in gas stove, and a steam oven featuring waterless fresh steam and moisture-control roasting technology, all of which contributed to the brand's 0.8 percentage points share gain in high-end market.

The Company enhanced presence in home improvement channels by developing partnerships with cabinet manufacturers and interior designing firms. The Company managed to grow domestic revenue despite challenging market environment by promoting content marketing and highlighting local renovations projects to stimulate replacement demand and capture opportunities from kitchen remodelling projects.

#### *Overseas markets*

In North American market, the Company successfully launched a new generation of dishwashers featuring stainless steel interiors, which ensured durability, high efficiency, with excellent cleaning and drainage performance. Café's new-generation stainless steel dishwasher earned the "2024 Great Design Awards" by the renowned Architectural Digest for its exceptional flexibility and customization options. The Company launched a new model of freestanding ovens and committed USD 118 million to upgrade production line of new SKUs.

### **II. Household Laundry Solutions**

In the first half of 2024, the washing machine business implemented innovation R&D, omni-channel marketing, and overall cost optimization to achieve a global revenue of RMB29.737 billion, representing a 5.0% increase year-on-year. According to Gfk, in China, the Company continued to lead the industry with 46.5% offline retail share and 38.1% online retail share. The Company remained dominant in the high-end market, with a share of 83% in the price segment above RMB10,000. According to Euromonitor, the Company achieved top market share in 10 countries, including Australia, New Zealand, and Vietnam.

## Section III Management Discussion and Analysis

### ***Domestic market***

The Company consistently delivered high-quality laundry experiences to consumers. The Company solidify market leadership by introducing leading products such as the Casarte Ultra-realm (致境) series Utilizing advanced technologies like 3D drying assessment, wet cleaning, and quadruple filtration. The Company also increased average ticket price by offering integrated laundry solutions while improving user engagement leveraging air wash and wet cleaning in-store demonstration.

In response to changing consumption trends, the Company adjusted Leader brand strategy, launching products that resonated with younger users to achieve rapid growth; in addition to enhancing retail capabilities offline, the Company also bolstered marketing efforts on new media including Douyin and Xiaohongshu to amplify brand influence and create a comprehensive user service experience, successfully captured young consumers, enhanced brand awareness and improved user recognition.

### ***Overseas markets***

The Company launched highly differentiated and competitive products, with effective retail channel management strategies, resulting in continued market share growth. In the North American market, heat pump COMBO washer-dryers remained best-sellers and increased high-end share. In Europe, the Company launched the X11 Fresh Air series washing machines, which could replace the air inside the drum every two minutes, effectively preventing bacterial growth. Their energy efficiency also surpassed the European A-class energy rating by 50%. In India, the Company maintained high-end product strategy, actively expanded into premium distribution channels and improved retail traffic conversion to achieve over 30% revenue growth.

## **III. Air Solutions**

During the reporting period, the Company's air solution business realized revenue of RMB29.235 billion, up 3.8% year-on-year.

### ***(I) Home air conditioner business***

In the first half of 2024, the home air conditioner business actively expanded new HVAC product lines while enhancing competitiveness in products, marketing and supply chains, to achieve global revenue growth.

According to Gfk, the Company's offline and online retail share of standing and wall-mounted units reached 17.95% and 10.4% respectively in China and ranked first in Pakistan and Malaysia.



## Section III Management Discussion and Analysis

### *R&D*

The Company expanded ducted air conditioners, fresh air systems, and residential central air conditioners, while increasing investment in energy-saving air conditioning systems and smart IoT technologies. The Company also enhanced product quality and cost competitiveness leveraging digital transformation and product platform strategies. In the first half of the year, average individual model output increased by 10%, and component standardization improved by 5%. At the same time, the Company accelerated vertical supply chain integration by commencing production at Zhengzhou compressor joint venture in April this year as well as increasing in-house component production in Hefei to improve efficiency and cost competitiveness.

### *Domestic market*

The Company accelerated retail transformation by integrating online and offline channels, strengthening franchised stores and improving network coverage in rural areas. The Company implemented omnichannel marketing strategy to enhance user acquisition and conversion by promoting in-store product demonstration and creating bestsellers online. In addition, revenue from Leader brand grew over 40% in the first half of the year by accelerating development online to capture younger users.

### *Overseas markets*

Benefited from long-term strategic investments in product iteration, professional channel development, and localized supply chains across South Asia and Southeast Asia, the Company seized opportunities from growing emerging countries and product upgrade demand in developed markets. In the first half of the year, overseas revenue maintained rapid growth. During the reporting period, the Company strengthened presence in the Middle East, Africa, and Japan by upgrading variable frequency portable systems, RV air conditioners, and Japanese split units.

## **(II) Smart building business**

The smart building business gained share in both domestic and export market by advancing core compressor technologies, maintaining a leading edge in air and magnetic levitation, boosting in-house manufacturing of key components, and strengthening professional solutions and services. According to China IOL, the Company's domestic market share increased by 1.2 percentage points year-on-year to 10.5%, while export market share rose by 2.8 percentage points year-on-year to 12.5%.

## Section III Management Discussion and Analysis

### *R&D*

The Company continuously iterated product platform through technology breakthroughs, leading the industry in energy saving, carbon reduction, and smart control trends. We developed a 500–1,200 cooling ton air-suspended, oil-free centrifugal chiller, which completed large-capacity chiller lineup and enhanced market competitiveness. Breakthroughs in scroll compressors and large standard centrifugal compressors strengthened cost-competitiveness. Our new-generation IoT multi-split system provided energy-efficient and smart solutions throughout its lifecycle, the increased domestic share of multi-split products in the first half of the year has boosted profitability. In the European market, the Company addressed demand for energy-efficient buildings with heat pump products using eco-friendly refrigerant R290, which featured a heating COP of up to 5.5 with multiple anti-freezing functions.

### *Domestic market*

The Company unlocked growth opportunities by strengthening county-level presence, eliminated coverage gaps and expanding network coverage. Targeting diverse application scenarios, such as real estate and underground transportation systems, we categorized strategic user groups to improve client acquisition, scenario-based solution implementation, and maintenance services, facilitating a shift from standalone HVAC products to integrated building solutions. During the reporting period, the Company secured a RMB200 million contract with Shanghai Metro, positioning us as a leader in the rail transit industry.

### *Overseas markets*

The Company capitalized on our leading position in wireless multi-split and air & magnetic levitation products. By offering comprehensive solutions featuring our light commercial, multi-split, water chiller, point-of-use, heat pump, and smart control series, we catered to diverse regional, and scenario needs while establishing a professional brand image in overseas markets. We advanced the development of integrated sales centres that combined user experience, product display, employee training, and sales operations to enhance our professional capabilities in design, installation, and services, and boost our industry reputation. In the rapidly growing global data centre sector, the Company won a data centre project in Malaysia with a scale exceeding 12,000 refrigeration tons, providing professional air-cooled magnetic levitation solutions for the facility.

## **IV. Household Water Solutions**

During the reporting period, the household water solution business achieved a global revenue of RMB8.106 billion, up 6.6% year-on-year.

In China, the Company launched innovative products including Casarte crystal tank series with skin-care features; while 20,000 units of brand new dual-tank heaters have been sold strengthening Casarte's market leadership in water heater unit priced RMB5,000- 8,000. Haier Little Magic box with filtration, anti-bacteria, lime scale and chlorine reduction functions helped the Company become number one in units priced over RMB3,000.

## Section III Management Discussion and Analysis

Product upgrade also contributed to over 20% overseas revenue growth. In Malaysia, over 10,000 units of instant hot water units were sold, almost five times the volume sold last year. In Europe, introduction of dual-tank electrical water heaters addressed the weakness in the heat pump market. The Company also made breakthrough in developing new markets in Algeria.

On 17 July 2024, the Company entered the transaction with Electrolux Group in Sweden to acquire 100% equity interest in Electrolux South Africa Proprietary Limited (“ESA”), its subsidiary engaging in water heater business in South Africa. The acquisition is a crucial step in the strategic development in African market. Leveraging Kwikot’s extensive HVAC channel and service coverage, Haier will realize synergies in product and supply chain management to expand water heater lineups and unlock potentials in solar water heaters and water purifiers.

### V. China Operation

During the reporting period, the Company capitalized on growth opportunities among young consumers, replacement buyers, and pre-installation customers through continuous innovation in China.

#### ***Network Expansion offline***

*Enhancing competitiveness in offline channels*

By strengthening San Yi Niao’s capability in scenario planning, integrated cabinet and appliance design, and scenario implementation, the Company improved “scenario → design → delivery → service” experience, meeting the growing demand for kitchen and bathroom renovations.

The Company enhanced presence in shopping malls to create hubs for brand promotion, image showcase, solution experience, member engagement, ecosystem co-creation, and traffic monetization, effectively improving user traffic acquisition and conversion.

The Company also made use of digital mapping tools to identify network gaps, enhanced coverage and retail competitiveness by empowering local micro enterprises, optimizing resource allocation and accelerating mechanism reforms.

#### ***Model innovation online***

By implementing strategies POP store cloud-based warehouse integration and lean user management, the Company was able to expand product portfolio, facilitate inventory sharing, enhance warehouse and logistics capabilities and promote precise user marketing to improve efficiency in user management and product turnover, all of which contributed to 17% GMV growth online during 618 Festival with retail share reaching 22.3%, up 1.8 percentage points year-on-year.

#### ***Multi-Brand Strategy***

The Company accelerated iterations of original technologies to expand Casarte’s leading advantages and achieve revenue growth against the headwind. By enhancing product suite offerings and spearheading the integration of home appliances with furnishings leveraging Nebula (星雲) and Ultra-realm (致境) series, the Company increased user value and brand recognition while suite sales revenue surged 145% year-on-year in the first half of 2024. The Company also launched product series online featuring natural aesthetics in appearance and industrial design, to attract younger users and expand brand recognition.

## Section III Management Discussion and Analysis

The Company addressed the needs of young consumers and achieved a retail sales growth of 31% from Leader brand in the first half of the year by launching popular products such as the Vitality (元氣) air conditioner and Cloud (雲朵) washing machine. The Company also introduced “fun small appliances” for trendy travel and camping experiences. On the other hand, the Company renovated marketing strategies to enhance presence on Douyin and Kuaishou and integrated in-store livestreaming to achieve a growth of 402%. Additionally, the Company strengthened partnership with JD and Tmall Campus channel to target young audiences and expand user base.

### VI. Overseas markets

In the first half of 2024, the Company’s overseas revenue amounted to RMB70.824 billion, up 3.7% compared to the same period in 2023.

The revenue growth stemmed from commitment to strategic positioning, leveraging global R&D resources and maintaining technological leadership. In response to diverse market demands, the Company expanded product lineup by enriching mid-range and entry-level offerings alongside high-end products. Building on strengths in traditional categories, the Company enhanced HVAC and small appliance offerings. Meanwhile, the Company expedited network coverage in emerging markets, enhanced brand image in mainstream channels, improved conversion rates, strengthened localized social media presence to increase brand awareness, implemented organizational reform and accelerated supply chain deployment in Belt and Road countries to capitalize on growth opportunities.

#### 1. North America

In the first half of 2024, despite weakness in the U.S. home appliance market, the Company achieved revenue of RMB39.079 billion, and outperformed the U.S. home appliance market with core appliance market share growing across all product categories.

The Company continued to enhance leadership in high-end products, successfully launching a new generation of oven range series with easy-to-clean baking trays, Café/Profile’s new stainless-steel interior dishwasher series, and innovative products such as the Profile 2.0 chewable ice maker. Profile’s smart indoor smoker, the industry’s first and only indoor smoker appliance, offered consumers a novel and convenient way to experience smoked cooking and earned the Best of CES Award in 2024.

The Company continued to expand into new channels and invest in accelerating new industry development. At the 2024 AHR Expo, our Air and Water Solutions introduced the new RealMAX gas water heater and the new-generation dual heat pump, dual heat recovery system VRF MRV-5H, providing high efficiency and superior comfort for multi-room commercial spaces.

During the reporting period, we maintained leading position in construction channels. Despite weak consumer momentum and competitive pressures, the Company outperformed the industry by capitalizing on key sales events and became the top performer at the BrandSource and Nationwide spring sales exhibitions.

## Section III Management Discussion and Analysis

For the 6th consecutive year, the Company was named “Smart Appliance Company of the Year” by IoT Breakthrough. The Company innovatively launched the Eco Balance smart energy management solution, jointly developed with multiple ecosystem partners, providing optimal whole-house energy management solutions for net-zero homes in the U.S. The Company received the Great Place to Work certification for the third time, indicating our position among top-tier enterprises in providing an excellent work environment for employees.

### **2. Europe**

In Europe, the Company recorded revenue of RMB14.505 billion, up 9.2% year-on-year, and market share increased by 0.1 percentage points.

During the reporting period, the Company continued to accelerate strategic upgrade and launched several new product platforms that are expected to contribute to long term growth. Almost 150 new products covering Haier, New Candy and Hoover brands are planned for the premium kitchen appliance platform to provide comprehensive kitchen solutions. The first batch of new products have been launched in over 150 stores in Spain, France, Italy, and Poland. The Company also introduced 905 French Door refrigerator series with class A energy efficiency and New Candy series were launched in 489 stores.

Industry leading front-loading washing machine entered the entire Darty store network in France, significantly contributing to profit growth. High-end OLED series, mini M95/C900 series were also launched in Spain to capture specific demand for playing games and watching sports programmes.

On the manufacturing front, the new kitchen appliances factory in Turkey continued to ramp up its production capacity leveraging coordinated R&D, production platforms and order management.

### **3. Australia & New Zealand**

In Australia and New Zealand, the Company recorded revenue of RMB3.225 billion, up 9.3% year-on-year. Connected products grew by 76% and led the market with 2.8 percentage points volume share gain and 2.9 percentage points revenue share gain in Australia. In New Zealand, Haier and Fisher & Paykel brand outperformed the industry with 0.6 percentage points market share gain.

The Company remained dedicated to meeting consumer demand with cutting-edge technology and innovative products such as Haier’s 8-star energy efficiency refrigerator, which directly contributed to 7.4 percentage points market share gain in bottom-mounted refrigerators; Haier’s ultra-thin tumble dryer integrated heat pump technology to achieve 7-star energy efficiency; Fisher & Paykel also introduced self-cleansing 48 inch oven and induction cooktop, as well as series 7 and 9 dishwasher with leading energy efficiency performance.

On the other hand, the Company enhanced presence in mainstream channels such as Winnings with Fisher & Paykel’s popular built-in refrigerator range and made effort to improve in-store display of Haier’s kitchen appliances in New Zealand.

## Section III Management Discussion and Analysis

### 4. **South Asia**

During the period, revenue from South Asian market grew 9.9% year-on-year to RMB6.542 billion.

In India, sales revenue grew by over 25% year-on-year, attributable to long-term investment across the value chain, including products, distribution channels, and after-sales that successfully built a highly localized operational platform with well-established brand recognition.

The Company leveraged global-leading R&D capabilities and local insights to launch innovative products such as the side-by-side refrigerator with seamless welding technology, significantly improved product lifespan and gained popularity with local consumers, capturing over 20% market share. Meanwhile, Haier enhanced cost competitiveness by increasing in-house production of injection moulding parts.

The Company adhered to value-sharing with channel partners, focusing on expanding network and refining retail operations to ensure strong brand visibility online and offline. Haier's physical retail network covered 61% of premium areas and successfully expanded into 52% of towns and villages. The Company also expanded presence online to capture growth opportunities.

Haier recognized the importance of serin enhancing user experience and ensuring product quality. Currently, Haier has established an after-sales service team of over 5,000 employees in India, ensuring exceptional customer support and boosting the brand's reputation.

In Pakistan, the Company maintained growth momentum by enhancing distribution channels, expanding local manufacturing, upgrading franchised store network while developing partnerships with Coca-Cola and Unilever. The Company also focused on building local supply chain, the second phase of the refrigerator factory is expected to approaching complete soon with 300,000 units annual capacity. Kitchen appliance production was also localized with an annual capacity of 100,000 units.

### 5. **Southeast Asia**

During the period, the Company realized revenue of RMB3.492 billion in Southeast Asia, up 12.4% year-on-year.

In Southeast Asia, the Company increased market share through product mix upgrade, improved offline channel efficiency, social media brand promotion, and local supply chain deployment. In Thailand, we upgraded the self-cleaning feature of air conditioners with UV sterilization technology, addressing the market demand for healthy living and achieving a 28% growth in air conditioner sales. In Vietnam, we launched AQUA refrigerators featuring ABT dynamic sterilization and HCS moisture lock compartments. The Company also introduced smart Color AI washing machines driving AQUA's market share reach 20%.

## Section III Management Discussion and Analysis

Regarding distribution channels, the Company effectively improved retail ticket prices and competitiveness leveraging store development and product upgrade. We established 86 new AQUA store in Indonesia and secured prime space in CANDI Bali, Indonesia's second largest retail channel to enhance premium brand image. The Company implemented a user-centric approach to enhance experience using measures including promoting online/offline integration, providing personalized marketing and establishing a presence on local search engines and content platforms in Vietnam. The Company also strengthened local supply chain deployment. Construction of a new air conditioner factory commenced in Thailand in April, refrigerator factory in Vietnam has been upgraded to secure production capacity for both local and neighbouring markets.

### **6. Japan**

During the period, revenue amounted to RMB1.827 billion in Japan, down 6.2% year-on-year, a growth of 2.4% in local currency.

In Japan, the Company implemented a dual-brand strategy with AQUA and Haier, enhancing retail competitiveness through product upgrades, channel expansion, and marketing innovation. The Company captured demands for high-efficiency and smart appliances with AQUA's compact, large-capacity heat pump front-load series and the upgraded TX multi-door/TZ ultra-thin large refrigerator to achieve over 30% year-on-year growth in AQUA's 500L+ extra-large refrigerators and a 125% growth in heat pump front-load washers. Haier's ultra-slim three-door refrigerators and variable-frequency washers both grew over 30%. The Company entered air conditioner sector and accelerated online expansion in response to user trends, creating new growth opportunities. Through innovative activities and omni-channel promotion, the Company increased visibility and user conversion rates, maintaining leading market share for refrigerator and freezer products in Japan.

### **7. Middle East & Africa**

During the period, revenue from the Middle East and Africa grew 26.8% year-on-year to RMB1.475 billion.

During the reporting period, the Company drove rapid growth through localized manufacturing, operation upgrades and business acquisitions. During the reporting period, the first phase of Egypt eco-park in Egypt commenced production, localizing the manufacturing of air conditioners and washing machines, reducing operational costs, to accelerate development in Egypt and surrounding markets. The Company strengthened operation and retail capabilities by focusing on brand and product mix upgrades to improve user experience across different countries and promote mid-to-high-end products. The Company announced the acquisition of Electrolux's water heater business in South Africa. This acquisition will support the development of solar water heaters and water purifiers in local market, while leveraging Kwikot's channel advantages to promote Haier's refrigerators, washing machines amongst others in South Africa and surrounding markets.

### **VII. Digital transformation**

During the reporting period, the Company continued to advance digital transformation along the entire value chain, enhancing competitiveness in user management, R&D, cost management and order fulfilment. In the first half of the year, the Company's selling and administrative expense ratio optimized by 0.8 percentage points.

#### ***Enhancing User Management Competitiveness***

The Company adopted AI-generated content (AIGC) to improve the quality and efficiency of marketing content, while utilizing digital platforms to manage media placement costs and improved effectiveness through data-driven strategy optimization. During the reporting period, traffic acquisition costs in the domestic market were optimized by 28%.

The Company carried out digital upgrade of marketing strategies through operating a matrix of new media accounts and integrating Douyin platform resources to improve traffic acquisition and conversion. In the first half of the year, the proportion of digital retail increased by 25.7%.

#### ***Improving Product R&D and Cost Competitiveness***

The Company focused on full product lifecycle management, enhancing capabilities in user insights, product launch and exit strategies, R&D engineering, and cross-functional integration, effectively shortened R&D cycles and enhanced user experience. In the first half of the year, average model output in the domestic market increased by 7%.

The Company also integrated AI and OCR technologies to automatically identify cost factors and build cost models, enabling one-click procurement price comparisons. Cost comparison models have been established for over 100 types of materials while common component ratio increased by 13%.

The Company achieved precise pre-production planning and efficient in-process operations through smart management of labour, machinery, materials, methods, and environment, to improve order execution accuracy. In the first half of the year, manufacturing (manufacturing and logistics in factories) cost was optimized by 0.3%, and production efficiency increased by 8%.

#### ***Increasing Order Fulfilment Efficiency***

The Company achieved real-time responsiveness to customer needs through sharing data in sales, supply, production, and logistics, expediting lead time by 12% in the domestic market.

Furthermore, the Company upgraded smart order platform to optimize allocation based on cost efficiency and reduce cost.



### **PART 2. REVIEW OF THE INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD**

#### **Industry overview for the first half of 2024**

##### **1. Domestic market**

In the first half of 2024, sluggish real estate sector and weak consumer confidence suppressed demand and put pressure on the white goods sector. According to AVC, retail sales of white goods and kitchen & bathroom products fell 6.2% year-on-year to RMB290.5 billion in the first half of 2024, while retail volume decreased 2.4% to 113.93 million units. The performance of major sub-sectors was as follows:

##### *(1) Home air conditioning industry*

In the first half of 2024, persistent rainfall in eastern and southern China dampened market demand. The industry's earlier shipment in the first quarter of 2024, coupled with pressure on end-user demand, led to elevated inventory levels and intensified competition. According to AVC, in the first half of 2024, the air conditioner market's total sales volume dropped 11.0% year-on-year to 33.15 million units across all channels, while sales revenue decreased 14.5% year-on-year to RMB111.4 billion. The proportion of low-priced models increased: according to AVC, online sales of 1.5 HP wall-mounted units priced below RMB2,000 accounted for 22.8% of total sales volume, a year-on-year increase of 6.1 percentage points; whereas the offline product mix ratio of 1.5 HP wall-mounted units priced above RMB3,500 dropped from 49.6% to 41.9% year-on-year.

As consumers' increasing attention to air quality and preference towards integration of home appliances and furnishings is driving structural upgrades as the industry shifts from standing and wall-mounted products to integrated HVAC solutions.

##### *(2) Refrigerator industry*

Overall market remained replacement-driven. According to AVC, in the first half of 2024, China's refrigerator market achieved a total retail value of RMB65.2 billion across all channels, a year-on-year increase of 0.4%, while retail volume reached 19.36 million units, up 0.8% year-on-year. Consumers' increasing focus on healthy diet and home aesthetics, are driving the industry towards food freshness preservation and integration of appliances with furnishings. Built-in refrigerators continued to outperform in the first half of 2024 with online retail volume accounting for 12.4%, a year-on-year increase of 7.1%, while offline retail volume accounted for 37.8%, a rise of 19.5% year-on-year.

## Section III Management Discussion and Analysis

(3) *Washing machine industry*

As living standards continue to rise, washer-dryer combos have become industry growth driver. According to AVC, in the first half of 2024, the washing machine industry achieved retail sales of RMB49.4 billion, a year-on-year increase of 3.6%, and retail volume reached 20.29 million units, up 6.2% year-on-year. Online retail sales of washer-dryer combos totalled RMB4.34 billion, a year-on-year increase of 43.6%, and retail volume amounted to 541,000 units, up 64.1% year-on-year. As home appliances and furnishings become more integrated, washing machines are gradually upgrading to ultra-thin models to create enhanced home aesthetic experience.

(4) *Kitchen appliance industry*

Traditional kitchen appliances such as range hoods and stoves remained stable, dishwashers continued to grow and integrated stoves experienced a decline. According to AVC, in the first half of 2024, range hood retail sales decreased 0.2% year-on-year to RMB14.9 billion; retail volume dropped 3.3% year-on-year to 8.68 million units. Gas stove retail sales rose 2.7% year-on-year to RMB8.4 billion, and retail volume increased 4.8% to 10.47 million units. Dishwasher retail sales reached RMB5.8 billion in the first half of 2024, up 5.0% year-on-year. Retail volume reached 990,000 units, a 3.4% year-on-year increase. Retail sales of integrated stoves totalled RMB11.1 billion, a year-on-year decline of 18.20%, and retail volume decreased 15.2% to 1.14 million units. As consumers increasingly pursue high-quality lifestyles, their demands for quality and design in kitchen appliances continue to rise. The industry is trending towards appliance-furnishing integration, smart features, energy saving, and healthy cooking.

(5) *Water heater industry*

Industry demand has stabilized. According to AVC, in the first half of 2024, electric water heaters recorded retail sales of RMB10.7 billion, down 0.8% year-on-year; retail volume stood at 8.26 million units, up 1.6% year-on-year. Gas water heaters recorded retail sales of RMB12.8 billion, down 1.0% year-on-year; retail volume totalled 6 million units, up 1.2% year-on-year. Consumer focus has shifted from safety considerations to design, rapid heating and comfort, thus popular models include ultra-thin electric water heaters with dual-tank, rapid heating and smart constant-temperature gas units.

(6) *Water purifier industry*

The water purification industry maintained steady growth as consumer awareness of healthy drinking water continued to grow. According to AVC, in the first half of 2024, retail sales of household water appliances increased 2.3% year-on-year to RMB12.6 billion; retail volume grew 4.3% year-on-year to 10.1 million units.

Currently, anticipated reduction in income has led to more cautious purchasing decisions. Value for money has become key considerations in home appliance consumption. Unlike their parents, consumers in their 20s and 30s utilize new media to gather product information when making purchasing decisions, which requires appliance manufacturers to continually adapt their branding, marketing, and product development strategies to capture growth opportunities.

## Section III Management Discussion and Analysis

The white goods industry has become primarily upgrades and replacement-driven. The proportion of first-time buyers is gradually declining, while demand for replacements due to home renovations is on the rise. Consumers are increasingly seeking to enhance their quality of life through kitchen and bathroom upgrades. As a result, comprehensive capabilities in scenario design, installation, and maintenance services have become crucial for acquiring uses.

In the first half of 2024, there was a significant price increase in copper, aluminium, and refrigerants, which had a significant impact on the profitability of the industry, particularly in the air conditioner sector.

### **2. Overseas markets**

In the first half of 2024, overseas market demand exhibited mixed trends. Core home appliance markets in developed regions (Europe, U.S., Japan) remained under macroeconomic pressure. However, emerging markets, including Southeast Asia, South Asia, the Middle East, and Africa, maintained robust growth.

In the U.S, industry demand declined due to a downturn in both existing and new home sales. According to AHAM, core appliance shipments in the first half of 2024 decreased by 2% in volume and 6% in value year-on-year while competition remained fierce.

In Europe, persistent high inflation and interest rates continued to dampen consumer sentiment; the home appliance industry remained sluggish. Demand was shifting towards value-for-money products. GfK data reported a 0.3% decline in sales volume and a 1.3% decrease in sales value for white goods across 21 European countries. However, green and low-carbon trends, as well as energy price pressure created increasing demand for energy-efficient products and unlock opportunities in HVAC sector with ongoing consolidation across the industry.

Benefiting from macroeconomic growth in India, the home appliance industry grew by 7–8%. The refrigerator and washing machine sector increased by 5–6%, while the air conditioner sector, boosted by hot temperatures in the north, saw over 30% retail growth. Driven by economic growth and rising per capita income in Pakistan, the home appliance industry sustained growth in the first half of the year.

According to GfK, Thailand's market grew by approximately 3%, driven by recoveries in foreign investment and tourism. Air conditioner sales volume surged over 20% due to hot temperatures. Vietnam experienced double-digit growth in the home appliance sector, bolstered by increased foreign investment. Indonesia's stable political and economic environment, coupled with rising household disposable income, contributed to a 6% growth in the home appliance industry.

## Section III Management Discussion and Analysis

Due to high interest rates and inflation, consumers increasingly sought value-for-money products in Australia and New Zealand. According to data from major Australian home appliance retail channels, sales volume grew by 4.6% year-on-year in the first half of 2024, while sales value increased by 1.7%.

The refrigerator, freezer, and washing machine sectors declines in volume, price, and revenue in Japan because of inflation, currency depreciation, declining disposable income, longer replacement cycles and ongoing price competition. Consumers have become more interested in seeking added-value in products with large capacity, compact size, energy efficiency, and smart features.

### **Industry Outlook for 2H2024**

#### ***Domestic market***

The Chinese home appliance industry has entered replacements and upgrades phase. According to China Household Electric Appliance Research Institute, the penetration of air conditioners, refrigerators, and washing machines across the country in 2022 amounted to 780 million, 580 million, and 550 million units respectively. A massive replacement market has already emerged.

The industry showed a clear trend towards lower-end products because of cautious income growth expectations and weakened consumer confidence. On 15 July 2024, the National Development and Reform Commission and the Ministry of Finance jointly issued “Measures to Support Large-scale Equipment Renewal and Trade-in of Consumer Goods”. The implementation of these measures is expected to stimulate consumer demand for upgrades, boost consumer confidence, and promote industry development.

#### ***Overseas markets***

In the second half of 2024, interest rate cut is expected in the developed countries, where pent-up demand can be released to gradually revitalize the real estate market. Price competition is expected to ease due to home appliance manufacturers’ focus on operational quality and high commodity prices.

The industry is poised for steady growth in the emerging markets where continued urbanization is expected to drive appliance penetration and home appliance manufacturers are also accelerating the localization of their supply chains.

## Section III Management Discussion and Analysis

### PART 3. DEVELOPMENT PLAN FOR THE SECOND HALF OF THE YEAR

In the second half of 2024, amid dynamic changes in demand and an increasingly competitive environment, the Company will continue to focus on iteratively optimizing user experience and improving operational efficiency. We aim to enhance profitability by leveraging advantages in technology, scale and service, while accelerating innovation and transformation to achieve long-term sustainable growth.

#### Product Innovation

We will continue to uphold our value-oriented approach by integrating global R&D and planning resources, accelerating technology sharing, and promoting the rapid implementation of leading technologies and innovations across a wider range of products, to better meet the ever-changing needs of our users.

#### Domestic market

In the second half of 2024, we will align with the national trade-in policy and achieve sustainable growth through innovative marketing and channel strategies. We will leverage the Company's advantages in product lineup, scenario-based solutions, and franchised store network to capitalize on trade-in subsidy opportunities, meeting users' upgrade needs and driving retail growth. We will adapt our marketing content and communication strategies to changing consumer decision-making processes while adding on to brand value by improving go-to-market strategy and increase conversion efficiency through new media. We will deepen our user-centric transformation by establishing efficient systems for order forecasting, distribution and response, thereby enhancing user experience and customer satisfaction.

#### Overseas markets

We will focus on improving profitability by expanding value chain through continuous product upgrades, accelerating supply chain localization, implementing end-to-end digital transformation and deepening global collaborations, to enhance profitability and achieve growth targets.

In the U.S., Australia, and New Zealand, we will strengthen profitability by improving supply chain efficiency and iterating product platforms. In Europe, we will enhance competitiveness by optimizing organizational structure, streamlining business processes, and promoting brand transformation. We will continue localization along the Belt and Road Initiative in South Asia, Southeast Asia, Middle East and Africa, to capitalize on population growth and penetration increases, thus become a leading brand in these regions.

#### Platform transformation

We will advance the digital transformation in production, procurement, and quality systems to enhance lean management capabilities across design, procurement, and production stages, while optimizing end-to-end cost competitiveness.

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

Applicable     Not Applicable

## IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD

### (I) Analysis of principal business

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

Unit and Currency: RMB

Items	Current period	Corresponding period of last year	Change (%)
Operating revenue	135,622,549,121.01	131,628,595,912.05	3.03
Operating cost	94,106,431,686.66	91,557,518,745.02	2.78
Selling expenses	18,687,502,154.89	18,768,944,057.44	-0.43
Administrative expenses	5,186,349,563.44	5,461,681,481.50	-5.04
Financial expenses	58,919,168.65	-9,349,269.09	N/A
R&D expenses	5,088,901,166.88	5,025,786,116.64	1.26
Net cash flow generated from operating activities	7,818,257,937.26	6,790,021,534.62	15.14
Net cash flow generated from investing activities	-7,334,174,927.57	-4,333,325,021.19	N/A
Net cash flow generated from financing activities	-191,176,728.11	-1,267,997,912.18	N/A
Gains or losses on changes in fair value	-29,565,597.82	31,271,562.35	-194.54
Credit impairment loss	-58,013,951.73	-165,968,929.36	N/A
Losses on disposal of assets	-2,583,904.37	-20,647,304.64	N/A
Non-operating expenses	84,518,604.74	32,299,513.21	161.67
Profits or losses attributable to minority shareholders	187,104,752.91	80,831,283.76	131.48

## Section III Management Discussion and Analysis

Reasons for significant changes in certain indicators:

- 1) Reasons for the changes in financial expenses: the increase of 730.20% in financial expenses over the corresponding period was mainly due to the additional interest expenses incurred overseas as a result of higher interest rates on borrowings due to interest rate hikes during the current period;
- 2) Reasons for the changes in the gains or losses on changes in fair value: the decrease of 194.54% in profits or losses of changes in fair value (being losses during the current period) over the corresponding period was mainly due to the decrease in fair value of equity investments during the current period;
- 3) Reasons for changes in credit impairment loss: the decrease of 65.05% in credit impairment loss over the corresponding period was mainly due to the decrease in the provision for bad debts of receivables during the current period;
- 4) Reasons for changes in losses on disposal of assets: the decrease of 87.49% in losses on disposal of assets over the corresponding period was mainly due to the decrease in non-current asset disposal operations during the current period;
- 5) Reasons for changes in non-operating expenses: the increase of 161.67% in non-operating expenses over the corresponding period was mainly due to the year-on-year increase in expenses incurred during the current period that were not directly related to the Company's ordinary operation;
- 6) Reasons for changes in profits or losses attributable to minority shareholders: the increase of 131.48% in profits or losses attributable to minority shareholders over the corresponding period was mainly due to the increase in shareholding of minority shareholders in certain subsidiaries during the current period;
- 7) Reasons for changes in net cash flow from investing activities: the increase of 69.25% in net cash flow from investing activities over the corresponding period was mainly due to the increase in cash paid for investment during the current period;
- 8) Reasons for changes in net cash flow from financing activities: the decrease of 84.92% in net cash outflow from financing activities over the corresponding period was mainly due to the increase in cash inflow from financing activities as a result of higher borrowing, and the decrease in cash outflow from financing activities attributable to the decrease in repurchased shares during the current period.

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

Applicable     Not Applicable

## Section III Management Discussion and Analysis

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

Applicable  Not Applicable

### (III) Analysis of assets and liabilities

Applicable  Not Applicable

#### 1. Assets and liabilities

Unit: RMB

Name of item	Amount at the end of current period	Percentage of amount at the end of current period to total assets (%)	Amount at the end of the corresponding period of last year	Percentage of amount at the end of the corresponding period of last year to total assets (%)	Percentage of change in amount from the end of the corresponding period of last year to current period (%)	Description
Debt investments	14,477,621,780.97	5.52	8,841,233,078.66	3.49	63.75	Mainly due to the increase in long-term time deposits during the current period
Contract liabilities	3,256,026,994.75	1.24	7,731,916,491.54	3.05	-57.89	Mainly due to the decrease in advance payment with performance obligations
Other payables	27,248,243,510.90	10.39	19,181,569,184.83	7.57	42.05	Mainly due to the increase in dividends payable
Non-current liabilities due within one year	5,327,717,384.22	2.03	3,732,550,549.23	1.47	42.74	Mainly due to the increase in long-term borrowings due within one year
Other current liabilities	1,095,321,670.22	0.42	1,651,239,151.52	0.65	-33.67	Mainly due to the decrease in Value-added tax amount to be written off



## Section III Management Discussion and Analysis

### 2. Overseas Assets

Applicable  Not Applicable

#### (1) Scope of assets

Among the assets, overseas assets amounted to 12,413,782 (unit and currency: RMB0,000), representing 47.3% 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	70,824,200,424	4,081,094,577

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

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

Applicable  Not Applicable

### 4. Other Explanations

Applicable  Not Applicable

## (IV) Analysis of investment

### 1. Overall analysis on external equity investment

Applicable  Not Applicable

#### (1). Significant equity investment

Applicable  Not Applicable

#### (2). Significant non-equity investment

Applicable  Not Applicable

## Section III Management Discussion and Analysis

### (3). Financial items measured at fair value

Applicable  Not Applicable

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	487,936,101.81	7,866,168.83			907,048,190.63	797,001,032.70		605,849,428.57
Investment in other equity instruments	6,403,694,954.77		-139,624,374.35		2,390,644.03		15,353,142.08	6,281,814,366.53
Investment in trading equity instruments	243,224,439.64	-54,049,574.20				172,919.49		189,001,945.95
Investment funds	222,803,002.38	22,787,943.83			31,168,225.04	8,709,245.29	3,668,458.53	271,718,384.49
Derivative instruments	-101,059,175.53	11,289,463.13	-10,992,021.14				-4,276,205.97	-105,037,939.51
<b>Total</b>	<b>7,256,599,323.07</b>	<b>-12,105,998.41</b>	<b>-150,616,395.49</b>		<b>940,607,059.70</b>	<b>805,883,197.48</b>	<b>14,745,394.64</b>	<b>7,243,346,186.03</b>

#### Investment in securities

Applicable  Not Applicable

Unit and Currency: RMB

Type of securities	Securities		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
	code	Securities abbreviation										
Stock	601328	Bank of Communications	1,803,769.50	Self-funding	7,819,326.48		883,760.12				8,703,086.60	Investments in other equity instruments
Stock	600827	Baillan Group	154,770.00	Self-funding	373,792.12						373,792.12	Investments in other equity instruments
Stock	300183	Neusoft Carrier	18,713,562.84	Self-funding	11,795,641.74						11,795,641.74	Investments in other equity instruments
Stock	688455	KENGIC	29,450,000.00	Self-funding	146,788,044.20	-54,049,574.20					92,738,470.00	Financial assets held for trading
<b>Total</b>	/	/	<b>50,122,102.34</b>	/	<b>166,776,804.54</b>	<b>-54,049,574.20</b>	<b>883,760.12</b>				<b>113,610,990.46</b>	/

#### Explanation of investment in securities

Applicable  Not Applicable

## Section III Management Discussion and Analysis

Private equity investment

Applicable  Not Applicable

By the end of the reporting period, the Company has historically invested in private equity funds as follows: the Company invested 63.13% share in Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership); Qingdao RRS Huitong Investment Management Co., Ltd. (青岛日日顺汇通投资管理有限公司), a subsidiary of the Company, invested 49% share in Guangzhou Heying Investment Partnership (Limited Partnership); Qingdao Haishang Chuangzhi Investment Co., Ltd. (青岛海尚创智投资有限公司), a subsidiary of the Company, invested 30% share in Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership), a private equity fund, and 50% equity of Qingdao Ririshun Huizhi Investment Co., Ltd., a managing partner of funds; 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), and invested in fund management companies: 5.01% equity of CMG-SDIC Capital Co., Ltd. (国投招商投资管理有限公司), 15% equity of Shenzhen TopoScend Capital Co., Ltd. (深圳市投控东海投资有限公司), 49% equity of Qingdao Haimu Investment Management Co., Ltd.

## 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: RMB0'000

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the current period	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	Carrying amount at the end of the reporting period	Proportion of carrying amount to net assets of the Company at the end of the reporting period (%)
Forward foreign exchange contracts	1,178,657	1,178,657	1,272	-2,195			1,024,425	9.69
Forward commodity contracts	11,009	11,009	-143	1,096			4,081	0.04
<b>Total</b>	<b>1,189,666</b>	<b>1,189,666</b>	<b>1,129</b>	<b>-1,099</b>			<b>1,028,506</b>	<b>9.73</b>

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 RMB42.5669 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

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Risk analysis and explanations on risk control measures for positions in derivatives during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)

### I. Foreign exchange hedging business

#### 1. Risk Analysis

The Company and its holding subsidiaries conduct foreign exchange derivatives business in accordance with the principle of stability, and do not conduct the foreign exchange transaction for speculative purposes. All foreign exchange funds businesses are based on normal production and operation and rely on specific business operations to avoid and prevent exchange rate risks. However, there are also certain risks in conducting foreign exchange funds business:

- (1) Market risk: Forward settlement of foreign exchange: the Company will determine whether to sign a forward contract based on the cost of the product (basically consisting of RMB) and market risk. Signing the contract equals to fixing the price of currency exchange. It is effective to resist market fluctuation risk and ensure a reasonable and stable profit level of the Company through forward settlement of foreign exchange. Forward purchase of foreign exchange: according to the import contract entered with the customer and exchange rate risk, the future currency exchange cost will be fixed through the unilateral forward purchase of foreign exchange. Although there is a certain risk of loss, the forward purchase of foreign exchange will effectively reduce the market fluctuation risk and fix procurement costs. Other NDF and options businesses are mainly carried out when failed to sign the ordinary forward settlement/purchase of foreign exchange or the costs are too high, only serving as the supplement of the above businesses. Exchange rate fluctuation risk in currency swap business is avoided by adjusting the currency of assets and liabilities in order to match the currency of the assets with the currency of liabilities. Interest rate fluctuation risk in interest rate swap business is avoided by transfer the floating-rate business to fix-rate business or transfer the fixed-rate business to floating-rate business when the rate is going downward to reduce the costs. All of the above businesses have a real business background and there is no speculation.
- (2) Exchange rate fluctuation risk: After the Company fixing the forward exchange rate according to the foreign exchange management strategy, if the actual trend of the foreign exchange rate deviates significantly from the direction of the Company's fixed exchange rate fluctuation, the cost of the Company after fixing the exchange rate expenditure may exceeds the cost of not fixing the exchange rate, thus forming a loss of the Company. When the foreign exchange rate changes greatly, if the fluctuating direction of the Company's fixed foreign exchange hedging contract is inconsistent with that of the foreign exchange rate, the foreign exchange loss will be formed; if the exchange rate does not fluctuate in the future, the vast deviation from the foreign exchange hedging contract will also form a foreign exchange loss.
- (3) Internal control risk: The foreign exchange derivatives business is highly specialized and complex so it may cause risks due to imperfect internal control systems.
- (4) Transaction default risk: In the event of a default in the counterparty of foreign exchange derivative transaction, the Company would not be able to obtain hedging profits as agreed to hedge the Company's actual exchange losses, resulting in a loss of the Company.
- (5) Customer default risk: The overdue of customer's accounts receivable and the customer's order adjustment will make the actual payment inconsistent with the expected payment, which may result in the actual cash flow could not match the carried out foreign exchange derivative business term or amount completely, leading to a loss of the Company.

#### 2. Risk Control Measures Taken by the Company

- (1) The Company may not engage in any foreign exchange derivative transactions except those carried out for the purpose of avoiding exchange rate risks, and only for foreign exchange operations related to the Company's import and export business and overseas asset/liability management.
  - (2) The Company implemented approval process in strict compliance with the Foreign Exchange Risk Management Policy and the Foreign Exchange Derivatives Transaction Management Rules. The general meeting of shareholders of the Company and the Board of Directors delegate the President/President Office to take responsibility for the operation and management of the foreign exchange derivatives business, the Treasury Department shall act as the handling department, and finance department shall act as the daily review department.
  - (3) The Company conducts foreign exchange derivatives business with financial institutions such as large banks with legal qualifications. The financial department timely tracks the changes in the transaction and strictly controls the occurrence of closing default risk.
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## Section III Management Discussion and Analysis

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- (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.

#### 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.
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## Section III Management Discussion and Analysis

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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 RMB42.5669 million during the reporting period. As for the specific methodology used and the related assumptions and parameter settings: Foreign exchange and interest rate swap forward quotations from financial institutions were used.
Litigation case (if applicable)	N/A
Disclosure date of announcement in relation to the consideration and approval of derivatives investment by the Board (if any)	28 March 2024
Disclosure date of announcement in relation to the consideration and the approval of derivatives investment by shareholders' general meeting (if any)	21 June 2024

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

Applicable  Not Applicable

### (V) Sale of material assets and equity

Applicable  Not Applicable

### (VI) Analysis on major subsidiaries and Investees

Applicable  Not Applicable

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.

### (VII) Structured entities controlled by the Company

Applicable  Not Applicable

## V. OTHER DISCLOSURES

### (I) Potential risks

Applicable  Not Applicable

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

## Section III Management Discussion and Analysis

2. Risk of price war caused by intensified industry competitions. The white goods industry is highly competitive with a high degree of product homogeneity, and the industry concentration has continued to increase in recent years. However, the increase in industry inventory capacity in individual sub-sectors due to the demand-supply imbalance may lead to risks such as price wars. Furthermore, rapid technological advancements, scarce talents in the industry, shortened product life cycles and ease of imitation are making it increasingly difficult to profit. Although new products, services and technologies are often associated with higher selling prices, it has become necessary for the Company to invest more in R&D. The Company will actively invest in R&D to attract more users through continuous innovation in products and services, to build a lasting brand awareness.
3. Risk of fluctuations in raw material prices. The Company's products and core components use metal raw materials such as steel, aluminium, and copper, as well as commodities such as plastics and foam. If the prices of raw materials continue to surge, it will put certain pressure on the Company's production and operations. In addition, the Company relies on third party manufacturers and suppliers for key raw materials, components, and manufacturing equipment, as well as OEM suppliers, and any disruption in supply or significant price increases by these suppliers will have a negative impact on the Company's business. As a leader in the industry, the Company will take measures including volume & price adjustment mechanism as well as hedging to reduce the risk of raw material fluctuations on its operations.
4. Operational risks in overseas business. The Company has steadily developed its global business and has established production bases, R&D centres, and marketing centres in many parts of the world, with the proportion of overseas revenue increasing year by year. Overseas markets are subject to local political and economic situations (including events such as military conflicts and wars), legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose certain risks to the Company's local operations in these markets. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the impact on the overall cost of sales, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect its people and assets.
5. Risk of exchange rate fluctuations. As the Company expands its global footprint, the import and export of the Company's products involve the exchange of foreign currencies such as the U.S. dollar, the Euro, and the Japanese yen. If the exchange rates of the relevant currencies fluctuate, it will have a certain impact on the Company's financial position and increase its financial costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while the financial statements of its subsidiaries are measured and reported in the currency of their primary economic environment in which the entity operates and are therefore subject to currency exchange risk. In this regard, the Company uses hedging instruments to reduce its exposure to exchange rate fluctuations.



## Section III Management Discussion and Analysis

6. Risk of policy changes. The home appliance industry is closely related to the consumer market and the real estate market. Changes in macroeconomic policies, consumption investment policies, real estate policies and relevant laws and regulations will affect product demand from distributors, which in turn will affect product sales of the Company. The Company will closely monitor changes in the relevant policies, laws, and regulations, and make forecasts of market changes, in order to ensure further development of the Company.
7. Credit risk. There is possibility that the Company will be unable to collect all trade receivables from its distributors, or distributors are not able to settle the Company's trade receivables in a timely manner, in which the Company's business, financial status, and operation performance may be affected. In relation to this risk, the Company will maintain flexibility by offering credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.
8. Inventory risk. Excess inventory might occur as the Company cannot always accurately predict trends and events and maintain appropriate inventory levels; thus, the Company may be forced to offer discounts or promotions to manage the slow-moving inventory. On the other hand, a shortage of inventory may lead to loss of sales opportunities for the Company. However, the Company will manage its inventory and adjust according to market situation and will conduct regular impairment assessment of its inventory.

### (II) Other disclosures

Applicable     Not Applicable

# Section IV Corporate Governance

## I. INTRODUCTION TO THE GENERAL MEETINGS OF SHAREHOLDERS

Meeting	Date	Query index of websites designated for publishing resolutions	Date of disclosure for publishing resolutions	Resolutions approved
2023 Annual General Meeting	20 June 2024	For details, please refer to the Announcement on Resolutions passed at the 2023 Annual General Meeting, 2024 First A Shares Class Meeting, 2024 First D Shares Class Meeting and 2024 First H Shares Class Meeting of Haier Smart Home Co., Ltd. (L2024-022) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) and the four major securities newspapers	21 June 2024	Considered and approved the resolutions related to annual report, internal control audit report, profit distribution proposal, re-appointment of auditor, external guarantees, general mandate to issue additional shares / repurchase shares and employee stock ownership plan, etc.
2024 First A Shares Class Meeting				Considered and approved the resolutions for general mandate to repurchase shares, etc.
2024 First D Shares Class Meeting				
2024 First H Shares Class Meeting				

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

Applicable  Not Applicable

### Explanation of Shareholders' general meeting

Applicable  Not Applicable

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

## Section IV Corporate Governance

The Company had 9 Directors, of whom 9 Directors attended the meetings; the Company had 3 supervisors, of whom 3 supervisors attended the meeting. The secretary to the Board of the Company attended the abovementioned meetings and other members of senior management of the Company were invited to attend the abovementioned meetings.

### II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable  Not Applicable

Name	Position Held	Description of Change
Ma Yingjie	Supervisor	Departed
Liu Yongfei	Supervisor	Elected

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

Applicable  Not Applicable

Ma Yingjie, a Supervisor of the Company, has retired and hence intends to resign as a Supervisor upon a new Supervisor has been elected at the general meeting. On 20 June 2024, pursuant to the election results of the 2023 Annual General Meeting, Liu Yongfei was elected as a new Supervisor of the Company. Accordingly, there was a change in the Supervisors of the Company during the reporting period.

### III. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE

**Proposal for interim profit distribution and proposal for reverse conversion into share capital**

Whether distributed or converted No

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

### (I) Relevant incentive events disclosed in provisional announcements but without subsequent development or changes during implementation

Applicable  Not Applicable

Summary of Matters	Query Index
<p><b>Cancellation of certain 2021 and 2022 equity incentive options:</b> In view of the fact that the third exercise period of the first/reserved grant portion of the 2021 A Share Option Incentive Scheme and the second exercise period of the 2022 A Share Option Incentive Scheme of the Company did not meet the exercise conditions, and due to the resignation of some of the incentive recipients, the Company cancelled the corresponding 11,164,621 share options and 28,011,543 share options that had been granted but had not yet been exercised.</p>	<p>For details, please refer to the Announcement of Haier Smart Home Co., Ltd on the Cancellation of Certain Share Options in the 2021 A Share Option Incentive Scheme, the 2022 A Share Option Incentive Scheme disclosed by the Company on 30 April 2024, the Announcement of Haier Smart Home Co., Ltd on the Completion of Cancellation of Certain Share Options in the 2021 A Share Option Incentive Scheme, the 2022 A Share Option Incentive Scheme and relevant contents disclosed by the Company on 28 May 2024.</p>
<p><b>Introduction of New Phase of A Share and H Share Employee Stock Ownership Plan:</b> In order to further improve the governance mechanism of the Company, create shareholder value and promote the comprehensive implementation of the Company's IoT smart home ecological brand strategy, the Company considered and introduced the 2024 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) and the 2024 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) at the 10th meeting of the 11th session of the Board of Directors held by the Company on 29 April 2024 and the 2023 Annual General Meeting held by the Company on 20 June 2024. During the reporting period, the Company promoted the opening of accounts and other related works for the 2023 A Share and H Share Employee Stock Ownership Plan.</p>	<p>For details, please refer to the 2024 A Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft), the 2024 H Share Core Employee Stock Ownership Plan of Haier Smart Home Co., Ltd (Draft) disclosed by the Company on 30 April 2024 and the Announcement of Resolutions at the General Meeting and relevant contents disclosed by the Company on 21 June 2024.</p>

## Section IV Corporate Governance

### (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

# Section V Environmental and Social Responsibilities

## I. ENVIRONMENTAL INFORMATION

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

√ Applicable □ Not Applicable

#### 1. Information on pollutant discharge

√ Applicable □ Not Applicable

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

#### (1) Hefei Refrigerator

##### ① Main pollutants:

Wastewater

According to the Integrated Wastewater Discharge Standard (GB8978-1996), Hefei Refrigerator should apply for a pollutant discharge permit and detect 8 types of pollutants (including specific pollutants), namely, total nitrogen (as N), total phosphorus (as P), suspended solids, PH, chemical oxygen demand (COD), ammonia nitrogen (NH<sub>3</sub>-N), five-day biochemical oxygen demand (BOD<sub>5</sub>), and animal and vegetable oils.

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

##### ② Way of discharge: continuous discharge

##### ③ Number and distribution of discharge outlets: one for sewage, at the north entrance of the Refrigerator Park; 20 for exhaust gas, at the Refrigerator Block A (nine), Block B (eight) and Phase III Factory (three)

## Section V Environmental and Social Responsibilities

- ④ Concentration of discharge and discharge standard:  
According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount (data for January-June 2024) are as follows:

No.	Name of pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	COD	93.31 mg/L	16.1 tons	General outfalls are not subject to approval for the total discharge amount according to the discharge permit.	No
2	Ammonia nitrogen	12.78 mg/L	2.73 tons		No
3	Total nitrogen	25.05 mg/L	5.07 tons		No
4	Total phosphorus	2.01 mg/L	0.41 tons		No
5	Suspended solids	43 mg/L	8.63 tons		No
6	BOD <sub>5</sub>	56.75 mg/m <sup>3</sup>	11.5 tons		No
7	pH	7.38	/		No
8	Animal and vegetable oils	4.65 mg/L	0.94 tons		No
9	Non-methane hydrocarbon	3.62 mg/m <sup>3</sup>	4.33 tons		No
10	Particle matter	2.08 mg/m <sup>3</sup>	0.26 tons		No
11	Toluene	0.09 mg/m <sup>3</sup>	0.0081 tons		No
12	Ethylbenzene	0.017 mg/m <sup>3</sup>	0.0017 tons		No
13	Styrene	0.048 mg/m <sup>3</sup>	0.0042 tons		No

### (2) Qingdao Special Refrigerator

- ① Main Pollutants:  
Exhaust gas. In June 2024, according to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation) (HJ 978-2018), Qingdao Special Refrigerator should re-apply for a pollutant discharge permit with the management category of simplified management and detect the primary type of pollutant in the atmosphere, namely non-methane hydrocarbon (VOCs), with the maximum concentration of discharge not exceeding 60mg/m<sup>3</sup>. Online detection facilities are installed and networked with the Ecology and Environment Bureau for exhaust gas emission. Meanwhile, a qualified third-party testing unit is commissioned to conduct organic exhaust gas concentration manual testing and issue a report on a quarterly basis.

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

- ② Way of discharge: continuous emission

## Section V Environmental and Social Responsibilities

③ Number and distribution of discharge outlets: two in total, one for absorption exhaust port at the west side of the Special Refrigerator plant roof, which the exhaust gas treatment facilities were updated, installed and put into use in July 2023, with the upgrading and adoption of activated carbon adsorption and desorption + regenerative combustion process; and one for foam exhaust port at the west side of the Special Refrigerator plant roof.

④ Concentration and total amount of discharge and approved total amount of discharge:  
According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount are as follows:

No.	Name of Pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	Non-methane hydrocarbon	1.13 mg/m <sup>3</sup>	0.108 tons	No control regarding the total amount of discharge	No

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

### (3) Wuhan Water Heater

① Main Pollutant:

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

② Way of discharge: indirect discharge

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



## Section V Environmental and Social Responsibilities

- ④ Concentration and total amount of discharge and approved total amount of discharge:  
According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount are as follows:

No.	Name of Pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	COD	13.74 mg/L	2.05 tons	9.075 tons	No
2	Ammonia nitrogen	0.07 mg/L	0.0104 tons	0.9075 tons	No
3	Total phosphorus	0.09mg/L	0.0134 tons	/	No

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

### (4) Wuhan Freezer

- ① Main pollutants:  
Organic exhaust gas. Exhaust gas pollutant discharge refers to the Integrated Emission Standard of Air Pollutants, and the primary type of pollutant in the atmosphere detected are namely non-methane hydrocarbon (VOC), with the maximum concentration of discharge not exceeding 120 mg/m<sup>3</sup>. A qualified third-party testing unit is commissioned to conduct organic exhaust gas concentration testing and issue a report on a half-yearly basis.
- ② Way of discharge: continuous discharge
- ③ Number and distribution of discharge outlets: two in total, one exhaust port for door at the south-west side of the plant, one exhaust port for curing at the south-west side of the plant.
- ④ Concentration and total amount of discharge and approved total amount of discharge: No control regarding the total amount of discharge of organic exhaust gas

No.	Name of Pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	VOC	5.42 mg/m <sup>3</sup>	0.16368 tons	No control regarding the total amount of discharge	No

## Section V Environmental and Social Responsibilities

### (5) Wuhan Air-Conditioning

① Main Pollutants:

Organic exhaust gas. Exhaust gas pollutant discharge refers to the Integrated Emission Standard of Air Pollutants, and the primary type of pollutant in the atmosphere detected are namely non-methane hydrocarbon (VOC), with the maximum concentration of discharge not exceeding 120 mg/m<sup>3</sup>. A qualified third-party testing unit is commissioned to conduct organic exhaust gas concentration testing and issue a report on a half-yearly basis.

② Way of discharge: continuous discharge

③ Number and distribution of discharge outlets: five in total, one degreasing exhaust port at the south side of the plant roof, and three stamping exhaust ports at the south side of the plant roof and one spraying exhaust port at the north side of the spraying workshop roof.

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

No.	Name of Pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	VOC	0.698 mg/m <sup>3</sup>	0.03523 tons	No control regarding the total amount of discharge	No

### (6) Zhengzhou Air-Conditioning

① Main Pollutant:

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

② Way of discharge: indirect discharge

③ Number and distribution of discharge outlets: one, on the north side of the air-conditioning wastewater treatment plant, pipeline discharge

## Section V Environmental and Social Responsibilities

- ④ Concentration and total amount of discharge and approved total amount of discharge:  
According to the discharge permit, the concentration and total amount of pollutant discharge subject to approval for the total amount are as follows:

No.	Name of pollutant	Concentration of discharge	Total amount of discharge	Approved total amount of discharge	Whether it is excessive discharge
1	COD	29.62 mg/L	1.1 tons	/	No
2	Ammonia nitrogen	5.79 mg/L	0.035 tons	/	No

### (7) Jiaozhou Air-Conditioning

- ① Main pollutants:  
Hazardous waste. According to the national directory, 8 types of hazardous waste detected are namely: waste oil, sludge, activated carbon, cotton filters, lightning tubes, soldering flux buckets, paint buckets and forklift battery.
- ② Way of discharge: Hazardous waste is transferred to a qualified hazardous waste disposal unit for disposal
- ③ Total amount of discharge and approved total amount of discharge:

No.	Name of hazardous waste	Total amount of transfer (tons)	Total amount of managed plan (tons)	Whether it is excessive discharge
1	Cotton filters	0.42	2	No
2	Waste oil	20.22	30	No
3	Soldering flux buckets	1.06	1.5	No
4	Forklift battery	16.3	20	No
5	Sludge	21.08	50	No
6	Paint buckets	0.9	5	No
7	Activated carbon	2.18	6	No
8	Lightning tubes	0.06	0.5	No

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

## Section V Environmental and Social Responsibilities

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

Applicable  Not Applicable

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

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

Applicable  Not Applicable

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

### 4. Emergency plans for environmental incidents

Applicable  Not Applicable

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

# Section V Environmental and Social Responsibilities

**5. Self-monitoring environmental programs**

Applicable  Not Applicable

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

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

Applicable  Not Applicable

**7. Other environmental information that should be disclosed**

Applicable  Not Applicable

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

Applicable  Not Applicable

**1. Administrative penalty due to environmental issues**

Applicable  Not Applicable

## Section V Environmental and Social Responsibilities

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

Applicable  Not Applicable

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

Through Haier Smart Energy Center, an energy big data analysis system, the Company implements centralized dynamic monitoring and digitalized management in respect of major energy consumption, such as water, electricity and gas, of plants in the China region by utilizing automatized and informationalized technology and an integrated management model. It collects precise information on energy resources and completes prediction and analysis of energy consumption information to optimize energy adjustment, reduce energy consumption per unit production to achieve low-carbon production.

### 3. Reasons for failure to disclose other environmental information

Applicable  Not Applicable

### (III) Explanation of the subsequent progress or changes in the disclosure of environmental information content during the Reporting Period

Applicable  Not Applicable

The Company will continue to maintain and improve existing results and strictly comply with existing environmental protection and emission standards to achieve compliant emission.

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

Applicable  Not Applicable

## Section V Environmental and Social Responsibilities

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

Applicable  Not Applicable

During the reporting period, the Company's air-conditioning products pursued green and low-carbon transformation and achieved significant results, with its carbon management capability being recognized by industry authorities: Qingdao Haier Air-Conditioner Co., Ltd., a subsidiary of the Company, was awarded the Carbon Management System Certification issued by the China Quality Certification Center (CQC), making it the first enterprise in the industry to receive this certification. Based on the concept of green, low-carbon and sustainable development, Haier Air-Conditioner establishes and improves its carbon management system in accordance with the requirements of the carbon management system standard to evaluate the current state of the company's carbon management, identify the main sources of greenhouse gas emissions within the organization, and formulate emission reduction measures to provide a "basis for carbon management". The measures include opening up new revenue sources for green carbon development through high-standard laboratory performance and testing capabilities, etc.; the realization of carbon emission reduction by vigorously launching research on low-carbon technologies and promoting their application; and the establishment of a green recycling system through recycling to realize the reuse of resources and to lay a new track of "carbon reduction and emission control". In the future, Haier Air-Conditioner will, based on the current state of its carbon management, make sustainable improvements and optimizations for greenhouse gas emission reduction, and implement emission reduction plans in a targeted and planned manner in terms of laboratory renovation, promotion and application of energy and technology, etc., so as to enhance its own capabilities while helping the industry in green transformation and upgrading.

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

Applicable  Not Applicable

The Company attaches importance to the work of poverty alleviation and rural revitalization. In accordance with the series of national planning and filing requirements and within the scope of authorization of the shareholders' general meeting on donations and other matters, the Company has provided targeted support to support rural revitalization. In the first half of 2024, the Company's capital expenditure on targeted poverty alleviation amounted to approximately RMB3,870,000, which was mainly used for educational poverty alleviation, etc. The Company has actively responded to the call of the government to fulfill its social responsibilities.

## Section V Environmental and Social Responsibilities

During the reporting period, Haier Hope Primary School in Bahrain Left Banner held a ceremony for the "Haier Little Scientists Program". As another important achievement of Haier's "Smart Campus Upgrade Program", smart scenarios such as smart laundry rooms have been deeply integrated into school life, bringing children a new smart and healthy campus life experience. In addition to the smart laundry room, Haier has also built energy utilization scenarios for smart pantry room and green energy hut, which have comprehensively improved the learning environment of Hope Primary School, and have also made the development of rural education come to fruition through technology. At present, the national education digitization strategy has made positive progress, and the construction of campus informatization is moving towards a new stage of smart campus with application, integration and innovation. The Company is actively exploring the construction of smart campus, using technology to give children a new experience of growth, and effectively enhance the sense of achievement and happiness of teachers and students by adding wings of "intelligence" for the high quality development of public welfare undertakings in education.



# Section VI Significant Issues

## I. FULFILLMENT STATUS OF UNDERTAKINGS

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

√ Applicable    □ Not Applicable

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

## Section VI Significant Issues

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	<p>1. The Transaction constitutes a connected transaction and the connected transaction procedures performed under the Transaction are in compliance with the relevant regulations. The pricing of the connected transaction is fair and there are no circumstances under which the interests of the listed company and the non-connected shareholders are prejudiced. 2. Upon completion of the Transaction, the Company and 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.</p>	29 July 2020	Yes	Long-term	Yes

## Section VI Significant Issues

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
	Address peer competition	Haier Group Corporation	<p>1. The Company and its controlling subsidiary, Haier COSMO Co., Ltd., were principally engaged in investment business during the reporting period, and the Company and its controlling subsidiary, Haier COSMO Co., Ltd. (including its subsidiaries and entities with more than 30% shareholding), have no real or potential 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 &amp; Paykel Appliances Holdings Limited) by Haier Smart Home's offshore subsidiary, Haier Singapore Investment Holding Co., Ltd., following the completion in July 2018, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) and Haier Smart Home do not have any competing relationship in any business areas both within and outside the PRC. During the reporting period, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) did not have any new peer competition with Haier Smart Home; 4. Upon completion of the Transaction, the Company (including the Company's subsidiaries and entities with more than 30% shareholding) and its affiliates do not have any new or potential peer competition with Haier Smart Home; 5. During the period when the Company is the controlling shareholder of Haier Smart Home and the shares of Haier Smart Home are listed on the Hong Kong Stock Exchange, the Company and its other subsidiaries and entities with more than 30% shareholding will not operate any business that competes with the business engaged by Haier Smart Home and will not engage in real or potential competition with Haier Smart Home.</p>	29 July 2020	Yes	Long-term	Yes

## Section VI Significant Issues

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	<p>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.</p> <p>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.</p>	29 July 2020	Yes	Long-term	Yes

## Section VI Significant Issues

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	<p>1. The Transaction constitutes a connected transaction and the connected transaction procedures performed under the Transaction are in compliance with the relevant regulations. The pricing of the connected transaction is fair and there are no circumstances under which the interests of the listed company and the non-connected shareholders are prejudiced. 2. Upon completion of the Transaction, the Company and other enterprises on which the 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.</p>	29 July 2020	Yes	Long-term	Yes

## Section VI Significant Issues

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertaking related to refinancing	Eliminate the property right defects in land etc.	Haier Group Corporation	Haier Group Corporation undertakes that it will assure Haier Smart Home and its subsidiaries of the constant, stable and unobstructed use of the leased property. In the event that Haier Smart Home or any of its subsidiaries suffers any economic loss due to the fact that leased property has no relevant ownership certificate, Haier Group Corporation will make compensation to impaired party in a timely and sufficient way and take all reasonable and practicable measures to support the impaired party to recover to normal operation before the occurrence of loss. Upon the expiration of relevant leasing period, Haier Group Corporation will grant or take practicable measures to assure Haier Smart Home and its subsidiaries of priority to continue to lease the property at a price not higher than the rent in comparable market at that time. Haier Group Corporation will assure Haier Smart Home and its subsidiaries of the constant, stable, free and unobstructed use of self-built property and land of the Group. In the event that Haier Smart Home or any of its subsidiaries fails to continue to use self-built property according to its own will or in original way due to the fact that self-built property has no relevant ownership certificate, Haier Group Corporation will take all reasonable and practicable measures to eliminate obstruction and impact, or will support Haier Smart Home or its affected subsidiary to obtain alternative property as soon as possible, if Haier Group Corporation anticipates it is unable to cope with or eliminate the external obstruction and impact with its reasonable effort. For details, please refer to the Announcement of Qingdao Haier Co., Ltd. on the Formation, Current Situation of the Defective Property, the Influence on Operation of Issuer Caused by Uncertainty of Ownership, Solution for the Defect and Guarantee Measures (L2014-005) published by the Company on the four major securities newspapers and the website of Shanghai Stock Exchange on 29 March 2014.	24 December 2013	Yes	Long-term	Yes

## Section VI Significant Issues

Background of undertakings	Type of undertakings	Covenanter	Contents of undertakings	Date of undertakings	Any deadline for performance	Term of undertakings	Whether performed in a timely and strict way
Undertakings related to equity incentive	Others	Haier Smart Home Co., Ltd	The Company will not provide loans or any other forms of financial assistance, including guaranteeing their loans, to any incentive recipient for acquiring relevant stock options under this incentive plan.	15 September 2021/28 June 2022	Yes	The completion of equity incentive implementation	Yes
Other undertakings	Asset injection	Haier Group Corporation	Inject the assets of Haier Photoelectric to the Company or dispose such assets through other ways according to the requirements of the domestic supervision before June 2025. For more details, please refer to the Announcement of Haier Smart Home Co., Ltd. on the Changes of Some Commitments on Asset Injection (L2020-024) published on the four major securities newspapers and the website of Shanghai Stock Exchange on 30 April 2020.	December 2015	Yes	June 2025	Yes

Note: During the reporting period, the undertaking was fulfilled since all Covenantees of the undertaking has obtained the real property ownership certificates.

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

Applicable  Not Applicable

**III. INFORMATION ON NON-COMPLIANCE GUARANTEES**

Applicable  Not Applicable

**IV. INFORMATION ON INTERIM AUDIT**

Applicable  Not Applicable

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

Applicable  Not Applicable

**VI. MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING**

Applicable  Not Applicable

**VII. MATERIAL LITIGATION AND ARBITRATION MATTERS**

Material litigation and arbitration matter during the reporting period

No material litigation and arbitration matters during the reporting period

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

Applicable  Not applicable

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

Applicable  Not applicable



### X. SIGNIFICANT RELATED-PARTY TRANSACTIONS

#### (I) Related-party transactions relating to daily operation

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

Applicable  Not applicable

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

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

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

Applicable  Not applicable

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

Applicable  Not applicable

3. **Matters not disclosed in temporary announcements**

Applicable  Not applicable

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

3. **Matters not disclosed in temporary announcements**

Applicable  Not applicable

### (IV) Amounts due to or from related parties

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

Applicable  Not applicable

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

Applicable  Not applicable

3. **Matters not disclosed in temporary announcements**

Applicable  Not applicable

## Section VI Significant Issues

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

Applicable  Not applicable

#### 1. Deposit business

Applicable  Not applicable

Unit and Currency: RMB

Related party	Relationship	Maximum daily deposit limit	Range of deposit interest	Opening balance	Changes of the period		Closing balance
					Total amount deposited during the period	Total amount withdrawn during the period	
Haier Finance Co., Ltd.	Subsidiary of Haier Group	34 billion	0.00012% to 3.5%	33,654,242,534.50	285,540,013,292.96	285,309,670,757.96	33,884,585,069.50
Total	/	/	/	33,654,242,534.50	285,540,013,292.96	285,309,670,757.96	33,884,585,069.50

#### 2. Lending business

Applicable  Not applicable

Unit and Currency: RMB

Related party	Relationship	Loan limit	Range of loan interest	Opening balance	Changes of the period		Closing balance
					Total amount lent during the period	Total amount repaid during the period	
Haier Finance Co., Ltd.	Subsidiary of Haier Group	10 billion	/	0	0	0	0
Total	/	/	/	0	0	0	0

**3. Trustee business or other finance businesses**

Applicable  Not applicable

Unit and Currency: RMB

Related party	Relationship	Type of business	Total amount	Actual number of occurrence
Haier Finance Co., Ltd.	Subsidiary of Haier Group	Foreign exchange derivatives products	5.5 billion	213,576,000.00
Haier Finance Co., Ltd.	Subsidiary of Haier Group	Service charge	80 million	4,425,427.95

**4. Other explanations**

Applicable  Not applicable

**(VI) Other material related transactions**

Applicable  Not applicable

**(VII) Others**

Applicable  Not applicable

## Section VI Significant Issues

### XI. SIGNIFICANT CONTRACTS AND THEIR EXECUTION

#### 1 Trusteeship, contracting and leasing

Applicable  Not applicable

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

According to Haier Group's commitment in 2011 on further supporting the development of Qingdao Haier and resolving peer competition to reduce connected transactions, based on the fact that Qingdao Haier Optoelectronics Co., Ltd. (青岛海尔光电有限公司) and its subsidiaries, the main body of Haier Group engaging in the color television business, are still in a period of transformation and integration, and their financial performance has not yet met the Company's expectations, Haier Group is unable to complete the transfer before the aforesaid commitment period. Haier Group intends to entrust the Company with the operation and management of the escrow assets and pay the Company an annual escrow fee of RMB1 million during the escrow period.

#### 2 Significant guarantees performed and outstanding during the reporting period

Applicable  Not Applicable

Unit and Currency: RMB'000

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

#### 3 Other major contracts

Applicable  Not Applicable

## XII. EXPLANATION OF PROGRESS IN USE OF PROCEEDS

Applicable  Not Applicable

## XIII. EXPLANATION OF OTHER SIGNIFICANT EVENTS

Applicable  Not Applicable

**Entrusted wealth management:** By the end of the reporting period, the balance of the Company's entrusted wealth management amounted to RMB2.145 billion. Under the premise of ensuring sufficient capital required by the principal operating activities and daily operations, the Company and some of its subsidiaries purchased some low-risk wealth management products and structured deposits from major commercial banks to improve the yield of temporarily-idle funds and the return for shareholders within the authority of the president's office meeting and under the condition of ensuring fund safety.

# Section VII Changes in Shares and Information About Shareholders

## I. CHANGES IN SHARE CAPITAL

### (I) Table of Changes in shares

#### 1. Table of Changes in shares

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

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

### (II) Changes in shares with selling restrictions

Applicable  Not Applicable

## II. INFORMATION ON SHAREHOLDERS

### (I) Total number of shareholders:

Total number of ordinary shareholders by the end of the reporting period	112,985
Total number of preferential shareholders with restoration of voting rights by the end of the reporting period	N/A

## Section VII Changes in Shares and Information About Shareholders

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

Unit: share

#### Shareholdings of top ten shareholders (excluding shares lent out 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 of shares	Number	
HKSCC NOMINEES LIMITED		2,314,600,081	24.52		Unknown		Unknown
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)		1,258,684,824	13.34		None		Domestic non-state- owned legal entity
Haier Group Corporation		1,072,610,764	11.36		None		Domestic non-state- owned legal entity
Hong Kong Securities Clearing Co., Ltd.	71,261,645	665,064,574	7.05		None		Unknown
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED		538,560,000	5.71		None		Foreign legal entity
China Securities Finance Corporation Limited		182,592,654	1.93		None		Unknown
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询 有限公司)		172,252,560	1.83		None		Domestic non-state- owned legal entity
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理 咨询企业(有限合伙))		133,791,058	1.42		None		Domestic non-state- owned legal entity
Industrial and Commercial Bank of China -SSE 50 Exchange Traded Open-End Index Securities Investment Fund	14,617,100	60,753,458	0.64		None		Unknown
Clearstream Banking S.A.		58,352,268	0.62		None		Unknown



## Section VII Changes in Shares and Information About Shareholders

### Shareholdings of top ten shareholders without selling restrictions (excluding shares lent out under refinancing)

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,314,600,081	Overseas listed foreign shares	2,314,600,081
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	1,258,684,824	RMB ordinary	1,258,684,824
Haier Group Corporation	1,072,610,764	RMB ordinary	1,072,610,764
Hong Kong Securities Clearing Co., Ltd.	665,064,574	RMB ordinary	665,064,574
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000
China Securities Finance Corporation Limited	182,592,654	RMB ordinary	182,592,654
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司)	172,252,560	RMB ordinary	172,252,560
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合伙))	133,791,058	RMB ordinary	133,791,058
Industrial and Commercial Bank of China -SSE 50 Exchange Traded Open-End Index Securities Investment Fund	60,753,458	RMB ordinary	60,753,458
Clearstream Banking S.A.	58,352,268	Overseas listed foreign shares	58,352,268

## Section VII Changes in Shares and Information About Shareholders

Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
Explanation of repurchase account of top ten shareholders	The repurchase accounts of the Company held a total of 145,238,037 shares.		
Explanation of delegated voting rights, entrusted voting rights, abstained voting rights of the above shareholders	Nil		
Explanation of related parties or parties acting in concert among the aforesaid shareholders	(1) Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司) is a subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司), 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)) are parties acting in concert with Haier Group Corporation; (2) The Company is not aware of the existence of any connections of other shareholders.		
Explanation of preferential shareholders with restoration of voting rights and their shareholdings	Not applicable		

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

Applicable  Not Applicable

## Section VII Changes in Shares and Information About Shareholders

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable

## **III. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT**

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

Applicable  Not Applicable

Other explanations

Applicable  Not Applicable

## Section VII Changes in Shares and Information About Shareholders

### (II) Incentive share option granted to directors, supervisors 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 period	Number of stock options newly granted during the reporting period	Exercisable shares options during the reporting period	Shares from stock options exercised during the reporting period	Number of stock options held at the end of the period
Li Huagang	Director	54.83			-18.28	36.56
Gong Wei	Director	27.42			-9.14	18.28
Xie Juzhi	Senior management	54.83			-18.28	36.56
Li Pan	Senior management	27.42			-9.14	18.28
Song Yujun	Senior management	18.72			-6.24	12.49
Zhao Yanfeng	Senior management	28.09			-9.36	18.73
Huang Xiaowu	Senior management	27.42			-9.14	18.28
Wu Yong	Senior management	13.71			-4.57	9.14
Li Yang	Senior management	27.42			-9.14	18.28
Guan Jiangyong	Senior management	13.71			-4.57	9.14
Liu Xiaomei	Senior management	8.74			-2.91	5.82
Total	/	302.32			-100.77	201.55

## Section VII Changes in Shares and Information About Shareholders

### (III) Other explanations

Applicable  Not Applicable

### IV. CHANGES IN CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

Applicable  Not Applicable

# Section VIII Relevant Information of Preferred Shares

Applicable  Not Applicable

# Section IX Relevant Information of Corporate Bonds

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

Applicable  Not Applicable

## II. CONVERTIBLE CORPORATE BOND

Applicable  Not Applicable

# Section X Financial Report

## I. AUDIT REPORT

Applicable  Not Applicable

## II. FINANCIAL STATEMENTS

### Consolidated Balance Sheet

30 June 2024

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	30 June 2024	31 December 2023
<b>Current assets:</b>			
Monetary funds	VII.1	54,705,626,157.44	54,486,452,841.14
Provision of settlement fund			
Funds lent			
Financial assets held for trading	VII.2	1,066,569,759.01	953,963,543.83
Derivative financial assets	VII.3	86,713,582.93	67,565,829.44
Bills receivable	VII.4	7,147,471,192.39	8,621,434,831.39
Accounts receivable	VII.5	23,517,845,844.84	20,268,099,436.43
Financing receivables	VII.6	1,035,015,815.14	1,238,294,930.51
Prepayments			
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII.7	2,731,270,164.67	2,649,558,985.05
Including: Interest receivables		676,041,225.16	748,496,020.24
Dividends receivables			
Financial assets purchased under resale agreements			
Inventories	VII.8	39,453,614,462.10	39,524,006,616.33
Including: Data resources			
Contract assets	VII.9	300,808,605.96	260,939,408.73
Assets held for sale			
Non-current assets due within one year			
Other current assets	VII.10	4,472,061,327.09	4,550,167,668.68
Total current assets		134,516,996,911.57	132,620,484,091.53
<b>Non-current assets:</b>			
Loans and advances granted			
Debt investments	VII.11	14,477,621,780.97	8,841,233,078.66
Other debt investments			
Long-term receivables		351,899,806.17	350,409,496.85



## Section X Financial Report

Items	Notes	30 June 2024	31 December 2023
Long-term equity investments	VII.12	26,038,301,146.49	25,546,793,450.20
Investments in other equity instruments	VII.13	6,281,814,366.53	6,403,694,954.77
Other non-current financial assets			
Investment properties	VII.14	80,227,845.94	98,631,080.77
Fixed assets	VII.15	29,686,001,800.40	29,603,936,822.78
Construction in progress	VII.16	5,787,636,237.75	5,403,469,596.76
Biological assets for production			
Oil and gas assets			
Right-of-use assets	VII.17	4,815,237,702.43	4,367,081,679.74
Intangible assets	VII.18	10,814,254,709.75	11,006,230,700.93
Including: Data resources			
Development cost		284,998,053.97	266,490,235.10
Including: Data resources			
Goodwill	VII.19	24,341,834,392.35	24,289,726,694.80
Long-term prepaid expenses	VII.20	628,084,750.01	741,745,517.64
Deferred income tax assets	VII.21	1,782,173,574.04	1,805,945,632.16
Other non-current assets	VII.22	2,364,161,933.18	2,033,986,945.28
Total non-current assets		127,734,248,099.98	120,759,375,886.44
Total assets		262,251,245,011.55	253,379,859,977.97
<b>Current liabilities:</b>			
Short-term borrowings	VII.23	10,333,169,856.54	10,318,351,841.88
Borrowings from central bank			
Funds borrowed			
Financial liabilities held for trading			
Derivative financial liabilities	VII.24	191,751,522.44	168,625,004.97
Bills payable	VII.25	23,389,001,752.35	22,215,726,721.62
Accounts payables	VII.26	47,200,496,446.93	47,061,789,173.62
Receipts in advance			
Contract liabilities	VII.27	3,256,026,994.75	7,731,916,491.54
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.28	3,896,760,934.55	5,077,517,828.50
Taxes payable	VII.29	3,677,057,061.93	2,841,215,524.73
Other payables	VII.30	27,248,243,510.90	19,181,569,184.83
Including: Interest payables			
Dividends payables		7,515,895,607.63	1,880,719.69
Fees and commissions payable			
Reinsurance Accounts payables			
Liabilities held for sale			
Non-current liabilities due within one year	VII.31	5,327,717,384.22	3,732,550,549.23

## Section X Financial Report

Items	Notes	30 June 2024	31 December 2023
Other current liabilities	VII.32	1,095,321,670.22	1,651,239,151.52
Total current liabilities		125,615,547,134.83	119,980,501,472.44
<b>Non-current liabilities:</b>			
Deposits for insurance contracts			
Long-term borrowings	VII.33	18,123,651,118.19	17,936,302,925.77
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII.34	3,724,630,519.72	3,286,801,426.17
Long-term payables	VII.35	51,160,960.16	57,113,422.78
Long-term payables for staff's remuneration	VII.36	1,055,014,630.92	1,085,454,839.18
Estimated liabilities	VII.37	2,005,235,110.36	1,935,014,042.24
Deferred income	VII.38	1,027,202,647.44	1,050,319,606.44
Deferred income tax liabilities	VII.21	1,968,954,413.50	2,028,390,554.20
Other non-current liabilities		95,069,810.18	108,218,339.24
Total non-current liabilities		28,050,919,210.47	27,487,615,156.02
Total liabilities		153,666,466,345.30	147,468,116,628.46
<b>Owners' equity</b>			
<b>(or shareholders' equity):</b>			
Paid-in capital (or share capital)	VII.39	9,438,114,893.00	9,438,114,893.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII.40	23,906,949,506.86	23,762,354,684.05
Less: treasury stock	VII.41	5,500,665,317.85	5,034,065,107.42
Other comprehensive income	VII.42	1,635,545,031.02	1,969,724,027.01
Special reserve			
Surplus reserve	VII.43	4,842,338,543.80	4,842,338,543.80
General risk provisions			
Undistributed profits	VII.44	71,412,017,694.55	68,535,686,494.60
Total equity attributable to owners			
(or shareholders) of the Parent Company		105,734,300,351.38	103,514,153,535.04
Minority shareholders' interests		2,850,478,314.87	2,397,589,814.47
Total owners' equity			
(or shareholders' equity)		108,584,778,666.25	105,911,743,349.51
Total liabilities and owners' equity			
(or shareholders' equity)		262,251,245,011.55	253,379,859,977.97

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

## Section X Financial Report

### Balance Sheet of the Parent Company

30 June 2024

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB

Items	Notes	30 June 2024	31 December 2023
<b>Current Assets:</b>			
Monetary funds		11,222,371,826.58	7,579,640,524.79
Financial assets held for trading			
Derivative financial assets			
Bills receivable			
Accounts receivable	XIX.1	1,859,987,722.13	1,625,777,099.03
Financing receivables			
Prepayments		3,115,793.21	3,212,938.83
Other receivables	XIX.2	21,890,675,172.49	23,649,977,816.57
Including: Interest receivables		141,536,597.40	117,439,655.79
Dividends receivables		872,819,744.23	570,000,000.00
Inventories		6,163,640.83	5,400,498.27
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		1,553,369,952.40	1,530,274,566.66
Total current assets		36,535,684,107.64	34,394,283,444.15
<b>Non-current assets:</b>			
Debt investments		7,723,497,912.20	2,884,204,032.25
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX.3	56,433,082,587.82	55,828,696,006.06
Investments in other equity instruments		1,619,260,874.04	1,619,260,874.04
Other non-current financial assets			
Investment properties			
Fixed assets		141,983,596.38	154,588,551.47
Construction in progress		3,614,971.91	6,054.40
Biological assets for production			
Oil and gas assets			
Right-of-use assets			
Intangible assets		38,255,002.98	41,307,540.86
Including: Data resources			
Development cost			
Including: Data resources			
Goodwill			

## Section X Financial Report

Items	Notes	30 June 2024	31 December 2023
Long-term prepaid expenses		3,508,130.34	3,777,722.63
Deferred income tax assets			
Other non-current assets		1,498,818,858.08	1,501,734,455.48
Total non-current assets		67,462,021,933.75	62,033,575,237.19
Total assets		103,997,706,041.39	96,427,858,681.34
<b>Current liabilities:</b>			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payables		1,326,647,081.32	1,120,671,258.40
Receipts in advance			
Contract liabilities		22,930,469.11	22,930,469.11
Payables for staff's remuneration		8,273,623.07	28,602,784.57
Taxes payable		973,985.01	5,590,668.41
Other payables		58,922,007,427.98	45,012,683,942.96
Including: Interest payable			
Dividends payable		7,513,967,094.69	
Liabilities held for sale			
Non-current liabilities due within one year		1,601,000,000.00	134,000,000.00
Other current liabilities		17,257,623.40	12,486,915.31
Total current liabilities		61,899,090,209.89	46,336,966,038.76
<b>Non-current liabilities:</b>			
Long-term borrowings		3,238,500,000.00	3,779,500,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities		58,624.38	
Long-term payable			
Long-term payables for staff's remuneration			
Estimated liabilities			
Deferred income		12,973,300.00	12,973,300.00
Deferred income tax liabilities		420,053,312.58	420,053,312.58
Other non-current liabilities			
Total non-current liabilities		3,671,585,236.96	4,212,526,612.58
Total liabilities		65,570,675,446.85	50,549,492,651.34
<b>Owners' equity</b>			
<b>(or Shareholders' equity):</b>			
Paid-in capital (or share capital)		9,438,114,893.00	9,438,114,893.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		27,446,396,776.65	27,263,651,777.44
Less: treasury stock		3,641,894,152.79	3,175,293,942.36

## Section X Financial Report

Items	Notes	30 June 2024	31 December 2023
Other comprehensive income		669,143,133.11	630,674,691.95
Special reserve			
Surplus reserve		4,237,192,318.35	4,237,192,318.35
Undistributed profits		278,077,626.22	7,484,026,291.62
Total owners' equity (or shareholders' equity)		38,427,030,594.54	45,878,366,030.00
Total liabilities and owners' equity (or shareholders' equity)		103,997,706,041.39	96,427,858,681.34

Person in charge of the Company: Li Huagang

Person in charge of accounting function: Gong Wei

Person in charge of accounting department: Ying Ke

## Consolidated Profit Statement

January-June 2024

Unit and Currency: RMB

Items	Notes	2024 Interim	2023 Interim
I. Total operating revenue		135,622,549,121.01	131,628,595,912.05
Including: Operating revenue	VII.45	135,622,549,121.01	131,628,595,912.05
Interest income			
Insurance premiums earned			
Fee and commission income			
II. Total cost of operations		123,666,371,198.78	121,337,680,704.03
Including: Operating cost	VII.45	94,106,431,686.66	91,557,518,745.02
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.46	538,267,458.26	533,099,572.52
Selling expenses	VII.47	18,687,502,154.89	18,768,944,057.44
Administrative expenses	VII.48	5,186,349,563.44	5,461,681,481.50
R&D expenses	VII.49	5,088,901,166.88	5,025,786,116.64
Financial expenses	VII.50	58,919,168.65	-9,349,269.09
Including: Interest expenses		1,226,384,743.58	875,078,615.27
Interest income		912,438,277.44	614,901,995.27
Add: Other income	VII.51	555,087,752.52	601,375,268.80
Investment income			
(losses are represented by '-')	VII.52	1,039,614,193.70	1,129,768,360.36
Including: investment income of associates and joint ventures		1,021,852,565.42	1,078,905,972.36
Income generated from the derecognition of financial assets measured at amortized cost			
(losses are represented by '-')			
Exchange gain			
(losses are represented by '-')			
Gains on net exposure hedges			
(losses are represented by '-')			
Income from change in fair value			
(losses are represented by '-')	VII.53	-29,565,597.82	31,271,562.35
Loss on credit impairment			
(losses are represented by '-')	VII.54	-58,013,951.73	-165,968,929.36

## Section X Financial Report

Items	Notes	2024 Interim	2023 Interim
Loss on assets impairment (losses are represented by '-')	VII.55	-710,556,264.52	-779,748,575.44
Gain from disposal of assets (losses are represented by '-')	VII.56	-2,583,904.37	-20,647,304.64
III. Operating profit (losses are represented by '-')		12,750,160,150.01	11,086,965,590.09
Add: non-operating income	VII.57	73,423,091.34	58,784,451.89
Less: non-operating expenses	VII.58	84,518,604.74	32,299,513.21
IV. Total profit (total losses are represented by '-')		12,739,064,636.61	11,113,450,528.77
Less: income tax expense	VII.59	2,131,741,494.48	2,069,767,775.55
V. Net profit (net losses are represented by '-')		10,607,323,142.13	9,043,682,753.22
(1) Classification by continuous operation			
1. Net profit from continuous operation (net losses are represented by '-')		10,607,323,142.13	9,043,682,753.22
2. Net profit from discontinued operation (net losses are represented by '-')			
(2) Classification by ownership of the equity			
1. Net profit attributable to shareholders of the Parent Company (net losses are represented by '-')		10,420,218,389.22	8,962,851,469.46
2. Profit or loss attributable to minority shareholders (net losses are represented by '-')		187,104,752.91	80,831,283.76
VI. Other comprehensive income, net of tax	VII.60	-334,806,467.13	136,824,101.13
(I) Other comprehensive income attributable to owners of the Parent Company, net of tax		-335,021,596.15	155,051,059.64
1. Other comprehensive income that cannot be reclassified into the profit or loss		-128,316,608.25	36,663,726.03
(1) Changes arising from re-measurement of defined benefit plans		-2,491,664.07	32,438,331.87
(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		-125,824,944.18	4,225,394.16

## Section X Financial Report

Items	Notes	2024 Interim	2023 Interim
(4) Changes in fair value of credit risks of the enterprise			
2. Other comprehensive income to be reclassified into the profit or loss		-206,704,987.90	118,387,333.61
(1) Other comprehensive income that can be transferred into profit or loss under equity method		23,160,537.38	-15,508,344.88
(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		-30,039,858.31	-193,755,242.84
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-199,825,666.97	327,650,921.33
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		215,129.02	-18,226,958.51
VII. Total comprehensive income		10,272,516,675.00	9,180,506,854.35
(I) Total comprehensive income attributable to the owners of Parent Company		10,085,196,793.07	9,117,902,529.10
(II) Total comprehensive income attributable to the minority shareholders		187,319,881.93	62,604,325.25
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	XXI.1	1.13	0.96
(II) Diluted earnings per share (RMB/share)	XXI.1	1.12	0.96

For business combination under common control occurring in the current period, the net profit of the acquiree before the combination was RMB0, and the net profit of the acquiree for the previous period was RMB -1,024,530.38.

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



## Section X Financial Report

### Profit Statement of the Parent Company

January-June 2024

Unit and Currency: RMB

Items	Notes	2024 Interim	2023 Interim
I. Operating income	XIX.4	251,601,614.76	327,406,706.84
Less: operating cost	XIX.4	223,444,233.50	286,220,868.43
Taxes and surcharges		2,634,526.12	3,754,801.82
Selling expenses		21,861,602.21	4,603,666.69
Administration expenses		379,191,355.33	377,868,026.53
R&D expenses		7,802,548.59	6,617,045.16
Financial expenses		-179,030,129.87	-92,308,439.54
Including: interest expenses		52,482,308.39	32,509,056.33
Interest income		233,381,967.37	115,693,759.65
Add: other income		4,280,121.77	1,361,535.00
Investment income (losses are represented by '-')	XIX.5	508,175,341.20	400,717,692.54
Including: investment income of associates and joint ventures		180,476,867.12	144,556,606.76
Derecognition income on financial assets measured at amortized cost (losses are represented by '-')			
Gains on net exposure hedges (losses are represented by '-')			
Income from change in fair value (losses are represented by '-')			
Loss on credit impairment (losses are represented by '-')			47,441.31
Loss on assets impairment (losses are represented by '-')			
Gain from disposal of assets (losses are represented by '-')			
II. Operating profit (losses are represented by '-')		308,152,941.85	142,777,406.60
Add: non-operating income			97,965.97
Less: non-operating expenses		134,512.56	78,702.83
III. Total profit (total losses are represented by '-')		308,018,429.29	142,796,669.74
Less: income tax expenses			1,205.40
IV. Net profit (net losses are represented by '-')		308,018,429.29	142,795,464.34

Items	Notes	2024 Interim	2023 Interim
(I) Net profit from continuous operations (net losses are represented by '-')		308,018,429.29	142,795,464.34
(II) Net profit from discontinued operations (net losses are represented by '-')			
V. Other comprehensive income, net of tax		38,468,441.16	
(I) Other comprehensive income that cannot be reclassified into the profit or loss			
1. Changes arising from re- measurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred into profit or loss under equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of credit risks of the enterprise			
(II) Other comprehensive income to be reclassified into the profit or loss		38,468,441.16	
1. Other comprehensive income that can be transferred into profit or loss under equity method		38,468,441.16	
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		346,486,870.45	142,795,464.34
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

## Section X Financial Report

### Consolidated Cash Flow Statement

January-June 2024

Unit and Currency: RMB

Items	Notes	2024 Interim	2023 Interim
<b>I. Cash flow from operating activities:</b>			
Cash received from the sale of goods and rendering services		137,770,272,988.69	131,288,880,461.26
Net increase in distributor and inter-bank deposits			
Net increase in borrowing from the central bank			
Net cash increase in borrowing from other financial institutes			
Cash received from premiums under original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits of policy holders and investment			
Cash received from interest, fee and commissions			
Net increase in cash borrowed			
Net increase in cash received from repurchase operation			
Net cash received from customer deposits for trading in securities			
Refunds of taxes		1,058,338,202.23	1,055,963,172.82
Cash received from other related operating activities	VII.61	1,273,666,446.36	1,004,688,596.01
Sub-total of cash inflows from operating activities		140,102,277,637.28	133,349,532,230.09
Cash paid on purchase of goods and services		94,771,705,644.29	90,340,588,373.14
Net increase in loans and advances of distributors			
Net increase in deposits in the PBOC and inter bank			
Cash paid for compensation payments under original insurance contact			
Net increase in cash lent			
Cash paid for interest, bank charges and commissions			
Cash paid for insurance policy dividend			

## Section X Financial Report

Items	Notes	2024 Interim	2023 Interim
Cash paid to and on behalf of employees		16,148,989,199.64	14,745,533,991.16
Cash paid for all types of taxes		7,567,174,632.61	7,628,260,419.66
Cash paid to other operation related activities	VII.61	13,796,150,223.48	13,845,127,911.51
Sub-total of cash outflows from operating activities		132,284,019,700.02	126,559,510,695.47
Net cash flow from operating activities	VII.62	7,818,257,937.26	6,790,021,534.62
<b>II. Cash flow from investing activities:</b>			
Cash received from recovery of investments		9,680,782,079.51	5,129,042,704.70
Cash received from return on investments		480,478,081.96	484,178,075.61
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		7,717,184.08	74,087,510.81
Net cash received from disposal of subsidiaries and other operating entities			2,000,000.00
Other cash received from investment activities			15,362,098.03
Sub-total of cash inflows from investing activities		10,168,977,345.55	5,704,670,389.15
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		3,891,922,126.47	3,727,907,256.47
Cash paid for investments		13,611,230,146.65	6,303,165,775.56
Net increase in secured loans			
Net cash paid on acquisition of subsidiaries and other operating entities			
Other cash paid on investment activities			6,922,378.31
Sub-total of cash outflows from investing activities		17,503,152,273.12	10,037,995,410.34
Net cash flow from investing activities		-7,334,174,927.57	-4,333,325,021.19

## Section X Financial Report

Items	Notes	2024 Interim	2023 Interim
<b>III. Cash flow from financing activities:</b>			
Cash received from capital contributions		268,874,731.22	
Including: cash received from capital contributions by minority shareholders of subsidiaries			
Cash received from borrowings		5,931,538,006.65	11,553,402,031.97
Other cash received from financing activities			
Sub-total of cash inflows from financing activities		6,200,412,737.87	11,553,402,031.97
Cash paid on repayment of loans		4,150,675,947.75	10,428,924,467.65
Cash paid on distribution of dividends, profits or repayment of interest expenses		1,174,174,474.78	817,299,422.27
Including: dividend and profit paid to minority shareholders by subsidiaries			
Other cash paid to financing activities	VII.61	1,066,739,043.45	1,575,176,054.23
Sub-total of cash outflows from financing activities		6,391,589,465.98	12,821,399,944.15
Net cash flow from financing activities		-191,176,728.11	-1,267,997,912.18
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>			
		-42,182,129.41	482,296,933.74
<b>V. Net increase in cash and cash equivalents</b>			
		250,724,152.17	1,670,995,534.99
Add: balance of cash and cash equivalents at the beginning of the period	VII.62	53,977,310,651.03	53,392,209,857.41
<b>VI. Balance of cash and cash equivalents at the end of the period</b>			
	VII.62	54,228,034,803.20	55,063,205,392.40

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

## Cash Flow Statement of the Parent Company

January-June 2024

Unit and Currency: RMB

Items	Notes	2024 Interim	2023 Interim
<b>I. Cash flow from operating activities:</b>			
Cash received from the sale of goods and rendering of services		219,993,729.62	33,292,958.65
Refunds of taxes		38,214.96	
Other cash received from operating activities		164,614,625.43	65,817,539.47
Sub-total of cash inflows from operating activities		384,646,570.01	99,110,498.12
Cash paid on purchase of goods and services			80,721,248.11
Cash paid to and on behalf of employees		27,649,816.71	27,717,542.52
Cash paid for all types of taxes		11,299,372.62	16,713,598.66
Other cash paid to operation activities		104,532,697.84	27,993,348.41
Sub-total of cash outflows from operating activities		143,481,887.17	153,145,737.70
Net cash flow from operating activities		241,164,682.84	-54,035,239.58
<b>II. Cash flow from investing activities:</b>			
Cash received from recovery of investments		7,222,000,000.00	4,623,000,000.00
Cash received from return on investments		88,433,946.88	81,202,353.24
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received from investment activities		389,573,294.54	
Sub-total of cash inflows from investing activities		7,700,007,241.42	4,704,202,353.24
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		2,692,652.09	4,137,180.77
Cash paid for investments		12,422,000,000.00	6,647,572,258.00
Net cash paid on acquisition of subsidiaries and other operating entities			

## Section X Financial Report

Items	Notes	2024 Interim	2023 Interim
Other cash paid on investment activities			1,057,569,045.00
Sub-total of cash outflows from investing activities		12,424,692,652.09	7,709,278,483.77
Net cash flow from investing activities		-4,724,685,410.67	-3,005,076,130.53
<b>III. Cash flow from financing activities:</b>			
Cash received from capital injections			
Cash received from borrowings		940,000,000.00	1,110,000,000.00
Other cash received from financing activities		7,717,935,238.95	4,223,807,260.09
Sub-total of cash inflows from financing activities		8,657,935,238.95	5,333,807,260.09
Cash paid on repayment of borrowings		14,000,000.00	7,000,000.00
Cash paid on distribution of dividends, profits or repayment of interest expenses		50,962,018.77	32,820,559.74
Other cash paid on financing activities		466,600,210.43	780,445,507.58
Sub-total of cash outflows from financing activities		531,562,229.20	820,266,067.32
Net cash flow from financing activities		8,126,373,009.75	4,513,541,192.77
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>		-120,980.13	7,043,266.53
<b>V. Net increase in cash and cash equivalents</b>		3,642,731,301.79	1,461,473,089.19
Add: balance of cash and cash equivalents at the beginning of the period		7,579,640,524.79	5,747,356,591.19
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		11,222,371,826.58	7,208,829,680.38

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

## Consolidated Statement of Changes in Owner's Equity

January-June 2024

Unit and Currency: RMB

Items	2024 Interim														
	Equity attributable to owners of the Parent Company					Equity attributable to owners of the Parent Company									
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	Minority shareholders' interests	Total owners' equity
I. Closing balance for the previous period	9,438,114,838.00				23,782,354,084.05	5,034,085,107.42	1,963,724,027.01		4,842,338,549.80		68,535,686,694.60		103,514,153,335.04	2,387,389,814.47	105,911,745,349.51
Add: changes in accounting policies															
Error correction for prior period															
Others															
II. Opening balance for the current year	9,438,114,838.00				23,782,354,084.05	5,034,085,107.42	1,963,724,027.01		4,842,338,549.80		68,535,686,694.60		103,514,153,335.04	2,387,389,814.47	105,911,745,349.51
III. Increase/decrease for the current period (decrease is represented by "-")															
(I) Total comprehensive income					144,594,822.81	468,600,210.43	-334,178,985.39				2,876,331,199.95		2,220,146,816.34	452,886,500.40	2,673,035,316.74
(II) Capital injection and reduction by owners							-333,021,536.15				10,420,218,389.22		10,087,196,793.07	187,319,881.93	10,274,516,675.00
(III) Profit distribution					145,437,422.97	468,600,210.43							-321,162,787.46	279,888,310.76	-41,774,476.70
1. Ordinary shares invested by owners															
2. Capital contribution by holders of other equity instruments															
3. Share-based payment included in owners' equity															
4. Others															
(IV) Profit distribution					201,405,574.94	468,600,210.43							201,405,574.94		201,405,574.94
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															
(V) 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															
(VI) Special reserve															
1. Withdrawal for the period															
2. Utilization for the period															
(VII) Others															
IV. Closing balance for the period	9,438,114,838.00				23,906,949,306.86	5,502,685,317.85	1,633,545,091.02		4,842,338,549.80		71,412,017,084.55		105,134,500,361.38	2,860,475,314.87	108,094,975,676.25
					-842,600.16		842,600.16				-29,920,094.58		-29,920,094.58		-29,920,094.58



# Section X Financial Report

Items	Other equity instruments						Equity attributable to owners of the Parent Company						Total owners' equity
	Paid-in capital (or share capital)	Preference shares	Perpetual bonds	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Sub-total	
I. Closing balance for the previous period	9,446,538,433.00			23,877,037,324.76	3,857,807,196.38	1,980,068,486.45	4,014,190,623.24	57,983,751,470.60			93,454,454,213.67	1,290,865,044.45	94,745,319,238.12
Add: changes in accounting policies													
Error correction for prior period													
Others				5,000,000.00				-16,611.23			4,983,388.77		4,983,388.77
II. Opening balance for the current year	9,446,538,433.00			23,882,037,324.76	3,857,807,196.38	1,980,068,486.45	4,014,190,623.24	57,983,734,863.37			93,459,437,602.44	1,290,865,044.45	94,750,302,646.89
III. Increase/decrease for the current period (decrease is represented by '-')	-8,483,600.00			116,689,608.57	714,828,075.38	155,051,059.64		3,677,268,043.83			3,225,697,036.66	22,433,227.25	3,248,130,263.91
(I) Total comprehensive income						155,051,059.64		8,982,851,884.46			9,117,902,939.10	62,804,235.25	9,180,707,174.35
(II) Capital injection and reduction by owners	-8,483,600.00			116,689,608.57	714,828,075.38						-606,622,056.81	-31,886,976.12	-638,508,032.83
1. Ordinary shares issued by owners													
2. Capital contribution by holders of other equity instruments													
3. Share-based payment included in owners' equity													
4. Others	-8,483,600.00			116,689,608.57	714,828,075.38								
(III) Profit distribution				390,681,368.30							390,681,368.30		390,681,368.30
1. Withdrawal of surplus reserves				-273,981,759.73	714,828,075.38						-997,303,435.11		-997,303,435.11
2. Withdrawal of general risk provision									-5,297,539,533.10		-5,297,539,533.10		-5,297,539,533.10
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Internal transfer of owner's equity													
1. Transfer of capital reserves into capital (or share capital)													
2. Transfer of surplus reserves into capital (or share capital)													
3. Surplus reserves used for remedying loss													
4. Changes in defined benefit plans carried forward to related earnings													
5. Other comprehensive income carried forward to related earnings													
6. Others													
(V) Special reserve													
1. Withdrawal for the period													
2. Utilization for the period													
(VI) Others													
N. Closing balance for the period	9,438,114,833.00			23,998,726,933.33	4,572,635,271.76	2,145,734,539.09	4,014,190,623.24	61,661,002,933.20			96,665,134,639.10	1,313,326,271.70	97,978,460,910.80
								11,946,127.47			11,946,127.47		11,946,127.47
								61,661,002,933.20			61,661,002,933.20		61,661,002,933.20

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

## Statement of Changes in Owners' Equity of the Parent Company

January-June 2024

Unit and Currency: RMB

Items	2024 Interim							Total owners' equity		
	Paid-in capital (or share capital)	Preference shares	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profits
I. Closing balance for the previous period	9,438,114,883.00			27,263,651,777.44	3,175,283,942.36	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	9,438,114,883.00			27,263,651,777.44	3,175,283,942.36	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 "-")										
(I) Total comprehensive income				182,744,999.21	466,600,210.43	38,488,441.16			-7,205,948,685.40	-7,451,335,455.46
(II) Capital injection and reduction by owners						38,488,441.16			308,018,429.29	346,486,870.45
1. Ordinary shares invested by owners				182,744,999.21	466,600,210.43					-283,855,211.22
2. Capital contribution by holders of other equity instruments										
3. Share-based payment included in owners' equity				182,744,999.21						182,744,999.21
4. Others										-466,600,210.43
(III) Profit distribution										
1. Withdrawal of surplus reserves										
2. Distribution to owners (or shareholders)										-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										
M. Closing balance for the period	9,438,114,883.00			27,446,396,776.65	3,641,894,152.79	669,143,133.11		4,237,192,318.35	278,077,626.22	38,427,030,594.54

## Section X Financial Report

Items	2023 Interim									
	Paid-in capital (or share capital)	Preference shares	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
I. Closing balance for the previous period	9,446,598,493.00			27,300,899,019.76	2,306,138,556.42	602,091,349.74		3,409,044,397.79	5,328,311,799.62	43,778,806,501.49
Add: changes in accounting policies										
Error correction for prior period										
Others										
II. Opening balance for the current year	9,446,598,493.00			27,300,899,019.76	2,306,138,556.42	602,091,349.74		3,409,044,397.79	5,328,311,799.62	43,778,806,501.49
III. Increase/decrease for the current period (decrease is represented by "-")	-8,483,600.00			186,863,532.59	597,964,888.92				-5,154,794,088.76	-5,574,319,055.09
(I) Total comprehensive income									142,796,464.34	142,796,464.34
(II) Capital injection and reduction by owners	-8,483,600.00			186,863,532.59	597,964,888.92					-419,594,966.33
1. Ordinary shares invested by owners										
2. Capital contribution by holders of other equity instruments										
3. Share-based payment included in owners' equity										
4. Others										
(III) Profit distribution	-8,483,600.00			360,860,541.25						360,860,541.25
1. Withdrawal of surplus reserves										
2. Distribution to owners (or shareholders)										
3. Others				-17,399,006.66	597,964,888.92					-780,445,597.88
(IV) Internal transfer of owner's equity										
1. Transfer of capital reserves into capital (or share capital)										
2. Transfer of surplus reserves into capital (or share capital)										
3. Surplus reserves used for remedying loss										
4. Changes in defined benefit plans carried forward to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserve										
1. Withdrawal for the period										
2. Utilization for the period										
(VI) Others										
IV. Closing balance for the period	9,438,114,893.00			27,487,762,552.35	2,906,103,457.34	602,091,349.74		3,409,044,397.79	173,577,710.86	38,204,487,446.40

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

### III. GENERAL INFORMATION OF THE COMPANY

#### 1. Overview of the Company

Applicable  Not Applicable

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

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

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

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

These financial statements have been approved for publication by the Board of the Company on 27 August 2024.

#### 2. Scope of consolidated statements

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

### IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 1. Basis of preparation

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

#### 2. Going Concern

Applicable  Not Applicable

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

### V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates:

Applicable  Not Applicable

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

#### 1. Statement of compliance with Accounting Standards for Enterprises

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

#### 2. Accounting period

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

**3. Operating period**√ Applicable  Not Applicable

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

**4. Recording currency**

Renminbi is the recording currency of the Company

**5. Materiality criteria determination method and selection basis**√ Applicable  Not Applicable

<b>Case</b>	<b>Materiality criteria</b>
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 RMB50 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

Case	Materiality criteria
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.

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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.

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### **(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.

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

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

### 11. Financial instruments

Applicable  Not Applicable

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

#### (1) Classification, recognition and measurement of financial assets

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

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

- 1) The debt instruments held by the Company:

① **Financial assets measured at amortized cost**

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

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

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



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

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

#### 2) Equity instrument investments of the Company:

The Company classifies equity instrument investments that have no control, joint control and significant influence on itself as financial assets measured at fair value through profit or loss of the current period; investments that are expected to be held for more than one year from the balance sheet date are listed as other non-current financial assets. In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, which are listed as other equity instrument investments. Such designation cannot be revoked once made. The Company includes the relevant dividends and interest income of such financial assets in profit and loss of the current period, and changes in fair value are included in other comprehensive income. When the financial asset is derecognised, the Company transfers the cumulative gain or loss previously included in other comprehensive income directly to retained earnings and is not included in profit or loss of the current period.

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

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

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

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

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

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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.

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### (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

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

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.

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

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

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

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

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

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

### **(5) Methods for impairment test and impairment provision**

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

### **(6) Disposal of long-term equity investments**

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

## **15. Investment properties**

### **(1) Types and measurement models of investment properties**

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

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

### **(2) 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

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

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

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

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

#### (2) Classification and depreciation of fixed assets

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

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

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

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

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

**(4) Disposal of fixed assets**

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

**17. Construction in progress**

Applicable  Not Applicable

**(1) Measurement of construction in progress**

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

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### (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.



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

### **(2) Criterion of determining indefinite useful life**

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

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

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

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

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

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

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

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

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

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

**20. Impairment of long-term assets**

Applicable  Not Applicable

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

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

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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.

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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.

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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.

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.



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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.

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### (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: ① those 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; ② those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in current profit or loss.

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

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

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

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

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

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

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

### (5) Recognition of government grants

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

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

**28. Deferred tax assets/deferred tax liabilities**

√ Applicable  Not Applicable

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

- (1) Deferred income tax assets are recognized by the Company to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred income tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits. Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary differences.
- (2) Deferred income tax asset of the Company is recognized to the extent that there is enough taxable income for the deduction of the deductible temporary difference. At the balance sheet date, if there is sufficient evidence that there will be enough taxable income in the future for the deduction of the deductible temporary difference, the deferred income tax asset not recognized in previous accounting period is recognized. If there is no sufficient evidence that there will be enough taxable income in the future for the deduction of the deferred income tax asset, the carrying value of the deferred income tax asset is reduced.
- (3) The Company recognizes deferred income tax liability for taxable temporary difference arising from investments in subsidiaries and associated companies, unless the Company could control the time of reversal of the temporary differences and the temporary differences would not be probably reversed in the foreseeable future. The Company recognizes deferred income tax asset for deductible temporary differences arising from investments in subsidiaries and associated companies, if the temporary difference will be very probably reversed in the foreseeable future and it is highly probable that taxable income will be available in the future to deduct the deductible temporary difference.
- (4) The Company does not recognize deferred income tax liability for a temporary difference arising from the initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable income (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities of the Company are measured at the tax rates that apply to the period when the asset is expected to be recovered or the liability is expected to be settled.

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- (5) Deferred income tax assets and deferred income tax liabilities are offset when:
- 1) deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity within the Company;
  - 2) such taxable entity within the Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis.

### 29. Leases

Applicable  Not Applicable

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

#### (1) The Company as the lessee

Applicable  Not Applicable

##### 1) *Initial measurement*

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

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

- a. initial measurement amount of the lease liabilities;
- b. a lease payment paid on or before the date of commencement of the lease term, where there were lease incentives, such incentives received shall be deducted;
- c. initial direct costs incurred by the lessee;
- d. costs expected to be incurred by the Company for demolition and removal of leased assets, restoration of the premises where the leased assets are located, or restoration of the leased assets to the conditions of the lease terms.

**2) Subsequent measurement**

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

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

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

**(2) The Company as the lessor**

Applicable  Not Applicable

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

**1) Operating leases**

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

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### 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.

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### ⑦ **Depreciation and amortisation**

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

### ⑧ **Deferred income tax assets**

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

### ⑨ **Income tax**

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

### ⑩ **Provision for sales rebate**

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

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

### (1). Changes in significant accounting policies

Applicable     Not Applicable

### (2). Changes in significant accounting estimates

Applicable     Not Applicable

## 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
Wuhan Haier Electronics Holding Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Freezer Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Air-conditioning Co., Limited	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Zhengzhou Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Shenyang Haier Refrigerator Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise

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

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
Hefei Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Jiaonan Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Shunde Haier Electric Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Tianjin Haier Cleaning Electrical Appliances Co., Ltd. (天津海尔洗涤电器有限公司)	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Economic and Technological Development Zone Haier Water Heater Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Wuhan Haier Water Heater Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Foshan Haier Drum Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Strauss Water Equipment Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Strauss Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier New Energy Electric Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Washing Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Lexin Cloud Technology Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Hefei Haier Drum Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Electrics Equipment Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
Qingdao Haier Smart Living Appliance Co. Ltd.	15.00%	entitled to the preferential taxation policies as a hi-tech enterprise
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

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<b>Company</b>	<b>Tax rate</b>	<b>Preferential tax</b>
Chongqing Haier Air-conditioning Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Refrigeration Appliance Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Guizhou Haier Electronics Co., Ltd.	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Hairishun Home Appliance Sales Co., Ltd. and some Western companies	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Washing Machine Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Water Heater Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Chongqing Haier Drum Washing Machine Co., Ltd	15.00%	entitled to the preferential taxation policies under the Western Development initiative of the PRC
Qingdao Haier Technology Co., Ltd.	10.00%	entitled to the preferential taxation policies as a key software enterprise

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

Unless otherwise specified, the following closing balances represent the amount as at 30 June 2024 and opening balances represent the amount as at 31 December 2023; amount for the period represents the amount from 1 January to 30 June 2024 and amount for the previous period represents the amount from 1 January to 30 June 2023.

### 1. Monetary funds

√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	937,775.91	541,712.70
Cash in bank	53,682,763,402.56	53,524,177,266.50
Other cash balances	1,021,924,978.97	961,733,861.94
Total	54,705,626,157.44	54,486,452,841.14
Include: total amount of overseas deposits	16,901,018,141.30	15,909,397,682.46
Deposit in Finance Company	21,057,085,069.50	26,276,742,534.50

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	605,849,428.57	487,936,101.81
Investments in equity instruments	189,001,945.95	243,224,439.64
Investment funds	271,718,384.49	222,803,002.38
Total	1,066,569,759.01	953,963,543.83



## Section X Financial Report

### 3. Derivative financial assets

√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	79,226,226.47	67,565,829.44
Forward commodity contracts	7,487,356.46	
Total	86,713,582.93	67,565,829.44

### 4. Bills receivable

#### (1) Details of bills receivable

Items	Closing balance	Opening balance
Bank acceptance notes	6,965,820,228.21	8,466,159,415.18
Commercial acceptance notes	186,322,599.50	160,607,051.53
Balance of bills receivable	7,152,142,827.71	8,626,766,466.71
Allowance for bad debts	4,671,635.32	5,331,635.32
Bills receivable, net	7,147,471,192.39	8,621,434,831.39

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

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/other movement	
Allowance for bad debts	5,331,635.32			660,000.00		4,671,635.32
Total	5,331,635.32			660,000.00		4,671,635.32

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 RMB4,345,741,682.69 (amount at the beginning of the period: RMB4,389,991,243.14).

## 5. Accounts receivable

① Accounts receivable are disclosed by aging as follows:

Aging	Closing balance	Opening balance
Within 1 year	23,267,651,913.42	20,004,004,007.43
1–2 years	584,789,646.99	873,509,449.30
2–3 years	296,388,145.37	510,375,731.48
Over 3 years	195,221,958.02	288,610,175.85
Balance of accounts receivable	24,344,051,663.80	21,676,499,364.06
Allowance for bad debts	826,205,818.96	1,408,399,927.63
Accounts receivable, net	23,517,845,844.84	20,268,099,436.43

② By method of provision of allowance for bad debts

Applicable  Not Applicable

Categories	Book balance		Closing balance		Carrying value
			Allowance for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Account receivables subject to provision for bad debts on a separate basis	221,698,047.42	0.91	219,394,075.36	98.96	2,303,972.06
Account receivables subject to provision for bad debts on a collective basis	24,122,353,616.38	99.09	606,811,743.60	2.52	23,515,541,872.78
Total	24,344,051,663.80	100.00	826,205,818.96	3.39	23,517,845,844.84

(continued)

Categories	Book balance		Opening balance		Carrying value
			Allowance for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Account receivables subject to provision for bad debts on a separate basis	866,424,078.12	4.00	864,112,221.06	99.73	2,311,857.06
Account receivables subject to provision for bad debts on a collective basis	20,810,075,285.94	96.00	544,287,706.57	2.62	20,265,787,579.37
Total	21,676,499,364.06	100.00	1,408,399,927.63	6.50	20,268,099,436.43

## Section X Financial Report

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

Name	Book balance	Closing balance	Percentage of provision (%)	Reason for provision
		Allowance for bad debts		
18 customers in total	221,698,047.42	219,394,075.36	98.96	The obligors were in significant financial difficulty
Total	221,698,047.42	219,394,075.36	98.96	

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 RMB194,230,825.82 (amount at the beginning of the period: RMB726,379,640.82).

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

Applicable  Not Applicable

Aging	Book balance	Closing balance	Percentage of provision (%)
		Allowance for bad debts	
Within 1 year	23,262,294,162.61	347,867,075.57	1.50
1-2 years	474,702,996.79	70,523,143.57	14.86
2-3 years	205,692,123.90	67,458,532.08	32.80
Over 3 years	179,664,333.08	120,962,992.38	67.33
Total	24,122,353,616.38	606,811,743.60	2.52

(continued)

Aging	Book balance	Opening balance	Percentage of provision (%)
		Allowance for bad debts	
Within 1 year	19,975,992,567.68	288,934,773.72	1.45
1-2 years	463,149,665.27	61,273,338.92	13.23
2-3 years	193,271,661.47	72,699,318.58	37.62
Over 3 years	177,661,391.52	121,380,275.35	68.32
Total	20,810,075,285.94	544,287,706.57	2.62

- ⑤ Changes in allowance for bad debts of accounts receivable in the current period:

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/other movement	
Allowance for bad debts	1,408,399,927.63	298,811,112.15		171,528,368.68	709,476,852.14	826,205,818.96

- ⑥ The aggregate amount of the top 5 account receivables and contract assets as at the end of the period was RMB6,877,703,781.22 (amount at the beginning of the period: RMB5,525,018,986.65), accounting for 27.83% (at the beginning of the period: 25.11%) of the book balance of account receivables and contract assets, and the amount of provision for bad debts was RMB99,835,429.46 (amount at the beginning of the period: RMB604,983,462.26)

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

The amount of accounts receivable actually written off in the current period was RMB708,946,193.17 (amount for the corresponding period: RMB22,054,320.92) and the amount of significant bad debt write-off of accounts receivable was RMB532,621,082.38.

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

The amount of accounts receivable that the company terminated at the end of the period due to the transfer of financial assets was RMB6,793,789,373.81 (amount at the beginning of the period: RMB6,411,839,897.28) and the transfer method was outright sale factoring/asset securitization.

- ⑨ Restricted accounts receivable in the current period

The amount of accounts receivable restricted at the end of the period is RMB0.00 (amount at the beginning of the period: RMB1,255,120.80).

## Section X Financial Report

### 6. Prepayments

(1) Prepayments are presented by aging:

Applicable  Not Applicable

Unit and Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	977,977,335.64	94.48	1,163,325,306.16	93.95
1 to 2 years	20,037,401.91	1.94	56,449,865.29	4.56
2 to 3 years	25,969,921.60	2.51	7,104,895.06	0.57
Over 3 years	11,031,155.99	1.07	11,414,864.00	0.92
Total	1,035,015,815.14	100.00	1,238,294,930.51	100.00

(2) The total amount of the top 5 in the prepayments at the end of the period was RMB101,422,120.85, accounting for 9.80% of the book balance of prepayment (amount at the beginning of the period: RMB214,815,987.16, accounting for 17.35%).

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

### 7. Other receivables

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	676,041,225.16	748,496,020.24
Other receivables	2,055,228,939.51	1,901,062,964.81
Total	2,731,270,164.67	2,649,558,985.05

**Interest receivable**

<b>Aging</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	406,049,565.86	473,678,991.02
1-2 years	233,381,098.21	199,801,995.25
2-3 years	29,716,476.71	70,063,170.96
Over 3 years	6,894,084.38	4,951,863.01
<b>Total</b>	<b>676,041,225.16</b>	<b>748,496,020.24</b>

**Other receivables**

① Other receivables are disclosed by aging as follows:

<b>Aging</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	1,438,200,053.99	1,413,423,130.38
1-2 years	95,454,743.11	94,189,862.20
2-3 years	173,417,137.47	204,379,944.75
Over 3 years	360,056,535.77	277,554,421.44
Balance of other receivables	2,067,128,470.34	1,989,547,358.77
Allowance for bad debts	11,899,530.83	88,484,393.96
Other receivables, net	2,055,228,939.51	1,901,062,964.81

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

<b>Allowance for bad debts</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>Expected credit losses for the coming 12 months</b>	<b>Lifetime expected credit losses (not credit-impaired)</b>	<b>Lifetime expected credit losses (credit-impaired)</b>	
Opening balance	86,830,880.96		1,653,513.00	88,484,393.96
Provision for the current period	2,257,848.98			2,257,848.98
Reversal for the current period	70,866,640.72			70,866,640.72
Write-off and others for the current period	7,976,071.39			7,976,071.39
Closing balance	10,246,017.83		1,653,513.00	11,899,530.83

## Section X Financial Report

- ③ Changes in allowance for bad debt provision of other receivables in the current period

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/other movement	
Allowance for bad debts	88,484,393.96	2,257,848.98		70,866,640.72	7,976,071.39	11,899,530.83

- ④ The total amount of the top 5 other receivables at the end of the period was RMB792,676,892.42 (amount at the beginning of the period: RMB671,641,747.67), accounting for 38.35% of the book balance of other receivables (at the beginning of the period: 33.76%), and the amount of provision for bad debts was RMB0.00 (amount at the beginning of the period: RMB3,359,976.38).

- ⑤ Other receivables written off during the period

The amount of other receivables actually written off in the current period was RMB8,107,151.46 (amount for the corresponding period: RMB18,910,375.10) 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.

## 8. Inventories

### (1) Details of inventories

Items	Closing Balance		
	Book balance	Impairment provision of inventories	Carrying value
Raw materials	5,329,334,853.31	193,489,094.61	5,135,845,758.70
Work in progress	117,170,940.39		117,170,940.39
Finished goods	35,456,614,754.56	1,256,016,991.55	34,200,597,763.01
Total	40,903,120,548.26	1,449,506,086.16	39,453,614,462.10

(Continue)

Items	Opening Balance		
	Book balance	Impairment provision of inventories	Carrying value
Raw materials	5,873,703,173.53	208,533,811.42	5,665,169,362.11
Work in progress	47,535,985.86		47,535,985.86
Finished goods	35,084,012,597.82	1,272,711,329.46	33,811,301,268.36
Total	41,005,251,757.21	1,481,245,140.88	39,524,006,616.33

**(2) Impairment provision of inventories**

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/other movement	
Raw materials	208,533,811.42	20,952,230.34			35,996,947.15	193,489,094.61
Work in progress						
Finished goods	1,272,711,329.46	468,990,442.48		57,902,504.89	427,782,275.50	1,256,016,991.55
Total	1,481,245,140.88	489,942,672.82		57,902,504.89	463,779,222.65	1,449,506,086.16

**(3) Details of impairment provision of inventories are as follows**√ Applicable  Not Applicable

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



## Section X Financial Report

### 9. Contract assets

#### (1) Details

Items	Closing Balance			Opening Balance		
	Book balance	Impairment provision	Carrying Value	Book balance	Impairment provision	Carrying Value
Relating to construction service contract	366,244,018.29	65,435,412.33	300,808,605.96	327,870,850.30	66,931,441.57	260,939,408.73
Total	366,244,018.29	65,435,412.33	300,808,605.96	327,870,850.30	66,931,441.57	260,939,408.73

#### (2) Classification by method of provision for bad debts

Categories	Book balance		Closing balance		Carrying value
			Allowance for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Contract assets subject to provision for bad debts on a separate basis	56,845,712.92	15.52	56,845,712.92	100.00	
Contract assets subject to provision for bad debts on a collective basis	309,398,305.37	84.48	8,589,699.41	2.78	300,808,605.96
Total	366,244,018.29	100.00	65,435,412.33	17.87	300,808,605.96

(Continue)

Categories	Book balance		Opening balance		Carrying value
			Allowance for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Contract assets subject to provision for bad debts on a separate basis	58,419,039.53	17.82	58,419,039.53	100.00	
Contract assets subject to provision for bad debts on a collective basis	269,451,810.77	82.18	8,512,402.04	3.16	260,939,408.73
Total	327,870,850.30	100.00	66,931,441.57	20.41	260,939,408.73

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

Name	Book balance	Closing balance		Reason for provision
		Allowance for bad debts	Percentage of provision (%)	
23 customers in total	56,845,712.92	56,845,712.92	100.00	The obligors were in significant financial difficulty
Total	56,845,712.92	56,845,712.92	100.00	

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

Name	Closing balance		
	Book balance	Allowance for bad debts	Percentage of provision (%)
Relating to construction service contract	309,398,305.37	8,589,699.41	2.78
Total	309,398,305.37	8,589,699.41	2.78

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

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/other movement	
Relating to construction service contract	66,931,441.57	211,715.92		1,707,745.16		65,435,412.33
Total	66,931,441.57	211,715.92		1,707,745.16		65,435,412.33

## Section X Financial Report

### 10. Other current assets

#### (1) Details

Items	Closing Balance		Opening Balance	
	Book balance	Impairment provision	Book balance	Impairment provision
Bank deposit for wealth management products	1,546,781,584.31		1,530,274,566.66	
Deductible taxes	2,606,160,831.54		2,610,660,645.55	
Returns cost receivables	547,495,494.30	280,012,125.83	670,702,791.81	325,055,055.98
Others	51,635,542.77		63,584,720.64	
Total	4,752,073,452.92	280,012,125.83	4,875,222,724.66	325,055,055.98

#### (2) Impairment provision

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Provision for the current period	Other movement	Reversal	Write-off/other movement	
Returns cost receivables	325,055,055.98	280,012,125.83			325,055,055.98	280,012,125.83
Total	325,055,055.98	280,012,125.83			325,055,055.98	280,012,125.83

### 11. Debt investments

Items	Closing balance		Opening balance	
	Principal	Interest	Principal	Interest
Time deposit – long term	14,127,500,000.00	350,121,780.97	8,677,500,000.00	163,733,078.66
Total	14,127,500,000.00	350,121,780.97	8,677,500,000.00	163,733,078.66
Include: time deposit in Finance Company	12,827,500,000.00	250,519,003.19	7,377,500,000.00	86,374,745.33

## 12. Long-term equity investments

√ Applicable □ Not Applicable

Investees	Opening balance	Increase/decrease for the current period			Declaration of cash dividends or profits
		Investment increase	Investment income recognized under equity method	Adjustment in other comprehensive income	
Associate :					
Haier Group Finance Co., Ltd.	7,910,945,697.72		284,445,655.26	7,236.34	-235,200,000.00
Bank of Qingdao Co., Ltd.	3,200,132,708.75		216,344,921.59	97,105,713.92	-76,288,947.20
Wolong Electric (Jinan) Motor Co., Ltd.	177,662,547.04		13,280,662.39		
Qingdao Hegang New Material Technology Co., Ltd.	329,713,566.36		9,652,558.36		
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	206,764,442.76		-21,738.71		-16,336,866.36
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	663,804,966.31		67,634,912.51		
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	412,107,471.53		3,970,476.69		
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00				
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方能源科技有限公司)	30,326,966.78				
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	98,000,000.00		-967,219.23		
Zhejiang Futeng Fluid Technology Co., Ltd.	77,584,161.99				
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	4,265,965.73	3,000,000.00			
Beijing ASU Tech Co., Ltd.	7,919,009.51		-7,919,009.51		
Qingdao Haimu Investment Management Co., Ltd.	2,609,456.57				
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	57,989,007.18				
Haineng Wanjia (Shanghai) Technology Development Co., Ltd.	606,029.71				
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.	38,574,227.53		509,880.04		
Guangzhou Heying Investment Partnership (Limited Partnership)	194,416,881.32	-31,115,000.00			-12,332,141.88
Qingdao Home Wow Cloud Network Technology Co., Ltd.	2,192,669.49		589,125.62		
Bingji (Shanghai) Corporate Management Co., Ltd.	1,056,245,062.87		21,313,549.13		-4,463,430.14
Youjin (Shanghai) Corporate Management Co., Ltd.	1,919,627,387.02		38,751,907.50		-8,115,327.52
RRS (Shanghai) Investment Co., Ltd.	3,489,413,430.96		70,458,013.65		-14,755,140.96
Haier Best Water Technology Co., Ltd.	148,369,638.40		2,411,395.16		

## Section X Financial Report

Investees	Opening balance	Increase/decrease for the current period				Declaration of cash dividends or profits
		Investment increase	Investment income recognized under equity method	Adjustment in other comprehensive income	Other changes in equity	
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	238,175,637.03	-24,420,938.73		-12,258,842.15		
Qingdao Ririshun Huizhi Investment Co., Ltd.	4,083,482.78					
Qingdao Xiaoshuai Intelligent Technology Co., Ltd			6,107,497.56			
Qingdao Xinchenghui Technology Co., Ltd.	10,005,915.15		379,127.39			
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)		3,500,000.00				
Orygin LLC	22,296,931.04	-22,296,931.04				
Konan Electronic Co., Ltd.	64,378,952.07		481,688.34	-7,066,692.84	-211,500.00	
HNR (Private) Company Limited	111,225,806.51		25,463,571.12	-2,367,152.22		
HPZ LIMITED	3,483,576.50		-17,611,035.52	9,801,134.65		
Controladora Mabe S.A.de C.V. Middle East Airconditioning Company, Limited	5,078,418,321.53		291,024,911.07	-63,639,273.43	-39,311,484.05	
	7,299,166.60		-46,540.21	50,373.87	-78,031,404.17	
Total	25,656,939,084.74	-71,332,869.77	1,026,254,310.20	21,632,498.14	-78,977,524.55	

(Continued)

Investees	Increase/decrease for the current period		Closing balance	Closing balance of impairment provision
	Other movement	The disposal of the investment		
Associate :				
Haier Group Finance Co., Ltd.			7,960,198,589.32	
Bank of Qingdao Co., Ltd.			3,437,294,397.06	
Wolong Electric (Jinan) Motor Co., Ltd.			190,943,209.43	
Qingdao Hegang New Material Technology Co., Ltd.			339,366,124.72	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)			190,405,837.69	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.			731,439,878.82	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.			416,077,948.22	-21,000,000.00
Qingdao Haier Multimedia Co., Ltd.			88,300,000.00	-88,300,000.00
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方能源科技有限公司)			30,326,966.78	
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)			97,032,780.77	

## Section X Financial Report

Investees	Increase/decrease for the current period	Closing balance	Closing balance of impairment provision
	Other movement		
	The disposal of the investment		
Zhejiang Futeng Fluid Technology Co., Ltd.		77,584,161.99	
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)		7,265,965.73	
Beijing ASU Tech Co., Ltd.			
Qingdao Haimu Investment Management Co., Ltd.		2,609,456.57	
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)		57,989,007.18	
Haineng Wanjia (Shanghai) Technology Development Co., Ltd.		606,029.71	
Qingdao Guochuang Intelligent Home Appliance Research Institute Co., Ltd.		39,084,107.57	
Guangzhou Heying Investment Partnership (Limited Partnership)		150,969,739.44	
Qingdao Home Wow Cloud Network Technology Co., Ltd.		2,781,795.11	
Bingji (Shanghai) Corporate Management Co., Ltd.		1,073,095,181.86	
Youjin (Shanghai) Corporate Management Co., Ltd.		1,950,263,967.00	
RRS (Shanghai) Investment Co., Ltd.		3,545,116,303.65	
Haier Best Water Technology Co., Ltd.		150,781,033.56	
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)		201,495,856.15	
Qingdao Ririshun Huizhi Investment Co., Ltd.		4,083,482.78	
Qingdao Xiaoshuai Intelligent Technology Co., Ltd.		6,107,497.56	
Qingdao Xinchenghui Technology Co., Ltd.		10,385,042.54	
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)		3,500,000.00	
OryginLLC			
Konan Electronic Co., Ltd.		57,582,447.57	
HNR (Private) Company Limited		134,322,225.41	
HPZ LIMITED		-4,326,324.37	
Controladora Mabe S.A.de C.V.		5,188,461,070.95	
Middle East Airconditioning Company, Limited		7,303,000.26	-845,634.54
Total		26,148,446,781.03	-110,145,634.54

## Section X Financial Report

### 13. 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	1,860,840,776.61	1,986,156,165.17
Haier COSMO IOT Ecosystem Technology Co., Ltd.	2,817,408,000.00	2,817,408,000.00
Others	1,603,565,589.92	1,600,130,789.60
Total	6,281,814,366.53	6,403,694,954.77

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

Items	Amount for the current period
Others	2,996,902.10
Total	2,996,902.10

### 14. Investment properties

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

Items	Houses and buildings	Land use rights	Total
I. Original book value			
1. Opening balance	93,701,271.11	29,370,397.68	123,071,668.79
2. Increase for the current period			
(1) External acquisition			
(2) Inventories/fixed assets/ construction in progress transferred in			
(3) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out	24,662,790.64		24,662,790.64
4. Change in foreign exchange rate and others	61,273.04		61,273.04
5. Closing balance	69,099,753.51	29,370,397.68	98,470,151.19
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	21,095,536.78	3,345,051.24	24,440,588.02
2. Increase for the current period			
(1) Provision or amortization	1,792,249.81	292,591.07	2,084,840.88

Items	Houses and buildings	Land use rights	Total
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out	8,303,139.51		8,303,139.51
4. Change in foreign exchange rate and others	20,015.86		20,015.86
5. Closing balance	14,604,662.94	3,637,642.31	18,242,305.25
III. Provision for impairment			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Other transferring out			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book value			
1. Closing book value	54,495,090.57	25,732,755.37	80,227,845.94
2. Opening book value	72,605,734.33	26,025,346.44	98,631,080.77

(2) The depreciation and amortization amount charge for the period is RMB2,084,840.88 (amount for the corresponding period: RMB2,321,067.31).

(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.



## Section X Financial Report

### 15. Fixed assets

#### Overall presentation

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	29,686,001,800.40	29,603,936,822.78
Disposals of fixed assets		
Total	29,686,001,800.40	29,603,936,822.78

(1) Fixed assets:

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	15,782,051,556.42	35,404,871,324.48	207,612,314.20
2. Increase for the current period			
(1) Acquisition	20,403,115.68	596,411,958.14	6,410,565.37
(2) Construction in progress transferred in	449,535,662.98	1,231,604,775.63	3,008,176.55
(3) Investment properties transferred in	24,662,790.64		
3. Decrease for the current period			
(1) Disposal or write-off	37,840,098.76	340,301,783.30	8,914,483.39
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-126,847,759.21	-183,858,083.36	164,929.84
5. Closing balance	16,111,965,267.75	36,708,728,191.59	208,281,502.57
II. Accumulated depreciation			
1. Opening balance	5,225,383,605.10	18,211,114,029.39	133,831,896.28
2. Increase for the current period			
(1) Provision	476,420,594.35	1,441,889,998.82	10,372,122.39
(2) Investment properties transferred in	8,303,139.51		
3. Decrease for the current period			
(1) Disposal or write-off	12,765,127.66	266,612,990.36	4,041,959.20
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-106,266,071.42	24,345,705.71	225,747.64
5. Closing balance	5,591,076,139.88	19,410,736,743.56	140,387,807.11

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Items	Houses and buildings	Production equipment	Transportation equipment
III. Provision for impairment			
1. Opening balance	27,599,976.42	17,285,684.25	108,327.40
2. Increase for the current period			
(1) Provision			
(2) Investment properties transferred in			
3. Decrease for the current period			
(1) Disposal or write-off		143,030.07	
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-2,712,441.38	-809,005.35	-4,290.81
5. Closing balance	24,887,535.04	16,333,648.83	104,036.59
IV. Book value			
1. Closing book value	10,496,001,592.83	17,281,657,799.20	67,789,658.87
2. Opening book value	10,529,067,974.90	17,176,471,610.84	73,672,090.52

(Continue)

Items	Office furniture	Others	Total
I. Original book value:			
1. Opening balance	1,530,251,945.38	3,194,185,544.98	56,118,972,685.46
2. Increase for the current period			
(1) Acquisition	44,606,780.57	4,262,875.30	672,095,295.06
(2) Construction in progress transferred in	91,579,726.54	180,305,551.64	1,956,033,893.34
(3) Investment properties transferred in			24,662,790.64
3. Decrease for the current period			
(1) Disposal or write-off	20,503,156.91	24,263,971.81	431,823,494.17
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-521,725.19	-75,030,268.46	-386,092,906.38
5. Closing balance	1,645,413,570.39	3,279,459,731.65	57,953,848,263.95
II. Accumulated depreciation			
1. Opening Balance	952,669,982.96	1,944,534,313.09	26,467,533,826.82
2. Increase for the current period			
(1) Provision	97,377,419.28	149,210,217.94	2,175,270,352.78
(2) Investment properties transferred in			8,303,139.51
3. Decrease for the current period			
(1) Disposal or write-off	14,356,240.56	21,693,376.37	319,469,694.15
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	3,690,397.44	-29,545,614.14	-107,549,834.77
5. Closing Balance	1,039,381,559.12	2,042,505,540.52	28,224,087,790.19

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Items	Office furniture	Others	Total
III. Provision for impairment			
1. Opening balance	237,957.13	2,270,090.66	47,502,035.86
2. Increase for the current period			
(1) Provision			
(2) Investment properties transferred in			
3. Decrease for the current period			
(1) Disposal or write-off			143,030.07
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-24,206.02	-50,388.87	-3,600,332.43
5. Closing balance	213,751.11	2,219,701.79	43,758,673.36
IV. Book value			
1. Closing book value	605,818,260.16	1,234,734,489.34	29,686,001,800.40
2. Opening book value	577,344,005.29	1,247,381,141.23	29,603,936,822.78

- (2) In the current period, the balance of the construction in progress transferred to the original value of the fixed assets in a total of RMB1,956,033,893.34 (amount for the corresponding period: RMB1,387,520,685.77).
- (3) As at 30 June 2024, the net book value of the buildings for which the Company has not yet obtained certificates of title was RMB414 million (amount at the beginning of the period RMB408 million), and the relevant certificates of title were being processed. The Company can legally and effectively occupy and operate the above-mentioned buildings for which no certificates of title have been obtained.
- (4) There was no mortgage secured by the fixed assets mortgage at the end of the period, and there was no mortgage secured by the fixed assets mortgage at the beginning of the period.

## 16. Construction in progress

## Overall presentation

√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Construction in progress	5,787,636,237.75	5,403,469,596.76
Construction materials		
Total	5,787,636,237.75	5,403,469,596.76

## (1). Construction in progress

√ Applicable  Not Applicable

Unit and Currency: RMB

Projects	Closing Balance			Opening Balance		
	Book balance	Impairment Provision	Book Value	Book balance	Impairment provision	Book Value
Qingdao Refrigeration Appliance Project	1,144,431,868.01		1,144,431,868.01	914,078,742.21		914,078,742.21
Qingdao Water Ecology Technology Project	680,458,113.00		680,458,113.00	529,949,339.20		529,949,339.20
Qingdao HVAC Project	583,797,673.00		583,797,673.00	530,979,038.43		530,979,038.43
Europe Candy Project	312,838,404.74		312,838,404.74	1,092,171,521.23		1,092,171,521.23
Eastern European Project America GE Appliances Project	265,757,422.97		265,757,422.97	148,106,777.45		148,106,777.45
New Zealand FPA Project	245,382,044.33	22,763,106.10	222,618,938.23	343,482,203.73	22,622,250.04	320,859,953.69
Haier Egypt Project	196,161,623.39		196,161,623.39	200,943,871.90		200,943,871.90
Zhengzhou New Energy Project	157,012,758.09		157,012,758.09	42,756,778.70		42,756,778.70
Haier Thailand Project	149,700,260.33		149,700,260.33	104,122,098.62		104,122,098.62
Zhengzhou Air Conditioner Project	125,633,149.71		125,633,149.71			
Qingdao Air Conditioning Electronics Project	112,880,240.39		112,880,240.39	66,251,489.90		66,251,489.90
Qingdao Smart Appliances Project	104,836,279.92		104,836,279.92	135,966,703.60		135,966,703.60
Qingdao Air Conditioner Project	96,420,595.82		96,420,595.82	78,218,772.30		78,218,772.30
Haier India Project	92,656,794.14		92,656,794.14	73,270,568.99		73,270,568.99
Qingdao New Energy Appliance Project	88,690,748.06		88,690,748.06	44,279,538.79		44,279,538.79
Foshan Freezer Project	71,093,934.21		71,093,934.21	49,653,130.31		49,653,130.31
Others	50,999,381.03		50,999,381.03	67,104,763.68		67,104,763.68
Total	1,332,739,757.41	1,091,704.70	1,331,648,052.71	1,005,853,596.36	1,097,088.60	1,004,756,507.76
Total	5,811,491,048.55	23,854,810.80	5,787,636,237.75	5,427,188,935.40	23,719,338.64	5,403,469,596.76

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

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Other decrease	Change in foreign exchange rate and others		Closing balance	Source of fund
Qingdao Refrigeration Appliance Project	914,078,742.21	293,812,998.43	63,459,872.63				1,144,431,868.01	Self-funding
Qingdao Water Ecology Technology Project	529,949,339.20	152,338,331.32	1,829,557.52				680,458,113.00	Self-funding
Qingdao HVAC Project	530,979,038.43	52,818,634.57					583,797,673.00	Self-funding
Europe Candy Project	1,092,171,521.23	49,276,448.43	888,438,590.06		59,829,025.14		312,838,404.74	Self-funding
Eastern European Project	148,106,777.45	142,311,833.75	34,659,368.42		9,998,180.19		265,757,422.97	Self-funding
America GE Appliances Project	343,482,203.73	164,979,590.52	264,885,275.10		1,805,525.18		245,382,044.33	Self-funding
New Zealand FPA Project	200,943,871.90	97,832,818.48	96,919,807.86		-5,695,259.13		196,161,623.39	Self-funding
Haier Egypt Project	42,756,778.70	153,322,026.59	797,603.15		-38,268,444.05		157,012,758.09	Self-funding
Zhengzhou New Energy Project	104,122,098.62	52,975,298.79	7,397,137.08				149,700,260.33	Self-funding
Haier Thailand Project		127,306,542.07			-1,673,392.36		125,633,149.71	Self-funding
Zhengzhou Air Conditioner Project	66,251,489.90	56,713,591.86	10,084,841.37				112,880,240.39	Self-funding
Qingdao Air Conditioning Electronics Project	135,966,703.60	12,257,679.98	43,388,103.66				104,836,279.92	Self-funding
Qingdao Smart Appliances Project	78,218,772.30	26,858,128.31	8,656,304.79				96,420,595.82	Self-funding
Qingdao Air Conditioner Project	73,270,568.99	25,611,813.66	6,225,588.51				92,656,794.14	Self-funding
Haier India Project	44,279,538.79	71,257,113.39	28,632,857.91		1,786,953.79		88,690,748.06	Self-funding
Qingdao New Energy Appliance Project	49,653,130.31	41,834,327.28	20,393,523.38				71,093,934.21	Self-funding
Foshan Freezer Project	67,104,763.68	16,064,201.88	32,169,584.53				50,999,381.03	Self-funding
Others	1,005,853,596.36	783,668,471.30	448,095,877.37		-8,686,432.88		1,332,739,757.41	Self-funding
Total	5,427,188,935.40	2,321,239,850.61	1,956,033,893.34		19,096,155.88		5,811,491,048.55	

### (3). Impairment provision of construction in progress

Project name	Opening balance	Increase for the current period	Transfer to fixed assets	Change in foreign exchange rate and others		Closing balance
				Other decrease		
America GE Appliances Project	22,622,250.04					22,763,106.10
Lejia IOT Project	837,735.85					837,735.85
Others	259,352.75				-5,383.90	253,968.85
Total	23,719,338.64				135,472.16	23,854,810.80

## 17. Right-of-use assets

Items	Houses and buildings	Production equipment	Transportation equipment
I. Original book value:			
1. Opening balance	4,968,907,125.70	299,098,804.72	269,881,858.76
2. Increase for the current period			
(1) Acquisition	1,030,726,489.27	1,870,863.80	49,265,313.93
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal	284,781,596.25	6,584,068.87	34,576,962.16
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-20,356,010.46	6,935,927.93	-11,299,492.77
5. Closing balance	5,694,496,008.26	301,321,527.58	273,270,717.76
II. Accumulated depreciation			
1. Opening balance	1,705,273,889.25	37,168,018.05	130,842,447.28
2. Increase for the current period			
(1) Provision	423,442,479.04	2,831,001.42	40,563,978.40
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal	120,395,083.40	6,263,622.69	33,912,771.22
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-20,567,528.19	4,153,159.35	-11,664,110.78
5. Closing balance	1,987,753,756.70	37,888,556.13	125,829,543.68
III. Impairment provision			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	3,706,742,251.56	263,432,971.45	147,441,174.08
2. Opening book balance	3,263,633,236.45	261,930,786.67	139,039,411.48

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(continued)

Items	Office furniture	Other	Total
I. Original book value:			
1. Opening balance	415,131,711.53	539,051,832.40	6,492,071,333.11
2. Increase for the current period			
(1) Acquisition	8,817,215.77	18,943,952.38	1,109,623,835.15
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal	2,637,818.98	4,534,722.41	333,115,168.67
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-1,004,943.21	3,373,644.68	-22,350,873.83
5. Closing balance	420,306,165.11	556,834,707.05	7,246,229,125.76
II. Accumulated depreciation			
1. Opening balance	50,526,926.52	201,178,372.27	2,124,989,653.37
2. Increase for the current period			
(1) Provision	21,366,174.62	52,787,409.89	540,991,043.37
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal	2,637,818.98	4,534,720.74	167,744,017.03
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others	-40,560,815.93	1,394,039.17	-67,245,256.38
5. Closing balance	28,694,466.23	250,825,100.59	2,430,991,423.33
III. Impairment provision			
1. Opening balance			
2. Increase for the current period			
(1) Provision			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
4. Change in foreign exchange rate and others			
5. Closing balance			
IV. Book Value			
1. Closing book balance	391,611,698.88	306,009,606.46	4,815,237,702.43
2. Opening book balance	364,604,785.01	337,873,460.13	4,367,081,679.74

## 18. Intangible assets

√ Applicable □ Not Applicable

Items	Proprietary technology	Licenses and franchises	Land use rights
I. Original book value			
1. Opening balance	2,212,581,138.65	4,953,866,789.43	2,192,021,758.06
2. Increase for the current period			
(1) Acquisition		19,663,961.53	37,601,220.15
(2) Internal research and development	63,387,616.91		
(3) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal		5,896,312.91	1,176,803.55
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-30,878,532.49	9,565,834.00	-8,179,089.63
5. Closing balance	2,245,090,223.07	4,977,200,272.05	2,220,267,085.03
II. Accumulated amortization			
1. Opening balance	1,399,798,673.12	1,201,643,295.60	286,482,786.35
2. Increase for the current period			
(1) Provision	98,191,433.59	93,810,930.59	21,391,716.61
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-15,211,949.29	-3,958,494.36	-274,736.52
5. Closing balance	1,482,778,157.42	1,291,495,731.83	307,599,766.44
III. Impairment provision			
1. Opening balance		66,630,354.13	
2. Increase for the current period			
(1) Provision			
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal			
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others		399,642.46	
5. Closing balance		67,029,996.59	
IV. Book Value			
1. Closing book balance	762,312,065.65	3,618,674,543.63	1,912,667,318.59
2. Opening book balance	812,782,465.53	3,685,593,139.70	1,905,538,971.71



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(continued)

Items	Trademark rights	Application management software and others	Total
I. Original book value			
1. Opening balance	2,688,191,056.20	6,020,210,159.55	18,066,870,901.89
2. Increase for the current period			
(1) Acquisition		198,833,390.09	256,098,571.77
(2) Internal research and development		227,451,211.04	290,838,827.95
(3) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal		1,813,838.25	8,886,954.71
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others	-44,897,220.05	-16,574,133.57	-90,963,141.74
5. Closing balance	2,643,293,836.15	6,428,106,788.86	18,513,958,205.16
II. Accumulated amortization			
1. Opening balance		4,082,441,425.43	6,970,366,180.50
2. Increase for the current period			
(1) Provision		449,211,098.42	662,605,179.21
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal		1,743,506.45	1,743,506.45
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others		-2,694,079.93	-22,139,260.10
5. Closing balance		4,527,214,937.47	7,609,088,593.16
III. Impairment provision			
1. Opening balance		23,643,666.33	90,274,020.46
2. Increase for the current period			
(1) Provision			
(2) Increase from business combinations			
3. Decrease for the current period			
(1) Disposal		58,760.67	58,760.67
(2) Disposal of subsidiaries			
(3) Transfer to hold for sale			
4. Change in foreign exchange rate and others			399,642.46
5. Closing balance		23,584,905.66	90,614,902.25
IV. Book Value			
1. Closing book balance	2,643,293,836.15	1,877,306,945.73	10,814,254,709.75
2. Opening book balance	2,688,191,056.20	1,914,125,067.79	11,006,230,700.93

At the end of the period, the intangible assets developed through the Company accounted for the 21.57% of the original value at the end of the period (accounting for 20.52% at the beginning of the period).

## 19. Goodwill

Items	Opening balance	Increase for the current period	Decrease for the current period	Change in foreign exchange rate and others	Closing balance
GE Appliances	21,046,390,260.10			131,779,576.68	21,178,169,836.78
Candy	2,043,391,984.29			-61,974,639.90	1,981,417,344.39
Others	1,199,944,450.41			-17,697,239.23	1,182,247,211.18
Total	24,289,726,694.80			52,107,697.55	24,341,834,392.35

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%–2%) adopted by the management is consistent with industry forecast data and does not exceed the long-term average growth rate of each product. The management determines the compound income growth rate (mainly 2.33%-5.32%) and the EBITDA profit margin (mainly 0.99%–12.99%) 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 12.79%–16.25%). The management analyzes the recoverable amount of each asset group based on these assumptions and believes that there is no need to make provision for goodwill.

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### 20. 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 fees	356,810,041.83	37,345,735.95	184,847,703.89		5,386.49	209,313,460.38
Improvement expenses on leased plants	131,110,281.13	23,114,811.46	15,900,256.78		52,401.51	138,377,237.32
Others	253,825,194.68	60,374,749.22	33,534,265.36		-271,626.23	280,394,052.31
Total	741,745,517.64	120,835,296.63	234,282,226.03		-213,838.23	628,084,750.01

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

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

Items	Closing balance	Opening balance
Provision for assets impairment	468,620,891.54	472,765,698.56
Liabilities	2,721,127,075.25	2,647,034,061.96
Internal unrealized earnings eliminated due to combination	454,487,656.99	707,589,929.59
Uncovered losses	229,848,367.84	230,766,537.22
R&D expenses	1,331,535,838.01	1,171,434,607.38
Others	333,163,076.13	293,113,791.04
Total	5,538,782,905.76	5,522,704,625.75

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

Items	Closing balance	Opening balance
Assets amortisation	4,104,846,683.63	4,067,663,051.78
Remeasurement of fair value of the reaming equity on the day when the control right was lost	878,623,804.46	878,623,804.46
Changes in fair value of investments in other equity instruments	306,500,729.55	306,253,762.39
Others	435,592,527.58	492,608,929.16
Total	5,725,563,745.22	5,745,149,547.79

- (3) The deferred income tax assets and the deferred income tax liabilities eliminated at the end of the period was RMB3,756,609,331.72 (amount at the beginning of the period RMB3,716,758,993.59).

**22. Other non-current assets**

Items	Closing balance	Opening balance
Prepayments for equipment and land	2,082,290,440.87	1,747,355,221.82
Others	281,871,492.31	286,631,723.46
Total	2,364,161,933.18	2,033,986,945.28

**23. Short-term borrowings**

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — secured by pledge		34,094,566.22
Borrowings — secured by credit	10,333,169,856.54	10,284,257,275.66
Total	10,333,169,856.54	10,318,351,841.88

**24. Derivative financial liabilities**

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Forward foreign exchange contracts	191,751,522.44	166,573,028.22
Forward commodity contracts		2,051,976.75
Total	191,751,522.44	168,625,004.97

**25. Bills payable**

Applicable  Not Applicable

Unit and Currency: RMB

Class	Closing balance	Opening balance
Commercial acceptance notes	5,957,754,473.51	5,234,670,724.72
Bank acceptance notes	17,431,247,278.84	16,981,055,996.90
Total	23,389,001,752.35	22,215,726,721.62

## Section X Financial Report

### 26. Accounts payables

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
Accounts payables	47,200,496,446.93	47,061,789,173.62
Total	47,200,496,446.93	47,061,789,173.62

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.

### 27. Contractual liabilities

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
Contractual liabilities	3,256,026,994.75	7,731,916,491.54
Total	3,256,026,994.75	7,731,916,491.54

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.

**28. 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	4,914,688,743.78	14,440,923,916.36	15,625,028,496.57	3,730,584,163.57
II. Post-employment benefits-defined contribution plan	24,569,154.56	726,835,986.49	712,049,518.47	39,355,622.58
III. Termination benefits	5,252,101.27	31,701,783.64	32,210,246.72	4,743,638.19
IV. Other benefits due within one year	133,007,828.89	789,084.25	11,719,402.93	122,077,510.21
Total	5,077,517,828.50	15,200,250,770.74	16,381,007,664.69	3,896,760,934.55

**(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	3,519,406,555.71	10,900,787,570.71	12,065,434,584.24	2,354,759,542.18
II. Employee welfare	348,954,492.00	537,060,949.24	549,265,229.59	336,750,211.65
III. Social benefit	230,280,822.25	908,912,292.51	924,966,809.00	214,226,305.76
IV. Housing fund	8,312,994.56	321,719,307.63	276,013,793.56	54,018,508.63
V. Labor union fee and education fund	5,506,272.84	68,801,586.56	66,749,249.95	7,558,609.45
VI. Short-term compensated leave	266,918,130.07	251,214,218.06	254,613,910.65	263,518,437.48
VII. Others	535,309,476.35	1,452,427,991.65	1,487,984,919.58	499,752,548.42
Total	4,914,688,743.78	14,440,923,916.36	15,625,028,496.57	3,730,584,163.57

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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	23,204,541.21	673,535,986.28	658,689,910.46	38,050,617.03
2. Unemployment insurance	244,971.49	18,465,278.44	18,619,494.84	90,755.09
3. Enterprise annuity payment	1,119,641.86	34,834,721.77	34,740,113.17	1,214,250.46
Total	24,569,154.56	726,835,986.49	712,049,518.47	39,355,622.58

### (4). Termination benefits

Items	Closing balance	Opening balance
Termination compensation	4,743,638.19	5,252,101.27
Total	4,743,638.19	5,252,101.27

## 29. Taxes payable

√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	1,229,268,479.46	915,234,725.86
Corporate income tax	2,221,803,320.38	1,555,728,849.24
Individual income tax	108,820,681.28	185,154,739.72
City maintenance and construction tax	32,744,814.68	26,230,124.20
Education surcharge	13,889,353.19	9,117,000.14
The electrical and electronic products waste treatment fund	2,448.00	89,138,721.00
Other taxes	70,527,964.94	60,611,364.57
Total	3,677,057,061.93	2,841,215,524.73

**30. Other payables****(1). Items breakdown**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Dividends payable	7,515,895,607.63	1,880,719.69
Other payables	19,732,347,903.27	19,179,688,465.14
Total	27,248,243,510.90	19,181,569,184.83

**(2). Dividends payable**√ Applicable  Not Applicable

Items	Closing balance	Opening balance
Haier COSMO Co., Ltd.	1,008,596,736.32	
Haier Group Corporation	859,493,731.30	
Other public shareholders	5,647,805,140.01	1,880,719.69
Total	7,515,895,607.63	1,880,719.69

**(3). Other payables**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Other payables	19,732,347,903.27	19,179,688,465.14
Total	19,732,347,903.27	19,179,688,465.14

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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### 31. Non-current liabilities due within 1 year

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	1,610,273,174.78	146,867,809.53
Long term payables due within 1 year	14,194,548.90	14,105,028.65
Lease liabilities due within 1 year	1,072,407,791.17	1,039,704,621.43
Estimated liabilities due within 1 year	2,630,841,869.37	2,531,873,089.62
Total	5,327,717,384.22	3,732,550,549.23

### 32. Other current liabilities

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Payable refund	578,348,692.50	639,149,848.05
Tax amount to be transferred to output tax	489,615,722.08	990,618,406.97
Others	27,357,255.64	21,470,896.50
Total	1,095,321,670.22	1,651,239,151.52

### 33. Long-term borrowings

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
Borrowings — secured by pledge	20,600,000.00	
Borrowings — secured by credit	18,103,051,118.19	17,936,302,925.77
Total	18,123,651,118.19	17,936,302,925.77

The interest rates of the Company's long-term borrowings: 1.60%–7.00%.

**34. Lease liabilities**

Items	Closing balance	Opening balance
Lease liabilities	4,797,038,310.89	4,326,506,047.60
Less: lease liabilities due within one year	1,072,407,791.17	1,039,704,621.43
Total	3,724,630,519.72	3,286,801,426.17

**35. Long-term payables**

Items	Closing balance	Opening balance
Investment from CDB development fund	36,500,000.00	36,500,000.00
Others	28,855,509.06	34,718,451.43
Less: long-term payables due within one year	14,194,548.90	14,105,028.65
Total	51,160,960.16	57,113,422.78

Under the Investment Contract of China Development Fund executed by the Company and its subsidiaries including Qingdao Haier Air Conditioner Gen Corp., Ltd., Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited together with China Development Fund Co. Ltd. in 2015 and 2016, China Development Fund Co. Ltd. invested RMB73 million in Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited. China Development Fund Co. Ltd. obtained an annual return of 1.2% by means of dividends or buyback premium for the above investments. As of the end of the period, the subsidiaries of the Company made buyback in amount of RMB36.5 million.

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

Applicable  Not Applicable

**(1) 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 plans	362,511,797.07	364,213,564.08
II. Termination benefits	542,788,956.07	575,644,959.29
III. Provision for work-related injury compensation	149,713,877.78	145,596,315.81
Total	1,055,014,630.92	1,085,454,839.18

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### (2) Defined benefits plans

Some subsidiaries of the Company have set several defined benefit plans for the qualified staff. Under these plans, the employees are entitled to the retirement benefits agreed in such defined benefit plans.

These plans are exposed to interest rate risks, changes in life expectancy of the beneficiary and other risks.

The recent actuarial evaluation of the assets and the present value of defined benefit obligations under such plans are determined by using the projected unit credit method.

#### ① **The defined benefit plan of Haier Asia Co., Ltd., a subsidiary of the Company** *Actuarial assumptions used in the defined benefit plan*

Items	Rate
Discount rate	1.00%
Expected rate of return	2.00%

#### *Present value of defined benefit obligations*

Items	Amount
I. Opening balance	218,042,067.90
II. Defined benefit cost recognized in current profit or loss	
1. Current service cost	
2. Past service cost	
3. Settlement gains (losses are represented by '-')	
4. Interest cost	
III. Defined benefit cost recognized in other comprehensive income	
1. Actuarial losses (gains are represented by '-')	
IV. Other changes	-23,774,327.79
1. The consideration paid at the time of settlement	
2. Benefit paid	
3. Exchange differences	-23,774,327.79
V. Closing balance	194,267,740.11

*Fair value of plan assets*

Items	Amount
I. Opening balance	293,597,902.22
II. Defined benefit cost recognized in current profit or loss	
1. Interest income	
III. Defined benefit cost recognized in other comprehensive income	
1. Return on plan assets (except those included in net interests)	
2. Changes in impact of asset cap (except those included in net interests)	
IV. Other changes	-28,866,719.75
1. Employer contributions	620,221.70
2. Benefit paid	2,686,753.23
3. Exchange differences	-32,173,694.68
V. Closing balance	264,731,182.47

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

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

Items	Amount
I. Opening balance	-75,555,834.32
II. Defined benefit cost recognized in current profit or loss	
III. Defined benefit cost recognized in other comprehensive income	
IV. Other changes	5,092,391.96
V. Closing balance	-70,463,442.36

The average term for the defined benefit obligation is 11.67 years at the balance sheet date.

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- ② **The defined benefit plan of Roper Corporation, a subsidiary of the Company**  
Roper Corporation, a subsidiary of the Company, has provided post-employment defined benefit plan of health care benefits to eligible employees.

*Actuarial assumptions used in the defined benefit plan*

Items	Rate
Discount rate	5.18%

*Present value of defined benefit obligations*

Items	Amount
I. Opening balance	79,911,044.37
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	2,606,420.93
1. Current service cost	668,850.77
2. Past service cost	
3. Settlement gains (losses are represented by '-')	
4. Interest cost	1,937,570.16
IV. Defined benefit cost recognized in other comprehensive income	
1. Actuarial losses (gains are represented by '-')	
V. Other changes	-13,856,535.05
1. The consideration paid at the time of settlement	
2. Benefit paid	-5,340,246.23
3. Plan amendments	-8,976,054.36
4. Others	459,765.54
5. Exchange differences	
VI. Closing balance	68,660,930.25

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

<b>Items</b>	<b>Amount</b>
I. Opening balance	79,911,044.37
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	2,606,420.93
IV. Defined benefit cost recognized in other comprehensive income	
V. Other changes	-13,856,535.05
VI. Closing balance	68,660,930.25

The average term for the defined benefit obligation is 1.83 years at the balance sheet date.

③ ***The defined benefit plan of Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company***

Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company, has provided post-retirement defined benefit plan of health care benefits for the eligible employees.

*Actuarial assumptions used in the defined benefit plan*

<b>Items</b>	<b>Rate</b>
Discount rate	5.19%

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### *Present value of defined benefit obligations*

<b>Items</b>	<b>Amount</b>
I. Opening balance	165,901,942.17
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	1,455,394.92
1. Current service cost	
2. Past service cost	
3. Settlement gains (losses are represented by '-')	
4. Interest cost	1,455,394.92
IV. Defined benefit cost recognized in other comprehensive income	
1. Actuarial losses (gains are represented by '-')	
V. Other changes	-10,720,806.50
1. The consideration paid at the time of settlement	
2. Benefit paid	-11,720,651.90
3. Exchange differences	999,845.40
VI. Closing balance	156,636,530.59

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

<b>Items</b>	<b>Amount</b>
I. Opening balance	165,901,942.17
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	1,455,394.92
IV. Defined benefit cost recognized in other comprehensive income	
V. Other changes	-10,720,806.50
VI. Closing balance	156,636,530.59

④ ***The defined benefit plan of Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company***

Haier U.S. Appliance Solutions, Inc., a subsidiary of the Company, has provided defined benefit plan of pension for the eligible employees.

*Actuarial assumptions used in the defined benefit plan*

<b>Items</b>	<b>Rate</b>
Discount rate	5.21%

*Present value of defined benefit obligations*

<b>Items</b>	<b>Amount</b>
I. Opening balance	108,437,206.49
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	3,614,005.58
1. Current service cost	1,172,138.72
2. Past service cost	
3. Settlement gains (losses are represented by '-')	
4. Interest cost	2,441,866.86
IV. Defined benefit cost recognized in other comprehensive income	
1. Actuarial losses (gains are represented by '-')	
V. Other changes	686,842.49
1. The consideration paid at the time of settlement	
2. Benefit paid	
3. Exchange differences	686,842.49
VI. Closing balance	112,738,054.56



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### *Fair value of plan assets*

<b>Items</b>	<b>Amount</b>
I. Opening balance	77,778,096.35
II. Defined benefit cost recognized in current profit or loss	1,289,629.28
1. Interest income	1,289,629.28
III. Defined benefit cost recognized in other comprehensive income	
1. Return on plan assets (except those included in net interests)	
2. Changes in impact of asset cap (except those included in net interests)	
IV. Other changes	10,056,079.94
1. Employer contributions	9,536,854.96
2. Benefit paid	
3. Exchange differences	519,224.98
V. Closing balance	89,123,805.57

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

<b>Items</b>	<b>Amount</b>
I. Opening balance	30,659,110.14
II. Business combination not under common control	
III. Defined benefit cost recognized in current profit or loss	2,324,376.30
IV. Defined benefit cost recognized in other comprehensive income	
V. Other changes	-9,369,237.45
VI. Closing balance	23,614,248.99

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

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

Items	Amount
I. Opening balance	145,596,315.81
II. Business combination not under common control	
III. Compensation recognized in current profit or loss	42,800,498.84
IV. Actual compensation paid for the current period	-39,599,814.24
V. Other changes	916,877.37
VI. Closing balance	149,713,877.78

***Classification of the balance of defined benefit plans***

Items	Closing balance	Opening balance
Short-term Benefit	21,618,766.02	33,170,713.47
Long-term Benefit	362,511,797.07	364,213,564.08
Total	384,130,563.09	397,384,277.55

**37. Estimated liabilities**

√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Opening balance	Closing balance
Active litigation	32,259,609.59	31,448,932.56
Others	315,280,800.19	359,408,595.01
Estimation of warranty expenses and installation fees	1,587,473,632.46	1,614,377,582.79
Total	1,935,014,042.24	2,005,235,110.36

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.

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### 38. 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	1,050,319,606.44	28,730,084.92	51,847,043.92	1,027,202,647.44
Total	1,050,319,606.44	28,730,084.92	51,847,043.92	1,027,202,647.44

### 39. Share capital

Share category	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Restricted shares				
1. State-owned shares				
2. Shares held by domestic non-state-owned legal entities				
3. Shares held by domestic individuals				
4. Shares held by offshore non-state-owned legal entities				
II. Non-restricted shares	9,438,114,893			9,438,114,893
1. Ordinary shares in RMB	6,308,552,654			6,308,552,654
2. Domestic listed foreign Shares				
3. Offshore listed foreign Shares	3,129,562,239			3,129,562,239
4. Others				
III. Total shares	9,438,114,893			9,438,114,893

### 40. 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 capital premium)	21,917,268,456.45		20,227,747.10	21,897,040,709.35
Others capital reserve	1,845,086,227.60	201,405,574.94	36,583,005.03	2,009,908,797.51
Total	23,762,354,684.05	201,405,574.94	56,810,752.13	23,906,949,506.86

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 RMB201,405,574.94.

**41. Treasury stock**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Treasury stock	5,034,065,107.42	466,600,210.43		5,500,665,317.85
Total	5,034,065,107.42	466,600,210.43		5,500,665,317.85

The main reasons for the change in treasury stock: the repurchase of treasury stock for the current period of RMB466,600,210.43.

**42. Other comprehensive income**

Items	Opening balance	Amounts for the current period				Others	Closing balance
		Amount before current income tax	Deduction of impact of income tax	Attributable to the parent company after tax	Attributable to minority shareholders after tax		
a	-345,568,801.14	21,632,498.14	3,064,710.52	23,160,537.38	1,536,671.28	-609,008.33	-323,017,272.09
b	-94,630,058.56	-9,489,873.83	-20,035,460.40	-30,039,858.31	514,524.08		-124,669,916.87
c	929,934,173.30	-201,685,894.65		-199,825,666.97	-1,860,227.68		730,108,506.33
d	1,332,769,480.78	-139,624,374.35	13,823,606.83	-125,824,944.18	24,176.66	1,451,608.49	1,208,396,145.09
e	147,219,232.63	-3,587,107.42	1,095,428.03	-2,491,664.07	-15.32		144,727,568.56
Total	1,969,724,027.01	-332,754,752.11	-2,051,715.02	-335,021,596.15	215,129.02	842,600.16	1,635,545,031.02

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.

## Section X Financial Report

### 43. Surplus reserve

Applicable  Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Statutory surplus reserve	4,794,681,742.21			4,794,681,742.21
Discretionary surplus reserve	26,042,290.48			26,042,290.48
Reserve fund	11,322,880.64			11,322,880.64
Enterprise expansion fund	10,291,630.47			10,291,630.47
Total	4,842,338,543.80			4,842,338,543.80

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.

### 44. Undistributed profits

Applicable  Not Applicable

Items	Amounts
Undistributed profits at the end of previous year	68,535,686,494.60
Change in accounting policy	
Combination under common control	
Undistributed profits at the beginning of the year	68,535,686,494.60
Add: net profit attributable to owners of the parent company	10,420,218,389.22
Other transfer in	-29,920,094.58
Adjustment due to implementation of enterprise accounting standard	
Profit available for distribution for the year	78,925,984,789.24
Less: appropriation of statutory surplus reserve	
Dividend payable for ordinary shares	7,513,967,094.69
Undistributed profits at the end of the period	71,412,017,694.55

## 45. Operating income and operating cost

## (1) Operating income

Items	Amount for the current period	Amount for the previous period
Primary business	134,840,839,073.23	130,796,620,039.86
Other Business	781,710,047.78	831,975,872.19
Total	135,622,549,121.01	131,628,595,912.05

## (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	29,010,601,435.70	20,557,799,077.93	27,990,491,459.04	19,980,348,155.19
Refrigerator	40,858,797,164.04	28,298,305,940.21	40,302,800,944.89	27,987,308,901.78
Kitchen appliance	20,121,663,515.89	13,789,690,222.06	19,700,572,437.04	13,561,433,684.52
Water appliance	7,891,692,972.94	4,582,039,373.07	7,458,185,872.45	4,356,557,669.16
Washing machine	29,427,102,302.00	19,746,318,593.29	28,125,479,757.35	18,950,800,863.91
Equipment product and integrated channel services	7,530,981,682.66	6,806,340,361.07	7,219,089,569.09	6,542,477,793.42
Total	134,840,839,073.23	93,780,493,567.63	130,796,620,039.86	91,378,927,067.98

## 46. 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	191,604,095.21	211,267,062.08
Education surcharge	109,194,820.89	129,147,500.90
Property tax	47,213,971.89	38,175,443.04
Land use tax	12,543,003.63	11,050,858.77
Stamp duty	150,674,106.29	118,586,969.33
Others	27,037,460.35	24,871,738.40
Total	538,267,458.26	533,099,572.52

## Section X Financial Report

### 47. Selling expenses

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Selling expenses	18,687,502,154.89	18,768,944,057.44
Total	18,687,502,154.89	18,768,944,057.44

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

### 48. Administrative expenses

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Administrative expenses	5,186,349,563.44	5,461,681,481.50
Total	5,186,349,563.44	5,461,681,481.50

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

**49. R&D expenses**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
R&D expenses	5,088,901,166.88	5,025,786,116.64
Total	5,088,901,166.88	5,025,786,116.64

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

**50. Financial expenses**

Items	Amount for the current period	Amount for the previous period
Interest expense	1,226,384,743.58	875,078,615.27
Less: interest income	912,438,277.44	614,901,995.27
Less: cash discount	62,102,125.84	59,172,643.28
Exchange gains or losses (gains are represented by '-')	-262,620,221.08	-288,204,003.86
Others	69,695,049.43	77,850,758.05
Total	58,919,168.65	-9,349,269.09

Interest expenditure in lease liabilities for the current period was RMB86,220,779.23 (amount for the corresponding period: RMB54,418,808.15).



## Section X Financial Report

### 51. Other income

Applicable  Not Applicable

Unit and Currency: RMB

<b>Classification by nature</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Government grants related to revenue	511,077,524.43	557,492,414.79
Government grants related to assets	44,010,228.09	43,882,854.01
Total	555,087,752.52	601,375,268.80

### 52. Investment income

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Long-term equity investments income calculated by the equity method	1,021,852,565.42	1,078,905,972.36
Investment income from disposal of long-term equity investments	-14,953,215.38	2,936,581.54
Dividend income on other equity instrument investments during the holding period	2,996,902.10	17,919,209.85
Income from wealth management products	29,641,941.56	30,006,596.61
Investment income from disposal of financial assets measured at fair value with changes included in current profit or loss	76,000.00	
Total	1,039,614,193.70	1,129,768,360.36

**53. Gains on changes in fair value**√ Applicable  Not Applicable

Unit and Currency: RMB

<b>Source of gains on changes in fair value</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Changes in fair value of equity investments	-54,049,574.20	6,761,392.80
Changes in fair value of fund investments	22,787,943.83	23,806,724.21
Others	1,696,032.55	703,445.34
<b>Total</b>	<b>-29,565,597.82</b>	<b>31,271,562.35</b>

**54. Credit impairment losses**√ Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Bad debts losses on bills receivable	660,000.00	
Bad debts losses on accounts receivable	-127,282,743.47	-175,246,952.66
Bad debts losses on other receivables	68,608,791.74	9,278,023.30
<b>Total</b>	<b>-58,013,951.73</b>	<b>-165,968,929.36</b>

## Section X Financial Report

### 55. Impairment losses on assets

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Impairment losses on inventory	-432,040,167.93	-499,500,903.59
Impairment losses on other current assets	-280,012,125.83	-269,894,630.51
Impairment losses on fixed assets		-6,213,746.83
Impairment losses on construction in progress		
Impairment losses on intangible assets		-28,311.57
Impairment losses on long-term equity investments		
Impairment losses on contract assets	1,496,029.24	-4,110,982.94
Total	-710,556,264.52	-779,748,575.44

### 56. Gains on disposal of assets

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Gains on disposal of non-current assets	7,721,308.45	9,697,510.22
Losses on disposal of non-current assets	-10,305,212.82	-30,344,814.86
Total	-2,583,904.37	-20,647,304.64

**57. 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		810,466.84
Quality claims and fines	24,265,721.43	18,063,839.13
Others	49,157,369.91	39,910,145.92
Total	73,423,091.34	58,784,451.89

**58. 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	7,267,905.19	4,986,722.70
Others	77,250,699.55	27,312,790.51
Total	84,518,604.74	32,299,513.21

## Section X Financial Report

### 59. Income tax expenses

#### (1) Statement of income tax expenses

Applicable  Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Current income tax expense	2,199,317,850.43	1,879,159,857.85
Deferred income tax expense	-67,576,355.95	190,607,917.70
Total	2,131,741,494.48	2,069,767,775.55

#### (2) Reconciliation between accounting profit and income tax expenses

Applicable  Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Total profit	12,739,064,636.61
Income tax expense calculated pursuant to statutory/applicable tax rate	3,184,766,159.15
Impact from different tax rates applicable to subsidiaries	-959,949,025.03
Impact from adjustment to income tax in prior periods	-146,905,255.39
Impact from non-taxable income	-130,705,109.51
Impact from non-deductible cost, expense and loss	121,770,556.31
Impact from deductible provisional differences or deductible losses of unrecognized income tax assets for the current period	113,686,167.41
Others	-50,921,998.46
Income tax expense	2,131,741,494.48

### 60. Other comprehensive income

Applicable  Not Applicable

Please refer to Note VII.42 for details.

## 61. 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	32,807,104.74
Government grants	243,673,605.71
Non-operating income excluding government grants	35,281,847.15
Interest income	797,887,231.43
Others	164,016,657.33
Total	1,273,666,446.36

*Other cash paid to operating activities*√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Amount for the current period
Cash paid on selling expenses	10,259,440,644.80
Cash paid on administrative and R&D expenses	3,389,811,709.63
Cash paid on financial expenses	73,404,062.89
Non-operating expenses	13,948,889.93
Others	59,544,916.23
Total	13,796,150,223.48

## Section X Financial Report

### (2). Cash related to investing activities

#### *Other cash received from significant investing activities*

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>
Redemption of wealth management products and other financial assets	9,619,248,890.08
<b>Total</b>	<b>9,619,248,890.08</b>

#### *Other cash paid to significant investing activities*

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>
Purchase of wealth management products and other financial assets	13,608,230,146.65
<b>Total</b>	<b>13,608,230,146.65</b>

### (3). Cash related to financing activities

#### *Other cash paid to financing activities*

Applicable  Not Applicable

Unit and Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>
Repurchase of shares	466,600,210.43
Cash paid to lease	596,535,515.39
Others	3,603,317.63
<b>Total</b>	<b>1,066,739,043.45</b>

**Changes of various liabilities arising from financing activities**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Opening balance	Increase for the current period		Decrease for the current period		Closing balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	10,318,351,841.88	4,170,938,006.65		4,123,128,398.86	32,991,593.13	10,333,169,856.54
Long-term borrowings (including long-term borrowings due within one year)	18,083,170,735.30	1,760,600,000.00		27,547,548.89	82,298,893.44	19,733,924,292.97
Lease liabilities (including lease liabilities due within one year)	4,326,506,047.60		1,227,262,838.65	596,535,515.39	160,195,059.97	4,797,038,310.89
Total	32,728,028,624.78	5,931,538,006.65	1,227,262,838.65	4,747,211,463.14	275,485,546.54	34,864,132,460.40

**62. 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
<b>1. Net profit adjusted to cash flow of operating activities:</b>		
Net profit	10,607,323,142.13	9,043,682,753.22
Add: impairment provision for assets	710,556,264.52	779,748,575.44
Losses from credit impairment	58,013,951.73	165,968,929.36
Depreciation of fixed assets, depletion of oil and gas assets, depletion of biological assets for production	2,177,355,193.66	1,939,121,008.62
Amortization of right-of-use assets	540,991,043.37	557,582,081.57
Amortization of intangible assets	662,605,179.21	624,592,081.35
Amortization of long-term prepaid expenses	234,282,226.03	257,971,298.59
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are represented by "-")	9,851,809.56	24,823,560.50
Losses from changes of fair value (gains are represented by "-")	29,565,597.82	-31,271,562.35
Financial expenses (gains are represented by "-")	777,375,820.19	586,874,611.41



## Section X Financial Report

Supplementary information	Amount for the current period	Amount for the previous period
Losses from investments (gains are represented by "-")	-1,039,614,193.70	-1,129,768,360.36
Decrease in deferred income tax assets (increase is represented by "-")	-20,825,542.97	167,338,912.59
Increase of deferred income tax liabilities (decrease is represented by "-")	-46,750,812.97	23,269,005.11
Decrease in inventories (increase is represented by "-")	-361,648,013.68	2,061,410,773.14
Decrease of operational account receivables (increase is represented by "-")	-3,544,136,779.13	-7,213,172,804.07
Increase of operational account payables (decrease is represented by "-")	-3,154,975,564.45	-1,471,582,577.11
Others	178,288,615.94	403,433,247.61
Net cash flow generated from operational activities	7,818,257,937.26	6,790,021,534.62
<b>2. Significant investment and financing activities not involving cash inflows and outflows:</b>		
Capital transferred from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
<b>3. Net changes of cash and cash equivalents:</b>		
Cash balance at the end of the period	54,228,034,803.20	55,063,205,392.40
Less: cash balance at the beginning of the period	53,977,310,651.03	53,392,209,857.41
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	250,724,152.17	1,670,995,534.99

**(2) Composition of cash and cash equivalents**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing balance	Opening balance
I. Cash	54,228,034,803.20	53,977,310,651.03
Including: Cash on hand	937,775.91	541,712.70
Bank deposits always available for payment	53,682,763,402.56	53,524,177,266.50
Other monetary funds always available for payment	544,333,624.73	452,591,671.83
II. Cash equivalents		
Including: bond investments due within three months		
III. Closing balance of cash and cash equivalents	54,228,034,803.20	53,977,310,651.03
Including: restricted cash and cash equivalents used by the parent company or subsidiaries of the Group		

**(3) Monetary funds that are not cash and cash equivalents**√ Applicable  Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period	Reasons
Deposit	369,153,135.96	448,374,520.06	Poor marketability, not readily realizable, or not available for payment
Restricted special account deposit	106,101,674.79	54,996,888.29	
Others	2,336,543.49	5,770,781.76	
Total	477,591,354.24	509,142,190.11	/

## Section X Financial Report

### 63. 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
<b>Monetary funds</b>						
USD	1,770,696,255.76	7.1268	12,619,398,075.55	1,706,547,575.50	7.0827	12,086,964,513.02
EUR	49,922,095.88	7.6617	382,488,122.03	175,320,608.19	7.8592	1,377,879,723.86
JPY	5,846,338,259.87	0.044738	261,553,481.07	4,478,977,012.53	0.050213	224,902,872.73
HKD	320,549,474.90	0.9127	292,565,505.74	353,808,079.17	0.9062	320,620,881.34
Others			4,057,224,804.54			2,377,241,597.06
Subtotal			17,613,229,988.93			16,387,609,588.01
<b>Accounts receivables</b>						
USD	1,177,948,619.10	7.1268	8,395,004,218.59	1,139,193,238.37	7.0827	8,068,563,949.37
EUR	471,937,540.49	7.6617	3,615,843,853.97	480,196,918.94	7.8592	3,773,963,625.34
JPY	4,914,241,186.46	0.044738	219,853,322.20	4,914,686,701.05	0.050213	246,781,163.32
Others			7,270,396,739.33			4,873,677,549.96
Subtotal			19,501,098,134.09			16,962,986,287.99
<b>Short-term borrowings</b>						
USD	541,487,838.95	7.1268	3,859,075,530.64	486,876,813.46	7.0827	3,448,402,406.69
EUR	302,910,481.42	7.6617	2,320,809,235.52	250,039,963.32	7.8592	1,965,114,079.70
JPY		0.044738		2,017,059,526.42	0.050213	101,282,610.00
HKD	2,600,000,000.00	0.9127	2,373,020,000.00	2,600,000,000.00	0.9062	2,356,120,000.00
Others			1,490,905,824.74			1,323,813,159.10
Subtotal			10,043,810,590.90			9,194,732,255.49
<b>Accounts payables</b>						
USD	2,022,641,888.30	7.1268	14,414,964,209.57	1,909,489,893.66	7.0827	13,524,344,069.80
EUR	588,652,414.23	7.6617	4,510,078,202.12	621,708,354.09	7.8592	4,886,130,296.44
JPY	6,554,732,131.74	0.044738	293,245,606.11	6,641,786,186.84	0.050213	333,504,009.80
NZD	148,893,213.22	4.3690	650,514,448.58	146,250,125.13	4.4991	657,993,937.97
Others			3,977,630,399.50			3,451,938,860.63
Subtotal			23,846,432,865.88			22,853,911,174.64
<b>Non-current liabilities due within one year</b>						
USD	138,505,187.15	7.1268	987,098,767.78	138,292,003.54	7.0827	979,480,773.48
EUR	100,194,794.33	7.6617	767,662,455.72	97,148,817.20	7.8592	763,511,984.14
JPY	1,318,809,690.87	0.044738	59,000,907.95	1,027,109,699.08	0.050213	51,574,259.32
RUB	878,187,729.96	0.0841	73,855,588.09	685,662,519.93	0.0803	55,058,700.35
Others			363,680,646.29			361,870,186.58
Subtotal			2,251,298,365.83			2,211,495,903.87
<b>Long-term borrowings</b>						
USD	1,160,002,846.12	7.1268	8,267,108,283.73	1,160,000,000.00	7.0827	8,215,932,000.00
EUR	598,330,327.00	7.6617	4,584,227,466.38	597,689,081.07	7.8592	4,697,358,025.92
Others			1,004,528,830.08			1,034,286,451.77
Subtotal			13,855,864,580.19			13,947,576,477.69

**64. Leases****(1) As lessee**√ Applicable  Not Applicable

Variable lease payments not included in the measurement of lease liabilities

√ Applicable  Not Applicable

RMB42,756,889.43

Lease expenses of short-term leases or leases of low-value assets which are subject to simplified treatment

√ Applicable  Not Applicable

RMB143,700,848.84

Total cash outflow for leases RMB782,993,253.66 (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: RMB1,097,174.74, including incomes related to variable lease payments not included in lease receipts: nil.

b. Undiscounted lease receipts for the next five years:

Lease receipts	Undiscounted lease receipts per year	
	Closing amount	Opening amount
Within 1 year	2,191,971.43	4,582,971.43
2 to 5 years	304,164.29	2,933,400.00
Over 5 years		
Total	2,496,135.72	7,516,371.43

The leased assets leased out by the Company are mainly housing, buildings and land use rights. For details of changes of the leased assets, please refer to Note VII.14.

## VIII. RESEARCH AND DEVELOPMENT EXPENDITURE

### (1). By the nature of expenses

√ Applicable □ Not Applicable

Unit and Currency: RMB

Items	Amount for the current period	Amount for the previous period
Remuneration for the employees	2,403,919,474.56	2,442,959,436.11
Design and development expenses	1,716,711,325.90	1,704,332,781.26
Material input	772,114,921.04	756,845,602.42
Depreciation and amortization	92,904,546.38	98,941,998.45
Organizational operation and others	371,941,185.87	361,790,531.89
Total	5,357,591,453.75	5,364,870,350.13
Including: expensed research and development expenditure	5,088,901,166.88	5,025,786,116.64
Capitalized research and development expenditure	268,690,286.87	339,084,233.49

### (2). Development expenditure on research and development projects eligible for capitalization

Items	Opening balance	Increase for the current period	Decrease for the current period		Change in foreign exchange rate and others	Closing balance
			Recognized as intangible asset	Included in current profit and loss		
Home Appliance Intelligent Interaction Project	97,519,232.72	65,524,861.56	163,044,094.28			
OWNERSHIP EXPERIENCE PROGRAM	48,780,235.20	17,846,556.39			363,238.18	66,990,029.77
Whole House Intelligent Energy Saving Project		49,104,390.20				49,104,390.20
91ABD.ERP IT PROGRAM	3,340,845.56	14,626,505.90	505,022.10		67,891.34	17,530,220.70
Others	116,849,921.62	121,587,972.82	127,289,711.57		40,225,230.43	151,373,413.30
Total	266,490,235.10	268,690,286.87	290,838,827.95		40,656,359.95	284,998,053.97

## IX. CHANGES OF CONSOLIDATION SCOPE

### 1. Business combination not under common control

Applicable  Not Applicable

### 2. Business combination under common control

Applicable  Not Applicable

### 3. Disposal of subsidiary

Whether single disposal of investment in subsidiary will result in losing control power:

Items	Qingdao Hairuijiejing Electronics Co., Ltd. (青岛海瑞洁净 电子有限公司)	Beijing Haier Guangke Digital Technology Co., Ltd. (北京海尔广科数 字技术有限公司)	Beijing Yunshang Yilian Technology Co., Ltd. (北京云裳衣联 科技有限公司)
Equity disposal price	—	—	—
Proportion of equity disposal	51%	55%	51%
Method of equity disposal	Cancellation	Cancellation	Cancellation
Time of loss-of-control	March 2024	February 2024	March 2024
Basis for determination the time of loss-of-control	Cancellation	Cancellation	Cancellation
Difference between consideration and its share of net assets of the subsidiary as respect to the disposal in the consolidated level	-3,697,883.69	-941.36	1,286.02

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### 4. Changes of consolidation scope due to other reasons

Applicable  Not Applicable

- (1) During the period, Qingdao Haier Dishwasher Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司).
- (2) During the period, Qingdao Haier Air Conditioner Gen Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Zhongshan Haier HV Equipment Co., Ltd. (中山海尔暖通设备有限公司).
- (3) During the period, Qingdao Haier Air Conditioner Gen Corp., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier HV Equipment Technology Co., Ltd. (青岛海尔暖通设备科技有限公司).
- (4) During the period, Hefei Haier Washing Machine Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Qingdao Haier Smart Washing Machine Co., Ltd. (青岛海尔智慧洗衣机有限公司).

## X. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) Composition of the Group

Applicable  Not Applicable

Unit and Currency: RMB

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Flourishing Reach Limited	Mainland of China	British Virgin Islands	Group company, which mainly engage in investment holding, the production and sale of washing machines and water heaters, distribution service	100.00		Establishment
Haier Electronics Group Co., Ltd.	Mainland of China and Hong Kong	Bermuda	Group company, which mainly engage in investment holding, the production and sale of water equipment, distribution service	100.00		Establishment
Haier U.S. Appliance Solutions, Inc.	the United States	the United States	Group company, which mainly engage in home appliances production and distribution business		100.00	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Haier Singapore Investment Holding Co., Ltd.	Singapore and other overseas areas	Singapore	Group company, which mainly engage in home appliances production and distribution business	100.00		Business combination under common control
Haier New Zealand Investment Holding Company Limited	New Zealand	New Zealand	Group company, which mainly engage in home appliances production and distribution business	100.00		Business combination under common control
Candy S.p.A	Europe	Italy	Group company, which mainly engage in home appliances production and distribution business	100.00		Business combination not under common control
Qingdao Haier Air Conditioner Gen Corp., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacture and sale of household air-conditioners	92.37		Business combination under common control
Guizhou Haier Electronics Co., Ltd.	Huichuan District, Zunyi City, Guizhou Province	Huichuan District, Zunyi City, Guizhou Province	Manufacture and sale of refrigerator	59.00		Business combination under common control
Hefei Haier Air-conditioning Co., Limited	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Manufacture and sale of air-conditioners	100.00		Business combination under common control
Wuhan Haier Electronics Holding Co., Ltd.	Wuhan Haier Industrial Park	Wuhan Haier Industrial Park	Manufacture and sale of air-conditioners	59.86		Business combination under common control
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sale of air-conditioners	97.43		Business combination under common control
Qingdao Haier Information Plastic Development Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacturing of plastic products	100.00		Business combination under common control
Dalian Haier Precision Products Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Manufacture and sale of precise plastics	90.00		Business combination under common control
Hefei Haier Plastic Co., Ltd.	Hefei Economic & Technological Development Area	Hefei Economic & Technological Development Area	Manufacture and sale of plastic parts	95.17	4.83	Business combination under common control
Qingdao Meier Plastic Powder Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture of plastic powder, plastic sheet and high-performance coatings	40.00	60.00	Business combination under common control
Chongqing Haier Precision Plastic Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Plastic products, sheet metal work, electronics and hardware	90.00	10.00	Business combination under common control



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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Qingdao Haier Refrigerator Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Manufacture and production of fluorine-free refrigerators	97.91		Establishment
Qingdao Haier Refrigerator (International) Co., Ltd.	Pingdu Development Zone, Qingdao	Pingdu Development Zone, Qingdao	Manufacture of refrigerators	100.00		Establishment
Qingdao Household Appliance Technology and Equipment Research Institute	Qingdao High-tech Zone	Qingdao High-tech Zone	Research and development of home appliances mold and technological equipment	100.00		Establishment
Qingdao Haier Whole Set Home Appliance Service Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Research, development and sales of health-related small home appliance	98.33		Establishment
Qingdao Haier Special Refrigerator Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture and sales of fluorine-free refrigerators	100.00		Establishment
Qingdao Haier Dishwasher Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Manufacture of dish washing machine and gas stove	99.59		Establishment
Qingdao Haier Special Freezer Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Research, manufacture and sales of freezer and other refrigeration products	96.78		Establishment
Dalian Haier Air-conditioning Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Air conditioner processing and manufacturing	90.00		Establishment
Dalian Haier Refrigerator Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Refrigerator processing and manufacturing	100.00		Establishment
Qingdao Haier Electronic Plastic Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Development, assembling and sales of plastics, electronics and products	100.00		Establishment
Wuhan Haier Freezer Co., Ltd	Wuhan Economic & Technological Development Zone High-tech Industrial Park	Wuhan Economic & Technological Development Zone High-tech Industrial Park	Research, manufacture and sales of freezer and other refrigeration products	82.93	4.36	Establishment
Qingdao Haidarui Procurement Service Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Develop, purchase and sell electrical products and components	98.00	2.00	Establishment
Qingdao Haier Intelligent Home Appliance Technology Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Development and application of home appliances, communication, electronics and network engineering technology	91.46	1.01	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Chongqing Haier Air-conditioning Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Manufacture and sales of air conditioners	76.92	23.08	Establishment
Qingdao Haier Precision Products Co., Ltd.	Qianwangang Road, Jiaonan City	Qianwangang Road, Jiaonan City	Development and manufacture of precise plastic, metal plate, mold and electronic products for home appliances		70.00	Establishment
Qingdao Haier Air Conditioning Equipment Co., Ltd.	Jiaonan City, Qingdao	Jiaonan City, Qingdao	Manufacture of home appliances and electronics		100.00	Establishment
Dalian Free Trade Zone Haier Air-conditioning Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00	Establishment
Dalian Free Trade Zone Haier Refrigerator Trading Co., Ltd.	Dalian Export Expressing Zone	Dalian Export Expressing Zone	Domestic trade		100.00	Establishment
Chongqing Haier Electronics Sales Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances	95.00	5.00	Establishment
Chongqing Haier Refrigeration Appliance Co., Ltd.	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Processing and manufacturing of refrigerator	84.95	15.05	Establishment
Hefei Haier Refrigerator Co., Ltd.	Hefei Haier Industrial Park	Hefei Haier Industrial Park	Processing and manufacturing of refrigerator	100.00		Establishment
Qingdao Haier Intelligent Building Technology Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Air-conditioning engineer		100.00	Establishment
Chongqing Lianmai Electric Appliance Sales Co., Ltd. (重庆联迈电器销售有限公司)	Jiangbei District, Chongqing City	Jiangbei District, Chongqing City	Sales of home appliances and electronics		51.00	Establishment
Qingdao Haier (Jiaozhou) Air-conditioning Co., Limited	Jiaozhou City, Qingdao	Jiaozhou City, Qingdao	Manufacture and sale of air-conditioners		100.00	Establishment
Qingdao Haier Component Co., Ltd.	Jiaozhou City, Qingdao	Jiaozhou City, Qingdao	Manufacture and sales of plastic and precise sheet metal products		100.00	Establishment
Haier Shareholdings (Hong Kong) Limited	Hong Kong	Hong Kong	Investment	100.00		Establishment
Harvest International Company	Cayman Islands	Cayman Islands	Investment		100.00	Establishment
Shenyang Haier Refrigerator Co., Ltd.	Shenbei New Area, Shenyang City	Shenbei New Area, Shenyang City S	Manufacture and sales of refrigerator	100.00		Establishment
Foshan Haier Freezer Co., Ltd.	Sanshui District, Foshan City	Sanshui District, Foshan City	Manufacture and sales of refrigerator	100.00		Establishment
Zhengzhou Haier Air-conditioning Co., Ltd.	Zhengzhou Economic and Technological Development Zone	Zhengzhou Economic and Technological Development Zone	Manufacture and sales of freezer	100.00		Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Qingdao Haidayuan Procurement Service Co., Ltd.	Qingdao Development Zone	Qingdao Development Zone	Develop, purchase and sell electrical products and components	100.00		Establishment
Qingdao Haier Intelligent Technology Development Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Development and research of home appliance products	100.00		Establishment
Qingdao Hairi High Technology Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Design, manufacture and sales of product model and mould		100.00	Business combination under common control
Qingdao Hai Gao Design and Manufacture Co., Ltd.	Qingdao High-tech Zone	Qingdao High-tech Zone	Industrial design and prototype production		75.00	Business combination under common control
Zhongshan Haier HV Equipment Co., Ltd.(中山海尔暖通设备有限公司)	Zhongshan	Zhongshan	Sales of home appliances		100.00	Establishment
Qingdao Haier HV Equipment Technology Co., Ltd.(青岛海尔暖通设备科技有限公司)	Qingdao	Qingdao	Manufacture and sale of air conditioning equipment		100.00	Establishment
Shanghai Haier Medical Technology Co., Ltd.	Shanghai	Shanghai	Wholesale and retail of medical facility		66.87	Establishment
Qingdao Haier Technology Co., Ltd.	Qingdao	Qingdao	Development and sales of software and information product	100.00		Business combination under common control
Qingdao Haier Technology Investment Co., Ltd.	Qingdao	Qingdao	Entrepreneurship investment and consulting	100.00		Establishment
Qingdao Casarte Smart Living Appliances Co., Ltd.	Qingdao	Qingdao	Development, production and sales of appliances		100.00	Establishment
Qingdao Haichuangyuan Appliances Sales Co., Ltd.	Qingdao	Qingdao	Sales of home appliances and digital products		100.00	Establishment
Haier Overseas Electric Appliance Co., Ltd.	Qingdao	Qingdao	Sales of home appliances, international freight forwarding	100.00		Establishment
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd.	Dalian	Dalian	Sales of home appliances, international freight forwarding	100.00		Business combination under common control
Qingdao Haier Central Air Conditioning Co., Ltd.	Qingdao	Qingdao	Production and sales of air and refrigeration equipment		100.00	Establishment
Chongqing Haier Home Appliance Sale Hefei Co., Ltd.	Hefei	Hefei	Sales of home appliances		100.00	Establishment
Qingdao Weixi Smart Technology Co., Ltd.	Qingdao	Qingdao	Intelligent sanitary ware		85.00	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	Beijing	Beijing	Software development	100.00		Establishment
Haier (Shanghai) Electronics Co., Ltd.	Shanghai	Shanghai	Sales, research and development of home appliances	100.00		Establishment
Shanghai Haier Zhongzhi Fang Chuang Ke Management Co., Ltd.	Shanghai	Shanghai	Business management consulting, chuangke management	100.00		Establishment
Qingdao Haier Smart Kitchen Appliance Co., Ltd.	Qingdao	Qingdao	Production and sales of kitchen smart home appliances		85.82	Establishment
GE Appliance (Shanghai) Co., Ltd.	Shanghai	Shanghai	Sales of home appliances		100.00	Establishment
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	Qingdao	Qingdao	Production and sales of home appliances		100.00	Establishment
Shanghai Zhihan Technology Co., Ltd. (上海挚瀚科技有限公司)	Beijing	Beijing	Promotion of technological development		100.00	Establishment
Laiyang Haier Smart Kitchen Appliance Co., Ltd.	Laiyang	Laiyang	Production and sales of home appliances		100.00	Establishment
Hefei Haier Air Conditioning Electronics Co., Ltd.	Hefei	Hefei	Production and sales of home appliances		100.00	Establishment
Haier (Shanghai) Home Appliance Research and Development Center Co., Ltd.	Shanghai	Shanghai	Research and development of home appliances		100.00	Establishment
Haier (Shenzhen) R&D Co., Ltd.	Shenzhen	Shenzhen	Development, research and technical services of household and commercial electrical		100.00	Establishment
Guangzhou Haier Air Conditioner Co., Ltd.	Guangdong	Guangdong	Manufacturing of refrigeration and air conditioning equipment		100.00	Establishment
Qingdao Yunshang Yuyi IOT Technology Co., Ltd.	Qingdao	Qingdao	IoT technology research and development		60.00	Establishment
Qingdao Jijia Cloud Intelligent Technology Co., Ltd.	Qingdao	Qingdao	R&D and sales of lighting appliances		80.00	Establishment
Qingdao Haimeihui Management Consulting Co., Ltd. (青岛海美汇管理咨询有限公司)	Qingdao	Qingdao	Leasing and business services		100.00	Establishment
Wuxi Yunshang Internet of Clothing Technology Co., Ltd. (无锡云裳衣联网科技有限公司)	Wuxi	Wuxi	Internet of Things technology R & D		100.00	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Qingdao Haidacheng Procurement Service Co., Ltd.	Qingdao	Qingdao	Develop, purchase and sell electrical products and components	100.00		Establishment
Guangdong Haier Intelligent Technology Co. Ltd. (广东海尔智能科技有限公司)	Guangzhou	Guangzhou	Scientific research and technology service sector		76.72	Business combination not under common control
Beijing Haixianghui Technology Co., Ltd. (北京海享汇科技有限公司)	Beijing	Beijing	Scientific research and technology service sector		100.00	Establishment
Haier Smart Home Experience Cloud Ecological Technology Co., Ltd. (海尔智家体验云生态科技有限公司)	Qingdao	Qingdao	Technology development of smart home products, whole furniture customization, etc.	100.00		Establishment
Haier Smart Home (Qingdao) Network Co., Ltd. (海尔智家(青岛)网络有限公司)	Qingdao	Qingdao	Technical services, development, consulting, transfer, etc.		100.00	Establishment
Haier Smart Home (Qingdao) Network Operation Co., Ltd. (海尔智家(青岛)网络运营有限公司)	Qingdao	Qingdao	Residential interior decoration, professional construction operation, special equipment installation, upgrading and repair, etc.		100.00	Establishment
Qingdao Internet of Wine Technology Co., Ltd. (青岛酒联网物联科技有限公司)	Qingdao	Qingdao	Urban distribution and transportation services, import and export of goods, technology import and export and food business, etc.		100.00	Establishment
Qingdao Linghai Air Conditioning Equipment Co., Ltd. (青岛菱海空调设备有限公司)	Qingdao	Qingdao	Manufacture and production of air conditioner and refrigeration equipment		100.00	Establishment
Shenzhen Yunshang Yilian Technology Co., Ltd. (深圳云裳衣联网科技有限公司)	Shenzhen	Shenzhen	Import and export business, Internet, Internet of things, big data, AI, AR and technical services operation		100.00	Establishment
Qingdao Haixiangxue Human Resources Co., Ltd. (青岛海享学人力资源有限公司)	Qingdao	Qingdao	Professional intermediary activities	100.00		Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Jiangxi Haier Medical Technology Co., Ltd.	Jiangxi	Jiangxi	Wholesale and retail of medical equipment	100.00		Establishment
Qingdao Haizhi Yunlan Technology Co., Ltd.	Qingdao	Qingdao	Technical service development	100.00		Establishment
Qingdao Haishengze Technology Co., Ltd.	Qingdao	Qingdao	Air conditioning equipment technical services	100.00		Establishment
Qingdao Hailvyuan Recycling Technology Co., Ltd.	Qingdao	Qingdao	Electrical and electronic products waste treatment	100.00		Establishment
Qingdao Haier HVAC Equipment Co., Ltd. (青岛海尔暖通空调设备有限公司)	Qingdao	Qingdao	Manufacture and sale of air-conditioners	75.00	25.00	Establishment
Qingdao Haier Home AI Industry Innovation Center Co., Ltd. (青岛海尔家庭人工智能产业创新中心有限公司)	Qingdao	Qingdao	Integrated service of AI industry application system	100.00		Establishment
Zhejiang Weixi IoT Technology Co., Ltd. (浙江卫玺物联科技有限公司)	Zhejiang	Zhejiang	IoT application service	100.00		Establishment
Qingdao Haier Quality Inspection Co., Ltd. (青岛海尔质量检测有限公司)	Qingdao	Qingdao	Inspection and testing of home appliance	100.00		Business combination under common control
Qingdao Haiyongcheng Certification Service Co., Ltd. (青岛海永成认证服务有限公司)	Qingdao	Qingdao	Product certification service	100.00		Business combination under common control
Qingdao Zhonghai Borui Testing Technology Service Co., Ltd. (青岛中海博睿检测技术服务有限公司)	Qingdao	Qingdao	Home appliance testing and technology consulting	100.00		Business combination under common controls
Qingdao Haier Special Plastic Development Co., Ltd.	Qingdao	Qingdao	Manufacture and sale of refrigerator doors	100.00		Business combination under common controls
Qingdao Haizhiling Air Conditioning Engineering Co., Ltd. (青岛海智菱空调工程有限公司)	Qingdao	Qingdao	Software development and sale of daily necessities	100.00		Establishment
Haier Smart Home (Xiongan, Hebei) Technology Co., Ltd. (海尔智家科技(河北雄安)有限公司)	Qingdao	Qingdao	Promotion of energy-saving technology	100.00		Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring 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		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	Establishment
Qingdao Jingzhi Recycle Environmental Technology Co., Ltd. (青岛鲸智再生环保科技有限公司)	Qingdao	Qingdao	Operation of dangerous waste		100.00	Establishment
Qingdao Yunshang Jieshen Yilian Technology Co., Ltd. (青岛云裳洁神衣联科技有限公司)	Qingdao	Qingdao	Professional cleaning and sale of daily necessities		51.00	Establishment
Shanghai Yunshang Yuyi IoT Technology Co., Ltd. (上海云裳羽衣物联科技有限公司)	Shanghai	Shanghai	Professional cleaning and sale of daily necessities		100.00	Establishment
Shijiazhuang Yunshang Yilian Technology Co., Ltd. (石家庄云裳衣联科技有限公司)	Shijiazhuang	Shijiazhuang	Professional cleaning and sale of daily necessities		51.00	Establishment
Nanjing Yunshang Yilian Technology Co., Ltd. (南京云裳衣联科技有限公司)	Nanjing	Nanjing	Professional cleaning and sale of daily necessities		80.00	Establishment
Shanxi Yunshang Yilian Technology Co., Ltd. (山西云裳衣联科技有限公司)	Shanxi	Shanxi	Professional cleaning and sale of daily necessities		51.00	Establishment
Tianjin Yunshang Yilian Technology Co., Ltd. (天津云裳衣联网科技有限公司)	Tianjin	Tianjin	Professional cleaning and sale of daily necessities		51.00	Establishment
Chongqing Yunshang Haihong Yilian Technology Co., Ltd. (重庆云裳海宏衣联科技有限公司)	Chongqing	Chongqing	Professional cleaning and sale of daily necessities		51.00	Establishment
Chengdu Yunshang Meier Yilian Technology Co., Ltd. (成都云裳美尔衣联科技有限公司)	Chengdu	Chengdu	Professional cleaning and sale of daily necessities		80.00	Establishment
Qingdao Haier Smart Dishwasher Co., Ltd. (青岛海尔智慧洗碗机有限公司)	Qingdao	Qingdao	Manufacture, research and development and sales of home appliances		100.00	Establishment

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Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%)		Acquiring method
				Direct	Indirect	
Chengdu Yunshang Yilian Technology Co., Ltd. (成都云裳衣联科技有限公司)	Chengdu	Chengdu	Professional cleaning and sale of daily necessities	100.00		Establishment
Qingdao Haixiangmian Technology Co., Ltd. (青岛海享眠科技有限公司)	Qingdao	Qingdao	Sale of food and daily necessities	100.00		Establishment
Qingdao Haier Kitchen IoT Technology Co., Ltd. (青岛海尔厨联网物联科技有限公司)	Qingdao	Qingdao	Technology service and sale of daily necessities	100.00		Establishment
Tibet Haifeng Intelligent Innovation Technology Co., Ltd. (西藏海峰智能创新科技有限公司)	Tibet	Tibet	Development of software and medical equipment	100.00		Establishment
Qingdao Haixiangzhi Technology Co., Ltd. (青岛海享智科技有限公司)	Qingdao	Qingdao	Manufacturing of home appliances	100.00		Establishment
Qingdao Haier Refrigeration Appliance Co., Ltd. (青岛海尔制冷电器有限公司)	Qingdao	Qingdao	Manufacturing of home appliances	100.00		Establishment
Chongqing Haier Washing Appliance Co., Ltd. (重庆海尔洗涤电器有限公司)	Chongqing	Chongqing	Manufacturing of home appliances	100.00		Establishment
Tongfang Energy Technology Development Co., Ltd. (同方能源科技发展有限公司)	Beijing	Beijing	Technology development service	84.32		Business combination not under common control
Qingdao Haier Youyang Technology Co., Ltd. (青岛海尔有养科技有限公司)	Qingdao	Qingdao	Technology development service	51.00		Establishment
Qingdao Haier Yikang Technology Co., Ltd. (青岛海尔益康科技有限公司)	Qingdao	Qingdao	Technology development service	100.00		Establishment
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



## Section X Financial Report

### 2. Transactions leading to the change of shareholding in subsidiaries but not losing the control

√ Applicable  Not Applicable

#### (1) Description of changes in the share of owners' equity in subsidiaries

√ Applicable  Not Applicable

Capital contribution by minority shareholders of the subsidiary of the Company leads to changes in the Company's shareholding ratio.

#### (2) Impact of the transactions on minority interest and the equity attributable to shareholders of the Company:

Items	Others
Total consideration for acquisition/disposal	83,668,779.14
Less: share of net assets of subsidiaries in respect to the shareholding proportion acquired/disposed	64,283,632.20
Difference	-19,385,146.94
Including: adjustment to decrease capital reserve	-19,385,146.94

### 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 Carrier Refrigeration Equipment Co., Ltd.	Qingdao	Qingdao	Manufacturing of home appliances	49.00%	Equity method
Qingdao Haier Multimedia Co., Ltd.	Qingdao	Qingdao	R&D and sales of television	20.20%	Equity method
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
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石化同方能源科技有限公司)	Beijing	Beijing	Technology service development	20.00%	Equity method

## Section X Financial Report

Name of joint venture and associates	Principal place of business	Place of registration	Nature of business	Shareholding	Accounting treatment of investment
Zhejiang Futeng Fluid Technology Co., Ltd.	Huzhou	Huzhou	Gas compression machinery development and manufacturing	48.00%	Equity method
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	Guangzhou	Guangzhou	Machinery and equipment development and manufacturing	15.00%	Equity method
Qingdao 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 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
Haineng Wanjia (Shanghai) Technology Development Co., Ltd.	Shanghai	Shanghai	Construction	20.00%	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
Youjin (Shanghai) Corporate Management Co., Ltd	Shanghai	Shanghai	Investment management	45.00%	Equity method
RRS (Shanghai) Investment Co., Ltd. (日日顺(上海)投资有限公司)	Shanghai	Shanghai	Investment management	45.00%	Equity method
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	Qingdao	Qingdao	Water equipment technology development service	49.00%	Equity method
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	Qingdao	Qingdao	Investment management	30.00%	Equity method
Qingdao RRS Huizhi Investment Co., Ltd.	Qingdao	Qingdao	Investment management	50.00%	Equity method
Qingdao 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
Konan Electronic Co., Ltd	Japan	Japan	Motor Manufacturing	50.00%	Equity method
HPZ LIMITED	Nigeria	Nigeria	Manufacturing of home appliance	25.01%	Equity method
HNR (Private) Company Limited	Pakistan	Pakistan	Manufacturing of home appliance	31.72%	Equity method
Controladora Mabe S.A.de C.V.	Mexico	Mexico	Manufacturing of home appliance	48.41%	Equity method
Middle East Air conditioning Company, Limited	Saudi Arabia	Saudi Arabia	Sales of home appliances	49.00%	Equity method

## Section X Financial Report

### (2) Key financial information of important associates

√ Applicable  Not Applicable

Unit and Currency: RMB

① The basic profile of important associates:  
Haier Group Finance Co., Ltd. (hereinafter referred to as “Finance company”) was established by Haier Group Corporation and its three affiliates. Registration place and principal place of business: No.178-2 Haier Road, Laoshan District, Qingdao City. The Company’s subsidiaries hold an aggregate of 42.00% equity interest in Finance Company.

② Financial information of important associates:

Items	Finance company	
	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Current assets	58,118,246,068.64	58,471,449,425.14
Non-current assets	16,522,384,591.51	17,215,510,844.97
Total assets	74,640,630,660.15	75,686,960,270.11
Current liabilities	55,104,446,290.29	56,268,320,103.08
Non-current liabilities	583,330,585.96	583,055,172.64
Total liabilities	55,687,776,876.25	56,851,375,275.72
Minority interests		
Equity attributable to shareholders of the parent company	18,952,853,783.90	18,835,584,994.39
Including: share of net assets calculated per shareholding percentage	7,960,198,589.24	7,910,945,697.64
Operating income	931,067,464.94	903,641,445.71
Net profit	677,251,560.13	753,528,932.20
Other comprehensive income	17,229.38	-21,953,251.63
Total comprehensive income	677,268,789.51	731,575,680.57
Dividend received from associates for the year	235,200,000.00	235,200,000.00

## (3) Summarized financial information of insignificant joint ventures and associates

Investment in associates	Closing balance/ Amount for the current period	Opening balance/ Amount for the previous period
Bank of Qingdao Co., Ltd.	3,437,294,397.06	3,200,132,708.75
Wolong Electric (Jinan) Motor Co., Ltd.	190,943,209.43	177,662,547.04
Qingdao Hegang New Material Technology Co., Ltd. (青岛河钢新材料科技股份有限公司)	339,366,124.72	329,713,566.36
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	190,405,837.69	206,764,442.76
Mitsubishi Heavy Industries Haier (Qingdao) Airconditioners Co., Ltd.	731,439,878.82	663,804,966.31
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	416,077,948.22	412,107,471.53
Qingdao Haier Multimedia Co., Ltd.	88,300,000.00	88,300,000.00
Baoshihua Tong Fang Energy Technology Co., Ltd. (宝石花同方能源科技有限公司)	30,326,966.78	30,326,966.78
Zhengzhou Highly Electric Appliance Co., Ltd. (郑州海立电器有限公司)	97,032,780.77	98,000,000.00
Zhejiang Futeng Fluid Technology Co., Ltd.	77,584,161.99	77,584,161.99
Hongtong Environmental Technology (Guangzhou) Co., Ltd. (宏通环境技术(广州)有限公司)	7,265,965.73	4,265,965.73
Beijing ASU Tech Co., Ltd.		7,919,009.51
Qingdao Haimu Investment Management Co., Ltd.	2,609,456.57	2,609,456.57
Qingdao Haimu Smart Home Investment Partnership (Limited Partnership)	57,989,007.18	57,989,007.18
Haineng Wanjia (Shanghai) Technology Development Co., Ltd. (海能万嘉(上海)科技发展有限公司)	606,029.71	606,029.71
Qingdao Guochuang Intelligent Household Appliance Research Institute Co., Ltd. (青岛国创智能家电研究院有限公司)	39,084,107.57	38,574,227.53
Guangzhou Heying Investment Partnership (Limited Partnership)	150,969,739.44	194,416,881.32
Qingdao Home Wow Cloud Network Technology Co., Ltd	2,781,795.11	2,192,669.49
Bingji (Shanghai) Corporate Management Co., Ltd.	1,073,095,181.86	1,056,245,062.87
Youjin (Shanghai) Corporate Management Co., Ltd	1,950,263,967.00	1,919,627,387.02

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<b>Investment in associates</b>	<b>Closing balance/ Amount for the current period</b>	<b>Opening balance/ Amount for the previous period</b>
RRS (Shanghai) Investment Co., Ltd. (日日顺(上海)投资有限公司)	3,545,116,303.65	3,489,413,430.96
Haier Best Water Technology Co., Ltd. (倍世海尔饮水科技有限公司)	150,781,033.56	148,369,638.40
Huizhixiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership)	201,495,856.15	238,175,637.03
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)	6,107,497.56	
Qingdao Xinshenghui Technology Co., Ltd. (青岛鑫晟汇科技有限公司)	10,385,042.54	10,005,915.15
Ningbo Beilian Intelligent Technology Co., Ltd. (宁波贝立安智能科技有限公司)	3,500,000.00	
Orygin LLC		22,296,931.04
Konan Electronic Co., Ltd	57,582,447.57	64,378,952.07
HNR (Private) Company Limited	134,322,225.41	111,225,806.51
HPZ LIMITED	-4,326,324.37	3,483,576.50
Controladora Mabe S.A.de C.V.	5,188,461,070.95	5,078,418,321.53
Middle East Airconditioning Company, Limited	7,303,000.26	7,299,166.60
Total book value of investment	18,188,248,191.71	17,745,993,387.02
Total amount of the following financial data of associates calculated based on shareholding percentage		
- Net profit	741,808,654.94	775,751,075.57
- Other comprehensive income	21,625,261.80	-6,287,979.19
- Total comprehensive income	763,433,916.74	769,463,096.38

## XI. SEGMENT REPORT

√ Applicable  Not Applicable

The Company is principally engaged in manufacture and sales of home appliances and relevant services business, manufacture of upstream home appliances parts, distribution of products of third party, logistics and after-sale business.

The Company has five business segments: (1) Household Food Storage and Cooking Solutions: mainly manufacturing and selling refrigerator/freezers and kitchen appliances; (2) Air Solutions: mainly manufacturing and selling air conditioners; (3) Household Laundry Management Solutions: mainly manufacturing and selling washing machines and dryers; (4) Household Water Solutions: mainly manufacturing and selling water home appliances such as water heaters and water purifiers; (5) Other business: mainly include channel, equipment components, small home appliance business and others. The management of the Company assesses operating performance of each segment and allocates resources according to the division. Sales between segments were mainly based on market price.

Due to centralized management under the headquarters or exclusion from the assessment scope of segment management, the total assets of segments exclude monetary funds, financial assets held for trading, derivative financial assets, dividends receivable, held-for-sale financial assets, other current assets, debt investment, long-term accounts receivable, long-term equity investment, other equity instruments investment, other non-current financial assets, goodwill and deferred income tax assets; the total liabilities of segments exclude long-term and short-term borrowings, financial liabilities held for trading, derivative financial liabilities, taxes payable, interests payable, dividends payable, held-for-sale liabilities, bonds payable, deferred income tax liabilities and other non-current liabilities; profits of segments exclude financial expenses, profit or loss in fair value changes, income from investment, and income on disposal of assets, Non-value-added tax refundable upon imposition component of other income, non-operating incomes and expenses and income tax.

### (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	41,127,956,870.22	20,275,302,895.20	29,234,848,611.97	29,736,595,881.54
Including: external revenue	41,022,856,775.64	20,228,275,282.99	29,074,828,944.30	29,601,746,705.79
Inter-segment revenue	105,100,094.58	47,027,612.21	160,019,667.67	134,849,175.75
Total segment operating cost	37,588,892,334.62	18,475,056,113.76	27,541,697,922.16	26,646,494,850.28
Segment operating profit	3,539,064,535.60	1,800,246,781.44	1,693,150,689.81	3,090,101,031.26
Total segment assets	52,005,694,950.57	22,654,775,328.51	30,996,742,377.94	32,009,317,554.55
Total segment liabilities	69,940,655,493.31	13,848,570,895.00	25,758,512,565.50	17,757,478,070.87

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(continued)

Segment information	Household Water Solutions	Other business	Inter-segment eliminations	Total
Segment revenue	8,106,193,795.05	50,267,171,923.80	-43,125,520,856.77	135,622,549,121.01
Including: external revenue	8,011,173,935.80	7,683,667,476.49	—	135,622,549,121.01
Inter-segment revenue	95,019,859.25	42,583,504,447.31	-43,125,520,856.77	—
Total segment operating cost	6,910,808,149.22	50,202,231,531.52	-43,170,446,222.86	124,194,734,678.70
Segment operating profit	1,195,385,645.83	64,940,392.28	44,925,366.09	11,427,814,442.31
Total segment assets	7,476,419,468.87	74,889,956,696.38	-91,386,277,258.29	128,646,629,118.53
Total segment liabilities	5,907,219,158.13	68,163,639,745.66	-91,284,540,418.29	110,091,535,510.18

### 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	40,411,341,041.10	20,205,647,157.99	28,176,850,151.17	28,314,129,699.92
Including: external revenue	40,327,782,569.05	20,187,056,144.99	28,061,662,346.15	28,248,158,381.79
Inter-segment revenue	83,558,472.05	18,591,013.00	115,187,805.02	65,971,318.13
Total segment operating cost	37,449,253,888.22	18,548,446,710.24	26,950,740,655.39	25,757,441,566.16
Segment operating profit	2,962,087,152.88	1,657,200,447.75	1,226,109,495.78	2,556,688,133.76
Total segment assets	46,386,636,541.89	21,182,487,836.50	23,095,120,351.59	31,083,146,812.59
Total segment liabilities	61,738,020,657.75	12,928,214,554.98	22,560,023,701.22	18,456,071,567.13

(continued)

Segment information	Household Water Solutions	Other business	Inter-segment eliminations	Total
Segment revenue	7,606,598,837.87	44,868,417,123.51	-37,954,388,099.51	131,628,595,912.05
Including: external revenue	7,547,568,985.51	7,256,367,484.56	—	131,628,595,912.05
Inter-segment revenue	59,029,852.36	37,612,049,638.95	-37,954,388,099.51	—
Total segment operating cost	6,601,452,862.30	44,823,364,609.07	-38,029,454,448.75	122,101,245,842.63
Segment operating profit	1,005,145,975.57	45,052,514.44	75,066,349.24	9,527,350,069.42
Total segment assets	6,974,086,027.37	72,345,944,832.66	-74,983,515,615.16	126,083,906,787.44
Total segment liabilities	5,952,269,383.29	67,056,680,238.32	-74,838,436,273.16	113,852,843,829.53

**(2) Geographical information**

“Other countries/regions” in this report refers to all other countries/regions (including Hong Kong and Macau Special Administration Region and Taiwan) other than the mainland China for the purpose of information disclosure.

**a. External transaction revenue**

Items	Amount for the current period	Amount for the previous period
Mainland China	64,798,348,696.57	63,326,144,956.04
Other countries/regions	70,824,200,424.44	68,302,450,956.01
Among which:		
America	39,079,401,455.27	39,133,384,718.31
Australia	3,224,852,882.97	2,949,512,878.44
South Asia	6,541,908,201.63	5,954,521,760.73
Europe	14,504,641,098.47	13,278,015,975.79
Southeast Asia	3,491,588,857.32	3,107,279,065.87
Middle East and Africa	1,474,675,819.82	1,162,600,377.18
Japan	1,826,967,375.51	1,947,027,593.72
Others	680,164,733.45	770,108,585.97
Total	135,622,549,121.01	131,628,595,912.05

**b. Total non-current assets**

Items	Closing balance	Opening balance
Mainland China	22,972,510,062.72	22,369,511,589.93
Other countries/regions	31,488,092,970.71	31,152,060,989.07
Total	54,460,603,033.43	53,521,572,579.00

Total non-current assets exclude: debt investments, long-term receivable, long-term equity investments, other equity instrument investments, other non-current financial assets, goodwill and deferred income tax assets.



## XII. DISCLOSURE OF FAIR VALUE

### 1. Assets and liabilities measured at fair value

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value is significant to the fair value measurement as a whole:

Level 1: Unadjusted quotes for the same asset or liability in an active market.

Level 2: Inputs that are directly or indirectly observable for related assets or liabilities, except for Level 1 inputs.

Level 3: Unobservable inputs of related assets or liabilities.

#### At the end of the period

Items	Input used for fair value measurement			Total
	Quotes in an active market (Level 1)	Important observable input (Level 2)	Important unobservable input (Level 3)	
<b>Continuously measured at fair value</b>				
<b>Financial assets held for trading</b>	364,456,854.49	605,849,428.57	96,263,475.95	1,066,569,759.01
Including: Bank wealth management products		605,849,428.57		605,849,428.57
Investment fund	271,718,384.49			271,718,384.49
Investment in equity instruments	92,738,470.00		96,263,475.95	189,001,945.95
<b>Derivative financial assets</b>		86,713,582.93		86,713,582.93
Including: Forward foreign exchange contract		79,226,226.47		79,226,226.47
Forward commodity contracts		7,487,356.46		7,487,356.46
<b>Other equity instruments</b>	20,872,520.46		6,260,941,846.07	6,281,814,366.53
Including: Equity instruments measured at fair value through other comprehensive income	20,872,520.46		6,260,941,846.07	6,281,814,366.53
<b>Derivative financial liabilities</b>		191,751,522.44		191,751,522.44
Including: Forward foreign exchange contract		191,751,522.44		191,751,522.44

## At the beginning of the period

Items	Input used for fair value measurement			Total
	Quotes in an active market (Level 1)	Important observable input (Level 2)	Important unobservable input (Level 3)	
<b>Continuously measured at fair value</b>				
<b>Financial assets held for trading</b>	369,591,046.58	487,936,101.81	96,436,395.44	953,963,543.83
Including: Bank wealth management products		487,936,101.81		487,936,101.81
Investment fund	222,803,002.38			222,803,002.38
Investment in equity instruments	146,788,044.20		96,436,395.44	243,224,439.64
<b>Derivative financial assets</b>		67,565,829.44		67,565,829.44
Including: Forward foreign exchange contract		67,565,829.44		67,565,829.44
<b>Other equity instruments</b>	19,988,760.34		6,383,706,194.43	6,403,694,954.77
Including: Equity instruments measured at fair value through other comprehensive income	19,988,760.34		6,383,706,194.43	6,403,694,954.77
<b>Derivative financial liabilities</b>		168,625,004.97		168,625,004.97
Including: Forward foreign exchange contract		166,573,028.22		166,573,028.22
Forward commodity contract		2,051,976.75		2,051,976.75

For financial instruments traded in an active market, the Company determines its fair value based on its quotes in an active market; for financial instruments not traded in an active market, the Company uses valuation techniques to determine its fair value.

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### 2. The basis for determining the fair value of the continual Level 2 fair value measurement items

Items	Fair value at the end of the period	Valuation techniques
<b>Financial assets held for trading</b>		
Including: Bank wealth management products	605,849,428.57	Discounted cash flow
<b>Derivative financial assets</b>		
Including: Forward foreign exchange contract	79,226,226.47	Discounted cash flow
Forward commodity contracts	7,487,356.46	Discounted cash flow
<b>Derivative financial liabilities</b>		
Including: Forward foreign exchange contract	191,751,522.44	Discounted cash flow

### 3. Continual Level 3 fair value measurement major items, the valuation techniques adopted and information of important parameters

Items	Fair value at the end of the period	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
<b>Other equity instruments</b>					
Including:					
1. COSMO IoT Technology Co., LTD. (卡奥斯物联科技股份有限公司)	2,817,408,000.00	Market approach	1. Average P/S multiple of peers 2. Discount for lack of marketability	1. 2.93 to 2.99 2. 27.46% to 29.46%	1. 1% increase (decrease) in average P/S multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB21.27 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB29.35 million.
2. SINOPEC Fuel Oil Sales Corporation Limited (中國石化銷售股份有限公司)	1,860,840,776.61	Market approach	1. Average P/E multiple of peers 2. Discount for lack of marketability	1. 38.24 to 39.01 2. 24.55% to 26.55%	1. 1% increase (decrease) in average P/E multiple of the Comparable Companies would result in increase (decrease) in fair value by RMB18.6082 million. 2. 1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by RMB24.9951 million.

#### 4. Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value include: monetary funds, bills receivable, accounts receivable, other receivables, other current assets, long-term and short-term borrowings, bills payable, accounts payable, other payables, long-term payables, bonds payable, etc. The difference between the book value and the fair value of financial assets and financial liabilities not measured at fair value at the end of the period is small.

### XIII. RELATED PARTIES AND THEIR CONNECTED TRANSACTIONS

#### (I) Explanation for basis of identifying related party

According to Accounting Standards for Business Enterprises No. 36 — Related Party Disclosures, parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party. Parties (two or more than two) are also considered to be related if they are subject to common control, joint control or significant influence from another party.

According to Management Practices for Information Disclosure of Listed Company (China Securities Regulatory Commission Order No. 182), related legal entity or individual will be identified as related parties in certain occasions.

#### (II) Relationships between related parties

##### 1. Information about the parent company and other companies holding shares of the Company

Name	Type of enterprise	Registered place	Registered capital	Legal representative	Relationships with the Company	Interest in the Company	Voting rights to the Company
Haier Group Corporation	Collective ownership company	Qingdao High-tech Zone Haier Park	311,180,000	Zhou Yunjie	Parent Company	11.36%	11.36%
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	13.34%	13.34%
HCH (HK) Investment Management Co., Limited	Private company	Hong Kong	HKD10,000	/	Parties acting in concert of Parent Company	5.71%	5.71%
Qingdao Haier Venture & Investment Information Co., Ltd.	Company with limited liability	Qingdao Free Trade Zone	923,000,000	Zhou Yunjie	Parties acting in concert of Parent Company	1.83%	1.83%
Qingdao Haichuangzhi 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	1.42%	1.42%
Haier International Co., Limited	Private company	Hong Kong	HKD 2	/	Parties acting in concert of Parent Company	0.62%	0.62%

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### 2. Subsidiaries of the Company

√ Applicable  Not Applicable

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

√ Applicable  Not Applicable

The details of important joint ventures and associates of the Company are detailed in Note VII.12 and Note X.3.

### 4. Connected companies with no relationship of control

Name	Relationship with the Company
Chongqing Zhonglian Energy Technology Co., Ltd.	Subsidiary of Haier Group
Chongqing Haier Electrical Appliances Sales Co., Ltd.	Subsidiary of Haier Group
Hongkong Gooday Supply Chain Management Limited	Subsidiary of Haier Group
Shanghai Cotai Supply Chain Management Co., Ltd.	Subsidiary of Haier Group
Gooday Supply Chain Technologies Co., Ltd.	Subsidiary of Haier Group
Gooday (Qingdao) International Supply Chain Service Co., Ltd.	Subsidiary of Haier Group
Qingdao Goodaymart Supply Chains Co., Ltd.	Subsidiary of Haier Group
Qingdao Manniq Intelligent Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Oasis Technology Co., Ltd.	Subsidiary of Haier Group
Qingdao Haironghui Commercial Factoring Co., Ltd.	
(青岛海融汇商业保理有限公司)	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 Haier Industrial Development Co., Ltd	Subsidiary of Haier Group
COSMO Moulds (Qingdao) Co., Ltd. (卡奥斯模具(青岛)有限公司)	Subsidiary of Haier Group
Hefei Ririshun Logistics Co., Ltd. (合肥日日顺物流有限公司)	Subsidiary of Haier Group
Qingdao Haier New Materials R & D Co., Ltd.	Associate of subsidiary of Haier Group
HPZ Limited	Associate
HNR (Private) Company Limited	Associate
Wolong Electric (Jinan) Motor Co., Ltd.	Associate

Name	Relationship with the Company
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	Associate
Controladora Mabe S.A.de C.V.	Associate
Qingdao HBIS Composite New Material Co., Ltd.	Subsidiary of associate
Hefei Hegang New Material Technology Co., Ltd.	Subsidiary of associate

**(III) Related-party transactions**

1. Details of the Company's procurement of goods and services from related parties are as follows:

Applicable  Not Applicable

Unit and Currency: RMB

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe, S.A.de C.V.	7,687,926,090.90	5,353,771,339.60
Qingdao Haier Parts Procurement Co., Ltd.	3,059,386,453.56	3,608,931,862.86
Gooday Supply Chain Technologies Co., Ltd.	1,972,219,635.41	1,635,118,057.32
HNR (Private) Company Limited	1,729,101,867.08	1,642,887,548.69
Chongqing Haier Electrical Appliances Sales Co., Ltd.	847,550,618.71	623,669,202.51
Shanghai Cotai Supply Chain Management Co., Ltd.	712,737,566.32	710,764,662.41
Other related parties	3,544,298,655.85	2,837,630,921.90
Total	19,553,220,887.83	16,412,773,595.29

2. Details of the Company's sales of goods to related parties are as follows:

Applicable  Not Applicable

Unit and Currency: RMB

Related parties	Amount for the current period	Amount for the previous period
Controladora Mabe S.A.de C.V.	723,506,543.36	641,206,803.16
HNR (Private) Company Limited	331,070,763.13	910,139,552.47
Qingdao Haier International Trading Co., Ltd.	283,889,750.78	372,641,570.39
Qingdao Haier Parts Procurement Co., Ltd.	238,417,939.07	278,395,066.75
Other related parties	371,847,585.92	372,284,369.32
Total	1,948,732,582.26	2,574,667,362.09

## Section X Financial Report

### 3. Amount of unsettled items of related parties

Items and name of customers	Closing Balance	Opening Balance
<b>Bills receivable:</b>		
Qingdao Haier Parts Procurement Co., Ltd.	196,664,472.63	
Chongqing Haier Electrical Appliances Sales Co., Ltd.	100,520,000.00	
Qingdao Haier International Trading Co., Ltd.		178,000,000.00
Other related parties	19,578,830.33	20,640,531.66
<b>Accounts receivable:</b>		
HNR (Private) Company Limited	680,823,286.60	1,191,001,767.66
Qingdao Oasis Technology Co., Ltd.	98,743,874.06	116,266,117.23
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	59,317,651.95	5,467,727.75
HPZ Limited	41,867,299.41	37,410,646.01
Qingdao Haier International Trading Co., Ltd.	38,693,364.55	13,320,054.89
Other related parties	199,631,845.53	365,341,125.71
<b>Prepayments:</b>		
Qingdao Haier International Trade Co., Ltd.	7,737,990.20	8,594,602.74
COSMO Moulds (Qingdao) Co., Ltd. (卡奥斯模具(青岛)有限公司)	6,270,889.38	1,380,353.31
HNR (Private) Company Limited	4,620,420.81	
Hefei Hegang New Material Technology Co., Ltd.	4,471,168.77	6,241,957.96
Qingdao Haier Parts Procurement Co., Ltd.	2,946,575.37	2,956,547.28
Qingdao Haier International Travel Agency Co., Ltd.	2,224,783.21	3,115,793.21
Qingdao Haier Industrial Development Co., Ltd.	1,878,840.25	2,501,673.89
Qingdao HBIS Composite New Material Co., Ltd.	1,721,562.19	1,443,538.08
Other related parties	13,908,017.65	14,918,099.11
<b>Other receivables:</b>		
Qingdao Haier International Trade Co., Ltd.	56,190,891.19	7,951,101.19
Qingdao Manniq Intelligent Technology Co., Ltd.	32,561,213.58	318,694.51
Controladora Mabe, S.A.de C.V.	20,644,871.11	14,824,407.91
Wuhan Haizhi Real Estate Development Co., Ltd. (武汉海智房地产开发有限公司)	5,712,459.00	3,200,000.00
Other related parties	28,178,485.95	15,233,663.55
<b>Bills payable:</b>		
Qingdao Haier New Materials R & D Co., Ltd.	330,259,945.68	390,891,579.36
Wolong Electric (Jinan) Motor Co., Ltd.	43,179,863.06	30,416,664.00
Qingdao HBIS Composite New Material Co., Ltd.	21,325,751.06	27,781,266.64
Hefei Hegang New Material Technology Co., Ltd.	15,595,879.69	21,795,818.85

Items and name of customers	Closing Balance	Opening Balance
<b>Accounts payable:</b>		
Controladora Mabe, S.A.de C.V.	1,472,686,933.56	1,017,676,511.30
Qingdao Haironghui Commercial Factoring Co., Ltd. (青岛海融汇商业保理有限公司)	417,697,006.32	367,964,948.49
Qingdao Haier Parts Procurement Co., Ltd.	252,154,899.21	247,164,539.11
HNR (Private) Company Limited	250,069,188.30	225,492,094.68
Qingdao Haier International Trading Co., Ltd.	212,308,791.23	197,267,091.22
Hong Kong Gooday Supply Chain Technologies Co., Ltd.	124,801,868.02	74,153,281.02
Other related parties	681,423,587.12	703,667,318.78
<b>Contract liabilities:</b>		
Wolong Electric (Jinan) Motor Co., Ltd.	38,652,174.62	50,686,531.85
Chongqing Zhonglian Energy Technology Co., Ltd.	17,210,127.92	17,217,306.92
Mitsubishi Heavy Industry Haier (Qingdao) Air Conditioner Co., Ltd.	6,818,411.00	4,119,857.00
Other related parties	10,693,897.68	5,981,325.89
<b>Dividends payable:</b>		
Haier COSMO Co., Ltd. (海尔卡奥斯股份有限公司)	1,008,596,736.32	
Haier Group Corporation	859,493,731.30	
Qingdao Haier Venture & Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司)	138,027,698.85	
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) (青岛海创智管理咨询企业(有限合伙))	107,208,112.69	
<b>Other payables:</b>		
Gooday Supply Chain Technologies Co., Ltd.	933,977,156.37	897,015,102.10
Shanghai Cotai Supply Chain Management Co., Ltd.	160,487,139.16	129,653,209.93
Gooday (Qingdao) International Supply Chain Service Co., Ltd.	96,558,428.97	64,467,694.39
Qingdao Goodaymart Supply Chains Co., Ltd.	50,667,954.58	45,292,270.93
Qingdao Manniq Intelligent Technology Co., Ltd.	48,555,926.91	14,038,277.93
Other related parties	283,063,012.99	347,492,658.45



## Section X Financial Report

### 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	21,057,085,069.50	26,276,742,534.50
Debt investments deposited at the Finance Company	12,827,500,000.00	7,377,500,000.00
Interest receivable from the Finance Company	872,330,240.02	688,144,130.70
Bills issued	8,548,324,901.06	8,909,470,662.88
Foreign exchange derivatives of the Finance Company	2,059,045.00	-10,143,691.03

Various balances of the Company and the Finance Company are as follows:

Items	Amount for the current period	Amount for the previous period
Interest income of the Finance Company	439,523,818.78	353,842,566.54
Interest expense of the Finance Company		413,964.86
Service fee of the Finance Company	4,425,427.95	7,917,428.19
Spot foreign exchange business (foreign exchange settlement and sale)	2,455,313,888.20	3,287,657,392.00

- (2) The lease expense of the Company and its subsidiaries for production and operation leased from related parties for the current period was RMB57 million (amount for the corresponding period: RMB49 million).
- (3) Haier Group Corporation provided joint liability guarantee for certain bills payable of the subsidiaries of the Company with the guaranteed amount of RMB2,316 million at the end of the period (amount at the beginning of the period: RMB2,639 million).

### (IV) Pricing Policy

#### 1. Related-party Sales

Some related parties purchase components through the independent procurement platform of the Company, purchase electrical appliances for sales from the Company, and receive after-sales services, R&D service, housing rental and other business provided by the company due to their business needs. In April 2022, according to the implementation of connected transactions in the early stage and the relevant listing requirements in Hong Kong, the Company and Haier Group Corporation revised and signed the Product and Materials Sales Framework Agreement, the Service Provision Framework Agreement and the Property Leasing Framework Agreement on the basis of the original execution contract, which agreed on the financial connected transactions. The pricing principle included that both parties should agree on the price which is not less favourable than those provided by the Company to the Independent Third Parties on arm's length to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement commenced from 1 January 2023 to 31 December 2025, which can be renewed for another three years upon expire.

#### 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.

## Section X Financial Report

### 3. Financial aspect

Some of the financial services such as deposit and loan service, discounting service and foreign exchange derivatives needed by the Company are provided by Haier Group Corporation, its subsidiaries and other companies. According to the Financial Service Agreement entered among the Company, Haier Group Corporation and other parties, the price of financial services is determined by the principle of not less favourable than market value fair. The Company is entitled to decide whether to keep cooperation relationship with them with the knowledge of the price prevailing in the market and in combination with its own interests. While performing the agreement, the Company could also require other financial service institutions to provide related financial services basing on actual situation. In order to meet the Company's demands such as the avoidance of foreign exchange fluctuation risk, the Company may choose Haier Group Finance Co., Ltd. to provide some foreign exchange derivative business after comparing with comparable companies. The Company will uphold the safe and sound, appropriate and reasonable principle, under which all foreign exchange capital business shall have a normal and reasonable business background to eliminate speculative operation. At the same time, the Company has specified the examination and permission rights, management positions and responsibilities at all levels for its foreign exchange capital business to eradicate the risks of operation by persons and improved its response speed to risks on the premise that the risks are effectively controlled. In March 2023, the Company and Haier Group Corporation renewed the Financial Services Framework Agreement, which agreed on the financial connected transactions. The pricing principle included the deposit interest rate not lower than the maximum interest rate of major banks listed and the loan interest rate not less favourable than the market price to ensure the fairness and reasonableness of connected transactions. The valid term of the agreement lasts until 31 December 2026, which can be renewed for another three years upon expire.

### 4. Others

The Company signed the Intellectual Property Licensing Framework Agreement with Haier Group Corporation in November 2020. According to the agreement, Haier Group has agreed to grant or procure its subsidiaries and contact persons to grant the license to the Company at nil consideration to use all its intellectual property rights, including but not limited to trademarks, patents, copyrights and logos for the products, packaging, services and business introduction documents of the Company. The date of the Intellectual Property Licensing Framework Agreement shall be permanently effective from the listing date. When such specific intellectual property rights expire and are not renewed by Haier Group, our right to use certain intellectual property rights under the Intellectual Property Licensing Framework Agreement will terminate.

## XIV.SHARE-BASED PAYMENTS

### 1. Overall of share-based payments

Applicable  Not Applicable

Quantity Unit: shares  
Amount Unit and Currency: RMB

Categories of participants	Granted during the current period		Exercised during the current period		Vested during the current period		Lapsed during the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Directors and senior management							1,190,523.00	8,352,377.35
Staff	4,258,615.00	108,989,967.14					39,366,889.00	309,703,219.45
Total	4,258,615.00	108,989,967.14					40,557,412.00	318,055,596.80

Outstanding share options or other equity instruments at the end of the period

Applicable  Not Applicable

Categories of participants	Outstanding share options at the end of the period		Outstanding other equity instruments at the end of the period	
	Exercise price	The remaining contractual term	Exercise price	The remaining contractual term
2021 First Option	RMB25.63 per share	September 2021 – September 2026		
2021 Second Option	RMB25.63 per share	December 2021 – December 2026		
2022 Option	RMB23.86 per share	June 2022 – June 2026		
2022 Stock Ownership Plan A			N/A	August 2022-August 2024
2022 Stock Ownership Plan H			N/A	August 2022-August 2024
2023 Stock Ownership Plan A			N/A	July 2023 – July 2025
2023 Stock Ownership Plan H			N/A	July 2023 – July 2025
2021 Restricted Shares			N/A	August 2021 – July 2024
2022 Restricted Shares			N/A	July 2022 – June 2025
2023 Restricted Shares			N/A	July 2023– June 2026
2024 Restricted Shares			N/A	June 2024– May 2027

## Section X Financial Report

### 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	RMB1.371 billion

### 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	30,742,934.79	
Staff	170,662,640.18	
Total	201,405,574.97	

### 5. Modification and termination of share-based payments

Applicable  Not Applicable

**XV. CONTINGENCIES**√ Applicable  Not Applicable

As of 27 August 2024, the Company has no significant contingencies that need to be disclosed.

**XVI. EVENTS AFTER THE BALANCE SHEET DATE**

As of 27 August 2024, the Company has no significant events after the balance sheet date that need to be disclosed.

**XVII. RISKS RELATED TO FINANCIAL INSTRUMENTS**√ Applicable  Not Applicable**The book value of various financial instruments on the balance sheet date is as follows:****Financial assets**

Items	Closing Balance		Total
	Financial assets measured at fair value and changes of which included in current profit and loss	Financial assets measured at fair value and changes of which included in other comprehensive income	
Monetary funds	54,705,626,157.44		54,705,626,157.44
Financial assets held for trading	1,066,569,759.01		1,066,569,759.01
Derivative financial assets		86,713,582.93	86,713,582.93
Bills receivable	7,147,471,192.39		7,147,471,192.39
Accounts receivable	23,517,845,844.84		23,517,845,844.84
Other receivables	2,731,270,164.67		2,731,270,164.67
Other current assets	1,546,781,584.31		1,546,781,584.31
Debt investments	14,477,621,780.97		14,477,621,780.97
Long-term receivables	351,899,806.17		351,899,806.17
Other equity instruments		6,281,814,366.53	6,281,814,366.53

## Section X Financial Report

### Financial assets (continued)

Items	Opening Balance		Total
	Financial assets measured at fair value and changes of which included in current profit and loss	Financial assets measured at fair value and changes of which included in other comprehensive income	
Monetary funds		54,486,452,841.14	54,486,452,841.14
Financial assets held for trading	953,963,543.83		953,963,543.83
Derivative financial assets		67,565,829.44	67,565,829.44
Bills receivable		8,621,434,831.39	8,621,434,831.39
Accounts receivable		20,268,099,436.43	20,268,099,436.43
Other receivables		2,649,558,985.05	2,649,558,985.05
Other current assets		1,530,274,566.66	1,530,274,566.66
Debt investments		8,841,233,078.66	8,841,233,078.66
Long-term receivables		350,409,496.85	350,409,496.85
Other equity instruments		6,403,694,954.77	6,403,694,954.77

### Financial liabilities

Items	Closing Balance		Total
	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	
Short-term borrowings		10,333,169,856.54	10,333,169,856.54
Derivative financial liabilities	191,751,522.44		191,751,522.44
Bills payable		23,389,001,752.35	23,389,001,752.35
Accounts payable		47,200,496,446.93	47,200,496,446.93
Other payables		27,248,243,510.90	27,248,243,510.90
Non-current liabilities due in one year		1,610,273,174.78	1,610,273,174.78
Long-term borrowings		18,123,651,118.19	18,123,651,118.19
Long-term payables		51,160,960.16	51,160,960.16

**Financial liabilities (continued)**

Items	Opening Balance		Total
	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	
Short-term borrowings		10,318,351,841.88	10,318,351,841.88
Derivative financial liabilities	168,625,004.97		168,625,004.97
Bills payable		22,215,726,721.62	22,215,726,721.62
Accounts payable		47,061,789,173.62	47,061,789,173.62
Other payables		19,181,569,184.83	19,181,569,184.83
Non-current liabilities due in one year		146,867,809.53	146,867,809.53
Long-term borrowings		17,936,302,925.77	17,936,302,925.77
Long-term payables		57,113,422.78	57,113,422.78

Please refer to related items in Note VII for details on each of the financial instruments of the Company. Risks related to these financial instruments and the risk management policies taken by the Company to mitigate these risks are summarized below. The management of the Company manages and monitors these risk exposures to ensure the above risks are well under control.

**1. Credit risk**

The credit risk of the Company mainly arises from bank deposits, bills receivable, accounts receivable, interest receivable, other receivables and wealth management products.

- (1) The Company's bank deposits and wealth management products are mainly deposited in Haier Finance Co., Ltd., state-owned banks and other large and medium-sized listed banks. The interest receivables are mainly the accrued interests from fixed deposits which are deposited in the above banks. The Group does not believe there is any significant credit risk due to defaults of its counterparties which would cause any significant loss.
- (2) Accounts receivable and bills receivable: The Company only trades with approved and reputable third parties. All customers who are traded by credit are subject to credit assessment according to the policies of the Company, and the payment terms shall be determined on a reasonable basis. The Company monitors the balances of accounts receivable on an ongoing basis and purchases credit insurance for receivables of large-amount credit customers in order to ensure the Company is free from material bad debts risks.
- (3) Other receivables of the Company mainly include export tax refund, borrowings and contingency provision. The Company strengthened its management and continuous monitoring in respect of these receivables and relevant economic business based on historical data, so as to ensure that the Company's significant risk of bad debts is controllable and will be further reduced.



## Section X Financial Report

### 2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in fulfilling obligations associated with financial liabilities. To control such risk, the Company utilizes various financing methods such as notes settlement and bank loans to strive for a balance between sustainable and flexible financing. It also has obtained bank credit facilities from several commercial banks to satisfy its needs for working capital and capital expenditures.

### 3. Exchange rate risk

The Company's businesses are based in mainland China, USA, Japan, Southeast Asia, South Asia, central and east Africa, Europe, and Australia, etc. and are settled in RMB, USD, and other currencies.

The Company's overseas assets and liabilities denominated in foreign currencies as well as transactions to be settled in foreign currencies expose the Company to fluctuations in exchange rates. The Company's finance department is responsible for monitoring the size of transactions in foreign currencies and assets and liabilities denominated in foreign currencies to minimize the risk of exposure to fluctuation in exchange rate; the Company resorts the way of signing forward foreign exchange contracts to avoid the risk of exchange fluctuation.

### 4. Interest rate risk

The Company's interest rate risk arises primarily from its long- and short- term bank loans and bonds payables which are interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Group determines the relative proportion of fixed-interest rate and floating interest rate contracts in light of the prevailing market conditions.

## XVIII. OTHER SIGNIFICANT EVENTS

Applicable  Not Applicable

The Company intends to acquire, through its wholly-owned subsidiary, the commercial refrigeration business of Carrier Global Corporation, a company listed on the New York Stock Exchange of the United States of America, at a cash consideration of approximately US\$640 million (equivalent to approximately RMB4,559 million, with the final consideration amount subject to adjustments at Completion). The transaction has been considered and approved by the President's Office meeting of the Company. While it involves an overseas acquisition, it remains conditional to the filing or approval procedures with relevant domestic and overseas government authorities.

As of 27 August 2024, the Company has no other significant events that need to be disclosed.

## XIX. NOTES TO MAIN ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

### 1. Accounts receivable

Aging	Closing Balance	Opening Balance
Within 1 year	629,729,877.07	715,238,098.86
1-2 years	639,447,810.65	378,071,982.79
2-3 years	185,502,552.24	532,467,268.93
Over 3 years	405,307,733.72	
Accounts receivable balance	1,859,987,973.68	1,625,777,350.58
Allowance for bad debts	251.55	251.55
Accounts receivable, net	1,859,987,722.13	1,625,777,099.03

Changes in bad debt provision for accounts receivable in the current period:

Applicable  Not Applicable

Items	Opening Balance	Increase for the current period	Decrease for the current period	Closing Balance
		Provision for the current period	Other increase	Write-off and other movement
			Reversal	
Allowance for bad debts	251.55			251.55

### 2. Other receivables

Applicable  Not Applicable

Unit and Currency: RMB

Items	Closing Balance	Opening Balance
Interest receivable	141,536,597.40	117,439,655.79
Dividend receivable	872,819,744.23	570,000,000.00
Other receivables	20,876,318,830.86	22,962,538,160.78
Total	21,890,675,172.49	23,649,977,816.57

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### Interest receivable

Aging	Closing Balance	Opening Balance
Within 1 year	141,536,597.40	117,439,655.79
More than 1 year		
Total	141,536,597.40	117,439,655.79

### Dividend receivable

Aging	Closing Balance	Opening Balance
Within 1 year	872,819,744.23	570,000,000.00
More than 1 year		
Total	872,819,744.23	570,000,000.00

### Other receivables

① The disclosure of other receivables by aging is as follows:

Aging	Closing Balance	Opening Balance
Within 1 year	10,232,748,179.30	13,256,949,623.31
More than 1 year	10,646,935,534.45	9,708,953,420.36
Other receivables balance	20,879,683,713.75	22,965,903,043.67
Allowance for bad debts	3,364,882.89	3,364,882.89
Other receivables, net	20,876,318,830.86	22,962,538,160.78

② Changes in bad debt provision for other receivables in the current period:

Items	Opening Balance	Increase for the current period		Decrease for the current period		Closing Balance
		Provision for the current period	Other increase	Reversal	Write-off and other movement	
Allowance for bad debts	3,364,882.89					3,364,882.89

### 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	53,255,723,686.31	7,100,000.00	52,823,723,686.31	7,100,000.00
Long-term equity investments in associates	3,293,758,901.51	109,300,000.00	3,121,372,319.75	109,300,000.00
Total	56,549,482,587.82	116,400,000.00	55,945,096,006.06	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
<b>I. Subsidiaries:</b>				
Chongqing Haier Electronics Sales Co., Ltd.	9,500,000.00		9,500,000.00	
Haier Group (Dalian) Electrical Appliances Industry Co., Ltd.	34,735,489.79		34,735,489.79	
Qingdao Haier Refrigerator Co., Ltd.	402,667,504.64		402,667,504.64	
Qingdao Haier Special Refrigerator Co., Ltd.	426,736,418.99		426,736,418.99	
Qingdao Haier Information Plastic Development Co., Ltd.	102,888,407.30		102,888,407.30	
Dalian Haier Precision Products Co., Ltd.	41,836,159.33		41,836,159.33	
Hefei Haier Plastic Co., Ltd.	72,350,283.21		72,350,283.21	
Qingdao Haier Technology Co., Ltd.	16,817,162.03		16,817,162.03	
Qingdao Household Appliance Technology and Equipment Research Institute	66,778,810.80		66,778,810.80	
Qingdao Meier Plastic Powder Co., Ltd.	24,327,257.77		24,327,257.77	
Chongqing Haier Precision Plastic Co., Ltd.	47,811,283.24		47,811,283.24	
Qingdao Haier Electronic Plastic Co., Ltd.	69,200,000.00		69,200,000.00	
Dalian Haier Refrigerator Co., Ltd.	138,600,000.00		138,600,000.00	
Dalian Haier Air-conditioning Co., Ltd.	99,000,000.00		99,000,000.00	
Hefei Haier Air-conditioning Co., Limited	79,403,123.85		79,403,123.85	
Qingdao Haier Refrigerator (International) Co., Ltd.	238,758,240.85		238,758,240.85	
Qingdao Haier Air-Conditioner Electronics Co., Ltd.	1,131,107,944.51		1,131,107,944.51	
Qingdao Haier Air Conditioner Gen Corp., Ltd.	220,636,306.02		220,636,306.02	
Qingdao Haier Special Freezer Co., Ltd.	471,530,562.76		471,530,562.76	
Qingdao Haier Dishwasher Co., Ltd.	206,594,292.82		206,594,292.82	
Wuhan Haier Freezer Co., Ltd.	47,310,000.00		47,310,000.00	
Wuhan Haier Electronics Holding Co., Ltd.	100,715,445.04		100,715,445.04	

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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
Chongqing Haier Air-conditioning Co., Ltd	100,000,000.00		100,000,000.00	
Hefei Haier Refrigerator Co., Ltd.	49,000,000.00		49,000,000.00	
Qingdao Haier Whole Set Home Appliance Service Co., Ltd.	118,000,000.00		118,000,000.00	
Chongqing Haier Refrigeration Appliance Co., Ltd.	91,750,000.00		91,750,000.00	
Haier Shanghai Zhongzhi Fang Chuang Ke Management Co., Ltd.	2,000,000.00		2,000,000.00	
Qingdao Haier Special Refrigerating Appliance Co., Ltd.	100,000,000.00		100,000,000.00	
Haier Shareholdings (Hong Kong) Limited	29,249,228,284.24	432,000,000.00	29,681,228,284.24	
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	
Haier (Shanghai) Electronics Co., Ltd.	12,500,000.00		12,500,000.00	
Haier U+smart Intelligent Technology (Beijing) Co., Ltd.	143,000,000.00		143,000,000.00	
Haier Electronics Group Co., Ltd.	3,979,407,602.61		3,979,407,602.61	7,100,000.00
Flourishing Reach Limited (SPVX)	12,751,300,336.02		12,751,300,336.02	
Qingdao Haidarui Procurement Service Co., Ltd.	107,800,000.00		107,800,000.00	
Qingdao Haier Intelligent Household Appliances Co., Ltd.	326,400,000.00		326,400,000.00	
Qingdao Haidacheng Procurement Service Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Haier Quality Inspection Co., Ltd.	18,657,135.49		18,657,135.49	
Qingdao Haier Home AI Industry Innovation Center Co., Ltd.	100,000,000.00		100,000,000.00	
Haier Zhjia Experience Cloud Ecological Technology Co., Ltd.	100,000,000.00		100,000,000.00	
Qingdao Ruibo Ecological Environmental Technology Co., Ltd.	55,000,000.00		55,000,000.00	
Total	52,823,723,686.31	432,000,000.00	53,255,723,686.31	7,100,000.00

**(3) Long-term equity investments to associates**

Name of investee	Opening Balance	Increase/decrease for the current period			Closing Balance	Impairment provisions at the end of the period
		Increased/decreased amount for the current period	Investment income recognized under equity method	Others		
Wolong Electric (Jinan) Motor Co., Ltd.	172,054,149.94		13,535,589.54		185,589,739.48	
Qingdao Haier SAIF Smart Home Industry Investment Center (Limited Partnership)	206,764,442.76		-21,738.71	-16,336,866.36	190,405,837.69	
Bank of Qingdao Co., Ltd.	1,267,732,987.42		85,705,068.73	8,246,581.00	1,361,684,637.15	
Mitsubishi Heavy Industries Haier (Qingdao) Air-conditioners Co., Ltd.	663,804,966.31		67,634,912.51		731,439,878.82	
Qingdao Haier Carrier Refrigeration Equipment Co., Ltd.	412,107,471.53		3,970,476.69		416,077,948.22	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.	310,608,301.79		9,652,558.36		320,260,860.15	
<b>Total</b>	<b>3,121,372,319.75</b>		<b>180,476,867.12</b>	<b>-8,090,285.36</b>	<b>3,293,758,901.51</b>	<b>109,300,000.00</b>

**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	209,681,355.52	183,992,284.05	284,845,756.66	247,445,754.14
Other Business	41,920,259.24	39,451,949.45	42,560,950.18	38,775,114.29
<b>Total</b>	<b>251,601,614.76</b>	<b>223,444,233.50</b>	<b>327,406,706.84</b>	<b>286,220,868.43</b>

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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	302,819,744.23	228,173,185.59
Long-term equity investments income calculated by the equity method	180,476,867.12	144,556,606.76
Income from wealth management products	24,878,729.85	27,987,900.19
Investment income from investment in other equity instrument during the holding period		
Total	508,175,341.20	400,717,692.54

## XX. APPROVAL OF FINANCIAL REPORT

This financial report was approved for publication by the Board of Directors of the Company on 27 August 2024.

## XXI. OTHER SUPPLEMENTARY INFORMATION

### 1. Basic earnings per share and diluted earnings per share

Items	Amount for the current period			Amount for the previous period		
	Earnings per share			Earnings per share		
	(RMB)			(RMB)		
	Weighted average return on net assets	Basic earnings per share	Diluted earnings per share	Weighted average return on net assets	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	9.67%	1.13	1.12	9.16%	0.96	0.96
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	9.43%	1.10	1.09	8.80%	0.93	0.92

**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	10,420,218,389.22	8,962,851,469.46
Less: non-recurring profit or loss	259,713,486.84	358,873,704.88
Net profit attributable to ordinary shareholders of the Parent Company after deduction of non-recurring profit or loss	10,160,504,902.38	8,603,977,764.58

**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	-24,802,715.11
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	373,800,184.84
Profit from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures	
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	-29,489,597.82
Other non-operating income and expenses except the aforementioned items	-3,829,918.04
Effect of minority equity interest	-9,733,324.65
Effect of income tax	-46,231,142.38
Effect of profit from business combination under common control	
Total	259,713,486.84

Chairman: LI Huagang

Board approval submission date: 27 August 2024

**Information of amendment**Applicable  Not Applicable