

GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Annual Report 2020

April 2021

Section I Important Notice, Table of Contents and Paraphrase

The Board of Directors, Board of Supervisors, all directors, supervisors and Senior Management Personnel of the Company hereby guarantee that the contents are authentic, accurate and complete, and there are no false records, misleading representations or material omissions in the Annual Report, and shall take all the joint and several legal responsibilities.

Dong Mingzhu, the Company's responsible person, Liao Jianxiong, responsible person in charge of accounting work and Liu Yanzi, in-charge person of accounting institution (accounting superintendent) hereby declare and warrant that the financial report in the Report is authentic, accurate and complete.

All the directors attended the meeting of the Board of Directors in respect of deliberation of the Report.

The forward-looking statements such as future plans and development strategies in the Report do not constitute a substantive commitment of the Company to investors. Investors and relevant persons should therefore be aware of risk factors attendant in investment and understand the differences between plans, forecasts and commitments.

The Company's profit distribution proposal passed upon deliberation at the meeting of the Board of Directors is set out as below: Based on the total number of 5,832,851,217 shares of the Company enjoying profit distribution rights as of 28 April, 2021 (the total stock capital of 6,015,730,878 shares excluding the 182,879,661 shares held in the repurchase account of the Company), the Company plans to distribute all shareholders a cash dividend of RMB 30 (tax included) per 10 shares, but does not plan to give any bonus share or use any public reserve funds for capitalization.

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Paraphrase

Items	Means	Contents
Company, the Company, the enterprise, GREE ELECTRIC APPLIANCES or GREE	Means	GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI
GREE GROUP	Means	Zhuhai Gree Group Co., Ltd.
Zhuhai Mingjun	Means	Zhuhai Mingjun Investment Partnership (Limited Partnership)
Finance Company	Means	Zhuhai Gree Group Finance Company Limited
Jinghai Internet	Means	Jinghai Internet Technology Development Co., Ltd.
Yinlong	Means	Zhuhai Yinlong New Energy Co., Ltd.
CSRC	Means	China Securities Regulatory Commission
Report Period	Means	1 January, 2020 to 31 December, 2020

Section II Company Profile and Main Financial Indices

I. Company information

Stock Abbreviation	GREE ELECTRIC APPLIANCES	Stock Code	000651
Stock Exchange	Shenzhen Stock Exchange		
Name in Chinese	珠海格力电器股份有限公司		
Name Abbreviation in Chinese	格力电器		
Name in Foreign Language (if any)	GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI		
Name Abbreviation in Foreign Language (if any)	GREE		
Legal Representative	Dong Mingzhu		
Registered Address	Jinji West Road, Qianshan, Zhuhai City, Guangdong Province		
Post Code of Registered Address	519070		
Office Address	Jinji West Road, Qianshan, Zhuhai City, Guangdong Province		
Post Code of Office Address	519070		
Website	http://www.gree.com.cn		
Email	gree@gree.com.cn		

II. Contacts and contact information

	Board Secretary	Securities Affairs Representative
Name	Deng Xiaobo	Zhang Zhouhu, Yan Zhangxiang
Address	Jinji West Road, Qianshan, Zhuhai City, Guangdong Province	Jinji West Road, Qianshan, Zhuhai City, Guangdong Province
Tel	0756-8669232	0756-8669232
Fax	0756-8614998	0756-8614998
Email	gree0651@cn.gree.com	gree0651@cn.gree.com

III. Information disclosure and place of the report

Media designated by the Company for information disclosure	China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily
Website specified by CSRC for release of the Annual	http://www.cninfo.com.cn

Report	
Place where the Annual Report is available for inspection	Investment Management Department of the Company

IV. Alteration of registration

Organization code	91440400192548256N
Changes (if any) in the main business since listing of the Company	No change
Changes (if any) in the controlling shareholders	<p>On 2 December, 2019, Gree Group and Zhuhai Mingjun signed the Share Transfer Agreement. Gree Group planned to transfer 902,359,632 shares of the Company with unlimited sales conditions held by Gree Group to Zhuhai Mingjun at a price of RMB 46.17/share (accounting for 15% of the Company's total equity); On 13 December, 2019, the Zhuhai Municipal People's Government and the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of Zhuhai City separately approved the share transfer.</p> <p>Gree Group obtained the Transfer Registration Confirmation issued by China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch on 3 February, 2020. The share transfer registration procedures for the transfer of this agreement have been completed, and the transfer date is 23 January, 2020. After the completion of the share transfer registration, the Company has neither a controlling shareholder nor an actual controller.</p>

V. Other related information

Accounting firm engaged by the Company

Name of the Accounting Firm	Union Power Certified Public Accountants (Special General Partnership)
Office Address	No. 169 Donghu Road, Wuchang District, Wuhan City
Names of Accountants as Signatories	Han Zhenping, Geng Ting

Sponsor engaged by the Company to perform continuous supervision during the Report Period

Applicable Not applicable

Name of the sponsor	Office address of the sponsor	Name of the recommended representative	Continuous supervision period
Huatai United Securities Co., Ltd.	26F, CTS Tower, No.4011, Shennan Boulevard, Futian District, Shenzhen	Gu Chongxiang, Li Shijing	From 26 July, 2019 to 25 July, 2020

Financial adviser engaged by the Company to perform continuous supervision during the Report Period

Applicable Not applicable

VI. Main accounting data and financial indices

Whether the Company has retroactive adjustment or restatement of previous accounting data

Yes No

Unit: Yuan

Item	2020	2019	Increase/Decrease over the previous year	2018
Operating Revenue (Yuan)	168,199,204,404.53	198,153,027,540.35	-15.12%	198,123,177,056.84
Net profit attributable to shareholders of listed Company (Yuan)	22,175,108,137.32	24,696,641,368.84	-10.21%	26,202,787,681.42
Net profit attributable to shareholders of listed Company less non-recurring gains and losses (Yuan)	20,285,816,036.00	24,171,511,911.32	-16.08%	25,580,865,501.38
Net cash flow generated from operating activities (Yuan)	19,238,637,309.16	27,893,714,093.59	-31.03%	26,940,791,542.98
Basic earnings per share (Yuan per Share)	3.71	4.11	-9.73%	4.36
Diluted earnings per share (Yuan per Share)	3.71	4.11	-9.73%	4.36
Weighted average return on net assets	18.88%	25.72%	-6.84%	33.36%
Item	At the end of 2020	At the end of 2019	Increase/Decrease over the previous year	At the end of 2018
Total asset (Yuan)	279,217,923,628.27	282,972,157,415.28	-1.33%	251,234,157,276.81
Net asset attributable to shareholders of listed Company (Yuan)	115,190,211,206.76	110,153,573,282.67	4.57%	91,327,095,069.10

VII. Accounting data differences under domestic and foreign accounting standards

1. Differences in net profit and net assets in the financial report disclosed under international accounting standards and that disclosed under domestic accounting standards

Applicable Not applicable

There was no difference in net profit and net assets in the financial report disclosed under international accounting standards and that disclosed under domestic accounting standards during the Report Period.

2. Differences in net profit and net assets in the financial report disclosed under overseas accounting standards and that disclosed under domestic accounting standards

Applicable Not applicable

There was no difference in net profit and net assets in the financial report disclosed under overseas accounting standards and that disclosed under domestic accounting standards during the Report Period.

VIII. Quarter-based main financial indicators

Unit: Yuan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating incomes	20,395,535,183.42	49,106,787,186.52	56,387,073,628.99	42,309,808,405.60
Net profit attributable to shareholders of listed company	1,558,013,539.01	4,804,123,838.63	7,336,584,665.51	8,476,386,094.17
Net profit attributable to shareholders of listed companies after deduction of non-recurring profit and loss	1,429,583,505.27	4,566,954,114.64	6,585,565,313.26	7,703,713,102.83
Net cash flows from operating activities	-11,772,862,523.80	7,255,186,786.04	7,549,675,839.30	16,206,637,207.62

Whether major differences exist between the above financial indicators or their sum and those in the disclosed quarterly report and semi-annual report

Yes No

IX. Non-recurring profit and loss items and amounts

Applicable Not applicable

Unit: Yuan

Item	Amount in 2020	Amount in 2019	Amount in 2018	Description
Gains and losses from disposal of non-current assets (including the provision for asset impairment write-off part)	-4,974,224.62	-9,293,929.38	-23,064,935.35	For details, see Note (V) 57, Note (V) 58, and Note (V) 59
Governmental subsidies recorded into the current gains and losses (excluding the governmental subsidies closely relating to the business of the enterprise and enjoyed by a fixed quota or a fixed amount in accordance with the state policies)	1,346,168,393.38	1,215,852,371.66	671,678,104.47	For details, see Note (V) 52 and Note (V) 58
Capital occupation fee collected from the non-financial institution and recorded into the current gains and losses	883,505.62	359,713.10	1,262,805.80	
Net profits or losses of the subsidiaries in the current period from the beginning of the period to the combination date that are generated by business combination involving			184,503.98	

enterprises under common control				
Gains and losses caused by fair value changes from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income obtained from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, except for the effective hedging business related to the Company's normal business operations	877,450,950.74	1,449,722.86	151,222,484.83	
Reversal of impairment provision for the accounts receivable and contract assets for which an independent impairment test is conducted			2,320,229.26	
Non-operating incomes and expenditures other than the above items	50,024,914.68	-530,486,147.03	32,323,207.44	For details, see Note (V) 58 and Note (V) 59
Other profit and loss items that conform to the definition of non-recurring profit and loss	17,915,425.64	997,770.17	6,119,851.77	
Less: Influence amount of income tax	386,974,457.37	147,189,032.83	170,139,883.37	
Influence amount of minority equity (after tax)	11,202,406.75	6,561,011.03	49,984,188.79	
Total	1,889,292,101.32	525,129,457.52	621,922,180.04	--

Explanation should be given for non-recurring profit and loss items defined by the Company according to Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public -- Non-recurring Profit and Loss and for non-recurring profit and loss items which are listed in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public -- Non-recurring Profit and Loss and defined as recurring profit and loss items.

Applicable Not applicable

No non-recurring profit and loss items which are defined or listed in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public -- Non-recurring Profit and Loss were defined by the Company as recurring profit and loss items during the Report Period.

Section III Corporate Business Overview

I. Major businesses engaged in during the Report Period

(I) Major businesses and position in industry

Gree Electric Appliances, Inc. of Zhuhai is a diversified and technological global industrial group and has three major brands: Gree, TOSOT and KINGHOME. Its products have been expanded to cover the two major fields of household consumer goods and industrial equipment, including residential air conditioners, HVAC, refrigerators, washing machines, water heaters, kitchen appliances, environmental appliances, communication products, smart buildings, and smart household appliances in the consumption field; high-end equipment, precision moulds, freezers and refrigeration equipment, motors, compressors, capacitors, semiconductor devices, precision casting equipment, basic materials, industrial energy storages, and renewable resources in the industrial field. Gree products are sold in more than 160 countries and regions, providing more than 400 million users with satisfactory products and services, for the purpose of creating a better life.

In 2020, Gree was again listed in the Fortune Global 500 and ranked the 436th by virtue of its outstanding comprehensive strength; listed in the Forbes Global 2000 – World's Best Employers and ranked the 246th, rising 14 places from 2019.

According to the data released by HVAC Information, Gree took the lead in the central air conditioner market relying on a market share of 13.9% and has maintained the position for nine consecutive years in the Chinese market; according to the 2020 domestic sales data of air conditioner brands published by ChinaIOL.com, Gree air conditioners ranked the first in the field with a share of 36.9%, taking the lead for 26 years.

Gree takes "To be Global Leading Air Conditioning Enterprise" as its corporate vision, and "carrying forward the industrial spirit, mastering core technologies, pursuing perfect quality, providing first-class services, and achieving 'Made in China, Loved by the World'" as its mission. By adhering to the management philosophy that "innovation never stops", Gree focuses on independent innovation and development, in order to grasp the pulse of the times, build a world brand and create a development model with Chinese characteristics for Chinese manufacturing enterprises.

(II) Overview of industry development

1. Field of household appliances

According to the Report on China's Household Appliance Market in 2020 issued by China Center for Information Industry Development, the household appliance market of China first underwent a depression and then recovered in 2020. The retail sales volume of household appliances in the whole year was RMB 833.3 billion, a decrease of 6.5% year on year, and the retail sales of air conditioners, refrigerators, washing machines, and kitchen appliances decreased to varying degrees. Due to the COVID-19 epidemic (the epidemic for short), the proportion of people working at home increased, and the retail sales of home appliances increased by 1.85% year on year. According to the statistics of ChinaIOL.com, the sales volume of residential air conditioners was 141,460,000 in 2020, a year-on-year decrease of 6.1%; wherein the domestic sales volume was 80,280,000, decreased by 12.9%, and the

export sales volume was 61,180,000, increased by 4.7%.

The epidemic situation has promoted the rapid development of online retails. In 2020, the proportion of online retails to the total retail sales of household appliances market increased from 41.17% in 2019 to 50.4%, and the contribution rate of e-commerce channels to household appliances retails exceeded 50% for the first time, further highlighting the importance of online retails. The epidemic has changed people's life philosophy and life style. For the household appliances market in 2020, the air conditioners focusing on intelligence, comfort and health, refrigerators focusing on large volume, healthy disinfection and scientific storage, and the washing machines focusing on large capacity, healthy washing and care, and clothes drying have been recognized and accepted by more and more consumers. Small household appliances such as dishwashers, hand-held vacuum cleaners, and air fryers sold well at different degrees, not only enlivening the dull household appliance market, but also strengthening the role of household appliances in enhancing people's happiness.

The remarkable retail sales of consumption upgrading goods and subdivided functional household appliances reflected people's demand for improving the quality of life through consumption of household appliances, and the upgrading of consumption and the transformation of household appliance business were speeding up at the same time. "New consumption" and "high-end" will be the main innovative orientation of household appliances in 2021.

2. Industrial equipment field

The sector of core air conditioning parts benefited from the effective control of the epidemic. The compressor field and the motor field began to recover gradually in the second half, and a slight decline was observed throughout the year. According to the 2020 statistics of ChinaIOL.com, the sales volume of rotor compressors in China was 211,551,000, a year-on-year decrease of 1.69%; the sales volume of rotor compressors in China was 356,762,000, a year-on-year decrease of about 5.5%.

For the intelligent equipment sector, with the proposal of the "Made in China 2025" strategy, the intelligent manufacturing industry has ushered in an opportunity period of rapid development in recent years. According to the data in the 2020 Statistical Bulletin of National Economic and Social Development of the PRC, the added value of China's equipment manufacturing industry increased by 6.6% year on year in 2020, accounting for 33.7% of the added value of industries above the designated scale; the output of industrial robots was 212,000 sets, a year-on-year increase of 20.7%.

Regarding the product trend of industrial robots, manufacturers have probed into the application to the specific industries and fields such as medical treatment, wine making, sewing, and edge cutting, and launched special robots. In terms of technology development, traditional industrial robots perform more complex production tasks through the collaborative application of force, vision, tactile, and other sensors; fusion development of the 5G, artificial intelligence, big data, cloud computing, intelligent sensing, and other emerging technologies with robot technologies will drive industrial robots to evolve towards a more intelligent and flexible direction.

At present, the development level of intelligent manufacturing is maintained at a sustained high speed, and the development level of high-end intelligent equipment has become a criterion for measuring the development level of a country's manufacturing industry. However, the intelligent manufacturing industry of China started relatively late, and there is still a certain gap compared with developed countries. Fortunately, China has gradually extricated itself from the dependence on foreign new and high technologies through unremitting independent R&D and independent innovation of core technologies. Moreover, China will increase its investment in R&D in the future, improve the policy for development of intelligent manufacturing industry, and promote intelligent transformation

of the industry. The intelligent manufacturing industry shows a huge growth potential.

II. Significant changes in major assets

1. Significant changes in major assets

Major assets	Significant changes
Fixed assets	A decrease of 0.69% over the end of last year. No significant change is made.
Intangible assets	An increase of 10.80% over the end of last year. No significant change is made.
Construction in Progress	An increase of 65.20% over the end of last year. This is mainly caused by the increase of construction in progress of the current period.
Other current assets	A decrease of 32.37% over the end of last year. This is mainly caused by the maturity of the Company's investment in structured deposits and wealth management products in the current period.
Long-term equity investment	An increase of 14.94% over the end of last year. No significant change is made.
Other equity instrument investments	An increase of 67.69% over the end of last year. This is mainly caused by the increase of the equity investment in San'an Optoelectronics Co., Ltd. and the change in the fair value of the equity investment.

2. Major overseas assets

Applicable Not applicable

III. Core competence analysis

Facing new opportunities and challenges, Gree takes "mastering core technologies and forging perfect quality" as the two wheels for driving, transfers and improves the value through unique marketing model, sticks to independent people cultivation, independent innovation and independent production, and takes "carrying forward the industrial spirit, mastering core technologies, pursuing perfect quality, providing first-class services, and achieving Made in China, Loved by the World" as its mission to stride forward.

(I) World famous brand, continuing to create value for the society

Gree is a diversified technological global industrial group integrating R&D, production, sales and service. Gree has won a great number of honors such as "World Brand", "Most Competitive Brand in the Market", "National Quality Award", "Export Inspection Exemption Enterprise" and "China Brand Innovation Award" over these years.

Forbes released the Global 2000 – World's Best Employers in May 2020. Gree ranked the 246th, rising 14 places from 2019. Since becoming one of the top 500 of the list in 2015, Gree's ranking has risen year after year, and its development strength has been recognized by the world.

The world top 500 list of Fortune was released in August 2020. Gree was again listed in the Fortune Global 500

and ranked the 436th by virtue of its outstanding comprehensive strength. Meanwhile, Gree was listed in the "China's Most Admired Companies in 2020" in the Fortune, ranking the seventh in the list and taking the first place in the household appliance industry. According to the customer satisfaction survey results issued by the Customer Satisfaction Evaluation Center of China National Institute of Standardization, the customer satisfaction of Gree air conditioners and all the indexes were at the first place in the industry, ranking No.1 for 10 consecutive years.

Gree has always been adhering to the core sense of worth of "quality first, customer satisfaction, good faith management, and win-win situation", and forging its brands and creating social value, environmental value and economic value for the society and consumers depending on its perfect quality and world-leading technologies.

(II) Excellent R&D strength, continuously leading technological innovation and product upgrading of the industry

Gree adheres to the philosophy that "science and technology change life; science and technology create life" and insists on "independent research and development of core technologies". It firmly believes that only the real mastery of core technologies can enable us to grasp the fate of the enterprise and realize independent development of the enterprise. Meanwhile, Gree has set up a technological innovation system of "enterprise regarded as the main player, market orientation, enterprise-university-research cooperation". It insists on innovation driving, cultivates innovative talents, implements the leader strategy, and constantly consolidates its global leading position in the field of refrigeration.

Gree boasts the largest R&D center of air conditioners in the world, four national R&D centers, one research and evaluation base of the National Notification Enquiry Center, 15 research institutes, nearly 1,000 laboratories, and nearly 15,000 R&D members. Its national R&D centers are the National Key Laboratory on Air Conditioning Equipment and Energy-saving System Operation, National Engineering Research Center of Green Refrigeration Equipment, State Recognized Enterprise Technology Center and the State-level Industrial Design Center. Meanwhile, it has been recognized as the "National Demonstration Base for Standardization of Consumer Goods" and "National Pilot Enterprise for Standardization of High-end Equipment Manufacturing Industry". In addition, Gree has established the "Motor and Control" academician workstation and has been successively approved to establish post-doctoral research centers and doctoral workstations in Guangdong Province. In 2020, Gree was approved to establish "Guangdong Key Laboratory for Enterprises of High-speed Energy Saving Motor System".

Gree Electric continued to lead the industry in testing, certification and standards. Gree has built more than 300 professional laboratories for thermal balance, noises, reliability, electrical safety, electromagnetic compatibility, etc., and has been successively recognized by a variety of national or international organizations (including CNAS, TUV, UL, CSA, VDE, ITS, SGS, BV, and AHRI), growing into the largest experimental center in the industry that can provide the most complete tests and receive the largest number of national and international recognitions. Gree has accumulatively won 48 national, provincial or ministerial and industrial awards.

By the end of 2020, Gree has accumulatively applied for 79,014 patents, including 40,195 patents for inventions; won 46 Chinese patent awards in total, including one gold award for invention and three gold awards for appearance; won 6 gold awards at International Exhibition of Inventions of Geneva and 5 gold awards at iENA.

(III) Leading PQAM perfect quality assurance mode, achieving "Made in China, Loved by the World"

Gree regards "pursuing perfect quality" as the quality policy and "zero defect" and "best service not requiring

after-sales service" as the quality objectives, considers the "five-step method of quality prevention" and "quality technology innovation cycle D-CTFP method" as the methods for continuously promoting and refining the perfect quality management mode of Gree. From the quality concept of "zero defect" put forward in the early stage of doing pioneering work to the concept of perfect quality nowadays, the connotation of Gree' quality management concept has been constantly enriching and developing.

Gree adheres to the quality policy of "pursuing the perfect quality, creating an international brand, and forging a century enterprise", sticks to the quality culture of "strict, true and new" oriented to customer demand and social responsibility, sets no upper limit of investment in the basic capacity building of quality, implements all-round quality training for all staff, and extensively carries out QCC quality improvement activities and Six Sigma quality improvement projects. Based on the "four in one" system of ISO9001, ISO14001, ISO45001 and QC080000, a total quality management model with independent innovation as the core has been gradually formed in the process of introduction, promotion, and practicing total quality management, lean Six Sigma management and performance excellence model.

Gree participated in the drafting and development of the *Quality Management - Innovation Cycle Guide Based on Customer Demand* as a national standard, with a view to publicizing Gree's advanced quality management experience throughout the industry and promoting continuous improvement of the quality level of the whole industry. The quality level of Gree's products has been continuously improved by strengthening the internal quality control, and the after-sale failure rate has fallen greatly for years.

From 2014 to 2020, Gree won 2 first prizes, 22 second prizes, 3 third prizes, and 61 excellent prizes of "Quality Technology Award" of China Association for Quality respectively relying on its leading core technologies and excellent quality management system; in November 2018, Gree won the "Third China Quality Award" relying on its perfect quality management mode of "Made in China, Loved by the World", getting the highest honor in China's quality field; Gree won the gold award of the 44th International Convention on Quality Control Circles (ICQCC) in 2019 and the second award of innovation category of large enterprises in the Quality Innovation Award (QIA) in 2020, becoming the first household appliance enterprise in China that won this award. These awards highlighted Gree's solid strength in the field of quality technologies.

(IV) Online and offline integrated new retail system, meeting the new needs of consumers with digital technologies

Gree insists on the sales channel construction and sales model of independent management, mutual benefit and win-win and creates a solid online and offline business layout. The two channels complement each other and are deeply integrated to create a full channel sales platform.

Gree has established an offline sales network covering the whole country, providing service for consumers through its 27 sales companies and more than 30,000 exclusive stores. "Gree Dong Mingzhu's store" has been transformed and upgraded into a comprehensive online retail e-commerce platform, selling high quality commodities of various categories and varieties such as household appliances, food and beverage, beauty and personal care products, clothing boutiques, and online travel products. As the market environment changes, Gree has started the "new retail" marketing mode reform of online and offline integration. The online third-party e-commerce platform and "Gree Dong Mingzhu's store" are deeply integrated with more than 30,000 offline stores to provide online-offline linkage integrated services including offline experience, online ordering, and nationwide unified distribution and installation.

Information, digital and intelligent technologies have been deeply applied to Gree's "new retail" marketing mode. The whole chain construction and operation of new retail including the shopping mall platform, order fulfillment system, online wholesale system, and after-sales dispatch system realizes user reaching of Gree's new retail online, the informatization capability empowers the channel business to drive the digital upgrade of marketing. Relying on the Internet engineering technology and integrating the artificial intelligence, Internet of Things and AR/VR technology, Gree promotes the digital upgrade of terminal stores through the intelligent touch interaction mode offline, achieves the functions of product sampling, price adjustment, training, user value tag precipitation and management in the cloud, builds Gree's characteristic smart shopping guide stores, and constantly improves consumers' shopping experience; uses the functions of inventory data analysis and early warning, dynamic display and analysis of sales data and conduct data-driven operation to meet the new needs of consumers continuously.

(V) The full series of household appliances, providing consumers with overall solutions for high-quality smart life

By 2020, Gree has provided 46 categories of household appliances, including 32 categories of home appliances, which can meet consumers' all-round needs for high quality life. In 2020, Gree launched new types of household appliances such as hand-held water flosser, disinfectant maker, sterilization small square tube, heat pump washer dryer, automatic drum washing machine with drying function, dishwasher, hand-held vacuum cleaner, zero-cold-water gas water heater, baseboard heater, portable electric kettle, electric lunch box, and portable juicer, enriching the life of consumers.

In 2020, Gree Smart Home built "Gree Zero-carbon Healthy Home" centering on the goal of "Link Gree, Connect Free", and implemented the overall smart life solution featuring energy conservation, environmental protection, comfort and health, wisdom and humanities, consisting of the six intelligent management systems of energy, air, sleep, recipe, security and lighting, covering 61 categories of intelligent products, and meet consumers' requirement for pursuing a better life depending on intelligent high technologies.

(VI) Precise production capacity layout and complete industrial support able to quickly meet the needs of consumers

Gree Electric has established 17 production bases of household electrical appliances around the world, which are located in Zhuhai, Chongqing, Hefei, Zhongshan, Zhengzhou, Wuhan, Shijiazhuang, Wuhu, Changsha, Hangzhou, Suqian, Luoyang, Nanjing, Chengdu, Ganzhou, Brazil, and Pakistan.

In 2020, Gree further improved the regional layout of production capacity for various categories of products, promoted the upgrading of sales logistics services and coordinated to reduce the overall logistics operating cost based on the channel reform of new retail mode. In addition, Gree has built upstream plants for parts of household appliances, for example, compressors, motors, capacitors and enameled wires, in various bases, which greatly enhances the control capability of the Company for upstream and downstream supply chain, guarantees the efficient operation of production and meets the needs of consumers in a timely manner.

Moreover, the Company has built six renewable resource bases in Zhuhai, Changsha, Zhengzhou, Shijiazhuang, Wuhu and Tianjin, covering the whole industrial chain from upstream production to downstream recycling, and achieving green, cyclic and sustainable development. Meanwhile, Gree also provides convenient channels for consumers to dispose of waste household appliances.

(VII) Self-made core components and advanced supply chain management lay a solid foundation for steady development

Gree showcases a powerful self-development and self-making capability of core components, and the production capacity, technologies and quality of its wholly owned subsidiaries, Landa Compressor, Kaibang Motor, Xinyuan Electronics and Gree Electrical stand in the front rank of the industry. Gree's 10 products including the High-efficiency Scroll Compressor, High-performance Linear Servo Motor and Driver, and High-performance Servo Motor and Driver for Industrial Robots were appraised as the "world-leading" level by the end of 2020. The powerful R&D and manufacturing capabilities of core components vigorously support the leapfrog development of Gree.

Aiming to create a leading supply chain in the industry, Gree has established a long-term win-win strategic cooperative relationship with leading supporting enterprises in the industry to effectively guarantee the supply of raw materials. In 2020, in the face of the complicated domestic and overseas political and economic environment, Gree continued to give full play to its advantage of scale in the centralized procurement, and took measures such as localization of sensitive materials and replacement with environmentally friendly materials, which effectively alleviated the pressure caused by environmental changes on operation, and showed the powerful strength of Gree in supply chain management.

(VIII) Refined cost control capability to provide guarantee for the steady development of the Company

Gree adheres to the orientation to market demand and user experience, plans and controls the product cost in consideration of the Company's business objectives, promotes product design to implementing value engineering by relying on technological innovation, and realizes whole process cost control and creates value for customers and shareholders while completing product functions and guaranteeing product quality.

In 2020, Gree further promoted cost reduction through product design by taking measures such as optimizing the product structure design, simplifying the process and developing lean models; reduced the cost of material procurement by means such as promoting substitution schemes, locking resources in advance and annual rebate; cut down the production cost of products by increasing the utilization rate of materials, boosting the automation level and improving the production process.

In 2020, Gree further improved and promoted the lean manufacturing system (GMS) with Gree characteristics, built an online learning platform of lean manufacturing, reinforced innovation in the three sections of new product design, logistics technology and production technology, and focused on the work such as promoting lean design, lean production, and low cost intelligent automation (LCIA) of new products. China Institute of Electronic Labor awarded Gree the honorary title of "Excellent Enterprise Practicing Lean Management" in October 2020.

(IX) Adhere to independent training of talents and continuously upgrade the talent structure

Gree always adheres to the principle of "focusing on the strategic layout of the Company and adhering to independent training of talents" and gradually forms an independent talent training mode with independent talent introduction channel, independent training and development mechanism and all-round incentive and guarantee system as the core based on the development experience and cultural deposit of the Company, striving to make employees and the Company make progress and develop together.

Gree's talent team has been growing and its talent structure has been upgraded over the years. By the end of 2020,

the Company had about 84,000 employees, including 2 leading talents in science and technology innovation under the National Ten Thousand Talents Program, 3 experts enjoying special allowances from the State Council, 1 winner of the Award of Outstanding Contribution to Nanyue, 1 Outstanding Talent under the Guangdong Special Support Program, and 80 high-level talents of Zhuhai, 448 outstanding young talents, 710 scientific and technological experts evaluated inside the Company, and more than 7,500 intermediate and senior engineers.

Gree built a diversified independent training mechanism by setting up a training system independently, strengthened the training of innovative talents and realized the supply of high quality talents. In 2020, Gree continued to strengthen the independent cultivation of innovative talents, deepen the support to core businesses, set up an intelligent learning organization, create an empowering ecology of vocational education, speed up the talent cultivation and supply of innovation achievement transformation, and promote high quality development of the enterprise. In 2020, Gree conducted more than 120 training sessions and evolved 8000 person-times in the field of technology R&D; organized and carried out 12 special marketing training sessions, with a total of more than 25,000 trainees, better supporting the first-tier marketing and service.

Employees are an important driving force for development of the Company. The Company seeks benefits for employees through multiple channels including talent subsidies, talent housing and Gree school, improving the employee satisfaction and happiness through continuous efforts.

Section IV Discussion and Analysis of Business Operation

I. Overview

Influenced by the COVID-19 epidemic and other factors in 2020, the Company was confronted with many difficulties and challenges in its development. However, the Company insisted on the principle of not reducing the staff and not cutting pay, upheld the Work guiding ideology of "dream, innovation and solid work", strengthened self-reliance and independent innovation, accelerated promotion of the new retail mode of online and offline integration, and made new breakthroughs one after another on the road of high quality development. In 2020, the Company achieved the total operating revenue of RMB 170.497 billion, a decrease of 14.97% year on year, and a net profit attributable to the parent company of RMB 22.175 billion, a decrease of 10.21% year on year.

(I) Center on users, continuously improve product competitiveness and meet new needs of users

1. Residential air conditioner sector

Gree insists on centering on user needs for development of new products, creates perfect quality management and fully considers new needs of users. Based on the product R&D idea of "Study one generation, reserve one generation and develop one generation", Gree developed six series of new products centering on "health" and "comfort", covering all the use scenarios at home. In the normalization background of epidemic prevention, Gree has completed the product line development and technical layout of healthy air conditioners, able to meet various requirements of consumers for indoor healthy air. Focusing on improving the comfort, Gree realized the popularization of distributed air supply by floor-standing air conditioners, upgraded the air supply technology and heating technology of split-type air conditioners, and launched new products such as Jewel floor-standing air conditioners, Freair series floor-standing air conditioners, new G-MAX series ODU and single-stage enthalpy-adding products in 2020, which were widely welcomed in the market.

2. HVAC equipment sector

In 2020, Gree constantly made breakthrough in key core technologies of the HVAC equipment sector, formed a strong technical reserve and promoted product upgrading. The representative products are briefed below:

(1) "Hualong No.1" nuclear screw chiller. Gree successfully developed the nuclear screw chiller with independent intellectual property rights, and studied the technologies including the "anti-seismic structure under complex alternating load" and "flow adaptive regulation"; developed the nuclear semi-closed screw compressor with high rigidity and high reliability, realizing the localization of nuclear screw compressor and filling the gap in the industry. In September 2020, the 0%-100% variable load and efficient operation technology of units under wide operating conditions passed the expert appraisal and reached the world-leading level.

(2) Gree magnetic bearing air-cooled centrifugal chiller. After making innovation in the magnetic bearing motor system, Gree developed the first air-cooled magnetic bearing compressor and unit in China, and the related products have been put in use in Pui Kiu Middle School in Hong Kong, achieving a breakthrough in the air-cooled magnetic bearing market. So far, Gree has developed water-cooled and air-cooled magnetic bearing products, which have been widely used in large office buildings, rail transit, industrial refrigeration, airports, hospitals, shopping malls, hotels, etc. Typical projects include the office buildings organs of the National People's Congress,

the Winter Olympic Village of Beijing 2022 Winter Olympic Games and Zhengzhou Metro Line 4. The project received the Quality Innovation Award and the first award of the China Innovation Methods Competition.

The sales of HVAC equipment sales achieved remarkable results in 2020. Gree made a major breakthrough in the sales of real estate sector, signed long-term strategic cooperation agreements with more than 80 leading real estate developers, and started extensive cooperation with more than 400 real estate companies nationwide; in the clean heating sector, Gree was awarded 31 governmental heating projects for centralized bidding in the northern regional target market; in the rail transit sector, Gree won the bidding for T3 terminal of Hangzhou International Airport, Fengtai Railway Station (the largest high-speed rail hub of communication in Asia) and other large projects; in the data communication sector, Gree was awarded 22 large-scale data centers and centralized procurement projects of operators with the significance of national model, and established a number of IDC model projects with international influence.

3. Home appliances sector

By virtue of its profound understanding of fashion, world cutting-edge technologies, attitude of constant perfecting and excellent detail control ability, Gree R&D team has tailored high-quality home appliances for global users, achieving perfect integration of technologies and fashion. The representative products are briefed below:

V-Lasso air purifier KXJFA300 is equipped with CKER triple sterilization system, and can kill COVID-19 virus and other pathogenic viruses. This product has passed the disinfection certification, CE certification, CB certification, SASO certification, and CQC certification. It has been widely used in hospitals, government agencies, docks, hotels, schools, factories, and enterprises in China, sold to 30 provinces and cities in China to make a contribution to production recovery, return to work and return to school, and also exported to more than 40 countries and regions such as the European Union, the Middle East and Mexico.

Gree steam oven first provides the function of simultaneous steaming/baking of three dishes and rice in the field; with the healthy cooking curve, it achieves the VC retention rate of 87.50% for food, 17.89% higher than that of the traditional technology; the product also provides the 1 °C precise temperature control function.

Gree hand-held vacuum cleaner VCBG05T-B01 provides the maximum of 180 AW suction and 70 min battery life, the user can pour out dust by one key without making hands dirty, the air outlet at the lateral front avoid directly blowing users, dust is not raised in daily cleaning, fresh air is supplied without secondary pollution, and the deep mite removal function is also available; users can use this product to clean the whole house easily.

4. Refrigerator and washing machine sector

(1) Refrigerator sector. Bearing in mind the growing consumer demand for preservation and sterilization, Gree developed PLASMA antibiosis and deodorization, fruit and vegetable preservation with light oxygen and other industry leading technologies based on the three meat preservation technologies, namely, -3 °C tender freezing, -5 °C instant freezing and -33 °C deep freezing, conducive to surface sterilization of articles and preservation of fruits and vegetables. Meanwhile, it has made substantial progress in energy saving and intelligent interaction of refrigerators.

The lineup of instant freezing refrigerators is constantly improving. Based on French six-door BCD-520 and French five-door BCD-339, Gree newly launched cross opposite-door BCD-448 and French four-door BCD-468 in 2020, enabling the core technology to cove the mainstream volume segment of 300-550L market and meet the requirements of consumers for different doors and different volume segments. The two new products provide the

five preservation modes of fruits and vegetables, zero degree, tender freezing, soft freezing, and cool fresh (instant freezing), which can meet the diversified preservation needs.

At present, most of the refrigerator products with a sterilization function in the field show good sterilization effect to the air, but poor sterilization effect to the surface of the items inside the refrigerator. BCD-448 instant freezing refrigerator is combined with the ion sterilization function independently developed by Gree, and the tested sterilization rate for the surface of the items is higher than 99%. In 2021, the technology will be further applied to other new refrigerators.

For the small-sized apartments with a small kitchen, Gree newly developed the BCD-332 French four-door refrigerator with a width of 62.6 cm only and covering an area of 0.43 m², and the thin French four-door BCD-425 with an overall depth of 65 cm only.

(2) Washing machine sector. In 2020, Gree launched low/mid/high-end products to the market including heat pump washer dryers, SC series front loading washing machines, and pulsator series washing machines, and fulfilled the layout of all series of products. Aiming to provide “professional care of high-end fabric”, the featured product, Gree heat pump washing, drying and care integrated machine, gives users a professional clothing care experience by adopting heat pump drying, drying without cleaning, molecular level care and other differentiated technologies, and owns the world leading air-conditioning drying system, which can dry clothes safely at a 37 °C low temperature and soft wind; the product integrates the steam molecular care, fresh water curtain and breeze shaking technologies to effectively care for clothes, smooth folds and remove peculiar smell. Compared with the traditional washing and drying machine, the heat pump washer dryer shortens the drying time by 30% and saves energy by 60%; the fluffy ratio of its steam care function is higher than 0.95, the difference of odor removal grade is greater than 3, and the difference of fold removal grade is greater than 3; the sterilization rate of silver ion is 99.9%, and the antibacterial rate of antibacterial door seal is 99%. The product won the title of “Good Appliances” at the 2020 Annual Summit of China’s Household Appliance Industry.

5. Industrial product sector

(1) Efficient compressor product meeting new national standards. The product increases the energy efficiency ratio of compressor by 8% for the new generation products by adopting core efficiency improvement and noise reduction means such as "high-efficiency and low-friction loss bearing technology", "high-efficiency oil-gas separation and circulation technology" and "side-exhaust noise elimination technology". The product has been put into batch production in an all-round way, and 13 national invention patents have been requested for the related technologies.

(2) R410A aluminum-shell scroll compressor for vehicles. In 2020, Gree successfully developed the first R410A aluminum shell scroll compressor in the field, which adopted the unique flexible compression technology and took into account both sealing and reliability; the original composite coating technology of aluminum alloy surface eliminated the defect of easy wear or high power consumption of friction under a high load, and gave play to the advantages of wear resistance and lubrication. Based on the above technological breakthroughs, the product ideally combined light weight and high efficiency. The product has been put into batch production, and successfully applied to the new energy vehicles in Tianjin and Macao. It can be popularized on a national scale.

(3) New energy vehicle controllers. Gree has conquered the core and key technologies such as the strong-power and energy-saving torque control, design of high function security software and hardware architecture, intelligent diagnosis, and OTA control, and developed Gree's first new energy vehicle controller, which has reached the industry leading level in vehicle safety, optimal torque distribution, and energy-saving control, capable of meeting

the needs of new energy commercial buses and logistics vehicles. Currently, the product has been put into batch production and realized stable operation in many cities, and its product performance has been recognized by customers.

Gree's five-in-one integrated controller for commercial vehicle tackles the difficult technologies such as highly efficient and stable control of the main drive motor under all operating conditions, reliable startup of oil pump motor, high reliability integration of multi-control function, and electromagnetic compatibility design, and implements integrated control of the driving power systems such as main drive motor, steering oil pump, brake air pump, power supply, and power distribution. The controllers are characterized by high integration, high safety and reliability, and high power density, and can meet the needs of new energy commercial vehicles.

(4) High performance servo system. Gree has developed six series of servo motors involving more than 300 models and three major series of special servo drivers, which can comprehensively meet the equipment application requirements of robots, CNC machine tools, automatic production lines, motor winding machines, and other automation occasions. The products successively won the Gold Award of 2018 Nuremberg International Invention Exhibition in Germany, Robot Award of 2019 China International Industry Fair (CIIF), Major Special Project of Science and Technology of Guangdong Province in 2019, and the Grand Prize of 2020 Zhuhai Science and Technology Award. They have altered the situation that China's high-end robot servo system relied on foreign imports, indicating that Gree has been able to independently produce the core parts of industrial robots meeting the international advanced level.

(II) Adhere to independent innovation, constantly make breakthrough in world-leading technologies and lead industry standards to the world

1. Major scientific research achievements emerge one after another. Gree completed the appraisal of "nuclear air-cooled screw chiller", "nuclear water-cooled screw chiller" and other technical achievements in 2020. It has accumulated 31 world-leading technologies by now. The three projects named "Key Technologies and Application of Efficient VRF Air Conditioning Unit Based on Full Sample Big Data", "Key Technologies and Application of Wide Load and Full Scene Efficient VRF Unit", "Research and Application of Key Technologies of Adaptive Efficient Screw Compressor under All Operating Conditions" won the first prize of the Science and Technology Progress Award of Guangdong Province, the first prize of China Machinery Industry Technical Invention Award, and the first prize of the Science and Technology Progress Award of China Energy Conservation Association in turn.

In 2020, Gree made new progress in the research into basic technologies such as the key technologies of efficient small air compressor and proton exchange membrane fuel cell, ultra-low gravity vapor compression heat pump cycle technology, space ultra-low temperature refrigeration technology, air conditioning and auxiliary cooling system for civil aircrafts, and the high precision and low drift technology of control and detection circuit, and also developed Gree's first GRM01 refrigerant with independent intellectual property rights.

2. Improve the level of standardization and generalization in an all-round way. Gree established 32 technical standard sub-committees and compiled or revised 1,825 technical standards. The national standard for new energy efficiency of household air conditioners, GB 21455-2019 *Minimum Allowable Values of the Energy Efficiency and Energy Efficiency Grades for Room Air Conditioners*, revised by China National Institute of Standardization and Gree as leading revisers was officially implemented as of 1 July, 2020. In terms of international standards, the two international standard proposals regarding photovoltaic direct-driven appliance controller led by Gree were

approved by IEC/TC82 project initiation, which filled in gaps of the test specifications for photovoltaic direct-driven appliance controllers; Gree Chairperson Dong Mingzhu officially served as the chairman of the Sub-committee on Test and Evaluation of Refrigeration Compressors under the ISO Technical Committee on Refrigeration and Air Conditioning, promoting the technology of cooling compressor to rise to an international standard.

3. Strengthen the protection and application of intellectual property rights. The total number of patent applications was 15,072 in 2020, including 8,793 invention patents and 2,743 invention patent grants, among which 2,513 invention patent grants were issued to the first applicant, ranking No.6 in China. Gree became the only household appliance enterprise that has entered the top 10 enterprises in invention patent patents in China for five consecutive years. The company licensed one patent for the invention of motor fairing hood to EBMPAPST ranking among the top three fan companies in the world, an expert in the global blower area, which demonstrated the creation power of Gree to the world following its granting of a patent license to Grundfos of Denmark in 2019.

4. Continuously improve the capability of product design. In 2020, Gree continued to increase its investment in the R&D of new products in new areas, and made breakthrough progress in the product series design, CMF planning and design, user experience, and UI design. Adhering to the principle of concentration and diversified development, it promoted the development of original products, and made outstanding achievements in the field of industrial design. Gree received 20 awards of three major International Design Awards (9 IF Product Design Awards in Germany, 2 Red Dot Awards in Germany, and 9 IDEA Awards in the United States).

(III) Optimize the quality control system, insist on quality innovation and implement the perfect quality assurance mode in an in-depth manner

To meet the consumers' requirement for pursuing a high quality life, Gree has been committed to providing high quality products. In 2020, Gree won the honor of "High Quality Leading Enterprise" awarded by the China Quality Certification Center, becoming the first and only enterprise of China that received this honor. In the China Customer Satisfaction Index (C-CSI) issued by China National Institute of Standardization in 2020, Gree ranked first in the category of air conditioners, and has topped the list for 10 consecutive years. The *Quality Management - Innovation Cycle Guide Based on Customer Demand*, a national standard, drafted by Gree as the leading party was officially implemented as of 1 July, 2020.

(IV) Pay close attention to industrial transformation, accelerate diversified layout, and cultivate new growth points

1. Intelligent equipment sector

Zhuhai Gree Intelligent Equipment Co., Ltd. is an intelligent equipment manufacturing enterprise integrating R&D, production, sales and service, which boasts 15 R&D departments, 421 R&D members, 5 production bases, 6 specialized companies, and 7 technical service centers. The company attaches importance to the R&D and accumulation of autonomous technologies, and has applied for more than 2800 patents, of which 1760 are invention patents. Relying on its own scientific research and technology level, Zhuhai Gree Intelligent Equipment Co., Ltd. won the honors including National High-tech Enterprise and Guangdong Industrial Robot Key Enterprise, and took the lead to complete a number of national key projects and participated in the formulation of three national standards for the robot industry.

Its intelligent equipment products cover more than 10 fields, including servo manipulators, industrial robots,

intelligent warehousing equipment, intelligent testing, special machine tool equipment for heat exchanger, unmanned automation production line body, CNC machine tools, automatic production lines, and energy saving and environmental protection, involving more than 100 specifications. In 2020, the company focused on the introduction of full direct-driven five-axis processing machine tools, high-precision vertical processing machine tools, and large-scale CNC gantry machine tools, among which the repeated positioning precision of high-precision vertical processing machine tools reach 0.003 mm, and the five-axis machine tool FA500 has been used in the field of complex surface and cavity processing in precision mold manufacturing, and the full direct-driven vertical processing machine tool DV540 realizes the polishing-free process of high precision graphite mold processing.

In 2020, Zhuhai Gree Intelligent Equipment Co., Ltd. vigorously promoted all construction works of the provincial manufacturing innovation center in Zhanjiang, and successfully assisted more than 30 small household appliance enterprises in Zhanjiang in implementing technological innovation and intelligent manufacturing upgrade. Its intelligent manufacturing demonstration project of high-end CNC machine tools and demonstration project of ten-million-level intelligent storage stereo warehouse were successfully implemented, which laid a foundation for the market development of the automobile, casting, chemical industry and other fields.

2. Precision mould sector

Mould is the "mother of industry" and provides important technical support for high efficiency, low cost and high quality of product manufacturing. The industrial level of moulds is an important symbol for the manufacturing level of a country. Gree deeply exploits the mould field, and has established a benchmark in the mould industry in terms of technological innovation, quality management, informatization, and intelligent manufacturing.

As of December 2020, Gree has accumulatively applied for 485 patents, of which 125 were invention patents, 251 were patents for utility models, and 109 were industrial design patent; obtained a total of 293 patents grants, including 7 invention patents, 191 patents for utility models, and 95 industrial design patents.

In 2020, Gree Precision Mold Co., Ltd built "Guangdong Intelligent Mould Technology Innovation Center", organized to tackle key technical problems such as mould simulation design, intelligent design, new mould technology, and intelligent manufacturing application, and applied for 90 patents.

In 2020, Gree Precision Mold Co., Ltd adopted the multi-cavity vertical square side-glue-in hot runner technology for the first time to provide customers with a new precision and efficient multi-cavity injection molding solution, helping the traditional stationery enterprises realize intelligent manufacturing upgrade; it has developed a clean and efficient steam mould solution, which challenged the traditional oil-heated mould technology in the lunch box field; it completed the mould design, material preparation, processing, and delivery of the forehead thermometer project within 15 days; it has developed the new technologies and moulds including the forming technology of black leather automotive exterior parts, the ultra-high speed turbine mould with carbon fiber, and the glass insert mould.

3. Renewable resource sector

Gree organically combines the resource regeneration and development of circular economy with its corporate social responsibilities, actively practices the extended producer responsibility regime, and strives to create a green closed-loop industrial chain from design and manufacturing to recycling. Gree has successively established six renewable resource bases in Zhuhai, Changsha, Zhengzhou, Shijiazhuang, Wuhu, and Tianjin since 2010, engaged in the recycling of waste electrical and electronic products and end-of-life vehicles, as well as the deep processing

and recycling of waste circuit boards and waste plastics. Thanks to the rapid development for nearly one decade, Zhuhai Gree Green Resources Recycling Co., Ltd has become a leading enterprise in the industry. At present, it has the qualification and capacity of dismantling 13 million waste household appliances and 94,000 vehicles, the processing capacity of 180,000 tons of recycled plastics, and the disposing qualification and capacity of 60,000 tons of waste circuit boards. It recycled 7 million sets of waste household appliances in 2020.

By the end of 2020, Zhuhai Gree Green Resources Recycling Co., Ltd has accumulatively disposed of more than 34 million sets of waste electrical and electronic products and more than 60,000 tons of end-of-life vehicles, and converted over 500,000 tons of recycled copper, iron, aluminum, and plastics. It was estimated that the mining amount of mineral crude oil resources was reduced by about 1.3 million tons, water was saved by about 3.3 million cubic meters, and carbon emission was reduced by more than 1.7 million tons.

4. Semiconductor sector

Gree has made great progress in the research of the semiconductor field and its self-developed chips and devices have been verified by batch production. Gree achieved independent R&D of core technologies. Gree and its subsidiary Zhuhai Zero Boundary Integrated Circuit Co., Ltd have applied for 629 patents in the field of semiconductor technology, including 202 patent grants, 68 invention patents, and 134 patents for utility models, and 56 international patents, among which the invention patent named Method and Device for Judging Stability of Clock Circuit won one silver prize of the 7th Guangdong Patent Award in 2020.

Gree general industrial-grade 32-bit series MCU, featuring the advantages of high performance, high reliability, low power consumption, and low cost, has been widely promoted and used in Gree air conditioner series products with an annual output of more than 10 million. It can be widely applied to consumer electronics, wearable devices, household products, health care support, large commercial units, industrial sensors, high-performance motor control, and other fields.

Gree smart home series chips integrate the high-performance AI computing power and embedded MCU, and implement intelligent control for image recognition, man-machine interaction, motor drive, security encryption and other functions. These products have been applied to the intelligent energy-saving algorithm of air conditioning and intelligent fans, and provided the complete supporting software and hardware solutions. They can be widely used in smart household appliances, end-side AIoT, smart home, industrial computing, industrial automation, and other fields.

5. New energy sector

The business scope of Gree new energy sector covers the photovoltaic storage DC air conditioning system, industrial and commercial energy storage, new energy DC electric appliances, energy Internet system, new energy auto parts, etc.

Bearing in mind the mission of jointly building a clean, safe, reliable, intelligent and efficient living and working environment and a better new life, Gree leads the construction of a new zero-carbon DC ecology. In 2020, Gree's photovoltaic storage DC air conditioners and energy Internet system won the bidding of four major domestic demonstration projects (Shenzhen Future Mansion, Suzhou Tongli DC Park Project, Xiong'an Green Energy Magic Box, and Datong Energy Revolution Vanguard Exhibition Hall), which were put into full operation in 2020. In addition, Gree was awarded the landmark projects such as Jiangsu Pangdong Energy Station, Xi'an Aeronautical University, and the Green Energy and Building Research Center of CHN Energy.

In 2020, Gree's photovoltaic air conditioning products achieved full coverage of VRF units, screw chillers and

centrifugal chillers, effectively fitting more application scenarios; it strove to create the popular 20 kW and 5 kW photovoltaic air conditioning products with a high performance-price ratio, which adopted the topology architecture of three-level separating power devices and the new thermal design for the first time to realize power generation without derating at the ambient temperature of 50 °C, reaching the industry-leading level. The grid-connection performance of the airborne converter for photovoltaic inverter centrifugal unit was recognized by TUV. It helped SANWO Yiwei photovoltaic centrifugal unit project become a national demonstration project of efficient refrigerator room in Singapore. This project is the first zero energy consumption building in Singapore and won the Platinum Award for Green Building Standard presented by the Academy of the Built Environment (BCA) of Singapore.

In 2020, Gree launched the ultra-low temperature performance and high-capacity energy storage system products in the energy storage sector, which are applied to the project of Pingdingshan High Voltage Apparatus Research Institute; employing the key technologies of the park level energy Internet system, these products helped Gree implement the 200 MWh industrial centralized energy storage project, and can not only function as a standby power supply, but also improve the power quality and reduce the power cost.

Besides, the IEEE PES Low Voltage DC (LVDC) Technical Committee Gree intended to build as a chairman unit has been approved, and Guangdong Energy Internet Innovation Center constructed under the leadership of Gree has been put into operation to provide assistance for the double-carbon-objective driven green economic transformation.

In the field of new energy vehicles, Gree has reached strategic cooperation with a lot of enterprises in the field to provide customers with products and automatic manufacturing solutions covering new energy vehicle air conditioners, motors, charging piles, process equipment, moulds, etc.

6. Medical and health sector

In the background of grim epidemic situation and shortage of prevention and control materials, Gree actively fulfilled its social responsibilities, swiftly established Zhuhai Ge Health Medical Technology Co., Ltd to produce epidemic prevention materials, and, based on the existing technical advantages, accessed the medical equipment industry and established Chengdu Gree Xinhui Medical Equipment Co., Ltd to lay out and cultivate the strategic emerging industry.

Zhuhai Ge Health deals with production and operation of medical goggles, medical masks, medical forehead thermometers and other class-I and class-II medical devices. Relying on the solid strength of Gree in precision moulds and intelligent equipment, it quickly and independently developed precision moulds for medical protection products, automatic production line of plain face masks, and the automatic production line of KN95 mask. It took only 16 days from drawing design to equipment installation and debugging. In the hard times of epidemic prevention and control, it successfully realized the mass production supply of masks and other materials, making a contribution to winning the battle of epidemic prevention and control.

Focusing on the COVID-19 epidemic, Gree Xinhui started the development of mobile protective equipment meeting the requirements for epidemic protection. In the end, it broke through the key technical difficulties of biosafety laboratory, developed the P2+ environmental control system, filling the gap of the company in medical equipment temperature control system, and successfully launched the system to the market and delivered it in 2020, helping mobile detection of nucleic acid and reducing the detection load of hospitals, promoting the localization of high-end medical equipment and key technologies, and also providing a strong guarantee for coping with public health emergencies.

(V) Strengthen digital operation, promote online and offline integration, and realize sales breakthrough of all products

Based on the big data, artificial intelligence, and other advanced technologies, Gree new retail mode upgraded the production, circulation and sales process of household appliances, and deeply integrated the online service, offline experience, warehousing and distribution, and after-sales service.

In terms of offline exclusive shops, Gree promoted the construction of digital shops. By introducing the digital devices such as intelligent shopping guide screen, cloud shelf and electronic price tag and upgrading the shop image, offline shops not only have the offline and online sales functions, but also become a scene space for experience, reception, and communication. Consumers will personally feel the technology convenience, health and comfort brought by Gree products in shops. Next, Gree terminal new retail shops will create a new omni-channel retail mode based on the experience in ten thousand shops.

In terms of online Gree Dong Mingzhu's store, Gree has promoted the opening of online Gree Dong Mingzhu's stores for 30,000 offline stores, further enhancing the communication between consumers and brands, and constantly improving the service efficiency and quality. The nationwide live streaming tour was completed at eight sites throughout the year, showing the local economic and cultural characteristics and helping upgrade the quality of life.

Benefiting from the application of Gree new retail mode, consumers can not only experience products offline, but also buy more favorable products due to the reduction of intermediate links; the distributors have gained the omni-channel sales capability, and can better manage and serve consumers according to the market changes; the factories have more opportunities to directly contact consumers, and can optimize the product design according to consumers' preferences and continuously provide better products.

(VI) Actively expand the overseas market, insist on the high-end leading strategy and energetically develop proprietary brands

The COVID-19 epidemic spread in the world, international market demands declined, and the trade downward pressure increased. Despite of this, Gree continued to exert its strength in overseas markets, persisted in the market and user orientation, and developed independent brand construction from the aspects of strategy, product, quality, and service. As a result, the international reputation of Gree brands was continuously improved.

In 2020, Gree's overseas commercial projects have achieved fruitful results. The total cooling capacity of overseas HVAC design projects exceeded 1.1 million cold-tons. Gree was awarded many large-scale commercial projects successively, e.g., Israel Hi Tower commercial and residential integration project, Serbia Chinese Cultural Center, Nigeria Rai railway project, Indonesia Batam One Batam Mall project, and Taipei Arena project, and its bid winning products included centrifugal units, screw units and other large-scale commercial products, which have produced marked effects in public facilities, industrial parks, star hotels, chain restaurants, and other fields, and established the international image of Gree brands.

The COVID-19 epidemic was severe overseas. To provide a healthier and cleaner environment for overseas consumers, GREE has launched a series of household appliances integrating air purification, anti-virus and other health functions to overseas markets. Freair fresh air conditioner is equipped with the suction and exhaust two-way ventilation system, and provides the UVC sterilization function to effectively filter PM2.5; the dehumidifier provides the UV sterilization function; the "V-Lasso" air purifier specially for killing COVID-19 virus leads the new trend of health upgrade, and helps Gree realize high-end brand positioning depending on

excellent products.

Affected by the continuous spreading of COVID-19 epidemic, the traditional promotion modes such as business visit, international exhibition and offline promotion have been frustrated. Gree's overseas brand promotion has been actively transformed. It took the advantage of digital means to participate in the online Canton Fair, and displayed its corporate image and latest products to overseas customers in an all-round way through live marketing, VR exhibition hall, online shops, and other new approaches.

(VII) Focus on user needs, continue to explore core technologies and lead the era where everything is connected

Gree insists on independent innovation, uses core technologies to build a smart home where everything is connected, focuses on the consumers' demand for intelligent life, and realizes the linkage of household appliances in the whole house by connecting intelligent and high-quality household appliances of all categories. Centering on the goal of "connecting everything, responding to any call" of Gree Zero-carbon Healthy Home, intelligent household appliances continued to improve the smart life systems, products, entrances and Internet of Things technologies, and achieved the overall smart life solution of energy conservation and environmental protection, comfort and health, and wisdom and humanities in 2020.

The solution involves six smart life systems, namely, energy, air, sleep, recipe, security, and lighting, and five IOT technologies, adopts the five major Internet of Things technologies including the connection technology, interaction technology, sensing technology, cloud computing, and big data, and artificial intelligence, and covers 61 categories of intelligent products. Consumers can experience the family life of "connecting everything, responding to any call" through five control entries (Gree IoT air conditioner, "Gree+" App, IoT mobile phone, smart door lock and Cube Monster).

According to the "2020 Global Smart Home Invention Patent Top 100 Rankings" released by IPRdaily, an intellectual property industry media, Gree ranked No.2 in the world, which proves its excellent R&D strength in intelligent household appliances.

(VIII) Promote intelligent manufacturing and build a global intelligent demonstration factory of air conditioners

Gree Electric is devoted to promoting the transformation and upgrade of intelligent manufacturing relying on the independent and innovative core technologies. With the goal of establishing a whole process data-driven intelligent decision-making platform and guided by the three major directions of "system construction, technological innovation, and scene application", Gree makes great efforts to open up the whole process and all factor business, strengthen the foundation of production and manufacturing, reshape the end-to-end value chain, and build a global intelligent demonstration factory of air conditioners.

In 2020, aiming to build a digital factory and based on lean manufacturing, Gree optimized the core business of the production system, and realized intelligent production scheduling, intelligent testing, efficiency improvement of bottleneck positions, and process information management by improving the flexible automation capability, connecting the data inside and outside the factory, integrating the information system platform, and implementing intelligent application. The logistics circulation and driving between suppliers and factories promoted the quality improvement, efficiency improvement, cost reduction, and inventory reduction in the manufacturing process; Gree built a production and operation service command center to implement platform problem self-perception,

intelligent prevention of exceptions, and intelligent service evaluation, quickly solve problems on the production site, and improve the management efficiency.

As an important support for the future industrial Internet, 5G is the pioneering field of digital strategy. In 2020, Gree accelerated the promotion of 5G+ industrial Internet and the deployment of 5G base station facilities, achieved the 5G network coverage, transformed the existing resources and network, built Gree intelligent manufacturing network, realized the interconnection between production equipment, instruments, sensors, control system, and management system, and realized in-dept 5G application in the scenarios such as industrial video surveillance, smart production service, intelligent quality inspection, intelligent warehouse storage, and intelligent logistics distribution. Zhuhai base has been recognized as one of the first group of 5G+ industrial Internet application demonstration parks by the Department of Industry and Information Technology of Guangdong Province.

(IX) Deepen reform and accelerate the transformation and upgrade of intelligence and informatization

Gree has built its own big data platform to provide the massive data storage, analysis, query and data mining capabilities. The platform features high data throughput, high response speed, horizontal expansion, easy-to-use scheduling function, and complete data flow management functions, laying a solid foundation for the information upgrading in the process of product production and R&D.

Centering on its intelligent manufacturing development strategy and relying on the abundant scenes of industrial manufacturing, Gree accelerated the promotion of AI applications, focused on the in-depth layout in intelligent detection, intelligent recognition, intelligent office, and other fields, and promoted the implementation and application of behavior identification of key positions, intelligent detection of key materials, AOI detection application, industrial visual inspection application, face recognition access control, and other business sectors, improving the production efficiency and quality level.

In the aspect of smart new retail, Gree took root in the sales scene of Gree's offline terminal shops to conform to the trend of new retail mode. Gree worked out Gree's dream shop plan, built the digital upgrade entrance for terminal shops relying on the Internet engineering technology and through the touch interaction mode, connected the online and offline closed-loop paths, and created Gree's characteristic smart shopping guide shops.

Regarding smart quality management, Gree developed the digital intelligent management platform to collect and analyze the whole process quality data, realize remote monitoring, prevention and timely response of the quality problems found in the production process, provide an underlying data support for the digital plant, and concentrate advantageous resources to fix the core quality problems. It promoted the implementation of supplier management information projects such as big data quality management (Tian-yan), supplier audit system management, and supply source interconnection management platform, and comprehensively controlled and improved the quality level of suppliers.

In terms of intelligent production management, Gree accelerated the application of the Internet of Things, impelled the networking of eight categories of equipment, namely, the key supporting capacity equipment, high energy consumption equipment, quality testing equipment, process guarantee equipment, automation equipment, security equipment, key logistics equipment, and air conditioning sector equipment of the group, developed a full life cycle management platform for equipment, and interconnected various equipment operation information with systems, achieving the goals of real-time equipment monitoring, parameter performance optimization, early warning management, and quality testing improvement, and implementing the integrated management of

equipment operation and maintenance.

In the aspect of smart customer service, Gree implemented information projects such as intelligent dispatching, service personnel turnover analysis, parts management, and system logic optimization, and improved the dispatching service efficiency by replacing traditional manual dispatching with intelligent dispatching; it monitored and analyzed the after-sales data generated in the process of providing after-sales service, so as to more reasonably and intelligently deploy the installation and maintenance personnel and repair parts in the sales territory and make the service more accurate and effective; it established the real-time feedback system of consumer information through the after-sales service information platform to comprehensively identify and efficiently collect maintenance information.

As for smart management, big data means was used to integrate the data of various business sectors of the enterprise, conduct business intelligence analysis, and realize transparent and intelligent management of data through multi-dimensional data analysis perspective, with a view to providing effective operation monitoring for enterprise managers, efficiently supporting business growth, boosting the data insight of enterprises, and driving the digital transformation and upgrade of enterprises.

As for smart property, Gree built a smart community of Gree talents. With the help of various Internet, Internet of Things and AI technologies and methods, it integrated the security, facilities, personnel, energy efficiency, environment, and other property services in a unified way to create a comprehensive service platform from scattered intelligence to overall intelligence, provide a new mode of convenient services for the community, and create a new experience of smart living environment.

(X) Optimize the talent cultivation mechanism and incentive system, and help the Company develop steadily

In 2020, the Company continued to increase independent training of innovative talents, deepened core business support, built smart learning organizations, created an enabling ecosystem for vocational education, accelerated the supply of talents for the transformation of innovative achievements, and promoted high-quality development of the Company.

The independent training of innovative talents was reinforced. Gree specially carried out practical technology training of the manufacturing field to realize continuous and in-depth training of technical talents and urge employees to grow into professional talents in the high-grade, high-precision and advanced technology field; adhered to the continuous cultivation of innovative talents, promoted independent innovation of science and technology, and strove to build Gree into a world R&D center of the manufacturing field; prepared to establish a national training base of talents with high technical ability, and build a platform for training of technical talents to promote the cultivation of talents with high technical ability; strengthened the reserve and training of young talents, forged a young management cadre team, and cultivated more talents for the development of enterprises.

Support to the Company's core businesses was deepened. Closely linked to the core strategic businesses of the enterprise and focusing on the important areas and topics of strategic development, Gree carried out training, and supported the implementation of enterprise strategy; strengthened the support to enterprise management and operation, and conducted the cultivation of special talents for operation support in consideration of the needs of employee development and position promotion; supported and served the first-tier marketing, and closely followed the Company's "New Retail" marketing innovation mode to forge a marketing talent team with "Gree characteristics", and better support the first-tier marketing and service.

In 2020, in order to continuously improve employee satisfaction and happiness, Gree established an "all-round employee incentive system", a well-equipped living area for employees, and a Gree school with a beautiful environment and complete teaching facilities, and prepared to build Gree Hospital. All these welfare guarantee measures built a happy enterprise for Gree people. In 2021, Gree will launch an employee stock ownership plan to allow employees to share more of the achievements of corporate development.

II. Analysis on principal businesses

1. Overview

See the description in "Overview" of "Discussion and Analysis of Business Operation".

2. Revenue and cost

(1) Composition of operating income

Unit: Yuan

	2020		2019		Increase/Decrease over the previous year
	Amount	Proportion in Operating Income	Amount	Proportion in Operating Income	
Total operating income	168,199,204,404.53	100%	198,153,027,540.35	100%	-15.12%
Categorized by industry					
Manufacturing	130,427,766,473.54	77.54%	156,888,659,016.13	79.18%	-16.87%
Other businesses	37,771,437,930.99	22.46%	41,264,368,524.22	20.82%	-8.46%
Categorized by product					
Air Conditioner	117,881,639,913.77	70.08%	138,665,055,103.82	69.99%	-14.99%
Home Appliances	4,521,756,518.81	2.69%	5,575,911,375.57	2.81%	-18.91%
Intelligent equipment	790,942,676.61	0.47%	2,141,285,558.55	1.08%	-63.06%
Other main business	7,233,427,364.35	4.30%	10,506,406,978.19	5.30%	-31.15%
Other businesses	37,771,437,930.99	22.46%	41,264,368,524.22	20.82%	-8.46%
Categorized by region					
Domestic-main	110,407,002,220.87	65.64%	136,073,206,974.43	68.67%	-18.86%

business					
Overseas-main business	20,020,764,252.67	11.90%	20,815,452,041.70	10.51%	-3.82%
Other businesses	37,771,437,930.99	22.46%	41,264,368,524.22	20.82%	-8.46%

(2) Industry, product, or region accounting for more than 10% of the Company's operating income or operating profit

Applicable Not applicable

Unit: Yuan

	Operating incomes	Operating Cost	Gross Profit Margin	Increase or Decrease of Operating Income over Last Year	Increase or Decrease of Operating Cost over Last Year	Increase or Decrease of Gross Profit Margin over Last Year
Categorized by industry						
Manufacturing	130,427,766,473.54	87,921,191,886.69	32.59%	-16.87%	-15.22%	-1.31%
Other businesses	37,771,437,930.99	36,307,841,794.23	3.87%	-8.46%	-8.77%	0.31%
Categorized by product						
Air Conditioner	117,881,639,913.77	77,430,333,762.13	34.32%	-14.99%	-11.20%	-2.80%
Other businesses	37,771,437,930.99	36,307,841,794.23	3.87%	-8.46%	-8.77%	0.31%
Categorized by region						
Domestic-main business	110,407,002,220.87	70,329,850,923.05	36.30%	-18.86%	-17.93%	-0.72%
Overseas-main business	20,020,764,252.67	17,591,340,963.64	12.13%	-3.82%	-2.30%	-1.37%
Other businesses	37,771,437,930.99	36,307,841,794.23	3.87%	-8.46%	-8.77%	0.31%

In case of adjustment of statistical caliber for the Company's main business data during the Report Period, main business data after statistical caliber adjustment at the end of the Report Period in the recent year

Applicable Not applicable

(3) Physical item income is higher than service income

Yes No

(4) Fulfillment of major sales contracts signed by the Company by the end of the Report Period

Applicable Not applicable

(5) Composition of operating cost

Unit: Yuan

Industry Category	Item	2020		2019		Increase/Decrease over the previous year
		Amount	Proportion to Operating Cost	Amount	Proportion to Operating Cost	
Household appliances manufacturing	Raw material	75,879,070,146.39	86.90%	88,126,710,086.12	86.66%	-13.90%
	Labor wage	4,261,563,030.87	4.88%	4,943,375,465.37	4.86%	-13.79%
	Depreciation	1,693,963,131.00	1.94%	1,565,803,533.57	1.54%	8.18%
	Energy	779,821,409.66	0.89%	836,728,653.04	0.82%	-6.80%

(6) Changes in the consolidation scope occurred during the Report Period

Yes No

1. Business combination not involving enterprises under common control
(1) Business combination involving enterprises not under common control in the current period

Unit: Yuan

Name of acquired party	Time point of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition	Equity acquisition mode	Date of purchase	Determination basis of date of purchase
Songyuan Grain Group Co., Ltd.	2020/12/31	246,272,496.65	75.00%	Purchase by means of cash	12/31/2020	Acquisition of control power

(2) Combination cost and business reputation

Unit: Yuan

Combination cost	Amount
Fair value of the equity held before the date of purchase on the date of purchase	246,272,496.65
Total combination cost	246,272,496.65
Less: Fair value share of the identifiable net assets acquired	246,272,496.65
Business reputation/combination cost smaller than the amount of fair value share of the identifiable net assets acquired	-

[Note] The Company originally held 50.00% of the equity of Songyuan Grain Group of which the remaining 50.00% equity was held by Liaoning Songyuan Financial Investment Management Center. In September 2020, the Company increased its capital contribution to Songyuan Grain Group by RMB 150,000,000.00, and its

shareholding ratio increased to 75.00%; on 31 December, 2020, the Board of Directors of Songyuan Grain Group was re-elected, with 5 Board members, and the Company elected 4 directors, accounting for 80% of the total Board members, thus the Company has control over Songyuan Grain Group.

As at the date of purchase of 31 December, 2020, the fair value of the identifiable net assets attributable to the owners of the parent company was RMB 328,363,328.86, and the fair value of corresponding identifiable net assets were appraised by Beijing Yachao Assets Appraisal Co., Ltd which issued [Beijing Yachao Appraisal Report (2020) No. A184] Appraisal Report. As at the date of purchase, the fair value of 75.00% equity originally held by the Company in Songyuan Grain Group was RMB 246,272,496.65. No additional consideration was paid on the date of purchase, and the corresponding combination cost was RMB 246,272,496.65.

(3) Identifiable assets and liabilities of the acquired party on the date of purchase

Unit: Yuan

Item	Songyuan Grain Group Co., Ltd.	
	Fair value on the date of purchase	Carrying amount on date of purchase
Assets:		
Monetary capital	70,436,872.44	70,436,872.44
Accounts receivable	58,501,141.40	58,501,141.40
Receivables financing	1,632,600.00	1,632,600.00
Prepayment	41,963,876.05	41,963,876.05
Other receivables	24,912,813.07	24,912,813.07
Inventories	397,055,281.83	397,055,281.83
Other current assets	47,958,691.72	47,958,691.72
Other equity instrument investments	7,000,000.00	7,000,000.00
Fixed assets	103,601,989.38	87,182,573.65
Construction in Progress	27,971,600.68	27,971,600.68
Intangible assets	41,875,107.81	29,763,765.14
Long-term deferred expenses	6,613,861.32	6,613,861.32
Deferred income tax assets	1,735,376.11	1,735,376.11
Other non-current assets	45,165,068.36	45,165,068.36
Subtotal of assets	876,424,280.17	847,893,521.77
Liabilities:		
Short-term borrowing	421,685,022.79	421,685,022.79
Accounts payable	25,076,251.02	25,076,251.02
Contractual liabilities	22,238,960.98	22,238,960.98

Payroll payable	3,036,030.14	3,036,030.14
Taxes payable	592,097.19	592,097.19
Other payables	11,819,022.22	11,819,022.22
Other current liabilities	3,347,033.54	3,347,033.54
Deferred income	20,938,130.35	20,938,130.35
Deferred income tax liabilities	7,132,689.60	
Subtitle of liabilities	515,865,237.83	508,732,548.23
Net assets	360,559,042.34	339,160,973.54
Less: minority equity	114,286,545.69	108,937,028.49
Net assets obtained	246,272,496.65	230,223,945.05

(4) Gains or losses from remeasurement of the equity held before the date of purchase at the fair value

Unit: Yuan

Name of acquired party	Carrying amount of the equity originally held before the date of purchase on the date of purchase	Fair value of the equity originally held before the date of purchase on the date of purchase	Gains or losses from remeasurement of the equity originally held before the date of purchase at the fair value
Songyuan Grain Group Co., Ltd.	230,223,945.05	246,272,496.65	16,048,551.60

(5) Method and main assumptions for determining the fair value on the date of purchase

1. Appraisal and recognition methods: The asset based approach and the income approach were used to appraise the assets and liabilities this time.

2. Main hypothesis during the appraisal:

A. On the basis of maintaining consistency, the business scope, business methods and management models of the evaluated unit can be timely adjusted and innovated along with the development of the market and science and technology.

B. Except for the fixed-asset investment on the evaluation benchmark date that there is definite evidence showing that the production capacity will change in the future, it is assumed that the evaluated unit will not carry out major fixed-asset investment activities that affect its operations in the future income period, and the production capacity of the enterprise is estimated according to the condition on the evaluation benchmark date.

C. It is assumed that in the future earnings period, the evaluated unit will maintain the turnover of accounts receivable and accounts payable similar to the historical years, with no payment in arrears that is significantly different from the historical years.

D. There are no property right disputes or other economic disputes related to the assets and liabilities declared by the appraised unit.

E. The source of funds and cost of future R&D and production of the evaluated unit will not cause significant adverse effects on the enterprise.

3. Reasons for asset appreciation:

A. The acquisition of housing and buildings under fixed assets took place earlier, and the increase in housing prices in the areas where they are located led to valuation appreciation.

B. The acquisition of land use rights under intangible assets took place earlier, and the increase in land market prices led to valuation appreciation.

2. Business combination involving enterprises under common control

None.

3. Counter purchase

None.

4. Disposal of subsidiaries

None.

5. Changes in the consolidation scope arising from other causes

The newly established new bodies in this period are as follows:

Unit: Yuan

Name	Time of establishment	Net assets of the end of the period	Net profit from the combination date to the end of the period
Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	1/16/2020	1,000,170,464.38	170,464.38
Zhuhai Ge Health Medical Technology Co., Ltd.	2/18/2020	44,211,752.29	24,211,752.29
Chengdu Gree Xinhui Medical Equipment Co., Ltd.	4/8/2020	86,869,920.67	1,199,920.67
Suzhou Qingzhan Environmental Technology Co., Ltd.	5/13/2020	13,636,129.44	-363,870.56
Gree (Ganzhou) Electric Appliances Co., Ltd.	9/25/2020	80,049,226.28	49,226.28
Gree Tianjin Xinhui Medical Equipment Co., Ltd.	10/26/2020	Not yet invested	

(7) Major changes or adjustment of businesses, products or services during the Report Period

Applicable Not applicable

(8) Major sales customers and suppliers of the Company

Major sales customers

Total sales amount of 5 top customers (RMB)	25,319,031,693.14
Proportion of total sales amount of 5 top customers to the annual sales volume	14.86%

Proportion of sales amount of related party in the sales amount of 5 top customers to the annual sales volume	5.20%
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Information of 5 top customers

Serial Number	Customer Name	Sales Volume (Yuan)	Proportion to Annual Sales Volume
1	First	7,906,348,022.11	4.64%
2	Second	5,111,746,539.95	3.00%
3	Third	4,526,734,392.66	2.66%
4	Fourth	4,328,457,769.40	2.54%
5	Fifth	3,445,744,969.02	2.02%
Total	--	25,319,031,693.14	14.86%

Other description of major customers

Applicable Not applicable

Among the top five customers, Zhejiang Shengshi Xinxing Gree Trading Co., Ltd and Henan Shengshi Xinxing Gree Trading Co., Ltd are related parties of the Company. Other customers have no related-party relationship with the Company.

Major suppliers of the Company

Total amount of purchase of top 5 suppliers (RMB)	37,290,901,785.46
Percentage to the total amount of annual purchase	32.28%
Percentage of related parties' purchase amount in the total amount of purchase of top 5 suppliers to the total amount of annual purchase	0.00%

Information about top 5 suppliers of the Company

Serial Number	Name of supplier	Amount of purchase (yuan)	Percentage to the total amount of annual purchase
1	First	12,433,227,710.60	10.76%
2	Second	8,920,198,128.91	7.72%
3	Third	6,133,511,219.60	5.31%
4	Fourth	5,575,473,433.40	4.83%
5	Fifth	4,228,491,292.95	3.66%
Total	--	37,290,901,785.46	32.28%

Other information about the major suppliers

Applicable Not applicable

3. Expenses

Unit: Yuan

	2020	2019	Increase/Decrease over the previous year	Description of the material change

Sales expense	13,043,241,798.27	18,309,812,188.35	-28.76%	
Overhead Expense	3,603,782,803.64	3,795,645,600.08	-5.05%	
Financial expense	-1,937,504,660.07	-2,426,643,429.91	20.16%	
R&D expenses	6,052,563,108.10	5,891,219,715.90	2.74%	

4. Investment in research and development

√ Applicable □ Not applicable

Gree adheres to the philosophy that "science and technology change life; science and technology create life" and insists on "independent research and development of core technologies". It firmly believes that only the real mastery of core technologies can enable us to grasp the fate of the enterprise and realize independent development of the enterprise. Meanwhile, Gree has set up a technological innovation system of "enterprise regarded as the main player, market orientation, enterprise-university-research cooperation". It insists on innovation driving, cultivates innovative talents, implements the leader strategy, and constantly consolidates its global leading position in the field of refrigeration.

Gree boasts the largest R&D center of air conditioners in the world, four national R&D centers, one research and evaluation base of the National Notification Enquiry Center, 15 research institutes, nearly 1,000 laboratories, and nearly 15,000 R&D members. Its national R&D centers are the National Key Laboratory on Air Conditioning Equipment and Energy-saving System Operation, National Engineering Research Center of Green Refrigeration Equipment, State Recognized Enterprise Technology Center and the State-level Industrial Design Center. Meanwhile, it has been recognized as the "National Demonstration Base for Standardization of Consumer Goods" and "National Pilot Enterprise for Standardization of High-end Equipment Manufacturing Industry". In addition, Gree has established the "Motor and Control" academician workstation and has been successively approved to establish post-doctoral research centers and doctoral workstations in Guangdong Province. In 2020, Gree was approved to establish "Guangdong Key Laboratory for Enterprises of High-speed Energy Saving Motor System".

Gree Electric continued to lead the industry in testing, certification and standards. Gree has built more than 300 professional laboratories for thermal balance, noises, reliability, electrical safety, electromagnetic compatibility, etc., and has been successively recognized by a variety of national or international organizations such as CNAS, TUV, UL, CSA, VDE, ITS, SGS, BV accredited laboratory, and AHRI certification, growing into the largest experimental center in the industry that can provide the most complete tests and receive the largest number of national and international recognitions. Gree has accumulatively won 48 national, provincial or ministerial and industrial awards. By the end of 2020, Gree accumulatively applied for 79,014 patents, including 40,195 patents for inventions; won 50 Chinese patent awards in total, including one gold award; won 11 China industrial design awards in total, including 3 gold awards; won 5 gold awards at the International Exhibition of Inventions of Geneva and 5 gold awards at iENA.

R&D investment of the Company

	2020	2019	Change ratio
Number of R&D personnel (persons)	14,458	14,251	1.45%
Proportion of number of	17.22%	16.04%	1.18%

R&D personnel			
Investment amount in research and development (Yuan)	6,213,796,926.90	6,011,210,604.21	3.37%
Proportion of investment in research and development in operating income	3.69%	3.03%	0.66%
Capitalization amount of research and development investment (RMB)	161,233,818.80	119,990,888.31	34.37%
Proportion of capitalized research and development investment to research and development investment	2.59%	2.00%	0.59%

Reason for the significant change in proportion of investment in research and development to the operating income compared to the previous year

Applicable Not applicable

Reason of the great change in the capitalization rate of R&D investment and its rationality explanation

Applicable Not applicable

5. Cash flows

Unit: Yuan

Item	2020	2019	Increase/Decrease over the previous year
Sub-total of cash inflows from operating activities	163,892,764,321.22	175,195,923,314.18	-6.45%
Sub-total of cash outflows from operating activities	144,654,127,012.06	147,302,209,220.59	-1.80%
Net cash flows from operating activities	19,238,637,309.16	27,893,714,093.59	-31.03%
Sub-total of cash inflows from investing activities	14,155,332,757.58	8,445,533,871.01	67.61%
Sub-total of cash outflows from investing activities	14,057,602,607.40	19,720,582,471.78	-28.72%
Net Cash Flow from Investment Activities	97,730,150.18	-11,275,048,600.77	100.87%
Sub-total of cash inflows from financing activities	37,614,461,534.80	21,595,107,923.68	74.18%
Sub-total of cash outflows from	58,725,959,033.00	40,817,084,044.61	43.88%

financing activities			
Net Cash Flow from Financing Activities	-21,111,497,498.20	-19,221,976,120.93	-9.83%
Net increase in cash and cash equivalents	-2,147,522,183.34	-2,399,549,002.85	10.50%

Major factors that result in major changes in relevant data

Applicable Not applicable

Item	2020	2019	Increase/decrease proportion	Cause of change
Net cash flows from operating activities	19,238,637,309.16	27,893,714,093.59	-31.03%	Mainly attributable to the decrease of cash received from sale of goods or rendering of services
Net Cash Flow from Investment Activities	97,730,150.18	-11,275,048,600.77	100.87%	Mainly attributable to the increase of cash received from recovery of investments and the decrease of cash paid for investments

The description of causes of major differences existing between the net cash flows from operating activities of the Company and net profits of the current year in the Report Period

Applicable Not applicable

III. Non-core business analysis

Applicable Not applicable

IV. Analysis of assets and liabilities

1. Major changes in assets composition

Since 2020, the Company has implemented the new income standards or new lease standards for the first time and adjusted and implemented relevant items in financial statements at the beginning of the year.

Applicable Not applicable

Unit: Yuan

	At the end of 2020		At the beginning of 2020		Change of proportion	Description of the material change
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary capital	136,413,143,859.81	48.86%	125,400,715,267.64	44.32%	4.54%	
Accounts receivable	8,738,230,905.44	3.13%	8,439,719,697.00	2.98%	0.15%	
Inventories	27,879,505,159.39	9.98%	24,084,854,064.29	8.51%	1.47%	
Investment real	463,420,861.39	0.17%	498,648,691.85	0.18%	-0.01%	

estate						
Long-term equity investment	8,119,841,062.14	2.91%	7,064,186,161.29	2.50%	0.41%	
Fixed assets	18,990,525,087.94	6.80%	19,121,930,757.04	6.76%	0.04%	
Construction in Progress	4,016,082,730.07	1.44%	2,431,051,409.94	0.86%	0.58%	
Short-term borrowing	20,304,384,742.34	7.27%	15,944,176,463.01	5.63%	1.64%	
Long-term borrowing	1,860,713,816.09	0.67%	46,885,882.86	0.02%	0.65%	

2 Assets and liabilities measured by fair value

√ Applicable □ Not applicable

Unit: Yuan

Item	Amount at the beginning of the period	Gains and losses from changes in fair value	Accumulated fair value changes recognized in equity	Depreciation reserves withdrawn during the period	Amount of buying in during the period	Amount of selling out during the period	Other changes	Amount at the end of the period
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	955,208,583.58	-19,994,874.52			534,846,535.22	1,099,239,744.28		370,820,500.00
2. Derivative financial assets	92,392,625.69	193,101,528.27						285,494,153.96
3. Receivables financing	28,226,248,997.12	-4,724,303.98	-4,724,303.98			7,248,120,097.65		20,973,404,595.49
4. Other debt investments	296,836,282.20	3,072,274.54	4,767,408.61		200,000,000.00			502,202,293.17
5. Other equity instrument investments	4,644,601,697.51	1,226,377,338.69	2,939,667,619.14		2,007,000,000.00	44,676,920.00		7,788,405,891.47
6. Other non-current financial assets	2,003,483,333.33							2,003,483,333.33
7. Others	432,924,010.26	38,205,618.45	22,298,300.00			410,000,000.00		44,822,900.00
Subtotal	36,651,695,529.69	1,436,037,581.45	2,962,009,023.77		2,741,846,535.22	8,802,036,761.93		31,968,633,667.42
Total	36,651,695,529.69	1,436,037,581.45	2,962,009,023.77		2,741,846,535.22	8,802,036,761.93		31,968,633,667.42
Financial liabilities								

Content of other changes

None

Whether there are significant changes in the main asset measurement attribute of the Company during the Report Period.

□ Yes √ No

3. Limitation of asset rights by the end of the Report Period

Unit: Yuan

Item	Carrying amount at the end of the period	Cause of restriction
Monetary capital	20,335,403,491.19	Statutory deposit reserve and deposits
Receivables financing	10,145,874,359.07	Pledged
Fixed assets	15,133,873.82	Mortgage
Other equity instrument investments	6,643,969,479.37	For details about the restricted shares, see Note (V) 15
Intangible assets	419,175,255.02	Mortgage
Other debt investments	496,933,800.00	Pledged
Total	38,056,490,258.47	

V. Investments

1. Overall review

 Applicable Not applicable

Unit: Yuan

Investment in the Report Period	Investment in the same period last year	Change percentage
3,561,055,956.90	7,192,756,039.01	-50.49%

2. Major equity investments obtained during the Report Period

 Applicable Not applicable

3. Major non-equity investments during the Report Period

 Applicable Not applicable

4. Financial asset investment

(1) Securities investment

√ Applicable □ Not applicable

Unit: Yuan

Type of securities	Security code	Abbreviation of security name	Initial investment cost	Accounting measurement method	Carrying amount at the beginning of the period	Gains and losses from changes in fair value	Accumulated fair value changes recognized in equity	Amount of buying in during the period	Amount of selling out during the period	Profit and loss during the Report Period	Carrying amount at the end of the period	Accounting calculation items	Capital Source of Investment
Stocks listed on domestic and overseas stock exchanges	600745	Wingtech Technology	884,999,996.60	Measure at fair values	3,316,957,037.50	233,083,467.50	2,665,040,508.40			5,378,849.25	3,550,040,505.00	Other equity instrument investments	Private
Stocks listed on domestic and overseas stock exchanges	600703	San'an Optoelectronics	2,000,000,000.00	Measure at fair values		1,093,928,974.37	1,093,928,974.37	2,000,000,000.00			3,093,928,974.37	Other equity instrument investments	Private
Stocks listed on domestic and overseas stock exchanges	600619	HIGHLY	1,142,602,956.85	Measure at fair values	775,199,650.33	-104,929,468.64	-474,800,740.04			17,265,162.85	667,802,216.81	Other equity instrument investments	Private
Stocks listed on domestic and overseas stock exchanges	01528	RSMACALLINE-HSHS	658,812,241.64	Measure at fair values	341,894,553.87	-45,004,435.09	-404,350,382.71			12,924,322.85	254,461,858.93	Other equity instrument investments	Private
Bonds	160017	16 Interest-bearing treasuries 17	288,405,500.00	Measure at fair values	296,836,282.20	870,710.17	2,565,844.24			10,250,400.00	298,866,682.20	Other debt investments	Private
Bonds	150629	18 Chang'an 04	237,007,123.28	Measure at fair values		-403,823.28		237,007,123.28		17,991,436.58	236,603,300.00	Trading financial assets	Private
Stocks listed on domestic	600888	Xinjiang Joinworld	155,323,077.24	Measure at fair values	210,550,455.81	49,298,800.55	59,849,259.12		44,676,920.00	2,752,293.54	215,172,336.36	Other equity instrument	Private

and overseas stock exchanges												investments	
Bonds	200408	20 Nongfa 08	199,203,000.00	Measure at fair values		2,201,564.37	2,201,564.37	200,000,000.00		3,697,816.45	203,335,610.97	Other debt investments	Private
Bonds	150588	18 Chang'an 03	134,444,931.50	Measure at fair values		-227,731.50		134,444,931.50		10,169,579.60	134,217,200.00	Trading financial assets	Private
Total			5,700,798,827.11	--	4,941,437,979.71	1,228,818,058.45	2,944,435,027.75	2,571,452,054.78	44,676,920.00	80,429,861.12	8,654,428,684.64	--	--
Disclosure date of Announcement on Approval of Portfolio Investment by Board of Directors	30 April, 2020												
Disclosure date of Announcement on Approval of Portfolio Investment by Board of Shareholders (if any)	2 June, 2020												

Important bond investment

Item	Balance at the end of the period				Beginning Balance			
	Face value	Coupon rate	Real interest rate	Maturity date of bonds	Face value	Coupon rate	Real interest rate	Maturity date of bonds
16 Interest-bearing treasuries 17	200,000,000.00	2.74%	3.10%	4 August, 2026	200,000,000.00	2.74%	3.10%	4 August, 2026
16 Interest-bearing treasuries 17	100,000,000.00	2.74%	3.44%	4 August, 2026	100,000,000.00	2.74%	3.44%	4 August, 2026
17 Baoanji MTN001					60,000,000.00	6.20%	6.24%	18 August, 2020
10 State grid bonds 01					350,000,000.00	4.74%	4.98%	5 February, 2020
20 Nongfa 08	200,000,000.00	3.45%	3.54%	23 September, 2025				
19 Chang'an 01					491,000,000.00	7.50%		21 February, 2022
18 Chang'an 04	230,000,000.00	8.00%		23 August, 2021				
18 Chang'an 03	130,000,000.00	8.00%		6 August, 2021				
Total	860,000,000.00	--	--	--	1,201,000,000.00	--	--	--

(2) Investment in derivatives

√ Applicable □ Not applicable

Unit: RMB 10,000

Operation name of investment in derivative	Incidence relation	Whether or not transaction was related	Type of investment in derivatives	Initial amount of investment in derivatives	Start date	Expiry date	Beginning investment amount	Amount of buying in during the period	Amount of selling out during the period	Withdrawing depreciation reserve amount (If any)	Ending investment amount	Proportion of the ending contract amount to net assets at the end of the report period	Profits and losses during the report period
Futures Company	Non-related party	No	Futures Hedging Contract	613.47	1 January, 2020	31 December, 2020	613.47				4,482.29	0.04%	9,692.70
Financing Institution	Non-related party	No	Forward Financial Contract	9,239.26	1 January, 2020	31 December, 2020	9,239.26				28,549.42	0.25%	32,512.05
Total				9,852.73	--	--	9,852.73				33,031.71	0.29%	42,204.75
Capital Source of Investment in Derivatives				Own funds									
Lawsuits (if apply)				None									
Disclosure Date of Announcement on Approval of Investment in Derivatives by Board of Directors (if any)				30 April, 2020									
Disclosure Date of Announcement on Approval of Investment in Derivatives by Board of Shareholders (if any)				2 June, 2020									

<p>Risk analysis of open interest of derivatives and control measures during the Report Period (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk)</p>	<p>In order to evade any risk in the cost of purchase of raw materials by the Company which might arise from wide fluctuations of the price of bulk raw materials, the Company carried on the hedging business for part of the raw materials and duly locked the cost of raw materials according to the futures market situation to reduce any uncertainty risk from fluctuations of the market price of the spot goods; meanwhile, the Company carried out foreign exchange transactions by bank's financial instruments to evade any risk in the fluctuations of exchange rate and interest rate, reduce foreign exchange liabilities and conduct the cost locking, and realize the maintenance and increase of the value of foreign exchange assets. The Company laid down the Rules for Hedging Management of Futures and the Internal Control System of Forward Foreign Exchange Transactions to execute the full appraisal and control of the investment in derivatives and risks in open interest, and the detailed description is shown as below:</p> <p>Legal and regulatory risk; While the Company carried on hedging and foreign exchange transactions, it was required to follow the laws and regulations and specifically stipulate the rights and obligations with the agency. Control measures: The Company assigned the responsible department to strictly execute the contract review, clarify the rights and obligations, strengthen compliance check and ensure the Company's investment in derivatives and operation of open interest in accordance with any laws and regulations and internal control system of the Company. 2. Operation risk: it means any risk in operation arising out of imperfect internal process, operation of employees and system. Control measures: The Company established the corresponding management system, clarified the division of responsibilities and examination & approval procedures of the hedging and foreign exchange transactions, built more perfect supervision mechanism and effectively reduced any operation risk through business, decision and transaction processes. 3. Market risk: The price change of bulk goods and uncertainty of fluctuations of exchange rate of foreign exchange market bring a greater market risk to the futures business and foreign exchange transactions. Control measures: The principle of prudent and moderate operation is upheld in the futures hedging and foreign exchange transactions of the Company, in which any speculative transaction is not permitted. As to the hedging business, the Company strictly restricted the number of hedging not to exceed the number of actual spot transaction and the open interest of the futures not to exceed the number of hedged spot goods and implemented the mechanism to stop loss. In respect of the foreign exchange transactions, the Company effectively prevented the market risk by judging the trend of foreign exchange rate and utilizing a contract to lock the settlement of exchange rate.</p>
<p>The detailed usage and related hypothesis and parameter setting should be disclosed in terms of the market price of the invested derivatives or changes in fair value of the products during the Report Period and analysis on the fair value of the derivatives.</p>	<p>The loss under the futures hedging contract during the Report Period was RMB 96,927,000; the loss under the forward foreign exchange contract during the Report Period was RMB 570,683,800.</p>
<p>Descriptions about whether there were major changes in the accounting policies and detailed accounting principle of the Company's derivatives during the Report Period as compared to the last report period.</p>	<p>No change</p>
<p>Special opinions of independent directors regarding the investment in derivatives and risk control of the Company</p>	<p>In the opinion of the Company's independent directors, the Company improved its management level by strengthening internal control and carrying out the risk prevention measures as well as stabilizing price fluctuations through futures hedging. It also enhanced its foreign exchange risk control level through foreign exchange transactions. The above investment in derivatives helps to give play to competitive advantages of the Company, so it is feasible for the Company to carry on the investment in derivatives under controllable risk.</p>

5. Usage of raised funds

Applicable Not applicable

The Company was not involved in any usage of raised funds during the Report Period.

VI. Sales of major assets and equities

1. Sales of major assets

Applicable Not applicable

The Company was not involved in sales of major assets during the Report Period

2. Sale of major equities

Applicable Not applicable

VII. Analysis on major controlling shareholder and joint stock companies

Applicable Not applicable

Information regarding major subsidiaries and joint stock companies that contribute over 10% of net profits to the Company

Unit: Yuan

Company Name	Company type	Main business	Registered capital	Total assets	Net assets	Operating incomes	Operating profit	Net profits
Zhuhai Gree Group Finance Company Limited	Subsidiary	Financial Services	3,000,000,000.00	52,809,789,174.39	5,943,480,021.66	2,379,170,026.46	903,806,493.36	679,943,713.67
Zhuhai Gree Electrical Co., Ltd.	Subsidiary	Varnished Wire Manufacturing	1,669,315,586.15	8,680,684,344.10	2,865,029,893.56	39,015,319,286.82	111,088,800.89	121,413,705.03
Gree (Hefei) Electric Appliances Co., Ltd.	Subsidiary	Air Conditioner Manufacturing	150,000,000.00	8,009,667,080.98	4,317,192,791.74	12,789,248,250.31	571,033,631.71	528,951,821.99

Zhuhai Landa Compressor Co., Ltd.	Subsidiary	Compressor Manufacturing	93,030,000.00	12,143,593,715.54	6,663,222,026.66	12,960,088,029.14	522,578,607.82	447,213,264.72
Zhuhai Gree Xinyuan Electronics Co., Ltd.	Subsidiary	Capacitor Manufacturing	126,180,000.00	2,107,710,337.09	1,076,177,134.88	1,696,966,770.48	253,422,663.36	221,684,147.79
Zhuhai Kaibang Motor Manufacture Co., Ltd.	Subsidiary	Motor Manufacturing	82,000,000.00	3,465,524,747.75	1,026,995,907.07	2,912,954,806.31	103,772,121.72	90,241,227.98
GREE (Zhongshan) Home Appliances Co., Ltd.	Subsidiary	Small Home Appliances Manufacturing	30,000,000.00	932,098,102.99	472,790,005.65	1,029,985,925.91	146,073,017.56	127,201,672.98

Information about acquisition and disposal of subsidiaries during the Report Period

√ Applicable □ Not applicable

Unit: Yuan

Company Name	Methods of acquisition and disposal of subsidiaries during the Report Period	Impact on overall production and operation and financial results
Zhuhai Ge Health Medical Technology Co., Ltd.	Establishment	24,211,752.29
Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	Establishment	170,464.38
Chengdu Gree Xinhui Medical Equipment Co., Ltd.	Establishment	1,199,920.67
Gree (Ganzhou) Electric Appliances Co., Ltd.	Establishment	49,226.28
Suzhou Qingzhan Environmental Technology Co., Ltd.	Establishment	-363,870.56
Gree Tianjin Xinhui Medical Equipment Co., Ltd.	Establishment	-
Songyuan Grain Group Co., Ltd.	Acquisition	-
Songyuan Chagan Lake Grain Co., Ltd.	Acquisition	-
Jilin Chagan Lake Rice Industrial Park Co., Ltd.	Acquisition	-
Jilin SL Tuga Grain Market Co., Ltd.	Acquisition	-
SL Group Rice Research Institute Co., Ltd.	Acquisition	-
SL (Ningbo) Grain Sales Co., Ltd.	Acquisition	-
Jilin SL Modern Agriculture Development Co., Ltd.	Acquisition	-
SL Shengyuan (Jilin) Agricultural Development Co., Ltd.	Acquisition	-
SL Group Jiangwan Rice Industry Co., Ltd.	Acquisition	-
SL Group Ermapao Ecological Farm Co., Ltd.	Acquisition	-
SL Group Lianhe Ecological Farm Co., Ltd.	Acquisition	-
SL Group Juyuan Agriculture Co., Ltd.	Acquisition	-
SL Group Lvzhiyuan Agriculture Co., Ltd.	Acquisition	-
SL Group Dongwei Rice Industry Co., Ltd.	Acquisition	-
SL Group Tongda Grain Storage Co., Ltd.	Acquisition	-
SL Group Jingu Grain Depot Co., Ltd.	Acquisition	-
SL Group Songlin Grain Depot Co., Ltd.	Acquisition	-
Jilin SL Huilong Technology Co., Ltd.	Acquisition	-
Jilin SL Modern Logistics Development Co., Ltd.	Acquisition	-
SL (Shenzhen) South China Agricultural Development Co., Ltd.	Acquisition	-
SL Jinyu Daqing Agricultural Technology Co., Ltd.	Acquisition	-
Zhenlai SL Shengyuan Agricultural Development Co., Ltd.	Acquisition	-
Jilin SL Xinyu Agricultural Development Co., Ltd.	Acquisition	-
Total	--	25,267,493.06

VIII. Information about businesses controlled by the Company

Applicable Not applicable

IX. Prospects of the Company's future development

(I) Development strategy of the Company

Gree takes "To be Global Leading Air Conditioning Enterprise" as its corporate vision. Driven by technological innovation and guaranteed by perfect quality, it comprehensively deepens reform, accelerates digital transformation, steadily develops emerging industries such as intelligent equipment, precision mould, new energy and semiconductors based on the household appliance industry, and builds a more competitive diversified and technological global industrial group.

(II) Key work of the Company in 2021

1. Center on the market to build a new development pattern

Deeply exploit the domestic market and promote the overall layout of new retails. Continue the nationwide live streaming tour to impel the deep integration of online and offline channels, expand the business scope of Gree Dong Mingzhu's store, implement the whole-process real-time monitoring, optimize the logistics distribution system, upgrade the after-sales service of new retail mode, and expand and strengthen the new retail business.

Develop the commercial market segment and expand the sales scale; actively and steadily promote the global business layout and Gree brand globalization, optimize the overseas management mode, and reinforce the independent brand promotion overseas; promote the distribution of home appliances with complete types and wide coverage, launch popular products to seize the market, and continue to make great efforts in the field of healthy household appliances; energetically expand the electromechanical engineering business cooperation of national new infrastructure projects, new urbanization construction projects, and transportation and water conservancy projects; in the equipment field, create competitive products focusing on emerging industries to make industrial breakthroughs; in the mould field, carry out the strategy of high quality products, and constantly develop external customers.

2. Adhere to independent innovation and constantly strength the core technologies

Establish a customer demand-oriented development process, and improve the core competitiveness of air conditioners, refrigerators, washing machines, home appliances, and other products closely centering on the quality life needs of consumers; construct a scientific and technological development route that attaches equal importance to core technologies and cutting-edge technologies, implement a batch of forward-looking and strategic key technology projects, optimize the science and technology planning system and operation mechanism, and reinforce the support to basic frontier research; accelerate the research, judgment and deployment of major innovation fields, break the bottleneck of key core technologies and equipment, including chips and high-precision processing equipment, and forge a more secure and controllable industrial chain.

3. Optimize industrial layout and promote digital transformation

Push forward the preparation for putting Luoyang, Nanjing, and Chengdu bases into operation in an orderly manner, and speed up the preparation progress for Gaolan Port, Ganzhou and Caidian. Create a demonstration project with intelligent service, intelligent product, intelligent equipment, intelligent production, and intelligent

management by taking Gaolan Port intelligent manufacturing base as a model. Center on the construction of a digital intelligent factory to create a flexible production mode, and use the high-end intelligent logistics system to realize seamless connection between the information flow and real logistics. In terms of industrial equipment, continue to deeply exploit the high-end equipment, precision mould, industrial robot, and other fields, and provide more industrial enterprises with systematic transformation and upgrading service of intelligent manufacturing through the strategic layout and implementation of factory automation, digital production line transformation and upgrading; in the aspect of new energy, complete the whole area and full series coverage of photovoltaic VRF units, and make contributions to energy conservation and emission reduction.

4. Comprehensively deepen the reform and improve the management mechanism

Further promote the Company's institutional reform, promote the marketization of diversified business sectors, and enhance the overall operating efficiency of the enterprise; implement the employee stock ownership plan, stimulate the enthusiasm and creativity of employees, retain and attract core talents, and promote long-term development of the Company.

5. Promote green development and highlight social responsibility

Grasp the opportunity of a new round of national policies for promoting the consumption of green energy-saving household appliances and "trade-in" program to promote the "trade-in" activity of household appliances in service longer than originally intended, and continue to provide users with "combination blow" services from choosing new machines, enjoying discounts, and dismantling old machines to free installation; meanwhile, speed up the development promotion of renewable resources industry, interconnect all links of the renewable resources industry chain, form closed-loop management of recycling, classification, deep processing, and reuse, build a complete renewable resources operation system, and boost the green and sustainable development of economy.

6. Improve construction of the safety system and take comprehensive preventive measures

Stick to the principle of people foremost and safe development, strengthen supervision and inspection, reinforce construction of the enterprise safety system, adhere to the epidemic prevention and control route, and strictly carry out all the prevention and control measures. Strengthen the construction of information security and data security, and strengthen network security assurance; use modern information technologies to establish and improve the price management, cost management, tax control, reimbursement management, and other information systems, and further enhance the level of financial information and the level of risk prevention and control; sort out and complete the relevant regulations of discipline inspection and supervision, give full play to the role of discipline inspection and supervision office, and maintain the order of operation and management; move the audit link forward, follow up the whole process before, during and after the event, and prevent risks from the source.

7. Strengthen construction of the talent system and enhance the soft power of corporate culture

Adhere to combination of the technical expertise and ideological and moral character, complete the training and evaluation mechanism of talents at all levels, and further improve the talent management system of "selection, cultivation, use, retention"; strengthen construction of the contingent of cadres, go deep to carry out quality education for all staff, and reinforce construction of the talent echelon.

(III) Major risks in future development

1. Macroeconomic fluctuation risk

The products sold by the Company are mainly HVAC and home appliances, and its market demand is greatly influenced by the economic situation and macroeconomic regulation. The world has not completely shaken off the impact by COVID-19, which may lead to a slowdown in the growth of macro-economy or consumer demand, and the growth of the Company in the household appliances market will also slow down. In addition, the slowdown in the growth of the real estate market also indirectly affects the end-use demand of household appliances.

2. Risk of price fluctuation in production factors

The main raw materials used to produce products of the Company are copper, steel, aluminium, and plastics of various grades, and their cost accounts for a large proportion. If the prices of raw materials continue to rise and suppliers increase their prices significantly, it will have a certain impact on the Company's operating performance. As an industry leader, the Company showcases a powerful advantage in centralized procurement, and will alleviate the adverse impact of raw material fluctuations on the operation by hedging and stocking up in advance.

3. Market risks caused by trade protectionism

With the enhancement of China's political and economic strength, it will be inevitably to have friction with the beneficiaries of the existing international order. "De-globalization" and the tide of trade protectionism are still continuing in some countries, which bring new challenges to the expansion in the overseas market and the risk of increasing the operating costs.

4. Export market risks and exchange losses caused by exchange rate fluctuation

The Company's products are exported to more than 160 countries and regions. With continuous expansion of the Company's overseas market, exchange rate fluctuations may not only bring adverse effects on the Company's export of products, but also cause the Company's exchange losses and increase the financial costs.

X. Reception of activities including researches, communication and interviews

1. Registration form for reception of activities including researches, communication and interviews

√ Applicable □ Not applicable

Time of reception	Place of reception	Method of reception	Type of reception object	Reception object	Contents discussed and material provided	Basic situation index of research
14 May, 2020	China Fund News-Jihuobao Online Roadshow Center (www.jhbshow.com)	Others	Others	Online institutional and individual investors, 1,233 persons in total	Operation of the Company	For details, see Gree: Record Table for Investor Relations Activities on 14 May, 2020 disclosed by the Company on www.cninfo.com.cn on 16 May, 2020.
3 to 30 September, 2020	Shanghai and Gree HQ	Telephone Communication	Institution	Institution	Operation of the Company	For details, see Gree: Record Table for Investor Relations Activities on 3 to 30 September, 2020 disclosed by the Company on www.cninfo.com.cn on 30 September, 2020.
Times of reception			35			
Number of received institutions			372			
Number of received individuals			947			
Number of other received objects			0			
Whether undisclosed material information is revealed, disclosed or divulged			No			

Section V Important Events

I. Information about common stock profit distribution and capitalization from capital reserve funds

The common stock profit distribution policy in the report period, especially preparation, execution or adjustment of the cash dividend policy

Applicable Not applicable

Profit distribution plan of 2019 (executed already in 2020): Calculated by the total stock capital of the Company equivalent to 6,015,730,878 shares, all shareholders will be distributed a cash of RMB 12 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 7,218,877,053.60 and the balance to be carried forward to the future year.

Profit distribution plan for half year of 2020 (executed already in 2020): Calculated by 5,921,546,216 shares (namely the total stock capital of the Company equivalent to 6,015,730,878 shares minus 94,184,662 shares of the Company repurchased cumulatively as at the disclosure date of the announcement on the implementation of the equity distribution for half year of 2020), all shareholders will be distributed a cash of RMB 10 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 5,921,546,216.00 and the balance to be carried forward to the future year.

Special description of the cash dividend policy	
In compliance with provisions of the Articles of Association or requirements of the resolution of the general meeting of shareholders:	Yes
The dividend standard and ratio are definite and clear:	Yes
The related decision procedures and mechanisms are complete:	Yes
Independent directors perform their duties responsibly and play their due roles:	Yes
Minority shareholders have the opportunity to fully express their opinions and demands and their legitimate rights and interests are fully protected:	Yes
The conditions and procedures are transparent and comply with regulations if the cash dividend policy is adjusted or changed:	Not applicable

The common stock dividend distribution plan (preplan) and the capitalization plan (preplan) from capital reserve funds in recent three years (including the Report Period)

1) Profit distribution plan of 2020: Temporarily calculated by the total 5,832,851,217 shares entitled to profit distribution rights on 28 April, 2021 (namely the total stock capital of the Company equivalent to 6,015,730,878 shares minus 182,879,661 shares held by the Company's repurchase account), all shareholders will be distributed a cash of RMB 30 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 17,498,553,651.00 and the balance to be carried forward to the future year.

2) Profit distribution plan for half year of 2020: Calculated by 5,921,546,216 shares (namely the total stock capital of the Company equivalent to 6,015,730,878 shares minus 94,184,662 shares of the Company repurchased cumulatively as at the disclosure date of the announcement on the implementation of the equity distribution for half year of 2020), all shareholders will be distributed a cash of RMB 10 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 5,921,546,216.00 and the balance to be carried forward to the future year.

3) Profit distribution plan of 2019: Calculated by the total stock capital of the Company equivalent to 6,015,730,878 shares, all shareholders will be distributed a cash of RMB 12 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 7,218,877,053.60 and the balance to be carried forward to the future year.

4) Profit distribution plan of 2018: Calculated by the total stock capital of the Company equivalent to 6,015,730,878 shares, all shareholders will be distributed a cash of RMB 15 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 9,023,596,317.00 and the balance to be carried forward to the future year.

5) Profit distribution plan for half year of 2018: Calculated by the total stock capital of the Company equivalent to 6,015,730,878 shares, all shareholders will be distributed a cash of RMB 6 (tax included) per 10 shares, with the total amount of cashes to be distributed in such a way up to RMB 3,609,438,526.80 and the balance to be carried forward to the future year.

Table for common stock cash dividends of the Company in the recent three years (including the Report Period)

Unit: Yuan

Year	Amount of cash dividend (tax included)	Net profit attributable to common shareholders of listed company in annual consolidated financial statements	Proportion of amount of cash dividend to net profit attributable to common shareholders of listed company in consolidated financial statements	Amount of cash dividends based on other ways (e.g., share repurchase)	Ratio of amount of cash dividend to net profit attributable to common shareholders of listed company in consolidated financial statements based on other ways	Total cash dividend (including other ways)	Proportion of total cash dividend (including other ways) to net profit attributable to common shareholders of listed company in consolidated financial statements
2020	23,420,099,867.00	22,175,108,137.32	105.61%	5,181,586,503.65	23.37%	28,601,686,370.65	128.98%
2019	7,218,877,053.60	24,696,641,368.84	29.23%	0.00	0.00%	7,218,877,053.60	29.23%
2018	12,633,034,843.80	26,202,787,681.42	48.21%	0.00	0.00%	12,633,034,843.80	48.21%

The profits of the Company in the Report Period and the parent company's profits distributable to common shareholders are positive, but the common stock cash dividend distribution plan has not been put forward.

Applicable Not applicable

II. Preplan for profit distribution and capitalization from public reserve funds in the Report Period

√ Applicable □ Not applicable

Number of bonus shares (stock) given per 10 stocks	0
Dividend allocated per 10 stocks (RMB) (tax included)	30
Increase by transfer per 10 stocks (stock)	0
Equity base of distribution proposal (stock)	5,832,851,217
Cash dividend (RMB) (tax included)	17,498,553,651.00
Cash dividend in other ways (such as repurchasing shares) (RMB)	5,181,586,503.65
Total cash dividend (including other methods) (RMB)	22,680,140,154.65
Distributable profit (RMB)	68,536,203,624.18
Proportion of total cash dividends (including other methods) in total profit distribution	100%
Cash dividends of this distribution	
If the company's development stage is mature and there are no major capital expenditure arrangements, when the profit is distributed, the minimum proportion of cash dividends in this profit distribution should reach 80%	
Detailed description of the preplan for profit distribution or capitalization from public reserve funds	
<p>Temporarily calculated by the total 5,832,851,217 shares entitled to profit distribution rights on 28 April, 2021 (namely the total stock capital of the Company equivalent to 6,015,730,878 shares minus 182,879,661 shares held by the Company's repurchase account), all shareholders will be distributed a cash of RMB 30 (tax included) per 10 shares, no bonus share will be given and public reserve funds will not be used for capitalization.</p> <p>In accordance with the <i>Implementation Rules for the Repurchase of Shares by Listed Companies on the Shenzhen Stock Exchange</i>, the shares in the special repurchase account are not entitled to profit distribution. If the total number of shares of the Company entitled to profit distribution changes during the period from the disclosure date of this announcement to the date of equity registration for the implementation of equity distribution due to equity incentive exercise, convertible bonds to shares, share repurchase, etc., the Company will follow the principle of unchanged share distribution ratio to adjust the total amount of dividends accordingly.</p>	

III. Fulfillment of commitments

1. Commitments of the Company's actual controllers, shareholders and acquirers, the Company and other related parties of commitments that have been fulfilled completely in the Report Period or have not been fulfilled completely as of the end of the Report Period

√ Applicable □ Not applicable

Cause of commitment	Party of commitment	Type of commitment	Content of commitment	Time of commitment	Period of commitment	Fulfillment status
Share-splitting commitment						
Commitments made in the acquisition report or equity change report	Zhuhai Mingjun	Share lock-up	1. The transferee commits that shares acquired from Gree Electric Appliances due to this transfer will be fully locked up when the transfer registration is completed in this transaction, and will not be transferred for 36 months from the date of completion of the share transfer registration; if there are relevant laws and regulations that require the lock-up period of the transferred shares exceeds the above-mentioned lock-up period committed by the transferee, the transferee agrees to extend the lock-up period of the shares accordingly to meet the prescribed period. 2. After the completion of this share transfer, for shares acquired by the transferee from Gree Electric Appliances, Inc. due to this transfer, their dividend shares generated due to bonus share and capitalization from public reserve funds by the listed company will also abide by the above share lock-up commitment.	2 December, 2019	36 months from the date of completion of the share transfer registration	Being under normal fulfillment
	Zhuhai Mingjun	Other commitments	1. The transferee commits that after the completion of the transfer, the overall stability of Gree Electric Appliances' Operation and Management Team will be maintained within the scope of authority, and no major changes will be made to Gree Electric Appliances' management structure. 2. The transferee commits that during the period of direct or indirect holding of shares of Gree Electric Appliances, it will not take the initiative to put forward any suggestions and proposals regarding the relocation of Gree Electric Appliances' headquarters and registered address from Zhuhai City, and it will actively urge all parties to ensure that Gree Electric Appliances' headquarters and registered address are not relocated from Zhuhai City; if any shareholder puts forward any suggestions and proposals regarding the relocation of Gree Electric Appliances' headquarters and registered address from Zhuhai City, the transferee commits to participate in the general meeting of shareholders and vote against such	2 December, 2019	Effective for a long time	Being under normal fulfillment

			<p>proposals. 3. The transferee commits to do its utmost to make effective industrial investment and strategic resource introduction for Zhuhai's economic development, and urge Gree Electric Appliances to make new contributions to the sustainable and healthy development of Zhuhai's economy. 4. Zhuhai Mingjun commits to actively exercise the voting rights of shareholders in the general meeting of shareholders of the listed company involving dividends and to prompt the directors nominated by it to vote in favor of the board of directors' resolution of the listed company regarding an annual net profit dividend ratio of not less than 50%.</p>			
	Zhuhai Mingjun, Zhuhai Xianying, Zhuhai Yuxiu	Maintaining the independence of the listed company	<p>Letter of Commitment on Maintaining the Independence of the Listed Company: In order to guarantee the independent operation of the listed company after this equity transfer, Zhuhai Mingjun, Zhuhai Xianying and Zhuhai Yuxiu make the following commitments. (I) To ensure asset independence and completeness of the listed company: 1. To ensure that Gree Electric Appliances will be equipped with the relevant production system, auxiliary production system as well as supporting facilities corresponding to its business operations, have the right to own or use the land, workshop and machines and facilities relating to its business operations as well as the ownership or use right to its trademarks, patent technologies and know-how, and have an independent purchase system of raw materials and sales system of products. 2. To ensure that Gree Electric Appliances will have independent and complete assets, and all of their assets will be under the control of Gree Electric Appliances and independently owned and operated by Gree Electric Appliances. 3. To ensure that Zhuhai Mingjun and other enterprises controlled by Zhuhai Mingjun will not illegally occupy Gree Electric Appliances' assets in any way; or provide guarantee for the debts of Zhuhai Mingjun and other enterprises under its control with Gree Electric Appliances' assets. (II) To ensure personnel independence of the listed company: 1. To ensure that Gree Electric Appliances' labor, personnel and compensation management will be completely independent from related companies. 2. To ensure that the recommendation of directors, supervisors and senior management personnel by the enterprise to Gree Electric Appliances will be conducted in accordance with legal procedures, and will not be beyond the</p>	2 December, 2019	Effective for a long time	Being under normal fulfillment

		<p>personnel appointment and removal decisions adopted at Gree Electric Appliances' meeting of board of directors and general meeting of shareholders. (III) To ensure finance independence of the listed company: 1. To ensure that Gree Electric Appliances will establish an independent financial department and an independent financial accounting system, and have a standardized and independent financial accounting system. 2. To ensure that Gree Electric Appliances will independently open accounts in banks and will not share bank accounts with its related companies. 3. To ensure that Gree Electric Appliances' financial personnel will not take part-time jobs in its related companies. 4. To ensure that Gree Electric Appliances will pay taxes independently according to law. 5. To ensure that Gree Electric Appliances can make financial decisions independently, and the intended transferee will not illegally interfere with Gree Electric Appliances' use of funds. (IV) To ensure organization independence of the list company: 1. To ensure that Gree Electric Appliances will establish a sound corporate governance structure for joint stock companies and have an independent and complete organizational structure. 2. To ensure that Gree Electric Appliances' internal management organization will independently exercise its functions and powers in accordance with laws, regulations and the Articles of Association. (V) To ensure business independence of the listed company: 1. To ensure that Gree Electric Appliances will have the assets, personnel, qualifications and ability to independently carry out business activities, and have the ability to independently and continuously operate in the market. 2. To ensure that, except through the exercise of shareholders' rights, the enterprise will not interfere in its business activities of Gree Electric Appliances. 3. To ensure that the enterprise and other enterprises controlled by the enterprise will avoid substantial industry competition with Gree Electric Appliances. 4. To ensure that, when the enterprise and other enterprises controlled by the enterprise conduct necessary and unavoidable related transactions with Gree Electric Appliances, the enterprise will conduct fair operation in accordance with the marketization principle and at fair prices, and perform transaction procedures and information disclosure obligations in accordance with relevant laws and regulations and regulatory documents. If any one of the above commitments is violated, the enterprise will be willing to bear all the</p>			
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			responsibilities arising therefrom, and fully compensate or reimburse all direct or indirect losses caused to Gree Electric Appliances.			
Zhuhai Mingjun, Zhuhai Xianying, Zhuhai Yuxiu	Avoiding horizontal competition	Letter of Commitment on Avoiding Horizontal Competition: In order to avoid horizontal competition with the listed company, Zhuhai Mingjun, Zhuhai Xianying and Zhuhai Yuxiu make the following commitments: 1. the enterprise and other enterprises controlled by the enterprise (me), the controlling shareholders and actual controllers of the enterprise will not engage in the same or similar business with Gree Electric Appliances and its subsidiaries in a direct or indirect manner in the future, so as to avoid possible direct or indirect business competition with Gree Electric Appliances and its subsidiaries. 2. If other enterprises controlled by the enterprise further expand their business scopes, other enterprises controlled by the enterprise will take the principle of giving priority to the protection of the rights and interests of Gree Electric Appliances and take all possible measures to avoid horizontal competition with Gree Electric Appliances and its subsidiaries. 3. If Gree Electric Appliances and its subsidiaries or related regulatory authorities determine that the enterprise and other enterprises controlled by the enterprise are engaging in or will engage in any business which constitutes horizontal competition with Gree Electric Appliances and its subsidiaries, the enterprise will give up or cause the enterprises which its subsidiaries directly or indirectly hold to give up any business or business opportunities that may result in horizontal competition, or cause such business or business opportunities to be provided with a priority to Gree Electric Appliances or its wholly-owned and holding subsidiaries on a fair and reasonable basis or to be transferred to other unrelated third parties. 4. If any one of the above commitments is violated, the enterprise will be willing to bear all the responsibilities arising therefrom, and fully compensate or reimburse all direct or indirect losses caused to Gree Electric Appliances.	2 December, 2019	Effective for a long time	Being under normal fulfillment	
Zhuhai Mingjun, Zhuhai Xianying, Zhuhai Yuxiu	Regulating related transactions	Letter of Commitment on Regulating Related Transactions: In order to protect the interests of public shareholders and maintain the sustained and healthy development of the listed company, Zhuhai Mingjun, Zhuhai Xianying, and Zhuhai Yuxiu make the following commitments: 1. To ensure that the future related transactions between the enterprise and other enterprises controlled by the enterprise and Gree Electric Appliances	2 December, 2019	Effective for a long time	Being under normal fulfillment	

			<p>will be fair and conducted in accordance with the normal business conduct standards; and that the enterprise will continue to regulate related transactions with Gree Electric Appliances and its subsidiaries. 2. To ensure that the enterprise will perform its obligations as a shareholder of Gree Electric Appliances in good faith and in good faith, and for related transactions that cannot be avoided or exist on reasonable grounds, it will sign a standard related transaction agreement with Gree Electric Appliances in accordance with the law, and in accordance with relevant laws, regulations, rules, other regulatory documents and the articles of association, and fulfill the approval procedures; the price of related transactions will be determined in accordance with fair and reasonable market prices, and the price of related transactions will be fair; it will perform the information disclosure obligations of related transactions in accordance with relevant laws, regulations and the articles of association; it will not use related transactions to illegally transfer the funds and profits of Gree Electric Appliances or damage the interests of Gree Electric Appliances and related shareholders. 3. To ensure that the enterprise and other enterprises controlled by the enterprise will, in accordance with the provisions of laws, regulations and the articles of association, when considering related transactions involving the enterprise and other enterprises controlled by the enterprise, effectively abide by the avoidance procedure during the voting on related transactions at the meeting of the board of shareholders or the general meeting of shareholders of Gree Electric Appliances.</p>			
	Dong Mingzhu	Maintaining the independence of the listed company	<p>Letter of Commitment on Maintaining the Independence of the Listed Company: In order to guarantee the independent operation of the listed company after this equity transfer, I make the following commitments. (I) To ensure asset independence and completeness of the listed company: 1. To ensure that Gree Electric Appliances will be equipped with the relevant production system, auxiliary production system as well as supporting facilities corresponding to its business operations, have the right to own or use the land, workshop and machines and facilities relating to its business operations as well as the ownership or use right to its trademarks, patent technologies and know-how, and have an independent purchase system of raw materials and sales system of products. 2. To ensure that Gree Electric Appliances will have</p>	2 December, 2019	Effective for a long time	Being under normal fulfillment

		<p>independent and complete assets, and all of their assets will be under the control of Gree Electric Appliances and independently owned and operated by Gree Electric Appliances. 3. To ensure that Zhuhai Mingjun and other enterprises controlled by Zhuhai Mingjun will not illegally occupy Gree Electric Appliances' assets in any way; or provide guarantee for the debts of Zhuhai Mingjun and other enterprises under its control with Gree Electric Appliances' assets. (II) To ensure personnel independence of the listed company: 1. To ensure that Gree Electric Appliances' labor, personnel and compensation management will be completely independent from related companies. 2. To ensure that the recommendation of senior management personnel by I to Gree Electric Appliances will be conducted in accordance with legal procedures. (III) To ensure finance independence of the listed company: 1. To ensure that Gree Electric Appliances will establish an independent financial department and an independent financial accounting system, and have a standardized and independent financial accounting system. 2. To ensure that Gree Electric Appliances will independently open accounts in banks and will not share bank accounts with its related companies. 3. To ensure that Gree Electric Appliances' financial personnel will not take part-time jobs in its related companies. 4. To ensure that Gree Electric Appliances will pay taxes independently according to law. 5. To ensure that Gree Electric Appliances can make financial decisions independently, and the intended transferee will not illegally interfere with Gree Electric Appliances' use of funds. (IV) To ensure organization independence of the list company: 1. To ensure that Gree Electric Appliances will establish a sound corporate governance structure for joint stock companies and have an independent and complete organizational structure. 2. To ensure that Gree Electric Appliances' internal management organization will independently exercise its functions and powers in accordance with laws, regulations and the Articles of Association. (V) To ensure business independence of the listed company: 1. To ensure that Gree Electric Appliances will have the assets, personnel, qualifications and ability to independently carry out business activities, and have the ability to independently and continuously operate in the market. 2. To ensure that, except through the exercise of shareholders' rights and the performance of functions and duties of board chairman /</p>			
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			<p>senior management personnel of the listed company, I will not interfere in its business activities of Gree Electric Appliances. 3. To ensure that I and other enterprises controlled by me will avoid substantial industry competition with Gree Electric Appliances. 4. To ensure that, when I and other enterprises controlled by me conduct necessary and unavoidable related transactions with Gree Electric Appliances, the enterprise will conduct fair operation in accordance with the marketization principle and at fair prices, and perform transaction procedures and information disclosure obligations in accordance with relevant laws and regulations and regulatory documents. If any one of the above commitments is violated, I will be willing to bear all the responsibilities arising therefrom, and fully compensate or reimburse all direct or indirect losses caused to Gree Electric Appliances.</p>			
	Dong Mingzhu	Avoiding horizontal competition	<p>Letter of Commitment on Avoiding Horizontal Competition: In order to avoid horizontal competition with the listed company, I make the following commitments: 1. I and other enterprises controlled by me will not engage in the same or similar business with Gree Electric Appliances and its subsidiaries in a direct or indirect manner in the future, so as to avoid possible direct or indirect business competition with Gree Electric Appliances and its subsidiaries. 2. If other enterprises controlled by I further expand their business scopes, other enterprises controlled by I will take the principle of giving priority to the protection of the rights and interests of Gree Electric Appliances and take all possible measures to avoid horizontal competition with Gree Electric Appliances and its subsidiaries. 3. If Gree Electric Appliances and its subsidiaries or related regulatory authorities determine that I and other enterprises controlled by me are engaging in or will engage in any business which constitutes horizontal competition with Gree Electric Appliances and its subsidiaries, I will give up or cause the enterprises which its subsidiaries directly or indirectly hold to give up any business or business opportunities that may result in horizontal competition, or cause such business or business opportunities to be provided with a priority to Gree Electric Appliances or its wholly-owned and holding subsidiaries on a fair and reasonable basis or to be transferred to other unrelated third parties. 4. If any one of the above commitments is violated, I will be willing to</p>	2 December, 2019	Effective for a long time	Being under normal fulfillment

			bear all the responsibilities arising therefrom, and fully compensate or reimburse all direct or indirect losses caused to Gree Electric Appliances.			
	Dong Mingzhu	Regulating related transactions	Letter of Commitment on Regulating Related Transactions: I make the following commitments: 1. To ensure that the future related transactions between I and other enterprises controlled by me and Gree Electric Appliances will be fair and conducted in accordance with the normal business conduct standards; and that I will continue to regulate related transactions with Gree Electric Appliances and its subsidiaries. 2. To ensure that I will perform its obligations as a shareholder of Gree Electric Appliances in good faith and in good faith, and for related transactions that cannot be avoided or exist on reasonable grounds, it will sign a standard related transaction agreement with Gree Electric Appliances in accordance with the law, and in accordance with relevant laws, regulations, rules, other regulatory documents and the articles of association, and fulfill the approval procedures; the price of related transactions will be determined in accordance with fair and reasonable market prices, and the price of related transactions will be fair; it will perform the information disclosure obligations of related transactions in accordance with relevant laws, regulations and the articles of association; it will not use related transactions to illegally transfer the funds and profits of Gree Electric Appliances or damage the interests of Gree Electric Appliances and related shareholders. 3. To ensure that I and other enterprises controlled by I will, in accordance with the provisions of laws, regulations and the articles of association, when considering related transactions involving I and other enterprises controlled by I, effectively abide by the avoidance procedure during the voting on related transactions at the meeting of the board of shareholders or the general meeting of shareholders of Gree Electric Appliances.	2 December, 2019	Effective for a long time	Being under normal fulfillment
Commitments made during asset reorganization						
Commitments made during initial public offering or refinancing	GREE GROUP	Avoiding horizontal competition	Commitment issued during public issuance of additional shares in 2007: 1. In the future, the Company and the enterprises controlled by the Company will not directly or indirectly engage in the household air conditioner, central air conditioner, household appliances and other	29 June, 2007	3 February, 2020	Fulfilled completely

			<p>businesses that constitute horizontal competition with Gree Electric Appliances, Inc. of Zhuhai, nor will they invest in the enterprises or projects related to the above businesses or having direct or indirect competition with Gree Electric Appliances, Inc. of Zhuhai. 2. If it is found that the Company and the enterprises controlled by the Company are engaged in or intend to engage in the household air conditioner, central air conditioner, household appliances and other businesses that constitute horizontal competition with Gree Electric Appliances, Inc. of Zhuhai, or have invested or plan to invest in the enterprises or projects related to the above businesses or having direct or indirect competition with Gree Electric Appliances, Inc. of Zhuhai, Gree Electric Appliances, Inc. of Zhuhai has the right to request the Company to stop engaging in the above competitive business, stop implementing the above competitive projects and stop investing in the above-mentioned related enterprises; if the Company has completed the investment, Gree Electric Appliances, Inc. of Zhuhai has the right to request the Company to transfer the relevant equity of the project or the enterprise dealing with the business; if the Company breaches this commitment and engages in related competitive businesses, resulting in damage to the interests of Gree Electric Appliances, Inc. of Zhuhai, the Company is willing to assume the corresponding liability for compensation.</p>			
	GREE GROUP	Reducing and standardizing the related transactions with Gree	<p>Commitment issued during public issuance of additional shares in 2007: promised to ensure that Gree's business has the independent and complete production, supply, marketing and other auxiliary supporting systems so as to reduce unnecessary related transactions. When related transactions occur, the relevant matters of related transactions will be handled in accordance with the principle of good faith, fairness, impartiality, due diligence and public disclosure, the transaction price will be determined in accordance with the principle of market fairness, and the relevant procedures of avoiding voting by associated shareholders and associated directors and the relevant procedures for independent directors to express their opinions on related transactions independently will be strictly implemented to ensure legitimacy and fairness of the related transaction procedures and fairness and reasonableness of the related transaction results.</p>	29 June, 2007	3 February, 2020	Fulfilled completely
Equity incentive commitments	GREE GROUP	Other commitments	<p>During the period of holding shares of Gree Electric Appliances, the Company will fully assume all reasonable expenses and economic</p>	14 June, 2019	The period when I am a shareholder of	Being under normal fulfillment

			losses (if any) incurred by Gree Electric due to the Company's termination of the remaining equity incentive plan.		Gree Electric Appliances	
Other commitments made to minority shareholders of the Company						
Commitments are fulfilled in time	Yes					
If commitments are not fulfilled in time, detail the specific reason of fulfillment failure and the work plan for the next step	Not applicable					

2. The Company's assets or projects involve earnings forecast and the Report Period is still in the earnings forecast period and the Company explains the assets or projects that achieve the original earnings forecast and the relevant reasons

Applicable Not applicable

IV. The listed company's non-operating funds occupied by the controlling shareholders and their related parties

Applicable Not applicable

No controlling shareholder or its related party occupied non-operating funds of the listed company in the Report Period of the Company.

V. Description about the "Non-standard Audit Report" of the accounting firm in the Report Period by the Board of Directors, Board of Supervisors and independent director (if any)

Applicable Not applicable

VI. Description about changes in the accounting policies, accounting estimates and accounting methods in comparison to the financial report of last year

Applicable Not applicable

1. Changes of major accounting policies

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenues (Finance and Accounting [2017] No. 22) (hereinafter referred to as "new revenue standards") on 5 July, 2017, requiring companies listed at home and abroad at the same time and companies listed overseas and adopting IFRS or Accounting Standards for Business Accounting to prepare financial statements to implement the new revenue standards from 1 January, 2018; and requiring other domestic listed companies to implement the new revenue

standards from 1 January, 2020. Under the new revenue standards, the Company makes corresponding changes to its accounting policies and implements the new revenue standards from 1 January, 2020.

Under the new revenue standards, the Company only adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact on the contract which has not been fulfilled on the first implementation date.

Before and after the implementation of the new revenue standards, the main difference in revenue recognition accounting policies is that the timing of revenue recognition changes from the transfer of risks and rewards to the transfer of control. Before and after the implementation of the new revenue standards, the Company's business model and contract terms remain unchanged, and there is no difference in the specific timing of revenue recognition. The implementation of the new revenue standards has no significant impact on the operating income, net profit attributable to the Company's common shareholders, total assets, and net assets attributable to the company's common shareholders in each year (end) before the first implementation date.

2. Changes of major accounting estimates

None.

3. Adjustments to relevant items in financial statements at the beginning of the period of the first implementation year due to the first implementation of new revenue standards from 2020

Unit: Yuan

Report item	Amount as at 31 December, 2019 (before change)		Amount as at 1 January, 2020 (after change)	
	Consolidated statements	Parent company's statements	Consolidated statements	Parent company's statements
Current assets:				
Accounts receivable	8,513,334,545.08	3,873,270,521.33	8,439,719,697.00	3,873,270,521.33
Contract assets			73,614,848.08	
Total current assets	213,364,040,964.83	191,741,346,310.18	213,364,040,964.83	191,741,346,310.18
Current liabilities:				
Advances from customers	8,225,707,662.42	11,832,592,136.06		-
Contractual liabilities			7,311,804,415.54	10,965,696,063.40
Other current liabilities	65,181,491,855.14	64,375,139,451.87	66,095,395,102.02	65,242,035,524.53
Total current liabilities	169,568,300,209.60	163,622,323,232.13	169,568,300,209.60	163,622,323,232.13

Description about adjustments: For the financial statements at the beginning of the period, the Company's implementation of the new revenue standards only affects the reclassification of assets and liabilities, but has no impact on the total assets, total liabilities and total net assets.

4. Adjustments to relevant items in financial statements at the end of the period of the first implementation year due to the first implementation of new revenue standards from 2020

Unit: Yuan

Report item	Amount under the new revenue standards as at 31 December, 2020		Amount under the old revenue standards as at 31 December, 2020	
	Consolidated statements	Parent company's statements	Consolidated statements	Parent company's statements
Current assets:				
Accounts receivable	8,738,230,905.44	3,548,791,695.27	8,816,776,431.04	3,548,791,695.27
Contract assets	78,545,525.60			
Total current assets	213,632,987,164.66	190,395,751,656.57	213,632,987,164.66	190,395,751,656.57
Current liabilities:				
Advances from customers			13,147,449,930.78	16,044,928,449.57
Contractual liabilities	11,678,180,424.65	14,594,653,911.45		
Other current liabilities	64,382,254,283.54	59,737,975,078.14	62,912,984,777.41	58,287,700,540.02
Total current liabilities	158,478,718,130.74	157,595,121,705.31	158,478,718,130.74	157,595,121,705.31

Description about adjustments: For the financial statements at the end of the period, the Company's implementation of the new revenue standards only affects the reclassification of assets and liabilities, but has no impact on the total assets, total liabilities and total net assets.

VII. Description about the retrospective restatement required for correction of significant accounting errors that occurred in the Report Period

Applicable Not applicable

The Company didn't involve any correction of significant accounting errors in the Report Period that requires retrospective restatement.

VIII. Description about changes in the consolidated statement scope in comparison with the financial report of last year

Applicable Not applicable

1. Business combination involving enterprises not under common control

(1) Business combination involving enterprises not under common control in the current period

Unit: Yuan

Name of acquired party	Time point of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition	Equity acquisition mode	Date of purchase	Determination basis of date of purchase
Songyuan Grain Group Co., Ltd.	31 December, 2020	246,272,496.65	75.00%	Purchase by means of cash	31 December, 2020	Acquisition of control power

(2) Combination cost and business reputation

Unit: Yuan

Combination cost	Amount
Fair value of the equity held before the date of purchase on the date of purchase	246,272,496.65
Total combination cost	246,272,496.65
Less: Fair value share of the identifiable net assets acquired	246,272,496.65
Business reputation/combination cost smaller than the amount of fair value share of the identifiable net assets acquired	

[Note] The Company originally held 50.00% of the equity of Songyuan Grain Group of which the remaining 50.00% equity was held by Liaoning Songyuan Financial Investment Management Center. In September 2020, the Company increased its capital contribution to Songyuan Grain Group by RMB 150,000,000.00, and its shareholding ratio increased to 75.00%; on 31 December, 2020, the Board of Directors of Songyuan Grain Group was re-elected, with 5 Board members, and the Company elected 4 directors, accounting for 80% of the total Board members, thus the Company has control over Songyuan Grain Group.

As at the date of purchase of 31 December, 2020, the fair value of the identifiable net assets attributable to the owners of the parent company was RMB 328,363,328.86, and the fair value of corresponding identifiable net assets were appraised by Beijing Yachao Assets Appraisal Co., Ltd. which issued [Beijing Yachao Appraisal Report (2020) No. A184] Appraisal Report. As at the date of purchase, the fair value of 75.00% equity originally held by the Company in Songyuan Grain Group was RMB 246,272,496.65. No additional consideration was paid on the date of purchase, and the corresponding combination cost was RMB 246,272,496.65.

(3) Identifiable assets and liabilities of the acquired party on the date of purchase

Unit: Yuan

Item	Songyuan Grain Group Co., Ltd.	
	Fair value on the date of purchase	Carrying amount on date of purchase
Assets:		
Monetary capital	70,436,872.44	70,436,872.44
Accounts receivable	58,501,141.40	58,501,141.40
Receivables financing	1,632,600.00	1,632,600.00
Prepayment	41,963,876.05	41,963,876.05
Other receivables	24,912,813.07	24,912,813.07
Inventories	397,055,281.83	397,055,281.83
Other current assets	47,958,691.72	47,958,691.72
Other equity instrument investments	7,000,000.00	7,000,000.00
Fixed assets	103,601,989.38	87,182,573.65
Construction in Progress	27,971,600.68	27,971,600.68

Intangible assets	41,875,107.81	29,763,765.14
Long-term deferred expenses	6,613,861.32	6,613,861.32
Deferred income tax assets	1,735,376.11	1,735,376.11
Other non-current assets	45,165,068.36	45,165,068.36
Subtotal of assets	876,424,280.17	847,893,521.77
Liabilities:		
Short-term borrowing	421,685,022.79	421,685,022.79
Accounts payable	25,076,251.02	25,076,251.02
Contractual liabilities	22,238,960.98	22,238,960.98
Payroll payable	3,036,030.14	3,036,030.14
Taxes payable	592,097.19	592,097.19
Other payables	11,819,022.22	11,819,022.22
Other current liabilities	3,347,033.54	3,347,033.54
Deferred income	20,938,130.35	20,938,130.35
Deferred income tax liabilities	7,132,689.60	
Subtitle of liabilities	515,865,237.83	508,732,548.23
Net assets	360,559,042.34	339,160,973.54
Less: minority equity	114,286,545.69	108,937,028.49
Net assets obtained	246,272,496.65	230,223,945.05

(4) Gains or losses from remeasurement of the equity held before the date of purchase at the fair value

Unit: Yuan

Name of acquired party	Carrying amount of the equity originally held before the date of purchase on the date of purchase	Fair value of the equity originally held before the date of purchase on the date of purchase	Gains or losses from remeasurement of the equity originally held before the date of purchase at the fair value
Songyuan Grain Group Co., Ltd.	230,223,945.05	246,272,496.65	16,048,551.60

(5) Method and main assumptions for determining the fair value on the date of purchase

1. Appraisal and recognition methods: The asset based approach and the income approach were used to appraise the assets and liabilities this time.

2. Main hypothesis during the appraisal:

A. On the basis of maintaining consistency, the business scope, business methods and management models of the evaluated unit can be timely adjusted and innovated along with the development of the market and science and technology.

B. Except for the fixed-asset investment on the evaluation benchmark date that there is definite evidence showing that the production capacity will change in the future, it is assumed that the evaluated unit will not carry out major fixed-asset investment activities that affect its operations in the future income period, and the production capacity of the enterprise is estimated according to the condition on the evaluation benchmark date.

C. It is assumed that in the future earnings period, the evaluated unit will maintain the turnover of accounts receivable and accounts payable similar to the historical years, with no payment in arrears that is significantly different from the historical years.

D. There are no property right disputes or other economic disputes related to the assets and liabilities declared by the appraised unit.

E. The source of funds and cost of future R&D and production of the evaluated unit will not cause significant adverse effects on the enterprise.

3. Reasons for asset appreciation:

A. The acquisition of housing and buildings under fixed assets took place earlier, and the increase in housing prices in the areas where they are located led to valuation appreciation.

B. The acquisition of land use rights under intangible assets took place earlier, and the increase in land market prices led to valuation appreciation.

2. Business combination involving enterprises under common control

None.

3. Counter purchase

None.

4. Disposal of subsidiaries

None.

5. Changes in the consolidation scope arising from other causes

The newly established new bodies in this period are as follows:

Unit: Yuan

Name	Time of establishment	Net assets of the end of the period	Net profit from the combination date to the end of the period
Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	16 January, 2020	1,000,170,464.38	170,464.38
Zhuhai Ge Health Medical Technology Co., Ltd.	18 February, 2020	44,211,752.29	24,211,752.29
Gree Chengdu Xin Hui Medical Equipment Co., Ltd.	8 April, 2020	86,869,920.67	1,199,920.67
Suzhou Qingzhan Environmental Technology Co., Ltd.	13 May, 2020	13,636,129.44	-363,870.56
Gree (Ganzhou) Electric Appliances Co., Ltd.	25 September, 2020	80,049,226.28	49,226.28
Gree Tianjin Xin Hui Medical Equipment Co., Ltd.	26 October, 2020	Not yet invested	

IX. Engagement and disengagement of accounting firms

Currently engaged accounting firms

Name of domestic accounting firm	Union Power Certified Public Accountants (Special General Partnership)
Remuneration for the domestic accounting firm (RMB 10,000)	396
Consecutive years for the domestic accounting firm to render audit service	6
Names of certified public accountants of the domestic accounting firm	Han Zhenping, Geng Ting
Consecutive years for the domestic accounting firm to render CPA audit service	1

A new accounting firm was engaged in the current period

Yes No

Engagement of an accounting firm for internal control auditing, financial adviser or sponsor

Applicable Not applicable

During the year, the Company hired Union Power CPAs Co., Ltd. (special general partnership) as its internal control accounting firm; the Company hired Huatai United Securities Co., Ltd. as a sponsor for resolving the follow-up matters of the share split reform.

X. Delisting after disclosure of the annual report

Applicable Not applicable

XI. Matters related to bankruptcy reorganization

Applicable Not applicable

The Company was not involved in any matter related to bankruptcy reorganization in the Report Period.

XII. Major legal action or arbitration

Applicable Not applicable

The Company was not involved in any major legal action or arbitration during the Report Period.

XIII. Punishment and rectification

Applicable Not applicable

The Company was not involved in any punishment or rectification during the Report Period.

XIV. Integrity status of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee motivation measures

Applicable Not applicable

The Company was not involved in any equity incentive plan, employee stock ownership plan or other employee motivation measures or their implementation during the Report Period.

XVI. Significant related transactions

1. Related transactions associated with day-to-day operation

√ Applicable □ Not applicable

Related parties	Incidence relation	Type of related transactions	Contents of related transactions	Related transaction pricing principle	Prices of related transactions	Amount of related transactions (ten thousand Yuan)	Proportion to amount of similar transaction	Approved transaction amount (ten thousand Yuan)	Exceeding the approved quota	Settlement of related transactions	Available market price of similar transactions	Date of disclosure	Disclosure index
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors and general managers	Sales of commodities	Sales of products	Market price	Market price	450,943.43	3.46%	550,000	No	Payment before delivery	Market price	30 April, 2020	www.cninfo.com.cn
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors	Sales of commodities	Sales of products	Market price	Market price	428,595.56	3.29%	880,000	No	Payment before delivery	Market price	30 April, 2020	www.cninfo.com.cn
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Companies where supervisors of the Company act as managers	Sales of commodities	Sales of products	Market price	Market price	309,970.99	2.38%	520,000	No	Payment before delivery	Market price	30 April, 2020	www.cninfo.com.cn
Zhuhai Yinlong New Energy Co.,	Companies and their subsidiaries	Sales of commodities	Sales of smart equipment,	Market price	Market price	12,380.09	0.09%	100,000	No	Settlement by schedule	Market price	30 April, 2020	www.cninfo.com.cn

Ltd. and its subsidiaries and holding subsidiaries	and holding subsidiaries where the chairman of the Company serves as a director		bus air conditioners, molds, motors, etc.										
Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries	Companies and their subsidiaries and holding subsidiaries where the chairman of the Company serves as a director	Materials procurement	Procurement of batteries, energy storage product components, etc.	Market price	Market price	42,390.45	0.37%	150,000	No	Settlement by schedule	Market price	30 April, 2020	www.cinfo.com.cn
Total				--	--	1,244,280.52	--	2,200,000	--	--	--	--	--
Details of huge-amount sales return				Not applicable									
Actual fulfillment (if any) in the Report Period when the total amount is estimated by category for the daily related transaction to take place in the current period				Not applicable									
Cause (if applicable) of the large difference between the transaction price and market reference price				Not applicable									

2. Related transactions of acquisition or sales of assets or equity

Applicable Not applicable

The Company was not involved in any related transaction of acquisition or sales of assets or equity in the Report Period.

3. Related transactions of common foreign investment

Applicable Not applicable

The Company was not involved in any related transaction of common foreign investment during the Report Period.

4. Associated credits and liabilities

Applicable Not applicable

The Company was not involved in any associated credit or liability in the Report Period.

5. Other significant related transactions

Applicable Not applicable

On 12 June, 2020, the Company held the thirteenth meeting of the eleventh session of board of directors. At the meeting, the Proposal on Capital Increase to Subsidiaries and Related Transactions was reviewed and approved. The Company intended to increase capital to its controlling subsidiary Zhuhai Gree Group Finance Co., Ltd. with its self-owned funds, totaling RMB 2,640,000,000, of which RMB 1,500,000,000 is included in the registered capital of Zhuhai Gree Group Finance Co., Ltd. and the remaining RMB 1,140,000,000 is included in the capital reserve of Zhuhai Gree Group Finance Co., Ltd.

Related inquiries from disclosure website of interim reports on major related transactions

Name of temporary announcement	Disclosure date of temporary announcement	Disclosure website name of temporary announcement
Proposal on Capital Increase to Subsidiaries and Related Transactions	13 June, 2020	www.cninfo.com.cn

XVII. Major contracts and their fulfillment

1. Information about trusteeship, contracting and lease

(1) Trusteeship

Applicable Not applicable

The Company was not involved in any trusteeship during the Report Period.

(2) Contracting

Applicable Not applicable

The Company was not involved in any contracting matter during the Report Period.

(3) Lease

Applicable Not applicable

The Company was not involved in any lease during the Report Period.

2. Major guarantee

Applicable Not applicable

The Company was not involved in any major guarantee during the Report Period.

3. Entrusting others to execute any cash asset management

(1) Entrusted financing

Applicable Not applicable

Overview of entrusted wealth management during the report period

Unit: RMB 10,000

Specific type	Source of funds for entrusted wealth management	Occurrence amount of entrusted wealth management	Outstanding balance	Amount overdue but not recovered yet
Broker wealth management products	Private	42,596.42		
Total		42,596.42		

Specific situation of high-risk entrusted wealth management with large single amount or low security, poor liquidity and non-guaranteed principal

Applicable Not applicable

Entrusted wealth management has the circumstance that it is expected to be unable to recover the principal or other circumstances that may cause impairment

Applicable Not applicable

(2) Entrusted loan

Applicable Not applicable

The Company was not involved in any entrusted loan during the Report Period.

4. Major contracts for daily operations

Applicable Not applicable

5. Other major contracts

Applicable Not applicable

The Company did not have any other major contract during the Report Period.

XVIII. Social responsibilities

1. Fulfilling social responsibilities

Gree actively and voluntarily performed its social responsibilities, effectively protected the lawful rights and interests of all stakeholders, won with its strength the recognition of the enterprise, brand and products from capital market and consumer market and promoted the low-carbon green growth in the industry through various activities. (For details, please refer to the Company's Social Responsibility Report for the Year 2020 published on www.cninfo.com.cn on 29 April, 2021.)

2. Fulfilling the social responsibilities of taking targeted measures in poverty alleviation

In 2020, Gree Electric Appliances actively responded to the provincial party committee and the provincial government's implementation of the rural revitalization strategy and the "Ten Thousand Enterprises Helping Ten Thousand Villages in the Form of Pairing Assistance" action. Under the leadership of the Zhuhai Federation of Trade Unions, Gree Electric Appliances helped Qixing Village, Shuangjiao Town, Yangchun City to carry out poverty alleviation work by donating home appliances to the registered poor households and village committee of Qixing Village through Zhuhai Pearl Charity Foundation and providing local residents with employment opportunities to local residents. By stimulating the internal motivation of the needy groups to be self-reliant and strive to be strong, Gree Electric Appliances made strong efforts in targeted advancement and achieved practical results in targeted landing, and thus won the battle of targeted poverty alleviation.

3. Circumstances related to environmental protection

If the listed company and its subsidiaries are key pollutant discharge units published by the environmental protection department

√ Yes □ No

Serial Number	Company or Subsidiary Name	Names of Major Pollutants and Particular Pollutants	Discharge Mode	Number of Discharge Ports	Distribution of Discharge Ports	Discharge Concentration	Adopted Pollutant Discharge Standard	Total Discharge	Total Approved Discharge	Over-standard Discharge
1	GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI	COD, ammonia nitrogen	Intermittent discharge	3	Sewage station	COD: 21mg/L; Ammonia nitrogen: 0.259mg/L.	Level 2 limit of the second period specified in the Discharge Limits of Water Pollutants (DB44/26-2001)	COD: 10.257 tons/year; Ammonia nitrogen: 0.115 tons/year.	COD: 26.4 tons/year; Ammonia nitrogen: 3.6 tons/year.	None
2	Zhuhai Landa Compressor Co., Ltd.	Total nitrogen, COD, ammonia nitrogen, total zinc	Continuous discharge	1	Sewage station	Total nitrogen: 5.5mg/L; COD: 23.6mg/L; Ammonia nitrogen: 0.648mg/L; Total zinc: 0.12mg/L.	Pollutant Discharge Standard for Electroplating Water (DB44/1597-2015)	Total nitrogen: 1.75 tons/year; COD: 4.56 tons/year; Ammonia nitrogen: 0.065 tons/year; Total zinc: 0.023 tons/year.	Total nitrogen: 6.935235 tons/year; COD: 23.117450 tons/year; Ammonia nitrogen: 3.698792 tons/year; Total zinc: 0.462349 tons/year.	None
3	Gree (Hefei) Electric Appliances Co., Ltd.	COD, ammonia nitrogen	Intermittent discharge	2	Sewage station	Ammonia nitrogen: 0.216mg/L; COD: 14.71mg/L.	Grade-3 Standard of Comprehensive Sewage Discharge Standard (GB8978-1996) and Requirements of	COD: 5.491 tons/year; Ammonia nitrogen: 0.112 tons/year.	COD: 208.704 tons/year; Ammonia nitrogen: 20.870 tons/year.	None

							Takeover Standards for Sewage Treatment Plants in Economic Development Zones			
4	Zhuhai Kaibang Motor Manufacture Co., Ltd.	Suspended matter COD, ammonia nitrogen	Intermittent emission	1	Sewage station	Suspended matter: 4mg/L; COD: 21.9mg/L; Ammonia nitrogen: 4.01mg/L.	Grade-1 standard for the second period in Discharge Limits of Water Pollutants (DB44/26-2001)	Suspended matter: 0.045 tons/year; COD: 0.107 tons/year; Ammonia nitrogen: 0.046 tons/year.	2020 sewage permit not approved	None
		Toluene, xylene, sulfur dioxide, nitrogen oxide, particulate matter	Organized discharge	3	Roof of factory building	Toluene: 0.01mg/m ³ ; Xylene: 0.32mg/m ³ ; Sulfur dioxide: 15mg/m ³ ; Nitrogen oxide: 12mg/m ³ ; Particulate matter: 20mg/m ³	Emission limits of process waste gas (the second period) specified in the Emission Limits of Air Pollutants of Guangdong (DB44/27-2001), Emission limits of exhaust cylinder VOCs of the Emission Standard of Volatile Organic Compounds for Surface Coating of Automobile Manufacturing Industry of Guangdong (DB44/816-2010)	Toluene: 0.466 tons/year; Xylene: 0.095 tons/year; Sulfur dioxide: 2.153 tons/year; Nitrogen oxide: 2.313 tons/year; Particulate matter: 3.941 tons/year.		
5	Zhuhai Gree Electrical Co., Ltd.	Xylene, phenols, TVOCs	Organized discharge	12	Roof of factory building	Xylene: 1.41047mg/m ³ ; ;	Level 2 limit of the second period specified in the Emission Limits of	Xylene: 0.2777 tons/year; Phenols: 0.09882	2020 sewage permit not approved	None

						Phenols: 0.3mg/m ³ TVOCs: 10.2513mg/m ³	Air Pollutants (DB44/27-2001); the second period specified in the Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations (DB44/814-2010)	tons/year; TVOCs: 1.60818 tons/year.		
--	--	--	--	--	--	--	--	--	--	--

Construction and operation of pollution prevention facilities

1. Wastewater pollution control facilities:

The Company and its subsidiaries are all equipped with corresponding sewage treatment facilities in accordance with the environmental protection requirements for construction projects, as well as full-time environmental protection managers, operators and monitors. Up to now, all the systems have been in normal operation, and met the emission standards stably, without emissions beyond the standards.

2. Waste gas pollution control facilities:

The waste gas pollution control facilities of the Company and its subsidiaries are in normal operation, the indicators of waste gas monitoring conform to the national and local emission standards, and there is no situation exceeding the standards.

3. Solid waste treatment and disposal facilities:

The Company implemented the hazardous waste classification and collection system and entrusted the institutions with corresponding hazardous waste treatment qualifications to dispose of them. No illegal disposal ever occurred.

Environmental impact assessment of construction projects and other administrative licenses for environmental protection

The waste gas pollution control facilities of the Company and its subsidiaries are in normal operation, the indicators of waste gas monitoring conform to the national and local emission standards, and there is no situation exceeding the standards.

Contingency plan for unexpected environmental events

The Company implemented requirements of the Emergency Management Measures for Unexpected Environmental Events and related national laws and regulations. To ensure timely, orderly, efficient and appropriate response to unexpected environmental events, protect the personal safety of employees and reduce property losses, each subsidiary of the Company formulated a contingency plan for unexpected environmental events and reported them to the environmental protection department for recording.

Environmental self-monitoring plan

The Company formulated an environmental self-monitoring plan according to the requirements of environmental impact assessment, and detected wastewater pollutants once a day and air pollutants at least once a year.

Other environmental information that should be made public

None

Other environmental protection related information

None

XIX. Description of other significant matters

Applicable Not applicable

On 2 December, 2019, Gree Group and Zhuhai Mingjun signed the Share Transfer Agreement. Gree Group

planned to transfer 902,359,632 shares of the Company with unlimited sales conditions held by Gree Group to Zhuhai Mingjun at a price of RMB 46.17/share (accounting for 15% of the Company's total equity); On 13 December, 2019, the Zhuhai Municipal People's Government and the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of Zhuhai City separately approved the share transfer.

Gree Group obtained the Transfer Registration Confirmation issued by China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch on 3 February, 2020. The share transfer registration procedures for the transfer of this agreement have been completed, and the transfer date is 23 January, 2020. After the completion of the share transfer registration, the Company has neither a controlling shareholder nor an actual controller.

XX. Significant matters of the Company's subsidiaries

Applicable Not applicable

Section VI Changes in Stock Capital & Information of Shareholders

I. Changes in stock capital

1. Changes in stock capital

Unit: Share

	Before the change		Increase/Decrease (+, -)					After the change	
	Qty	Percentage	New Issue	Bonus Issue	Stock Converted from Housing Accumulation Fund	Others	Subtotal	Qty	Percentage
I. Stocks with trading restriction conditions	45,799,625	0.76%				22,419	22,419	45,822,044	0.76%
1. Stocks held by the State									
2. Stocks held by the state-owned legal person									
3. Stocks held by other domestic capital	45,799,625	0.76%				22,419	22,419	45,822,044	0.76%
Including: Stocks held by the domestic legal person									
Stocks held by the domestic natural person	45,799,625	0.76%				22,419	22,419	45,822,044	0.76%
4. Stocks held by the foreign capital									
Including: Stocks held by the foreign legal person									
Stocks held by the foreign natural person									
II. Tradable Stocks without trading restriction conditions	5,969,931,253	99.24%				-22,419	-22,419	5,969,908,834	99.24%
1. RMB ordinary	5,969,931,253	99.24%				-22,419	-22,419	5,969,908,834	99.24%

stocks									
2. Domestically listed foreign capital stocks									
3. Overseas listed foreign capital stocks									
4. Others									
III. Total of stocks	6,015,730,878	100.00%						6,015,730,878	100.00%

Causes of changes in stock capital

Applicable Not applicable

Approval of changes in stock capital

Applicable Not applicable

Transfer due to changes in stock capital

Applicable Not applicable

Progress of share repurchase

Applicable Not applicable

1. The Company held the tenth meeting of the eleventh session of board of directors on 10 April, 2020. At the meeting, the Proposal on the Partial Repurchase of Public Shares (hereinafter referred to as the "first phase of repurchase") was reviewed and approved. The Company intended to perform the repurchase in the form of centralized bidding transactions with its self-owned funds totaling between RMB 3 billion (inclusive) and RMB 6 billion (inclusive) at a repurchase price of less than RMB 67.82/share (after the annual equity distribution plan of 2019 is implemented, the repurchase price will be adjusted from no more than RMB 70/share to no more than RMB 68.80/share. After the equity distribution plan for half year of 2020 is implemented, the repurchase price will be adjusted from no more than RMB 68.80/share to no more than RMB 67.82/share). The repurchase period shall not exceed 12 months from the date of review and approval of the repurchase plan by the Company's board of directors.

2. The Company held the sixteenth meeting of the eleventh session of board of directors on 13 October, 2020. At the meeting, the Proposal on the Partial Repurchase of Public Shares (hereinafter referred to as the "second phase of repurchase") was reviewed and approved. The Company intended to perform the repurchase in the form of centralized bidding transactions with its self-owned funds totaling between RMB 3 billion (inclusive) and RMB 6 billion (inclusive) at a repurchase price of less than RMB 69.02/share (after the annual equity distribution plan of 2020 is implemented, the repurchase price will be adjusted from no more than RMB 70/share to no more than RMB 69.02/share). The repurchase period shall not exceed 12 months from the date of review and approval of the repurchase plan by the Company's board of directors.

3. By the end of the Report Period (31 December, 2020), the Company has repurchased a total of 94,184,662 shares, all of which were purchased in the first phase of the repurchase plan, at the cost of RMB 5,181,586,503.65 (excluding transaction costs), with the minimum purchase price of RMB 53.01/share and the highest purchase price of RMB 57.00/share. For details, see the relevant repurchase progress announcement.

4. By the disclosure date of the 2020 annual report, the Company has repurchased a total of 182,879,661 shares by the special repurchase account through two phases of the repurchase plan, at the cost of RMB 10,420,236,003.53 (excluding transaction costs), with the minimum purchase price of RMB 53.01/share and the highest purchase

price of RMB 61.95/share.

For the first phase of the repurchase plan, the Company repurchased a total of 108,365,753 shares at the cost of RMB 5,999,591,034.74 (excluding transaction costs), with the minimum purchase price of RMB 53.01/share and the highest purchase price of RMB 60.18/share. The repurchase plan was already implemented on 24 February, 2021. For details, see the Company's relevant progress announcement disclosed in the designated information disclosure media.

For the second phase of the repurchase plan, the Company has repurchased a total of 74,513,908 shares at the cost of RMB 4,420,644,968.79 (excluding transaction costs), with the minimum purchase price of RMB 56.46/share and the highest purchase price of RMB 61.95/share. For details, see the Company's relevant progress announcement disclosed in the designated information disclosure media.

Progress of reducing shares repurchased by centralized bidding

Applicable Not applicable

Impact by changes in stock capital on financial indicators such as basic earnings per share and diluted earnings per share, and the net asset value per share attributable to common shareholders of the Company in the recent year and the recent period

Applicable Not applicable

Other contents that must be disclosed in the opinion of the Company or according to requirements of the securities regulatory institution

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: Share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares increased in the current period	Number of restricted sales released from the lock-up requirements in the current period	Number of restricted shares at the end of the period	Reasons for restriction	Release date
Duan Xiufeng	795,375		198,750	596,625	Shares locked by executives	-
Wang Jingdong	663,505	221,169		884,674	Share lock-up of outgoing executives	16 July, 2022
Total	1,458,880	221,169	198,750	1,481,299	--	--

II. Issuance and listing of securities

1. Issuance of securities (excluding the preferred stock) in the Report Period

Applicable Not applicable

2. Description about changes in the Company's total number of stocks and shareholder structure, and assets and liability structure

Applicable Not applicable

3. Existing internal employee stock

Applicable Not applicable

III. Information about the shareholders and actual controllers

1. Total number of shareholders and their shareholding status

Unit: Share

Total number of common shareholders at the end of the Report Period	480,000	Total number of common shareholders at the end of last month before the disclosure date of the annual report	468,644	Total number of preferred shareholders (if any) whose voting rights were restored at the end of Report Period (See Note 8)	0	Total number of preferred shareholders (if any) whose voting rights were restored at the end of last month before the disclosure date of the annual report (See Note 8)	0	
Shareholding of the shareholders holding more than 5% of total stocks or shareholding of the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding proportion	Total number of the stocks held at the end of the Report Period	Increase/Decrease in the Report Period	Number of the trading restricted stocks held	Number of the trading unrestricted stocks held	Pledge or freezing	
							Stock status	Qty
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	18.70%	1,124,911,044	230,038,565				
Zhuhai Mingjun Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	15.00%	902,359,632	902,359,632			Pledged	902,359,632

Jinghai Internet Technology Development Co., Ltd.	Domestic non-state-owned legal person	8.20%	493,140,455	-42,881,778				
Zhuhai Gree Group Co., Ltd.	State-owned legal person	3.22%	193,895,992	-902,359,632				
China Securities Finance Co., Ltd.	State-owned legal person	2.99%	179,870,800					
Central Huijin Asset Management Co., Ltd.	State-owned legal person	1.40%	84,483,000					
Qian Hai Life Insurance Co., Ltd. – Hai Li Nian Nina	Others	1.00%	60,086,861	-5,523,921				
GOLDMAN,SACHS&CO.LLC	Foreign legal person	0.81%	49,027,500	45,467,910				
Dong Mingzhu	Domestic natural person	0.74%	44,488,492		33,366,369	11,122,123	Pledged	43,632,750
Hillhouse Capital Management–HCM China Fund	Foreign legal person	0.72%	43,396,407					
Situation (if any) where a strategic investor or general legal person becomes one of top 10 shareholders due to placement of new shares (see Note 3)	None							
Description for affiliated relationship or concerted action of the above shareholders	Zhuhai Mingjun Investment Partnership (Limited Partnership) and Dong Mingzhu are the persons acting in concert. Except for that, the Company does not know whether there is an associated relationship between the above shareholders or whether they are persons acting in concert.							
Description about above-mentioned shareholders' entrusting/being entrusted with and waiving voting rights	None							
Shareholding of the top 10 shareholders without trading restriction conditions								
Name of shareholder	Number of the trading unrestricted stocks held at the end of the Report Period	Type of stocks						
		Type of stocks	Qty					
Hong Kong Securities Clearing Company Ltd.	1,124,911,044	RMB ordinary stocks	1,124,911,044					
Zhuhai Mingjun Investment Partnership (Limited Partnership)	902,359,632	RMB ordinary stocks	902,359,632					
Jinghai Internet Technology Development Co., Ltd.	493,140,455	RMB ordinary stocks	493,140,455					

Zhuhai Gree Group Co., Ltd.	193,895,992	RMB ordinary stocks	193,895,992
China Securities Finance Co., Ltd.	179,870,800	RMB ordinary stocks	179,870,800
Central Huijin Asset Management Co., Ltd.	84,483,000	RMB ordinary stocks	84,483,000
Qian Hai Life Insurance Co., Ltd. – Hai Li Nian Nian	60,086,861	RMB ordinary stocks	60,086,861
GOLDMAN,SACHS&CO.LL C	49,027,500	RMB ordinary stocks	49,027,500
Hillhouse Capital Management–HCM China Fund	43,396,407	RMB ordinary stocks	43,396,407
China Life Insurance Company Ltd. – Traditional – General Insurance Product-005L-CT001 Shen	32,357,424	RMB ordinary stocks	32,357,424
Description for affiliated relationship or concerted action among the top 10 shareholders holding tradable stocks without trading restriction conditions and between the top 10 shareholders holding tradable stocks without trading restriction conditions and the top 10 shareholders	Zhuhai Mingjun Investment Partnership (Limited Partnership) and Dong Mingzhu are the persons acting in concert. Except for that, the Company does not know whether there is an associated relationship between the above shareholders or whether they are persons acting in concert.		
Description of the participation in margin trading business of the top 10 common shareholders (if any) (see Note 4)	None		

The top 10 common shareholders and top 10 common shareholders without trading restriction conditions of the Company conducted agreed repurchase transactions in the Report Period

Yes No

The top 10 common shareholders and top 10 common shareholders without trading restriction conditions of the Company didn't conduct agreed repurchase transactions in the Report Period.

2. Information of the controlling shareholders of the Company

Nature of controlling shareholder: No controlling entity

Type of the controlling shareholder: No controlling shareholder

Description about the situation that the Company has no controlling shareholder

On 2 December, 2019, Gree Group and Zhuhai Mingjun signed the Share Transfer Agreement between Zhuhai Gree Group Co., Ltd. and Zhuhai Mingjun Investment Partnership (Limited Partnership) Concerning 15% of the Shares of GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI, pursuant to which Gree Group transferred its 902,359,632 held in the Company (accounting for 15.00% of the Company's total equity) to Zhuhai Mingjun. After the transaction was completed, the single largest shareholder Zhuhai Mingjun and its person acting in

concert Dong Mingzhu cannot approve the specific proposals with their voting rights on the shares of listed companies that are actually at their disposal, which are not enough to have a significant impact on the resolutions of the shareholders' meeting of the listed company, and cannot decide the selection of more than half of the members of the board of directors of the listed company. Therefore, the listed company has no controlling shareholders and no actual controllers. For details, see the Instructions on the Reply to the Inquiry Letter of the Shenzhen Stock Exchange disclosed by the Company at www.cninfo.com.cn on 18 January, 2020.

Controlling shareholder change in the Report Period

Applicable Not applicable

Name of new controlling shareholder	No controlling shareholder
Change date	3 February, 2020
Query index at the website specified	Announcement on the Completion of the Transfer Registration of the Shares Transferred by the Controlling Shareholder by Agreement and the Change of the Controlling Shareholder and Actual Controller of the Company disclosed by the Company on www.cninfo.com.cn
Date of disclosure at the website specified	4 February, 2020

3. Actual controller of the Company and its person acting in concert

Nature of the actual controller: No actual controller

Type of the actual controller: No actual controller

Description about the situation that the Company has no actual controller

On 2 December, 2019, Gree Group and Zhuhai Mingjun signed the Share Transfer Agreement between Zhuhai Gree Group Co., Ltd. and Zhuhai Mingjun Investment Partnership (Limited Partnership) Concerning 15% of the Shares of GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI, pursuant to which Gree Group transferred its 902,359,632 held in the Company (accounting for 15.00% of the Company's total equity) to Zhuhai Mingjun. After the transaction was completed, the single largest shareholder Zhuhai Mingjun and its person acting in concert Dong Mingzhu cannot approve the specific proposals with their voting rights on the shares of listed companies that are actually at their disposal, which are not enough to have a significant impact on the resolutions of the shareholders' meeting of the listed company, and cannot decide the selection of more than half of the members of the board of directors of the listed company. Therefore, the listed company has no controlling shareholders and no actual controllers. For details, see the Instructions on the Reply to the Inquiry Letter of the Shenzhen Stock Exchange disclosed by the Company at www.cninfo.com.cn on 18 January, 2020.

Particulars on whether there are shareholders with a shareholding ratio of more than 10% at the ultimate control level of the Company

Yes No

Legal person

Particulars on shareholding at the ultimate control level

Name of shareholder at the ultimate control level	Legal representative/Person in charge	Date of establishment	Organization code	Principal business
Zhuhai Mingjun Investment Partnership (Limited Partnership)	Zhuhai Xianying Equity Investment Partnership (Limited Partnership)	11 May, 2017	91440400MA4WJBCR4W	Business scope recorded in the agreement: Equity investment. (items that need to be approved in accordance with law can only be operated after approval by relevant departments)
Information regarding equity of other domestic and oversea listed companies controlled by the shareholder at the ultimate control level during the Report Period	None			

Change in the actual controller in the Report Period

Applicable Not applicable

Name of the new actual controller	None
Change date	3 February, 2020
Query index at the website specified	Announcement on the Completion of the Transfer Registration of the Shares Transferred by the Controlling Shareholder by Agreement and the Change of the Controlling Shareholder and Actual Controller of the Company disclosed by the Company on www.cninfo.com.cn
Date of disclosure at the website specified	4 February, 2020

The actual controller controlled the Company through trust or other asset management modes

Applicable Not applicable

4. Other corporate shareholders holding more than 10% of shares

Applicable Not applicable

5. Restricted share reduction of controlling shareholders and actual controllers, restructuring party and other commitment subjects

Applicable Not applicable

Section VII Related Information of Preferred Stock

Applicable Not applicable

The Company did not have any preferred stock in the Report Period.

Section VIII Related Information of Convertible Corporate Bonds

Applicable Not applicable

The Company did not have any convertible corporate bonds in the Report Period.

Section IX Directors, Supervisors, Senior Management Personnel and Employees

I. Shareholding changes of directors, supervisors and senior management personnel

Name	Title	Tenure status	Gender	Age	Commencement of term of office	Termination of term of office	Stocks held at the beginning of the Period (shares)	Number of held stocks increased in the current period (shares)	Number of held stocks reduced in the current period (shares)	Other increase/decrease changes (shares)	Stocks held at the end of the Period (shares)
Dong Mingzhu	Chairperson & President	Incumbent	F	66	25 May, 2012	15 January, 2022	44,488,492				44,488,492
Zhang Wei	Director	Incumbent	M	44	16 January, 2019	15 January, 2022					
Zhang Jundu	Director	Incumbent	M	60	25 May, 2012	15 January, 2022					
Guo Shuzhan	Director	Incumbent	M	64	16 January, 2019	15 January, 2022					
Liu Shuwei	Independent Director	Incumbent	F	68	16 January, 2019	15 January, 2022					
Xing Ziwen	Independent Director	Incumbent	M	58	16 January, 2019	15 January, 2022					
Wang Xiaohua	Independent Director	Incumbent	M	59	16 January, 2019	15 January, 2022					
Cheng Min	Chairman of Board of Supervisors	Incumbent	F	42	2 November, 2020	15 January, 2022					
Duan	Supervisor	Incumbent	M	57	16	15	795,500		198,800		596,700

Xiufeng					January, 2019	January, 2022					
Wang Fawen	Staff Supervisor	Incumbent	F	37	16 January, 2019	15 January, 2022					
Zhuang Pei	Vice President	Incumbent	M	56	25 May, 2012	15 January, 2022	5,955,202				5,955,202
Tan Jianming	Vice President	Incumbent	M	56	31 August, 2017	15 January, 2022	1,297,300				1,297,300
Deng Xiaobo	Vice President & Board Secretary	Incumbent	M	45	26 December, 2020	15 January, 2022					
Shu Lizhi	Vice President	Incumbent	M	51	26 December, 2020	15 January, 2022					
Liao Jianxiong	Finance Chief	Incumbent	M	47	6 August, 2020	15 January, 2022					
Huang Hui	Director and CEO	Resigned	M	57	25 May, 2012	19 February, 2021	7,380,000				7,380,000
Wang Jingdong	Director, Vice President, Chief Financial Officer, Board Secretary	Resigned	M	50	25 May, 2012	17 August, 2020	884,674				884,674
Li Xupeng	Chairman of Board of Supervisors	Resigned	M	51	16 January, 2019	2 November, 2020					
Total	--	--	--	--	--	--	60,801,168	0	198,800		60,602,368

II. Changes in the directors, supervisors and senior management personnel

√ Applicable □ Not applicable

Name	Title	Type	Date	Reason
Wang Jingdong	Finance Chief	Disengagement	6 August, 2020	Internal job transfer
Wang Jingdong	Director, Vice President, Board Secretary	Resigned	17 August, 2020	Resignation due to personal reasons
Li Xupeng	Chairman of Board of Supervisors	Resigned	2 November, 2020	Resignation due to personal reasons

III. Positions of directors, supervisors and senior management personnel

Professional background, major work experience and current main responsibilities in the Company of the current directors, supervisors and senior management personnel of the Company

Ms. Dong Mingzhu, with a master degree, currently acts as the Chairperson of the Board & President of Gree Electric Appliances, Inc. of Zhuhai.

She has served as salesman, Vice Director and Director of Sales Department, Vice General Manager, Vice Chairperson of the board and President of Gree Electric Appliances, etc.

She consecutively served as deputy to the tenth, eleventh, twelfth and thirteenth National People's Congresses, and ever acted as a member of the tenth, eleventh and twelfth Executive Committees of the All-China Women's Federation, the "Messenger of UN Sustainable Urban Development" of the United Nations, the first rotating presidency of the "Sustainable Development Commission" of the United Nations Development Programme, vice president of the China Quality Association, vice chairperson of China Association of Women Entrepreneurs, member of Expert Committee for the thirteenth five-year development planning of the National Development and Reform Commission, director of Board of Directors of China Social Economic Investigation Research Center, member of WFEO-CHINA of China Association for Science and Technology, etc. She has been successively appointed as a part-time professor or MBA tutor by Northwest University, Sun Yat-sen University, China University of Science and Technology, Zhongnan University of Economics and Law, Communication University of China and other colleges, and was awarded the title of honorary academician by Beijing Normal University-Hong Kong Baptist University United International College (UIC). She was awarded the title of "National Labor Model" by the State Council in 2015, elected as "CCTV China Economic Person of the Year" in 2006, 2010 and 2013, selected as "The Most Influential Women in Business" by the Fortune magazine for 14 times from 2004 to 2019, ranked in the ranking list of "Top 50 Women to Watch" of Financial Times for three consecutive years from 2009 to 2011, was enrolled in the ranking list of "Global Best CEO" of the "Harvard Business Review" magazine in 2013, becoming China's only female on the list.

Mr. Zhang Wei, with a bachelor degree, currently acts as the Director of Gree Electric Appliances, Inc. of Zhuhai.

He joined in Gree Electric Appliances in 1999 and served as the person in charge of Gree Electric Appliances Pipe Branch, Material Supply Department, Outsourcing & Purchase Quality Management Department, and Enterprise Management Department, and President Assistant of Gree Electric Appliances; from 2013 to 2017, he served as Executive Deputy President of Gree Group; from 2017 to March 2020, he served as Vice President of Party Affairs of Gree Group; from April 2020 to October 2020, he served as the President Assistant of the Company; currently he serves as the Secretary of the Party Committee of the Company.

Mr. Zhang Jundu, with a junior college degree, currently acts as the Director of Gree Electric Appliances, Inc. of Zhuhai.

Since September 1999, he has served as chairman of Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. Since August 2012, he has concurrently served as general manager of Zhejiang Shengshi Xinxing Gree Trading Co., Ltd. Since May 2012, he has served as director of the Company.

Mr. Guo Shuzhan, with a junior college degree, currently acts as the Director of Gree Electric Appliances, Inc. of Zhuhai.

Since August 2006, he has been served as Chairman of Jinghai Internet Technology Development Co., Ltd.; Since August 2012, he has been served as General Manager of Henan Shengshi Xinxing Gree Trading Co., Ltd.; from May 2012 to January 2019, he served as the Supervisor of the Company; since January 2019, he has been served as the Director of the Company.

Ms. Liu Shuwei, with a master degree, currently acts as the Independent Director of Gree Electric Appliances, Inc. of Zhuhai.

Ms. Liu Shuwei graduated from Peking University in 1986 with a master degree in economics. Ms. Liu studies under the famous economists Chen Daisun Professor and Li Yining Professor in China, and is a well-known scholar in finance. In 2002, she was appraised as CCTV's "Economic Person of the Year" and "Moving China - Person of 2002". She is currently an Independent Director of Vanke Enterprise Co., Ltd., an Independent Director of Henan Costar Group Co., Ltd., and a director and a researcher at the China Enterprise Research Center of Central University of Finance and Economics. Since January 2019, she has been an independent director of the Company.

Mr. Xing Ziwen, with a doctor degree, currently acts as the Independent Director of Gree Electric Appliances, Inc. of Zhuhai.

He is also a professor of Xi'an Jiaotong University, a distinguished professor of the Yangtze River Scholar Program by the Ministry of Education, a national candidate for the Ten Million Talents Project in the New Century, and enjoys special allowances from the State Council. Professor Xing Ziwen used to be the director of the Department of Refrigeration and Cryogenic Engineering, School of Energy and Power Engineering, and the director of the Compressor Research Institute at Xi'an Jiaotong University. He currently acts as the deputy director of the National Engineering Center for Fluid Machinery and Compressors at Xi'an Jiaotong University. He has won 2 national scientific and technological progress awards, 7 provincial and ministerial scientific and technological progress awards, the Special Science and Technology Progress Award issued by the Chinese Association of Refrigeration, the Special Invention and Entrepreneurship Award issued by the China Association of Inventions, the Outstanding Professor Award issued by the Xia Anshi Education Foundation, and the Youth Innovation Award issued by Ho Leung Ho Lee Foundation.

Mr. Wang Xiaohua, with a master degree, currently acts as the Independent Director of Gree Electric Appliances, Inc. of Zhuhai.

Mr. Wang Xiaohua is the director of Guangdong Guangxin Junda Law Firm. He has successively studied law at the Central University for Nationalities, Peking University, Wuhan University, Japan Faith Corporation and the University of East London. In 2003, he obtained a master degree in law from the University of East London. Since 1988, he has been working as a part-time lawyer, sponsoring and leading a team to jointly handle over 1,000 litigation and non-litigation cases and projects, and assisting companies to raise tens of billions of yuan from

domestic and foreign securities markets. Since 1998, he has been a member of Guangdong Provincial Committee of Chinese People's Political Consultative Conference (CPPCC) and has submitted about 50 proposals. He has published four books such as Legal Issues on Enterprise Listing and more than 20 articles such as the rise and fall of the nation concerns everyone and the progress of rule of law concerns every lawyer. He once served as the president of the Guangzhou Lawyers Association, and currently serves as a standing committee of Guangdong Provincial Committee of the CPPCC, a member of the Guangdong Provincial Election Committee for Judges and Procurators, the legal consulting expert of the Guangzhou Municipal People's Government, and the legal consultant at the Security Bureau of the Guangdong Provincial Committee of the CCP, Guangdong Provincial Public Security Department (GDPSD) and Guangdong Provincial Tax Service, State Taxation Administration. He also served as the Guangzhou Asian Games Torch-Bearer; and won the honorary titles such as "Outstanding Lawyers of Guangdong Province", "Top Ten Innovation Leading Talents of Tianhe District", and "Guangzhou Leading Talents of Innovation and Entrepreneurship Services".

Ms. Cheng Min, with a bachelor degree, currently acts as the Supervisor of Gree Electric Appliances, Inc. of Zhuhai.

Ms. Cheng Min is currently President Assistant and Board Secretary of Zhuhai Gree Group Co., Ltd., and the Chairman and General Manager of Zhuhai Gexin Development Co., Ltd. She has served as the director of the Overall Planning Department of Zhuhai Convention and Exhibition Bureau, a member of the Party Group of Zhuhai Convention and Exhibition Bureau, and the office director of Zhuhai Gree Group Co., Ltd.

Mr. Duan Xiufeng, currently acts as the Supervisor of Gree Electric Appliances, Inc. of Zhuhai.

Graduated from Shandong Party School in 1999, he has successively served as the Deputy General Manager and the General Manager of Shandong Gree Electric Appliances Marketing Co., Ltd. and the General Manager of Shandong Shengshi Xinxing Gree Trading Co., Ltd. Since January 2019, he has been the Supervisor of the Company.

Ms. Wang Fawen, with a master degree, currently acts as the Employee Supervisor of Gree Electric Appliances, Inc. of Zhuhai.

She has the national vocational qualification certificates such as Intermediate Economist and Professional in Human Resources. From 2007 to 2019, she successively served as the human resources specialist of Human Resources Department, the director of Personnel Integration Office, the head of Performance Section, and the head of Training Section, the assistant to the director of Training Department, and the director of Human Resources and Training Department of the Company; from February 2019 to the present, she has been serving as the vice director of Human Resources Department of the Company.

Mr. Zhuang Pei, with a master degree and the title of Engineer, currently acts as the Vice President of Gree Electric Appliances, Inc. of Zhuhai.

From 2002 to April 2003, he served as President Assistant of the Company. From April 2003 up to now, he has served as vice president of the Company.

Mr. Tan Jianming, with a master degree, currently acts as the Chief Engineer and Vice President of Gree Electric Appliances, Inc. of Zhuhai.

He studied the major of refrigeration and low temperature technology of Huazhong University of Science and Technology from 1982 to 1986 and received the Bachelor's Degree; from 1986 to 1989, he continued to study at

the major of refrigeration and low temperature technology of Huazhong University of Science and Technology and received a master's degree, after graduation in 1989, he joined Gree Electric Appliances, Inc. of Zhuhai immediately and successively served as designer, department head, President Assistant, Deputy Chief Engineer, etc. Since August 2017, he has served as a Chief Engineer & Vice President of the Company.

Mr. Deng Xiaobo, with a bachelor degree, currently acts as the Vice President & Board Secretary of Gree Electric Appliances, Inc. of Zhuhai.

From July 2015 to November 2020, he served as the Chairman of Shanxi Coal and Chemical Industry Group Finance Co., Ltd. In November 2020, he joined GREE Electric Appliances, Inc. of Zhuhai. Since December 2020, he has served as the Vice President & Board Secretary of the Company.

Mr. Shu Lizhi, with a master degree, currently acts as the Vice President of Gree Electric Appliances, Inc. of Zhuhai.

He served as the deputy director and the director of Wuhan Special Commission Office of the National Audit Office of the People's Republic of China; in December 2019, he joined GREE Electric Appliances, Inc. of Zhuhai. Since December 2020, he has been serving as the Vice President of the Company.

Mr. Liao Jianxiong, currently acts as the Finance Chief of Gree Electric Appliances, Inc. of Zhuhai.

He joined in Gree Electric Appliances in May 1993 and successively served as the head of the Financial Department of Gree (Chongqing) Electric Appliances Co., Ltd., the head of the Financial Department, and the President Assistant & head of the Financial Department of Gree Electric Appliances, Inc. of Zhuhai. Since August 2020, he has been serving as the Finance Chief, President Assistant & head of the Financial Department of the Company.

Information of positions in shareholders

√ Applicable □ Not applicable

Name of incumbent	Name of shareholder	Position at the shareholder	Commencement of term of office	Termination of term of office	Remuneration and allowance received from the shareholder
Cheng Min	Zhuhai Gree Group Co., Ltd.	President Assistant & Board Secretary	1 August, 2017		Yes
Guo Shuzhan	Jinghai Internet Technology Development Co., Ltd.	Chairman and legal representative	1 August, 2006		No

Information of positions in other companies

√ Applicable □ Not applicable

Name of incumbent	Names of other companies	Position at other companies	Commencement of term of office	Termination of term of office	Remuneration and allowance received from other companies
Dong Mingzhu	Zhuhai Gezhen Investment Management Partnership (Limited Partnership)	Executive Partner	26 September, 2019		No

Dong Mingzhu	Zhuhai Xima Pearl New Media Co., Ltd.	Director and Manager	1 October, 2015		No
Dong Mingzhu	Zhuhai Yinlong New Energy Co., Ltd.	Director	1 February, 2017		No
Guo Shuzhan	Beijing Qianyuan Hengjiuhe Liquor Co., Ltd.	Director	25 April, 2014		No
Guo Shuzhan	Xiahe Hengsheng Hydropower Co., Ltd.	Director	1 May, 2007		No
Guo Shuzhan	Henan Shengshi Xinxing Gree Trading Co., Ltd.	Executive Director	1 August, 2010		Yes
Guo Shuzhan	Henan Gree Electric Appliances Customer Service Co., Ltd.	Executive Director and General Manager	1 August, 2006		No
Guo Shuzhan	Luoyang Gree Electric Appliances Logistics Co., Ltd.	Executive Director and General Manager	1 June, 2010		No
Guo Shuzhan	Henan Huizhong Yifeng Electronic Commerce Co., Ltd.	Chairperson	1 December, 2015		No
Guo Shuzhan	Xiahe Hengfa Hydropower Co., Ltd.	Director	1 June, 2005		No
Guo Shuzhan	Zhengzhou Hengzhixin Metal Component Manufacturing Co., Ltd.	Executive Director and General Manager	1 March, 2017		No
Zhang Jundu	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	Chairperson	1 September, 1999		No
Zhang Jundu	Ningbo Tongcheng Gree Electric Appliances Co., Ltd.	Director	1 July, 2013		No
Zhang Jundu	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Executive Director and General Manager	1 January, 2017		Yes
Zhang Jundu	Zhejiang Ruitong Automobile Co., Ltd.	Director	1 December, 2014		No
Zhang Jundu	Wenzhou Tongcheng Economic and Trade Co., Ltd.	Director	1 April, 2012		No
Zhang Jundu	Huzhou Tongcheng Gree Electric Appliances Co., Ltd.	Director	1 November, 2008		No
Liu Shuwei	China Vanke Co., Ltd.	Independent Director	30 June, 2017	29 June, 2023	Yes
Liu	Costar Group Co., Ltd.	Independent	10 April, 2019	10 April, 2022	Yes

Shuwei		Director			
Wang Xiaohua	ETR Law Firm	Partner Chairman	1 June, 2017		Yes
Wang Xiaohua	Guangzhou Nansha Reclamation Development Ltd.	External Director	1 October, 2015		Yes
Wang Xiaohua	Guangdong Guangxin Information Industry Co., Ltd.	Independent Director	1 July, 2014		Yes
Wang Xiaohua	Guangdong Shirong Zhaoye Co., Ltd.	Independent Director	26 March, 2019	26 March, 2022	Yes
Duan Xiufeng	Beijing Detai Hengrun Investment Co., Ltd.	Manager	3 July, 2014		No
Duan Xiufeng	Beijing Rongzhi Xingwei Management Consulting Co., Ltd.	Manager	2 July, 2013		No
Duan Xiufeng	Shandong Jierui Logistics Co., Ltd.	Executive Director and General Manager	11 August, 2010		Yes
Duan Xiufeng	Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Manager	30 June, 2011		No
Duan Xiufeng	Jinan Qihui Microfinance Co., Ltd.	Director	4 February, 2009		No
Duan Xiufeng	Shandong Gree Electric Appliances Customer Service Co., Ltd.	Executive Director and General Manager	2 August, 2012		No
Duan Xiufeng	Shandong Binzhou Dongsheng Real Estate Co., Ltd.	Executive Director	26 June, 2009		No
Duan Xiufeng	Shandong Blue Economy Industrial Fund Management Co., Ltd.	Chairperson	5 November, 2014		No
Duan Xiufeng	Shandong Youbu Network Technology Co., Ltd.	Executive Director	27 October, 2015		No
Duan Xiufeng	Jinan Jierui New Energy Technology Co., Ltd.	Executive Director and General Manager	21 December, 2016		No
Duan Xiufeng	Shandong Red April Brand Management Co., Ltd.	Executive Director and General Manager	1 August, 2017		No
Duan Xiufeng	Shandong Red April E-commerce	Executive Director and General	30 August,		No

Xiufeng	Co., Ltd.	Manager	2017		
Duan Xiufeng	Zhongfu Huaxia Management Consulting Co., Ltd.	Chairperson	23 December, 2005		No
Duan Xiufeng	Shandong Red April Holdings Group Co., Ltd.	Executive Director and Manager	5 May, 2015		No
Duan Xiufeng	Shandong Red April Venture Capital Co., Ltd.	Executive Director and General Manager	24 April, 2017		No
Duan Xiufeng	Shandong Red April New Energy Technology Co., Ltd.	Executive Director and Manager	13 December, 2017		No

Punishments given by the securities regulatory institution to the incumbent directors, supervisors and senior management personnel or those who resigned in the Report Period in the recent three years

Applicable Not applicable

IV. Remunerations of the directors, supervisors and senior management personnel

Decision making procedures, determination basis, and actual payment regarding the remunerations of directors, supervisors and senior management personnel

Within the Report Period, the Board of Directors of the Company conducted the performance review of the achievements and performance of duties of the senior management personnel and implemented the assignment assessment system regarding the working results in ethic, competence, diligence and achievement. The Company adhered to the principle of rationality, fairness and justice and laid emphasis on combination of material incentive and spiritual incentive. As for the material incentive, the Company paid attention to reasonably controlling reward grade and properly opening the reward gap and emphasized the time and frequency of reward. As for the spiritual incentive, the Company paid attention to combining the corporate objectives with the spirit of dedication, sense of social responsibility and career achievement of the senior management personnel.

Remunerations of the directors, supervisors and senior management personnel in the Report Period

Unit: RMB 10,000

Name	Title	Gender	Age	Tenure status	Total amount of pre-tax remuneration received from the Company	Remuneration received from a related party of the Company
Dong Mingzhu	Chairperson & President	F	66	Incumbent	915	No
Zhang Jundu	Director	M	60	Incumbent		Yes
Guo Shuzhan	Director	M	64	Incumbent		Yes
Zhang Wei	Director	M	44	Incumbent	19.25	No
Liu	Independent Director	F	68	Incumbent	15	Yes

Shuwei						
Wang Xiaohua	Independent Director	M	59	Incumbent	15	Yes
Xing Ziwen	Independent Director	M	58	Incumbent	15	Yes
Cheng Min	Supervisor	F	40	Incumbent		Yes
Duan Xiufeng	Supervisor	M	57	Incumbent		Yes
Wang Fawen	Staff Supervisor	F	37	Incumbent	100.65	No
Zhuang Pei	Vice President	M	56	Incumbent	230	No
Tan Jianming	Vice President	M	56	Incumbent	330	No
Deng Xiaobo	Vice President & Board Secretary	M	45	Incumbent	3.2	No
Shu Lizhi	Vice President	M	51	Incumbent	10.42	No
Liao Jianxiong	Finance Chief	M	47	Incumbent	124.97	No
Huang Hui	Director and CEO	M	57	Resigned	375	No
Wang Jingdong	Director, Vice President, Chief Financial Officer, Board Secretary	M	50	Resigned	17.7	No
Li Xupeng	Supervisor	M	51	Resigned		Yes
Total	--	--	--	--	2,171.19	--

Equity incentives granted to the directors and senior management personnel in the Report Period

Applicable Not applicable

V. Employees of the Company

1. Number of employees and their specialties and education level

Number (person) of on-the-job employees of the parent company	25,729
Number (person) of on-the-job employees of the main subsidiaries	58,223
Total number (person) of on-the-job employees	83,952
Total number (person) of employees receiving salaries in the	83,952

current period	
Number (person) of retired employees for whom the parent company and main subsidiaries need to bear expenses	368
Formation of Specialties	
Category of formation of specialties	Number (person) of employees in the formation
Manufacturing Personnel	62,192
Sales Personnel	2,659
Technicians	14,458
Financial Personnel	1,007
Administrative Personnel	3,636
Total	83,952
Education Level	
Education level category	Number (person) of employees
Bachelor Degree or above	18,023
College Degree	12,455
Technical Secondary School Education and below	53,474
Total	83,952

2. Remuneration policy

The Company implements a comprehensive remuneration management system, adopts a remuneration mechanism combining fixed salary and floating performance salary, and upholds the concept of remuneration payment according to the position, capacity and performance of the employees, which reflects the value of positions, ensures internal fairness, attaches importance to per capita efficiency enhancement, and realizes the dual balance of enterprise and employee development. During the 2020 epidemic, adhering to the concept of equally protecting the legitimate rights and interests of employees, the Company formulated the remuneration payment policy in a timely manner in accordance with national laws and regulations and the Company's operating situation to ensure the orderly, accurate and timely payment of salaries to employees, performed the planned, organized and orderly resumption of work and production, maintained harmonious labor relations, and demonstrated corporate social responsibility. At the same time, for constant changes in the market environment and huge uncertainties, the Company strengthened its sales strategy orientation for all employees, formulated the special sales incentive policy, and encouraged employees to further enhance their confidence and morale in product sales, extensively explored the market of home appliances, fully excavated sales channels, and strove for better sales performance. In addition, the Company continued to pump money into scientific and technological personnel and R&D technological breakthroughs, gave full play to the guiding and incentive role of scientific and technological rewards in innovation development and talent gathering, and provided solid support for the vast number of scientific and technological R&D personnel to accelerate the pace of innovation.

3. Training plan

In 2020, the Company continued to increase independent training of innovative talents, deepened core business support, built smart learning organizations, created an enabling ecosystem for vocational education, accelerated

the supply of talents for the transformation of innovative achievements, and promoted high-quality development of the Company.

(I) Increasing independent training of innovative talents

Talent is the key to innovation. The Company has always adhered to the principle of "focusing on the strategic layout of the Company and adhering to independent training of talents", mastered the initiative of talent training, built a diversified independent training mechanism by setting up a training system independently, strengthened the training of innovative talents and realized the supply of high quality talents.

1) Independently training innovative scientific and technological talents

The key to enhancing the independent innovation capability of an enterprise lies in training innovative scientific and technological talents. Campus recruitment is the main channel for the Company to introduce talents. According to the growth path of technical R&D personnel, the Company created the unique "6-1-3" training mode for college students by using "centralized training, project practice and mentor guidance" as the main method to achieve the rapid evolution of innovative talents and provide the Company with a steady stream of innovations. In 2020, the Group completed the induction training for nearly 5,000 college students and expanded the team of scientific research talent talents.

The special manufacturing practice technical training was conducted to realize the continuous and deep training of technical talents and promote the development of employees towards professional talents in high, sophisticated and cutting-edge fields. In 2020, the Company organized and carried out expert lectures on the cutting-edge technology of 22 topics in 12 series, such as smart manufacturing and smart home, to improve the technical level of technical R&D personnel. In the past three years, the Company has carried out more than 350 professional technical trainings, with the total number of more than 25,000 participants.

Gree's talent team has been growing and its talent structure has been upgraded over the years. By the end of 2020, the Company had about 84,000 employees, including 2 leading talents in science and technology innovation under the National Ten Thousand Talents Program, 3 experts enjoying special allowances from the State Council, 1 winner of the Award of Outstanding Contribution to Nanyue, 1 Outstanding Talent under the Guangdong Special Support Program, and 80 high-level talents of Zhuhai, 448 outstanding young talents, 710 scientific and technological experts evaluated inside the Company, and more than 7,500 intermediate and senior engineers. The Company adhered to the continuous cultivation of innovative talents, so that it has the ability to independently innovate to cope with the ever-changing external environment. Through the cultivation and guarantee of scientific and technological talents, the Company promoted independent scientific and technological innovation and strove to build Gree into a world research and development center for manufacturing.

2) Cultivating skilled craftsmen for precision manufacturing

In order to adapt to the transformation of the production model to automation and intelligence, the Company accelerates the training of applied-skilled talents. In 2020, the Company continued to promote the "skill upgrade and academic qualification upgrade" plan by organizing and performing the training of more than 6,500 skilled workers throughout the year and completing the training of nearly 200 people to upgrade their academic qualifications. The Company deepened the "2+2" standardization training mode for front-line new employees by completing the entry and induction training for new employees.

The Company vigorously promoted the spirit of model workers and craftsmen in the new era, and made full use of the resource advantages of Guangdong technicians, skilled master studios, and technician workstations to deepen

the Company's high-skilled personnel training mechanism. "Huang Guojun National Mold Technician Studio" was established and 3 new technician studios were newly built. Laboratory testing, pressure vessel welding, air-conditioning after-sales technician workstations were newly built. The Company prepared to build a national high-skilled talent training base and established a skilled talent training platform to drive the training of high-skilled talents.

Internal and external resources were adopted to organize and carry out trainings such as "targeted trainings of enterprise vocational skills, competitions for vocational skills, new apprenticeship mechanism, right position training and skill upgrade" to broaden the skills training channels and forms and build the collaborative mode for training of high-skilled new talents. The Company organized the 2020 labor skill competition called "Build Dreams with Originality", dug "Gree Top 300 Skilled Workers", expanded the "reservoir" of skilled talents, selected and cultivated a group of "high-tech and cutting-edge" skilled talents, and delivered more talents with outstanding skills to various talent selection projects at the provincial and municipal levels.

Up to now, the Group has 36,000 skilled talents, of which more than 8,000 are rated as intermediate and senior technicians, 7 have won the title of "Guangdong Provincial Technical Expert", 1 has won the title of "Nanyue Technical Expert", and 5 have won the title of "Zhuhai Municipal Technical Expert", 4 "Zhuhai Municipal Post Technical Expert Pacesetter", 6 "Zhuhai Municipal Chief Technical Expert", 6 "Zhuhai Municipal Chief Technical Expert", and 133 "Zhuhai Special Artisan".

3) Building young management cadres

The Company strove to establish a team of cadres who are passionate, capable, entrepreneurial and ambitious. In 2020, the Company organized and carried out the advanced-form training program for newly appointed cadres to improve the ability of management cadres. The Company also organized and carried out the "Special Training Camp of Supervisor Elites" and the "Pilot School of Team Leaders" to select, reserve and cultivate more than 700 grassroots management personnel. In order to strengthen the reserve and training of young talents, the Company organized and carried out the "2020 Development Plan of Talents with High Potential and Quality" to train more than 500 company-level personnel and more than 5,500 unit personnel, adding more talents to the development of the Company.

The Company strengthened the ideological education and military sports training of its middle-level management cadres by organizing and carrying out the first "Pioneer" training camp for middle-level management cadres. The training camp thoroughly implemented the general secretary's guiding ideologies for the cadres, and made cadres learn the spirit of the soldiers who are willing to endure hardships and fight through military trainings. Through a series of activities such as "Discussion on International Situation", "Policy Sharing and Interpretation", and "Education on Honesty and Integrity", the ideological awareness and comprehensive ability of cadres were improved and the cohesion and centripetal force of Gree people were further enhanced.

(II) Deepening core business support for the Company

According to the Company's annual development goals, focusing on the important areas and topics of the Company's strategic development, nearly 80 learning projects such as technology and R&D support topics, key thematic training camps, operation management training topics, etc. were organized and implemented, to comprehensively connect strategy and performance, and support the innovation development of core business.

1) Strongly focusing on the core business of the corporate strategy

In 2020, the training strongly focused on the Company's development plan and strategic goals to deepen learning,

and special trainings such as Gree mode, Gree perfect quality mode and Gree product online marketing were organized and carried out. The incubation trainings for emerging businesses such as freezing and refrigeration technology, washing technology, and intelligent manufacturing were performed to support the implementation of the corporate strategy. Throughout the year, more than 120 business trainings were carried out in the field of technology R & D, training more than 8,000 persons. Production trainings on lean production, on-site management, logistics technology and equipment maintenance were organized and carried out, which not only reserved a group of specialized talents in the production field, but also strengthened the practice transformation of training projects to promote the implementation of a series of production management projects.

2) Strengthening enterprise management and operation support

In the field of management and operation, oriented to the needs of staff development and position promotion, the Company solidly carried out special talent training camps such as human resources, process quality, financial management and operation support to meet the needs of the cultivation requirement of various talents for strategic development of the Company. The Company organized and carried out the 2020 special training camp of project management talents, and carried out the project manager qualification certification for the first time in which finally more than 100 trainees completed the courses and obtained the qualifications. The Company also organized and carried out quality management training camps, completing the quality management system training, Six Sigma training, reliability engineer training, FMEA training, QC team training, quality manager and other special quality personnel trainings, and reserving and training more than 500 professional quality management personnel.

3) Supporting and serving first-line market sales

Closely following the company's "new retail" marketing innovation model, the Company built a team of marketing talents of "Gree Features". The special training on product knowledge of "Product Empowerment · Helping Sales" was performed to all employees, with a total of more than 10,000 trainees. 12 special trainings on marketing topics such as user research and sales skills were organized and carried out, with a total of more than 25,000 trainees, to further help employees understand product knowledge, facilitate marketing service personnel to improve their skills, and better support first-line market sales and services.

(III) Building a digital and intelligent learning organization

Combining the characteristics of its talent training, the Company independently built a team of internal lecturers and developed practical teaching courses, to realize the extraction and inheritance of internal experience. The Company innovated learning methods, established a learning culture and mechanism for all employees, and created a unique learning organization.

1) Creating high-quality lecturers

Internal lecturers are the core force that inherits Gree's excellent corporate culture and wisdom. In order to create high-quality lecturers and ensure that everyone is a lecturer, the Company organized and implemented the "Intelligent Manufacturing Inheritance" lecturer development plan to continuously provide high-level and high-quality lecturers for the independent training of corporate talents. Up to now, there are more than 200 part-time lecturers and 320 quality courses in the Company's headquarters. In 2020, internal lecturers gave more than 1,200 lessons, with the trainee satisfaction degree of 96%, providing an important guarantee for the training of talents at all levels of the Company.

In the 2020 Enterprise Trainer Vocational Skills Competition in Guangdong, the Company's internal lecturers Liu Fei and Wang Shengli achieved excellent results and won the honorary title of "Guangdong Provincial Technical

Expert", demonstrating the excellent skills and demeanor of Gree lecturers.

2) Emphasizing the extraction and inheritance of Gree experience

In order to inherit Gree's practical experience in enterprise production, operation and management, the Company built an internal knowledge and information sharing system, and steadily promoted the extraction and inheritance of internal experience. The Company organized and carried out learning programs called "Middle-level cadres on the platform - Micro classroom for managerial cadres", "Technology experts on the platform - Auditorium for technology experts", "Skill elites on the platform - Auditorium for skilled craftsmen" and "Business elites on the platform - Auditorium for internal lecturers", to better inherit Gree experience and propagate Gree culture. In 2020, the Company organized and carried out more than 120 experience extraction activities, attracting more than 8,000 trainees.

3) Innovating training methods to create a learning atmosphere for all employees

The Company innovated training methods to promote the precipitation and co-creation and sharing of learning resources. It actively responded to the impact of the epidemic by steadily promoting online training. It organized and carried out the fight against the "epidemic" and online education, with a total of 25,000 trainees. It organized and carried out the online auditorium for "Space Empowerment · Boosting Development", attracting 5,000 participants. It organized and carried out the micro-course competition called "Gathering Micro Co-Creation", accumulating 500 high-quality micro-courses close to the first-line business.

(IV) Creating an enabling ecosystem for vocational education

In terms of talent training, Gree actively explored the deepening reform of national vocational education, and built and created a collaborative and open highland for training manufacturing talents.

1) Building a vocational education ecosystem

The Company made full use of the national, provincial and municipal policy advantages to build a new manufacturing talent training alliance. The Company undertook 18 provincial and municipal skill competition projects, built a multi-level skill competition echelon through open and standardized development, and explored the establishment of a progressive vocational skill competition mechanism. Technician studios and technician workstations were built, and a standard and evaluation system for cultivating skilled talents was created to promote the implementation of manufacturing talent training. The Company prepared to build a national training base for high-skilled talents, created a benchmark for industry-education integration in Guangdong, organized and carried out the reemployment training for Guangdong provincial labor unions, promoted the upgrading of industry technical skills, and build a talent training base for the entire industry chain and the whole industry.

2) Creating a benchmark for vocational education

In 2020, with the care and help of people from the country, provinces and cities, and people from all walks of life, Chairman Dong Mingzhu personally deployed, implemented and promoted the construction of Gree College. Gree College is planned and designed with the advanced campus construction concept, which fully integrates Gree culture and green design to create a digital and smart university building community. The construction of the college will officially start in early 2021.

The College is located in Tangjiawan Town, Zhuhai High-tech Zone, covering an area of 200,000 square meters, adjacent to the "University Town" cluster area of Zhuhai universities and close to Huitong Ancient Village. It has a strong cultural atmosphere and a unique regional environment. The 2021 Government Work Report pointed out

that it is necessary to enhance the adaptability of vocational education, deepen industry-education integration and school-enterprise cooperation. The construction of Gree College will further deepen the exploration of the education mechanism of "vocational-universal integration, industry-education integration, and school-enterprise cooperation", train talents needed for the development of the new manufacturing industry for Gree and the country, and promote industrial transformation and innovative development of the real economy.

4. Labor outsourcing

Applicable Not applicable

Section X Corporate Governance

I. Basic conditions of corporate governance

In strict accordance with the Company Law, Securities Law and other relevant national laws and regulations and the Guidelines for Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange, the Company establishes the normative corporate governance structure and the rules of procedure for the General Meeting of Shareholders, Board of Directors and Board of Supervisors, clarifies the responsibilities and authorities in decision-making, performance and supervision, forms effective division of responsibilities and balance mechanism, continuously promotes the level of normal operation and safeguards the interests of investors and the Company.

The corporate governance conforms to the Company Law and requirements of CSRC for governance of listed companies.

Great differences exist between the actual corporate governance and the normative document related to listed company governance published by the CSRC

Yes No

No great differences exist between the actual corporate governance and the normative document related to listed company governance published by the CSRC

II. Independence of the Company relative to the controlling shareholder in the aspects such as business operation, personnel, assets, organization and finance

The Company has a sound corporate governance structure and completely separates from Zhuhai Mingjun as the largest shareholder in business operation, personnel, assets, organization and finance, and the Company has independent and complete business operation and independent management capability.

III. Horizontal competition

Applicable Not applicable

IV. Convening of the annual general meeting of shareholders and interim general meeting of shareholders during the Report Period

1. General meetings of shareholders during the Report Period

Session of meeting	Type of meeting	Proportion of participating investors	Date of meeting	Date of disclosure	Disclosure index
The first interim general meeting of shareholders for the year of 2020	Interim general meeting of shareholders	45.61%	17 March, 2020	18 March, 2020	The Announcement on Resolutions of the First Interim General Meeting of Shareholders for the Year 2020 and so on on www.cninfo.com.cn
2019 annual general meeting of shareholders	Annual general meeting of shareholders	46.64%	1 June, 2020	2 June, 2020	The Announcement on Resolutions of the General Meeting of Shareholders for the Year 2019 and so on on www.cninfo.com.cn
The Second Interim General Meeting of Shareholders for the Year 2020	Interim general meeting of shareholders	47.43%	2 November, 2020	3 November, 2020	The Announcement on Resolutions of the Second Interim General Meeting of Shareholders for the Year 2020 and so on on www.cninfo.com.cn

2. Convening of an interim general meeting of shareholders requested by the preferred shareholders whose voting rights have been restored

Applicable Not applicable

V. Performance of duties by independent directors during the Report Period

1. Attendance of independent directors at meetings of the Board of Directors and general meetings of shareholders

Attendance of independent directors at meetings of the Board of Directors and general meetings of shareholders							
Name of independent director	Number of meetings of the Board of Directors requiring attendance in the Report Period	Times of attending meetings of the Board of Directors on the field	Times of attending meetings of the Board of Directors in the way of communication	Times of attending meetings of the Board of Directors by entrusting	Times of absence from meetings of the Board of Directors	Failed to personally attend the meetings of the Board of Directors for two consecutive times	Times of attending the general meetings of Shareholders
Liu Shuwei	10	1	9	0	0	No	3
Xing Ziwen	10	1	9	0	0	No	3
Wang Xiaohua	10	0	10	0	0	No	3

2. Objection raised by independent directors to relevant issues of the Company

Independent directors raised objection to relevant issues of the Company

Yes No

The independent directors didn't raise any objection to relevant issues of the Company.

3. Other descriptions for performance of duties by independent directors

Whether the relevant suggestions on the Company by independent directors were adopted

Yes No

Description about the relevant suggestions on the Company by independent directors that were adopted or not adopted

Within the Report Period, the independent directors of the Company were able to act in maintaining the best interest of the Company and its shareholders, faithfully perform their own duties in accordance with the relevant provisions, attend the meetings of the Board of Directors, review and discuss various proposals carefully, fully express their suggestions and opinions for the operation and management of the Company, play an active role in making effective decisions, improving management level and standardizing business operations by the Board of Directors of the Company, and practically safeguarding the interests of minority stock holders.

VI. Performance of duties by special committees under the Board of Directors during the Report Period

In 2020, the nomination committee nominated two executive candidates to the Company's board of directors after a thorough investigation.

The remuneration and appraisal committee reviewed and approved the Remuneration Distribution Plan for Directors, Supervisors and Senior Management Personnel for the Year 2020.

According to the Rules of Procedure of Audit Committee of the Company, the audit committee conducted communication, supervision and check for internal and external audits of the Company:

- a. The audit committee carried out full communications with the accounting firm responsible for the annual audit of the Company in respect of audit plan, engagement letter and risk and control, etc.
- b. Before the annual audit certified public accountants accessed to the site, the audit committee reviewed the preliminarily prepared financial statements of the Company and held that these statements reflected the present financial position of the Company in all major aspects.
- c. After the annual audit certified public accountants issued preliminary opinions, the audit committee reviewed the financial statements of the Company, communicated with the accounting firm in respect of material particulars and significant accounting estimates, audit adjustments and significant accounting policies which might have potential influence on the financial statements and held that the financial statements of the Company gave a true, accurate and complete view of the whole position of the Company and agreed to prepare the annual report for the year 2020 on the basis of these financial statements.
- d. The audit committee reviewed the financial statements for the year 2020 which had been audited by the auditors and held that these financial statements gave a fair view of the financial position of the Company ended 31 December, 2020 and operating results and cash flows for the year 2020 in all major aspects and agreed to submit

them to the board of directors for deliberation.

e. The audit committee summarized and evaluated the audit work for this year as done by Union Power CPAs Co., Ltd. and held that the annual audit certified public accountants performed their audit work in strict accordance with the Independent Auditing Standards for Chinese Certified Public Accountants and suggested the Company re-engage Union Power CPAs Co., Ltd. as the audit institution for the year 2021.

VII. Work of the Board of Supervisors

The Board of Supervisors found whether there are risks in the supervision during the Report Period.

Yes No

The Board of Supervisors had no objection to the supervision during the Report Period.

VIII. Appraisal and incentive for senior management personnel

Within the Report Period, the Board of Directors of the Company conducted the performance review of the achievements and performance of duties of the senior management personnel and implemented the assignment assessment system regarding the working results in ethic, competence, diligence and achievement. The Company adhered to the principle of rationality, fairness and justice and laid emphasis on combination of material incentive and spiritual incentive. As for the material incentive, the Company paid attention to reasonably controlling reward grade and properly opening the reward gap and emphasized the time and frequency of reward. As for the spiritual incentive, the Company paid attention to combining the corporate objectives with the spirit of dedication, sense of social responsibility and career achievement of the senior management personnel.

IX. Internal control

1. Details about major defects found in internal control in the Report Period

Yes No

2. Internal control self-evaluation report

Full disclosure date of the internal control evaluation report	29 April, 2021
Full disclosure index of the internal control evaluation report	www.cninfo.com.cn
Proportion of the total amount of unit assets included in the evaluation scope to the total amount of assets in the consolidated financial statements of the Company	97.00%
Proportion of the unit operating income included in the evaluation scope to the unit operating income in the consolidated financial statements of the Company	98.00%

Defect identification standard		
Category	Financial report	Non-financial report
Qualitative standard	For details, see the Internal Control Self-evaluation Report of Gree Electric Appliances, Inc. of Zhuhai for the Year 2020 disclosed on www.cninfo.com.cn by the Company on 29 April, 2021.	For details, see the Internal Control Self-evaluation Report of Gree Electric Appliances, Inc. of Zhuhai for the Year 2020 disclosed on www.cninfo.com.cn by the Company on 29 April, 2021.
Quantitative standard	For details, see the Internal Control Self-evaluation Report of Gree Electric Appliances, Inc. of Zhuhai for the Year 2020 disclosed on www.cninfo.com.cn by the Company on 29 April, 2021.	For details, see the Internal Control Self-evaluation Report of Gree Electric Appliances, Inc. of Zhuhai for the Year 2020 disclosed on www.cninfo.com.cn by the Company on 29 April, 2021.
Number of major defects in the financial report	0	
Number of major defects in the non-financial report	0	
Number of important defects in the financial report	0	
Number of important defects in the non-financial report	0	

X. Internal control audit report

Applicable Not applicable

Deliberation opinion section in the internal control audit report	
We hold that the Company has maintained effective internal control of financial reports in accordance with the Basic Rules for Internal Control of Enterprises and relevant regulations.	
Disclosure of internal control audit report	Disclosed
Full disclosure date of the internal control audit report	29 April, 2021
Full disclosure index of the internal control audit report	www.cninfo.com.cn
Type of internal control audit report opinions	Standard without reserved opinion
Major defects found in the non-financial report	No

The accounting firm issued the internal control audit report of non-standard opinions

Yes No

The internal control audit report issued by the accounting firm is consistent with the self-evaluation report opinion of the Board of Directors

Yes No

Section XI Related Information of Corporate Bonds

Whether the Company has any corporate bonds that have been issued publicly and listed on the stock exchange, and have not become due on the approved submission date of the annual report or have become due but have not been not paid in full.

No

Section XII Financial Report

I. Audit report

Audit opinion type	Standard without reserved opinion
Signing date of the audit report	28 April, 2021
Name of the audit institution	Union Power Certified Public Accountants (Special General Partnership)
Audit Report Doc No.	Union Power Audit No. (2021) No. 0500040
Name of the certified public accountant	Han Zhenping, Geng Ting

Audit Report

Union Power Audit No. (2021) No. 0500040

All shareholders of GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI:

1 Audit opinion

We have audited the financial statements of GREE Electric Appliances, Inc. of Zhuhai (hereinafter referred to as "your company"), including the consolidated and parent company's balance sheets ended 31 December, 2020 and consolidated and parent company's income statements, consolidated and parent company's cash flow statements and consolidated and parent company's statements of changes in shareholders' equity and notes to financial statements for the year 2020.

In our opinion, the accompanying financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises and fairly reflected the consolidated and parent company's financial position of your company ended 31 December, 2020 and consolidated and parent company's operating results and cash flows for the year 2020.

2 Basis for forming audit opinions

We have conducted our audit work according to the provisions of Audit Standards for Certified Public Accountants of China. The part related to "CPA's responsibility for the audit of financial statements" in the audit report further elaborates our responsibilities under these standards. In accordance with the China Code of Ethics for Certified Public Account, we are independent of your company and performed other responsibilities in respect of professional ethics. We believe the audit evidences obtained by us are sufficient and proper and shall provide the basis for expressing our audit opinion.

3 Key audit items

The key audit items are the items that are deemed to be the most important ones in the current financial statement audit according to our professional judgment. The response to these items is based on the overall audit of the financial statements and the formation of audit opinions. We do not give separate opinions on these items.

(1) Revenue recognition

Key audit items	How this item is dealt with in auditing
<p>Refer to the description in "Note III. 28" "Note V. 45" and "Note XV. 4" in the financial report.</p> <p>In the 2019 and 2020 consolidated financial statements of your company, the income from selling goods was RMB 168,199,204,400 and RMB 198,153,027,500 respectively, representing a year-on-year decrease of 15.12%.</p> <p>Since the amount is significant and revenue is one of the key business indicators of your company, and whether it is based on real transactions and whether it is included in the appropriate accounting period has a significant impact on the financial statements, we consider revenue recognition as a key audit matter.</p>	<ol style="list-style-type: none"> 1. We understood the internal control of key financial reports related to revenue recognition, and evaluated the effectiveness of its design and operation; 2. We asked about the revenue recognition policy adopted by the management, checked the sales contract sample, understood the delivery terms of the transaction, evaluated whether the business model was consistent with revenue recognition, evaluated whether the terms of the sales contract comply with industry practices, and whether the revenue recognition accounting policy meets the requirements of the accounting standards for business enterprises; 3. On the basis of audit sampling, we inspected the original supporting documents related to revenue recognition, such as orders, delivery orders, and arrival receipts, to evaluate whether the income actually occurred and whether it was recognized in accordance with the accounting policies; 4. On the basis of audit sampling, we implemented the letter verification procedure, and checked the original documents of the difference in the response letter and the situation of the payment, in order to evaluate the accuracy and authenticity of the occurrence amount of income; 5. We implemented an analysis procedure to analyze different dimensions such as monthly fluctuations, sales regions, product categories, and product gross profit margins to verify the rationality of the transaction; 6. We carried out a cut-off test procedure and expanded the scope of post-period inspections to check whether there was an income inter-period and a sales return to deal with the income inter-period; 7. We also reviewed the adequacy of the information disclosure related to revenue recognition in "Note III. 28", "Note V. 45" and "Note XV. 4" in the financial report.

(2) Related party relationships and transactions

Key audit items	How this item is dealt with in auditing
<p>Refer to the description in "Note X. 4", "Note X. 5", "Note X. 6" and "Note X. 8" in the financial report.</p> <p>In 2020, your company purchased RMB 2,593,248,700 of raw materials, fixed assets and other products and leased RMB 8,886,100 of fixed assets from the related parties, totaling RMB 2,602,134,800; sold RMB 13,424,451,700 of air conditioners, intelligent equipment and other products and leased RMB 131,100 of fixed assets to the related parties, totaling RMB 13,424,582,800.</p> <p>Because of the significant transaction amount of your company's related party, the related party relationships and integrity of its transaction disclosure and the fairness of the related transaction will have a significant impact on the business performance and disclosure of information. Therefore, we regard the related party relationships and their transactions as key audit items.</p>	<ol style="list-style-type: none"> 1. We understood, evaluated and tested the internal control related to the identification and disclosure of related party relationships and their transactions, and reviewed effectiveness of the corresponding internal control design and implementation; 2. We obtained the management's statement on integrity of the related party relationships and their transactions, obtained a list of related party relationships provided by management, and checked it against the information obtained from other public channels; 3. We checked the major procurement, sales and other contracts to identify whether there was an undisclosed related party, and also obtained the resolution of the board of directors and the resolution of the shareholders' meeting related to the related transaction, checked the permissions and procedure of the related transaction decision, judged the legality and compliance of related transactions, and checked if it was authorized and approved appropriately; 4. We carried out the sampling inspection procedure, checked the corresponding transaction agreement, delivery order, receipt document, sales invoice, purchase invoice, sales receipt and purchase payment voucher, analyzed the purpose of transaction to determine whether the way of obtaining cash flow of the two parties before and after the transaction, amount and risks were substantially changed, and whether the transaction has commercial substance, and combined other audit procedures such as letters to verify authenticity of the related transaction; 5. We compared the sale and purchase prices of the related party with the sale and purchase prices of similar products of the non-related parties or the market prices of similar products, and judged fairness

Key audit items	How this item is dealt with in auditing
	<p>of the related transaction price;</p> <p>6. We expanded the scope of the post-period test procedure and checked whether there was a sales return;</p> <p>7. We also reviewed adequacy of the information disclosure related to the related relationship and related transaction in "Note (X) 4", "Note (X) 5", "Note (X) 6" and "(Note X) 8" in the financial report.</p>

(3) Provision for obsolete stocks

Key audit items	How this item is dealt with in auditing
<p>Refer to the description in "Note III. 13", "Note V. 8" and "Note V. 56" in the financial report.</p> <p>As of 31 December, 2020, the book value of inventory in your company's consolidated balance sheet was RMB 27,879,505,200, wherein the book balance of inventory was RMB 28,376,719,400 and the provision for obsolete stocks was RMB 497,214,200.</p> <p>Confirmation of the provision for obsolete stocks depends on estimation of the net realizable value of the stock. For confirmation of the net realizable value of the stock, the management should estimate the future selling price of stock, cost (e.g., the related cost) to be incurred by the time of completion, selling expenses, and the related tax amount.</p> <p>In consideration of the importance of confirmation of the stocks and provision for obsolete stocks to the consolidated financial statements and the complicated calculation process of provision for obsolete stocks, and major judgments, assumptions and estimates of the management involved when the net realizable value of the stock is determined, there may be error or potential management bias. Therefore, we identified it as a key audit item of your company.</p>	<ol style="list-style-type: none"> 1. We tested implementation of the internal control related to confirmation of provision for obsolete stocks; 2. We evaluated the important judgments, assumptions and estimates involved in calculation of the net realizable value by management, and also checked the bases and documents for the management to determine items such as the future selling price of stock, cost (e.g., the related cost) to be incurred by the time of completion, selling expenses, and the related tax amount; 3. We carried out the auditing procedures such as checking and recalculation, and particularly we recalculated to determine the net realizable value of the stock according to the related data; 4. We conducted an analytic review of the inventory age to determine whether the corresponding provision for obsolete stocks is adequate; 5. We conducted supervision of inventory taking. During supervision of inventory taking, we focused on authenticity and accuracy of the inventory and use of the inventory, checked for slow moving inventory and defective inventory so as to evaluate adequacy of the provision for obsolete stocks; 6. We also checked the adequacy of the information disclosure related to the provision for obsolete stocks in "Note III. 13", "Note V. 8" and "Note V. 56" in the financial report.

4 Other information

The management of your company is responsible for other information. Other information includes the information covered in the 2020 annual report of your company, excluding the financial statements and our audit reports.

Our audit opinions published on financial statements do not cover any other information, and we will not publish any form of forensic conclusion on other information.

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

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

5 Responsibilities of management and those charged with governance for financial statements

The management of your company is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards to achieve a fair presentation, and for the designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the management of your company is responsible for assessing your company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate your company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing your company's financial reporting process.

6 Auditor's responsibilities for the audit of the financial statements

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

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

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management of your company.

(IV) Conclude on the appropriateness of using the going concern assumption by the management of your company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on our company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up the date of our auditor's report. However, future events or conditions may cause your company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence for the financial information of your company's entity or business activities so as to express opinions on the financial statements. We are responsible for guiding, supervising and implementing group audits. We assume full responsibility for the audit opinions.

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

We also provide a statement to those charged with governance regarding the observed professional moral requirements related to independence, and communicate with those charged with governance about all the relationships and other matters that may be reasonably considered to affect our independence, as well as the related countermeasures (if applicable).

In the matters we communicated with those charged with governance, we determine the matters that are most important to audit of the current period financial statements, thus constituting key audit matters. We describe these matters in the audit report, unless laws and regulations prohibit public disclosure of these matters, or, in a few cases, we confirm that the matter should not be communicated in the audit report if it is reasonably anticipated that the negative consequence caused by communicating a matter in the audit report exceeds the benefit generated in terms of public interests.

Union Power Certified Public Accountants
(Special General Partnership)

Chinese CPA:
(engagement partner):

Han Zhenping

Chinese CPA:

Geng Ting

Wuhan, China

28 April, 2021

Consolidated Balance Sheet

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	31 December, 2020	1 January, 2020	31 December, 2019
Current assets:				
Monetary capital	V. 1	136,413,143,859.81	125,400,715,267.64	125,400,715,267.64
Lending funds				
Trading financial assets	V. 2	370,820,500.00	955,208,583.58	955,208,583.58
Derivative financial assets	V. 3	285,494,153.96	92,392,625.69	92,392,625.69
Bills receivable				
Accounts receivable	V. 4	8,738,230,905.44	8,439,719,697.00	8,513,334,545.08
Receivables financing	V. 5	20,973,404,595.49	28,226,248,997.12	28,226,248,997.12
Prepayment	V. 6	3,129,202,003.24	2,395,610,555.26	2,395,610,555.26
Other receivables	V. 7	147,338,547.86	159,134,399.10	159,134,399.10
Including: Interests receivable				
Dividends receivable				
Buying back the sale of financial assets				
Inventories	V. 8	27,879,505,159.39	24,084,854,064.29	24,084,854,064.29
Contract assets	V. 9	78,545,525.60	73,614,848.08	Not applicable
Assets held for sale				
Non-current assets due within one year	V. 10		445,397,710.39	445,397,710.39
Other current assets	V. 11	15,617,301,913.87	23,091,144,216.68	23,091,144,216.68
Total current assets		213,632,987,164.66	213,364,040,964.83	213,364,040,964.83
Non-current assets:				
Disbursement of loans statements and advances	V. 12	5,273,805,581.52	14,423,786,409.22	14,423,786,409.22
Debt investment				
Other debt investments	V. 13	502,202,293.17	296,836,282.20	296,836,282.20
Long-term receivables				
Long-term equity investment	V. 14	8,119,841,062.14	7,064,186,161.29	7,064,186,161.29
Other equity instrument investments	V. 15	7,788,405,891.47	4,644,601,697.51	4,644,601,697.51
Other non-current financial assets	V. 16	2,003,483,333.33	2,003,483,333.33	2,003,483,333.33
Investment real estate	V. 17	463,420,861.39	498,648,691.85	498,648,691.85
Fixed assets	V. 18	18,990,525,087.94	19,121,930,757.04	19,121,930,757.04
Construction in Progress	V. 19	4,016,082,730.07	2,431,051,409.94	2,431,051,409.94
Intangible assets	V. 20	5,878,288,762.64	5,305,541,098.92	5,305,541,098.92
Development expenditures				
Business reputation	V. 21	201,902,704.02	325,919,390.58	325,919,390.58
Long-term deferred expenses		8,567,923.50	2,718,105.35	2,718,105.35
Deferred income tax assets	V. 22	11,550,292,201.02	12,541,085,078.09	12,541,085,078.09
Other non-current assets	V. 23	788,118,031.40	948,328,035.13	948,328,035.13
Total non-current assets		65,584,936,463.61	69,608,116,450.45	69,608,116,450.45
Total assets		279,217,923,628.27	282,972,157,415.28	282,972,157,415.28

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Consolidated Balance Sheet (Continued)

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	31 December, 2020	1 January, 2020	31 December, 2019
Current liabilities:				
Short-term borrowing	V. 24	20,304,384,742.34	15,944,176,463.01	15,944,176,463.01
Deposits from customers and interbank	V. 25	261,006,708.24	352,512,311.72	352,512,311.72
Loans from other banks	V. 26	300,020,250.00	1,000,446,666.67	1,000,446,666.67
Trading financial liabilities				
Derivative financial liabilities				
Bills payable	V. 28	21,427,071,950.32	25,285,207,843.86	25,285,207,843.86
Accounts payable	V. 29	31,604,659,166.88	41,656,815,752.46	41,656,815,752.46
Advances from customers				8,225,707,662.42
Contractual liabilities	V. 30	11,678,180,424.65	7,311,804,415.54	Not applicable
Financial assets sold for repurchase	V. 27	475,033,835.62	2,074,500,000.00	2,074,500,000.00
Payroll payable	V. 31	3,365,355,468.69	3,430,968,964.33	3,430,968,964.33
Taxes payable	V. 32	2,301,355,583.02	3,703,779,716.33	3,703,779,716.33
Other payables	V. 33	2,379,395,717.44	2,712,692,973.66	2,712,692,973.66
Including: Interests payable				
Dividends payable		6,986,645.96	707,913.60	707,913.60
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities	V. 34	64,382,254,283.54	66,095,395,102.02	65,181,491,855.14
Total current liabilities		158,478,718,130.74	169,568,300,209.60	169,568,300,209.60
Non-current liabilities:				
Long-term borrowing	V. 35	1,860,713,816.09	46,885,882.86	46,885,882.86
Bonds payable				
Including: Preferred stock				
Perpetual bond				
Long-term payables				
Long-term payroll payable	V. 36	149,859,788.00	141,021,228.00	141,021,228.00
Accrued liabilities				
Deferred income	V. 37	437,033,702.46	240,504,270.47	240,504,270.47
Deferred income tax liabilities	V. 22	1,411,111,102.84	927,789,301.27	927,789,301.27
Other non-current liabilities				
Total non-current liabilities		3,858,718,409.39	1,356,200,682.60	1,356,200,682.60
Total liabilities		162,337,436,540.13	170,924,500,892.20	170,924,500,892.20
Shareholders' equity				
Capital stock	V. 38	6,015,730,878.00	6,015,730,878.00	6,015,730,878.00
Other equity instruments				
Including: Preferred stock				
Perpetual bond				
Capital reserves	V. 39	121,850,280.68	93,379,500.71	93,379,500.71
Less: Treasury stock	V. 40	5,182,273,853.90		
Other comprehensive income	V. 41	7,396,060,195.47	6,260,291,981.13	6,260,291,981.13
Special reserves				
Surplus reserve	V. 42	3,499,671,556.59	3,499,671,556.59	3,499,671,556.59
General risk provisions	V. 43	497,575,772.26	489,855,826.75	489,855,826.75
Undistributed profit	V. 44	102,841,596,377.66	93,794,643,539.49	93,794,643,539.49
Equity total attributable to the shareholders of the parent company		115,190,211,206.76	110,153,573,282.67	110,153,573,282.67
Minority equity		1,690,275,881.38	1,894,083,240.41	1,894,083,240.41
Equity total of the shareholders		116,880,487,088.14	112,047,656,523.08	112,047,656,523.08
Total liabilities and shareholders' equity		279,217,923,628.27	282,972,157,415.28	282,972,157,415.28

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of accounting department: Liu Yanzi

Balance Sheet of Parent Company

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	31 December, 2020	1 January, 2020	31 December, 2019
Current assets:				
Monetary capital		123,828,677,860.41	121,906,528,984.14	121,906,528,984.14
Trading financial assets		370,820,500.00	945,701,633.58	945,701,633.58
Derivative financial assets		76,680,617.45		
Bills receivable				
Accounts receivable	XV. 1	3,548,791,695.27	3,873,270,521.33	3,873,270,521.33
Receivables financing		18,642,206,012.24	24,599,149,450.48	24,599,149,450.48
Prepayment		17,963,607,702.38	16,755,065,015.75	16,755,065,015.75
Other receivables	XV. 2	2,307,154,984.66	2,757,398,837.97	2,757,398,837.97
Including: Interests receivable				
Dividends receivable		2,932,373.42		
Inventories		13,884,110,379.81	9,763,530,439.65	9,763,530,439.65
Contract assets				Not applicable
Assets held for sale				
Non-current assets due within one year				
Other current assets		9,773,701,904.35	11,140,701,427.28	11,140,701,427.28
Total current assets		190,395,751,656.57	191,741,346,310.18	191,741,346,310.18
Non-current assets:				
Debt investment				
Other debt investments				
Long-term receivables				
Long-term equity investment	XV. 3	24,619,357,367.01	20,224,198,957.34	20,224,198,957.34
Other equity instrument investments		7,505,139,669.97	4,271,848,596.31	4,271,848,596.31
Other non-current financial assets		2,003,483,333.33	2,003,483,333.33	2,003,483,333.33
Investment real estate		22,173,605.79	24,475,730.79	24,475,730.79
Fixed assets		2,706,217,465.90	2,965,550,178.74	2,965,550,178.74
Construction in Progress		570,077,306.55	262,245,182.66	262,245,182.66
Intangible assets		780,743,893.31	761,621,258.44	761,621,258.44
Development expenditures				
Business reputation				
Long-term deferred expenses				
Deferred income tax assets		10,926,393,867.16	12,019,079,098.54	12,019,079,098.54
Other non-current assets		97,653,134.61	195,330,890.98	195,330,890.98
Total non-current assets		49,231,239,643.63	42,727,833,227.13	42,727,833,227.13
Total assets		239,626,991,300.20	234,469,179,537.31	234,469,179,537.31

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Balance Sheet of Parent Company (Continued)

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	31 December, 2020	1 January, 2020	31 December, 2019
Current liabilities:				
Short-term borrowing		15,862,663,592.40	11,188,890,759.19	11,188,890,759.19
Trading financial liabilities				
Derivative financial liabilities				
Bills payable		19,177,017,664.74	23,013,715,200.07	23,013,715,200.07
Accounts payable		44,365,200,963.00	45,097,063,852.05	45,097,063,852.05
Advances from customers				11,832,592,136.06
Contractual liabilities		14,594,653,911.45	10,965,696,063.40	Not applicable
Payroll payable		1,306,897,769.56	1,398,044,643.25	1,398,044,643.25
Taxes payable		777,604,964.68	1,819,362,036.62	1,819,362,036.62
Other payables		1,773,107,761.34	4,897,515,153.02	4,897,515,153.02
Including: Interests payable				
Dividends payable		602,881.87	602,881.87	602,881.87
Liabilities held for sale				
Non-current liabilities due within one year				
Other current liabilities		59,737,975,078.14	65,242,035,524.53	64,375,139,451.87
Total current liabilities		157,595,121,705.31	163,622,323,232.13	163,622,323,232.13
Non-current liabilities:				
Long-term borrowing		143,254,262.42		
Bonds payable				
Including: Preferred stock				
Perpetual bond				
Long-term payables				
Long-term payroll payable		149,859,788.00	141,021,228.00	141,021,228.00
Accrued liabilities				
Deferred income		74,814,702.48	51,891,300.00	51,891,300.00
Deferred income tax liabilities		848,906,843.68	528,382,787.62	528,382,787.62
Other non-current liabilities				
Total non-current liabilities		1,216,835,596.58	721,295,315.62	721,295,315.62
Total liabilities		158,811,957,301.89	164,343,618,547.75	164,343,618,547.75
Shareholders' equity				
Capital stock		6,015,730,878.00	6,015,730,878.00	6,015,730,878.00
Other equity instruments				
Including: Preferred stock				
Perpetual bond				
Capital reserves		184,850,281.86	179,564,695.55	179,564,695.55
Less: Treasury stock		5,182,273,853.90		
Other comprehensive income		7,763,409,043.86	6,462,024,096.41	6,462,024,096.41
Special reserves				
Surplus reserve		3,497,114,024.31	3,497,114,024.31	3,497,114,024.31
Undistributed profit		68,536,203,624.18	53,971,127,295.29	53,971,127,295.29
Equity total of the shareholders		80,815,033,998.31	70,125,560,989.56	70,125,560,989.56
Total liabilities and shareholders' equity		239,626,991,300.20	234,469,179,537.31	234,469,179,537.31

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiang

Head of Accounting Department: Liu Yanzi

Consolidated Income Statement

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	For the Year 2020	For the Year 2019
I. Total operating revenues		170,497,415,702.41	200,508,333,611.34
Including: Operating Revenue	V. 45	168,199,204,404.53	198,153,027,540.35
Interest revenue	V. 46	2,295,972,686.55	2,351,471,964.56
Fee and commission income		2,238,611.33	3,834,106.43
II. Total operating costs		146,260,681,865.34	170,723,573,765.20
Including: Operating Cost	V. 45	124,229,033,680.92	143,499,372,581.36
Interest expense	V. 46	304,448,121.92	110,579,966.36
Handling charges and commission expenses		516,318.75	603,394.43
Taxes and surcharges	V. 47	964,600,693.81	1,542,983,748.63
Sales expense	V. 48	13,043,241,798.27	18,309,812,188.35
Overhead Expense	V. 49	3,603,782,803.64	3,795,645,600.08
R&D expenses	V. 50	6,052,563,108.10	5,891,219,715.90
Financial expense	V. 51	-1,937,504,660.07	-2,426,643,429.91
Including: Interest expense		1,088,369,394.87	1,598,276,258.59
Interest revenue		3,708,312,903.06	3,698,387,243.32
Add: Other incomes	V. 52	1,164,120,111.04	936,148,644.87
Income from investments (losses expressed with "-")	V. 53	713,010,071.67	-226,634,780.62
Including: Investment incomes from joint ventures or associates		35,314,343.21	-20,983,248.83
Income from derecognition of financial assets measured at amortization costs			
Income from changes in fair value (losses expressed with "-")	V. 54	200,153,472.05	228,264,067.88
Credit impairment losses (losses expressed with "-")	V. 55	192,824,692.53	-279,448,586.27
Asset impairment losses (losses expressed with "-")	V. 56	-466,270,321.67	-842,893,299.94
Income from disposal of assets (losses expressed with "-")	V. 57	2,945,975.01	4,911,230.34
III. Operating profit (losses expressed with "-")		26,043,517,837.70	29,605,107,122.40
Add: Non-operating revenues	V. 58	287,160,721.97	345,706,663.13
Less: Non-operating expenses	V. 59	21,741,130.88	598,106,556.83
IV. Total profit (total losses expressed with "-")		26,308,937,428.79	29,352,707,228.70
Less: Income tax expenses	V. 60	4,029,695,233.52	4,525,463,624.73
V. Net profit (net loss expressed with "-")		22,279,242,195.27	24,827,243,603.97
(I) Classification by business sustainability			
1. Continuous operating net profit (net loss expressed with "-")		22,279,523,503.64	24,827,761,617.47
2. Discontinued operation net profit (net loss expressed with "-")		-281,308.37	-518,013.50
(II) Classification by ownership			
1. Net profits attributable to shareholders of the parent company ("- stands for net losses)		22,175,108,137.32	24,696,641,368.84
2. Minority shareholders' gains and losses ("- stands for net losses)		104,134,057.95	130,602,235.13
VI. Net of tax of other comprehensive income	V. 41	1,135,981,683.99	6,880,143,079.03
(I) Net of tax of other comprehensive income attributable shareholders of the parent company		1,135,768,214.34	6,880,538,494.36
1. Other comprehensive income which cannot be reclassified into profits and losses		1,242,966,688.50	6,811,462,395.19
(1) Changes arising from remeasurement of the defined benefit plan		-6,851,653.00	-8,029,478.00
(2) Other comprehensive income which cannot be transferred to profit or loss under the equity method		215,136,201.85	4,784,432,411.50
(3) Changes in fair value of other equity instrument investments		1,034,682,139.65	2,035,059,461.69
(4) Changes in fair value of the company's own credit risk			
(5) Others			
2. Other comprehensive income which will be reclassified into profits and losses in the future		-107,198,474.16	69,076,099.17
(1) Other comprehensive income that can be transferred to profit or loss under the equity method		-182,758.17	4,536.91
(2) Changes in fair value of other debt investments		-1,862,050.54	9,498,573.66
(3) Amount of financial assets reclassified and included into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedge reserve		13,739,102.50	10,465,879.70
(6) Difference arising from translation of financial statements in foreign currency		-118,892,767.95	49,107,108.90

(II) Net of tax of other comprehensive income attributable to minority shareholders		213,469.65	-395,415.33
VII. Total comprehensive income		23,415,223,879.26	31,707,386,683.00
(I) Total comprehensive income attributable to shareholders of the parent company		23,310,876,351.66	31,577,179,863.20
(II) Total comprehensive income attributable to minority shareholders		104,347,527.60	130,206,819.80
VIII. Earnings per share:	XVI. 2		
(I) Basic earnings per share (Yuan per Share)		3.71	4.11
(II) Diluted earnings per share (Yuan per Share)		3.71	4.11

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Income Statement of Parent Company

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	For the Year 2020	For the Year 2019
I. Operating revenues	XV. 4	107,841,790,174.49	136,219,366,183.61
Less: Operating Cost	XV. 4	76,008,352,345.28	98,709,058,850.15
Taxes and surcharges		174,392,631.24	594,645,728.21
Sales expense		11,169,691,825.61	17,663,837,022.22
Overhead Expense		808,715,696.48	963,036,368.05
R&D expenses		4,811,036,302.94	4,450,053,310.36
Financial expense		-2,919,245,870.62	-3,740,059,339.22
Including: Interest expense		840,469,134.14	792,553,518.40
Interest revenue		4,434,457,504.91	4,022,458,638.70
Add: Other incomes		233,757,468.48	104,241,039.06
Income from investments (losses expressed with "-")	XV. 5	12,402,627,036.29	4,621,766,925.83
Including: Investment incomes from joint ventures or associates		-12,168,894.57	-20,983,248.83
Income from derecognition of financial assets measured at amortization costs			
Income from net exposure hedging (losses expressed with "-")			
Income from changes in fair value (losses expressed with "-")		56,685,742.93	-6,160,581.57
Credit impairment losses (losses expressed with "-")		2,282,469.02	-116,414,495.32
Asset impairment losses (losses expressed with "-")		-178,340,890.13	-788,564,505.35
Income from disposal of assets (losses expressed with "-")		1,733,177.13	2,293,132.37
II. Operating profit (losses expressed with "-")		30,307,592,247.28	21,395,955,758.86
Add: Non-operating revenues		46,252,800.73	42,197,397.49
Less: Non-operating expenses		9,176,432.87	561,145,018.76
III. Total profit (total losses expressed with "-")		30,344,668,615.14	20,877,008,137.59
Less: Income tax expenses		2,659,156,932.61	2,394,694,613.25
IV. Net profit (net loss expressed with "-")		27,685,511,682.53	18,482,313,524.34
(I) Net profit from continuing operations (net loss expressed with "-")		27,685,511,682.53	18,482,313,524.34
(II) Net profit from discontinued operations (net loss expressed with "-")			
V. Net of tax of other comprehensive income		1,301,384,947.45	6,861,621,096.02
(I) Other comprehensive income not to be reclassified to profit or loss		1,294,557,343.46	6,835,662,576.38
1. Changes arising from remeasurement of the defined benefit plan		-6,851,653.00	-8,029,478.00
2. Other comprehensive income which cannot be transferred to profit or loss under the equity method		215,136,201.85	4,784,432,411.50
3. Changes in fair value of other equity instrument investments		1,086,272,794.61	2,059,259,642.88
4. Changes in fair value of the company's own credit risk			
5. Others			
(II) Other comprehensive income to be reclassified to profit or loss		6,827,603.99	25,958,519.64
1. Other comprehensive income that can be transferred to profit or loss under the equity method		-182,758.17	4,536.91
2. Changes in fair value of other debt investments		-6,728,740.34	15,488,103.03
3. Amount of financial assets reclassified and included into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserve		13,739,102.50	10,465,879.70
6. Difference arising from translation of financial statements in foreign currency			
7. Others			
VI. Total comprehensive income		28,986,896,629.98	25,343,934,620.36

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiang

Head of Accounting Department: Liu Yanzi

Consolidated Cash Flow Statement

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	For the Year 2020	For the Year 2019
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		155,890,384,313.86	166,387,697,953.52
Net increase in deposits and due from banks		-92,506,750.32	31,898,181.64
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions		-700,000,000.00	1,000,000,000.00
Cash received from interests, fees and commissions		1,137,265,615.92	1,051,389,792.25
Net increase in placements from other financial institutions			
Net increase in repurchase business capital		475,000,000.00	2,074,500,000.00
Refund of tax and levies		2,484,293,128.44	1,854,373,548.43
Other cash received relating to operating activities	V 61. (1)	4,698,328,013.32	2,796,063,838.34
Sub-total of cash inflows from operating activities		163,892,764,321.22	175,195,923,314.18
Cash payments for goods acquired and services received		121,793,121,343.62	94,214,771,389.83
Net increase in loans and advances to customers		-9,091,377,401.54	7,529,473,836.40
Net increase in deposits with central bank and other financial institutions		-976,192,487.64	-31,341,719.47
Net increase in lending funds			
Cash paid for interests, fees and commissions		312,753,420.49	103,327,387.96
Cash paid to and on behalf of employees		8,901,277,136.77	8,831,213,736.01
Payments of all types of taxes		8,184,052,900.55	15,128,311,796.96
Other cash paid relating to operating activities	V 61. (2)	15,530,492,099.81	21,526,452,792.90
Sub-total of cash outflows from operating activities		144,654,127,012.06	147,302,209,220.59
Net cash flows from operating activities		19,238,637,309.16	27,893,714,093.59
II. Cash flows from investing activities:			
Cash received from recovery of investments		9,520,639,757.24	3,130,974,036.48
Cash received from return of investments		305,411,730.38	426,919,989.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,631,829.54	9,614,513.94
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V 61. (3)	4,322,649,440.42	4,878,025,331.18
Sub-total of cash inflows from investing activities		14,155,332,757.58	8,445,533,871.01
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		4,528,646,805.03	4,713,187,965.97
Cash paid for investments		3,561,055,956.90	7,192,756,039.01
Net cash paid for acquisition of subsidiaries and other business units	V 62. (2)	425,875,376.81	774,183,781.48
Other cash paid relating to investing activities	V 61. (4)	5,542,024,468.66	7,040,454,685.32
Sub-total of cash outflows from investing activities		14,057,602,607.40	19,720,582,471.78
Net Cash Flow from Investment Activities		97,730,150.18	-11,275,048,600.77
III. Cash flows from financing activities:			
Cash received from absorbing investment		14,670,000.00	326,850,000.00
Including: Cash received from minority shareholder investment by		14,670,000.00	326,850,000.00
Cash received from borrowings		37,599,791,534.80	21,268,257,923.68
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities		37,614,461,534.80	21,595,107,923.68
Cash repayments of amounts borrowed		29,475,431,119.54	27,657,703,656.20
Cash paid for dividend and profit distribution or interest payment		14,236,014,439.83	13,159,380,388.41
Including: Dividends and profits paid to minority shareholders by subsidiaries		411,607,065.23	
Other cash paid relating to financing activities	V 61. (5)	15,014,513,473.63	
Sub-total of cash outflows from financing activities		58,725,959,033.00	40,817,084,044.61
Net Cash Flow from Financing Activities		-21,111,497,498.20	-19,221,976,120.93

IV. Effect of foreign exchange rate changes on cash and cash equivalents	-372,392,144.48	203,761,625.26
V. Net increase in cash and cash equivalents	-2,147,522,183.34	-2,399,549,002.85
Add: Beginning balance of cash and cash equivalents	26,372,571,821.49	28,772,120,824.34
VI. Ending balance of cash and cash equivalents	24,225,049,638.15	26,372,571,821.49

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Cash Flow Statements of Parent Company

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	For the Year 2020	For the Year 2019
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		93,602,519,755.19	112,341,680,710.73
Refund of tax and levies		2,108,659,339.52	1,465,166,072.58
Other cash received relating to operating activities		35,640,698,959.97	51,510,498,359.13
Sub-total of cash inflows from operating activities		131,351,878,054.68	165,317,345,142.44
Cash payments for goods acquired and services received		88,931,239,009.32	105,224,849,035.82
Cash paid to and on behalf of employees		3,521,483,800.64	3,453,320,937.66
Payments of all types of taxes		3,915,413,842.97	9,443,887,671.06
Other cash paid relating to operating activities		18,625,111,285.52	19,406,931,680.64
Sub-total of cash outflows from operating activities		114,993,247,938.45	137,528,989,325.18
Net cash flows from operating activities		16,358,630,116.23	27,788,355,817.26
II. Cash flows from investing activities:			
Cash received from recovery of investments		1,154,839,757.24	4,302,974,036.48
Cash received from return of investments		3,616,084,603.45	201,582,776.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,552,696.74	3,947,642.20
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		5,376,248,383.05	7,274,898,788.81
Sub-total of cash inflows from investing activities		10,149,725,440.48	11,783,403,244.07
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		806,766,396.66	1,390,377,306.14
Cash paid for investments		6,623,118,162.38	8,174,203,389.69
Net cash paid for acquisition of subsidiaries and other business units		150,000,000.00	
Other cash paid relating to investing activities		8,155,280,838.65	14,656,152,091.36
Sub-total of cash outflows from investing activities		15,735,165,397.69	24,220,732,787.19
Net Cash Flow from Investment Activities		-5,585,439,957.21	-12,437,329,543.12
III. Cash flows from financing activities:			
Cash received from absorbing investment			
Cash received from borrowings		29,395,517,581.94	16,640,128,940.00
Other cash received relating to financing activities		878,448,565.19	3,805,792,927.96
Sub-total of cash inflows from financing activities		30,273,966,147.13	20,445,921,867.96
Cash repayments of amounts borrowed		24,568,052,850.00	23,372,991,990.00
Cash paid for dividend and profit distribution or interest payment		13,662,321,384.07	13,031,345,175.19
Other cash paid relating to financing activities		15,508,240,629.89	2,041,863,709.67
Sub-total of cash outflows from financing activities		53,738,614,863.96	38,446,200,874.86
Net Cash Flow from Financing Activities		-23,464,648,716.83	-18,000,279,006.90
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-548,526,629.60	693,156,236.38
V. Net increase in cash and cash equivalents		-13,239,985,187.41	-1,956,096,496.38
Add: Beginning balance of cash and cash equivalents		30,359,765,967.46	32,315,862,463.84
VI. Ending balance of cash and cash equivalents		17,119,780,780.05	30,359,765,967.46

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	For the Year 2020													
	Equity attributable to the shareholders of the parent company											Minority equity	Equity total of the shareholders	
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk provisions	Undistributed profit			Subtotal
	Preferred stock	Perpetual bond	Others											
1. Ending balance for the previous year	6,015,730,878.00				93,379,500.71		6,260,291,981.13		3,499,671,556.59	489,855,826.75	93,794,643,539.49	110,153,573,282.67	1,894,083,240.4	112,047,656,523.08
Add: Changes in accounting policies														
Early error correction														
Business combination involving enterprises under common control														
2. Beginning balance for the current year	6,015,730,878.00				93,379,500.71		6,260,291,981.13		3,499,671,556.59	489,855,826.75	93,794,643,539.49	110,153,573,282.67	1,894,083,240.4	112,047,656,523.08
III. Increase or decrease in the current year (decrease expressed with "-")					28,470,779.97	5,182,273,853.90	1,135,768,214.34			7,719,945.51	9,046,952,838.17	5,036,637,924.09	-203,807,359.03	4,832,830,565.06
(I) Total comprehensive income							1,135,768,214.34				22,175,108,137.32	23,310,876,351.66	104,347,527.60	23,415,223,879.26
(2) Capital invested by shareholders and capital decrease					2,966,412.88	5,182,273,853.90						-5,179,307,441.02	128,956,545.69	-5,050,350,895.33
1. Ordinary stocks invested by shareholders													14,670,000.00	14,670,000.00
2. Capital invested by holders of other equity														
3. Amounts of share-based payments recognized into shareholders' equity														
4. Others					2,966,412.88	5,182,273,853.90						-5,179,307,441.02	114,286,545.69	-5,065,020,895.33
(III) Profit distribution									7,719,945.51	-13,148,143,215.11	-13,140,423,269.60	-411,607,065.23	-13,552,030,334.83	
1. Appropriation to surplus reserves														
2. Appropriation to general risk provisions									7,719,945.51	-7,719,945.51				
3. Allocation to shareholders										-13,140,423,269.60	-13,140,423,269.60	-411,607,065.23	-13,552,030,334.83	
4. Others														
(4) Internal carry-over of shareholders' equity					25,504,367.09						19,987,915.96	45,492,283.05	-25,504,367.09	19,987,915.96
1. Transfer of capital reserves into capital (or stock capital)														
2. Transfer of surplus reserves into capital (or stock capital)														
3. Surplus reserves for making up losses														
4. Defined benefit plan change carried over into retained earnings														
5. Other comprehensive income carried forward to retained earnings										19,987,915.96	19,987,915.96			19,987,915.96
6. Others					25,504,367.09						25,504,367.09	-25,504,367.09		
(V) Appropriative reserve														
1. Amount withdrawn for the period														
2. Amount used for the period														
(VI) Others														
IV. Ending balance for the current year	6,015,730,878.00				121,850,280.6	5,182,273,853.90	7,396,060,195.47		3,499,671,556.59	497,575,772.26	102,841,596,377.66	115,190,211,206.76	1,690,275,881.38	116,880,487,088.14

Legal representative: Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Consolidated Statement of Changes in Shareholders' Equity (Continued)

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	For the Year 2019											Minority equity	Equity total of the shareholders	
	Equity attributable to the shareholders of the parent company													
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk provisions	Undistributed profit			Subtotal
	Preferred stock	Perpetual bond	Others											
I. Ending balance for the previous year	6,015,730,878.00				93,379,500.71		-550,806,051.51		3,499,671,556.59	329,417,571.48	81,939,701,613.83	91,327,095,069.10	1,387,616,658.36	92,714,711,727.46
Add: Changes in accounting policies							-69,440,461.72				-48,226,344.11	-117,666,805.83		-117,666,805.83
Early error correction														
Business combination involving enterprises under														
2. Beginning balance for the current year	6,015,730,878.00				93,379,500.71		-620,246,513.23		3,499,671,556.59	329,417,571.48	81,891,475,269.72	91,209,428,263.27	1,387,616,658.36	92,597,044,921.63
III. Increase or decrease in the current year (decrease expressed with "-")							6,880,538,494.36			160,438,255.27	11,903,168,269.77	18,944,145,019.40	506,466,582.05	19,450,611,601.45
(I) Total comprehensive income							6,880,538,494.36				24,696,641,368.84	31,577,179,863.20	130,206,819.80	31,707,386,683.00
(2) Capital invested by shareholders and capital decrease													395,965,448.59	395,965,448.59
1. Ordinary stocks invested by shareholders													326,850,000.00	326,850,000.00
2. Capital invested by holders of other equity instruments														
3. Amounts of share-based payments recognized into														
4. Others													69,115,448.59	69,115,448.59
(III) Profit distribution									160,438,255.27	-12,793,473,099.07	-12,633,034,843.80	-19,705,686.34	-12,652,740,530.14	
1. Appropriation to surplus reserves									160,438,255.27	-160,438,255.27				
2. Appropriation to general risk provisions										-12,633,034,843.80	-12,633,034,843.80	-19,705,686.34	-12,652,740,530.14	
3. Allocation to shareholders														
4. Others														
(4) Internal carry-over of shareholders' equity														
1. Transfer of capital reserves into capital (or stock capital)														
2. Transfer of surplus reserves into capital (or stock capital)														
3. Surplus reserves for making up losses														
4. Defined benefit plan change carried over into retained earnings														
5. Other comprehensive income carried forward to retained earnings														
(V) Appropriative reserve														
1. Amount withdrawn for the period														
2. Amount used for the period														
(VI) Others														
IV. Ending balance for the current year	6,015,730,878.00				93,379,500.71		6,260,291,981.13		3,499,671,556.59	489,855,826.75	93,794,643,539.49	110,153,573,282.67	1,894,083,240.41	112,047,656,523.08

Legal representative: Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Statement of Changes in Shareholders' Equity of Parent Company

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	For the Year 2020										
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Equity total of the shareholders
		Preferred stock	Perpetual bond	Others							
1. Ending balance for the previous year	6,015,730,878.00				179,564,695.55		6,462,024,096.41		3,497,114,024.31	53,971,127,295.29	70,125,560,989.56
Add: Changes in accounting policies											
Early error correction											
Others											
2. Beginning balance for the current year	6,015,730,878.00				179,564,695.55		6,462,024,096.41		3,497,114,024.31	53,971,127,295.29	70,125,560,989.56
III. Increase or decrease in the current year (decrease expressed with "-")					5,285,586.31	5,182,273,853.90	1,301,384,947.45			14,565,076,328.89	10,689,473,008.75
(I) Total comprehensive income							1,301,384,947.45			27,685,511,682.53	28,986,896,629.98
(2) Capital invested by shareholders and capital decrease					5,285,586.31	5,182,273,853.90					-5,176,988,267.59
1. Ordinary stocks invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amounts of share-based payments recognized into shareholders' equity											
4. Others					5,285,586.31	5,182,273,853.90					-5,176,988,267.59
(III) Profit distribution										-13,140,423,269.60	-13,140,423,269.60
1. Appropriation to surplus reserves											
2. Allocation to shareholders										-13,140,423,269.60	-13,140,423,269.60
3. Others											
(4) Internal carry-over of shareholders' equity										19,987,915.96	19,987,915.96
1. Transfer of capital reserves into capital (or stock capital)											
2. Transfer of surplus reserves into capital (or stock capital)											
3. Surplus reserves for making up losses											
4. Defined benefit plan change carried over into retained earnings											
5. Other comprehensive income carried forward to retained earnings										19,987,915.96	19,987,915.96
6. Others											
(V) Appropriative reserve											
1. Amount withdrawn for the period											
2. Amount used for the period											
(VI) Others											
IV. Ending balance for the current year	6,015,730,878.00				184,850,281.86	5,182,273,853.90	7,763,409,043.86		3,497,114,024.31	68,536,203,624.18	80,815,033,998.31

Legal representative: Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong

Head of Accounting Department: Liu Yanzi

Statement of Changes in Shareholders' Equity of Parent Company (Continued)

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	For the Year 2019										
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Equity total of the shareholders
		Preferred stock	Perpetual bond	Others							
I. Ending balance for the previous year	6,015,730,878.00				179,564,695.55		-330,283,919.33		3,497,114,024.31	48,123,803,614.75	57,485,929,293.28
Add: Changes in accounting policies							-69,313,080.28			-1,955,000.00	-71,268,080.28
Early error correction											
Others											
2. Beginning balance for the current year	6,015,730,878.00				179,564,695.55		-399,596,999.61		3,497,114,024.31	48,121,848,614.75	57,414,661,213.00
III. Increase or decrease in the current year (decrease expressed with "-")							6,861,621,096.02			5,849,278,680.54	12,710,899,776.56
(I) Total comprehensive income							6,861,621,096.02			18,482,313,524.34	25,343,934,620.36
(2) Capital invested by shareholders and capital decrease											
1. Ordinary stocks invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amounts of share-based payments recognized into shareholders'											
4. Others											
(III) Profit distribution										-12,633,034,843.80	-12,633,034,843.80
1. Appropriation to surplus reserves										-12,633,034,843.80	-12,633,034,843.80
2. Allocation to shareholders											
3. Others											
(4) Internal carry-over of shareholders' equity											
1. Transfer of capital reserves into capital (or stock capital)											
2. Transfer of surplus reserves into capital (or stock capital)											
3. Surplus reserves for making up losses											
4. Defined benefit plan change carried over into retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Appropriative reserve											
1. Amount withdrawn for the period											
2. Amount used for the period											
(VI) Others											
IV. Ending balance for the current year	6,015,730,878.00				179,564,695.55		6,462,024,096.41		3,497,114,024.31	53,971,127,295.29	70,125,560,989.56

Legal representative: Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiang

Head of Accounting Department: Liu Yanzi

GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Notes to Financial Statements for the Year 2020

I. Basic information of the Company

Gree Electric Appliances, Inc. of Zhuhai (hereinafter referred to as "the Company") was established in December, 1989, with the unified social credit code 91440400192548256N.

The registered capital and equity of the Company was RMB 6,015,730,878.00 by the end of 31 December, 2020. For the specific equity, see Note (V) 38.

1. Registered address, organizational form and address of the Company

Organizational form of the Company: joint stock limited company

Registered address and headquarters office address of the Company: Jinji West Road, Qianshan, Zhuhai City, Guangdong Province.

2. Nature of business and main business activities of the Company

The Company falls in to the household electrical appliance industry and is engaged in production and sales of air conditioners and their accessories, and home appliances and their accessories.

3. Names of the parent company and the ultimate parent company

As of 31 December, 2020, the Company has no actual controller. For the specific change in the actual controller of the Company, see Note (X) 1.

4. Scope of consolidated financial statements of the current period and its change

Totally 120 subsidiaries were incorporated in the scope of the consolidated financial statements by the end of the Report Period. For details, see Note (VII) 1. For the detailed changes to the scope of consolidated financial statements in the Report Period, see Note (VI).

5. Approved submitter and approved submission date of the financial report

This financial report was submitted under approval of the Board of Directors of the Company as of 28 April, 2021.

II. Preparation basis of the financial statements

1. Preparation basis of the financial statements

The Company prepares the financial statements on the basis of a going concern and according to the transactions and events actually incurred and the disclosure provisions in the Accounting Standards for Business Enterprises - Basic Standards (promulgated by the Ministry of Finance Order No. 33, revised by the Ministry of Finance Order No.76) and the specific accounting standards, the Implementation Guide for the Accounting Standards for Business Enterprises, the Interpretations of the Accounting Standards for Business Enterprises and other applicable regulations promulgated and revised by the Ministry of Finance on and after 15 February, 2006

(collectively referred to as "the Accounting Standards for Business Enterprises"), as well as the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision) promulgated by China Securities Regulatory Commission ("CSRC").

According to the relevant provisions of the Enterprise Accounting Standards, the Company's accounting is based on the accrual basis. Except for certain financial instruments, the financial statements are measured on the basis of historical cost. If an asset is impaired, the corresponding impairment provision shall be made in accordance with relevant regulations.

2. Going concern

This financial statement was presented on a going concern basis. The management carefully evaluated factors of the Company in the future 12 months commencing from 31 December, 2020 such as the macropolicy risk, market operation risk, current and long-term profitability and solvency of the enterprise, financial flexibility, and the management's intention of changing the operations policy, and held that there was no event that can generate significant influence on the Company's ability to continue as a going concern.

III. Major accounting policies and accounting estimates

Specific accounting policies and accounting estimate suggestions:

The Company and each subsidiary are engaged in production and sales of air conditioners and their accessories, and home appliances and their accessories. The Company has prepared several specific accounting policies and accounting estimates for transactions and events such as revenue recognition based on the actual production management characteristics and in accordance with provisions of the related Accounting Standards for Business Enterprises. For details, see the detailed description in Note III herein.

1. Statements regarding observance of the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the financial position of the Company on 31 December, 2020, and the related information such as operating results and cash flows in the year 2020. Besides, the financial statements prepared by the Company, in all the major aspects, also conform to the disclosure requirements of financial statements and their notes in the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports revised by the China Securities Regulatory Commission in 2014.

2. Accounting period

Accounting period of the Company includes one year and interim periods. An interim period covers six-month, a quarter and a month. The accounting year of the Company commences on 1 January and ends on 31 December of each year.

3. Operating cycle

The normal operating cycle refers to the period from the Company's purchase of assets used for processing to achieving of cash or cash equivalent. The Company regards 12 months as one operating cycle and uses it as the

liquidity classification standard for assets and liabilities.

4. Functional currency

RMB is the functional currency used by the Company. Some subsidiaries of the Company adopt currencies other than Renminbi as the functional currency.

5. Accounting treatment of business combination involving enterprises under common control and business combination not involving enterprises under common control

Business combination refers to the transaction or event of combining two or more independent enterprises to form a reporting entity. Business combination is classified into business combination involving enterprises under common control and business combination not involving enterprises under common control.

(1) Business combination involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For business combination involving enterprises under common control, the party that obtains the right to control other enterprises participating in the combination on the combination date is the combining party, and other enterprises participating in the combination are the combined party. The combination date refers to the date on which the combining party actually obtains the right to control the combined party.

Where business combination involving enterprises under common control arises from one transaction or equities of invested entities under common control are obtained step by step through multiple transactions and these transactions belong to a package deal, the Company will recognize the cost of combination according to the share of carrying amount of net assets obtained for the combined party in the ultimate controlling party's consolidated financial statements on the combination date. The difference between the carrying amount of the consideration paid for the combination (or total par value of the issued stocks) and the combination cost is adjusted to capital reserve; if the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs incurred that are attributable to the business combination made by the Company, including intermediary costs such as the audit fee, legal service charge and appraisal and consultation costs, and other related overhead expenses are charged to profits or losses in the period in which they are incurred; the transaction expenses directly attributable to the consideration paid for the combination through issuance of equity instruments are credited against the capital reserve; if the capital reserve is not sufficient, any excess is adjusted against retained earnings; the transaction expenses directly attributable to the consideration paid for the combination through issuance of debt instruments are recorded into the initially recognized amount of debt instruments. Where the equities of invested entities under common control are obtained step by step through multiple transactions to achieve business combination but these transactions do not belong to a package deal, the Company will recognize the cost of combination according to the share of carrying amount of net assets to be enjoyed by the combined party after the combination in the ultimate controlling party's consolidated financial statements on the combination date. The difference between the combination cost and the sum of the carrying amount of long-term equity investments

prior to the combination plus the carrying amount of the consideration newly paid for further acquisition of shares on the date of combination is adjusted to capital reserve (capital premium or capital stock premium); if the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings. For the equity investment held before the date of combination, accounting treatment is not performed temporarily for other comprehensive incomes that are accounted using the equity method or recognized using financial instruments and accounted according to the measurement standard for recognition. When this investment is disposed of, accounting treatment is conducted using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities. For other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution in net assets of the invested entity that are recognized because of accounting using the equity method, accounting treatment is not conducted temporarily; they shall be transferred to the profits and losses of the current period at the time of disposing of this investment.

(2) Business combination not involving enterprises under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination. For business combination not involving enterprises under common control, the party that obtains the right to control other enterprises participating in the combination on the date of combination is the acquiring party, and other enterprises participating in the combination are the acquired party. The date of acquisition refers to the date on which the acquiring party actually obtains the right to control the acquired party.

For the business combination implemented through one transaction, the cost of business combination refers to the fair value of assets paid, liabilities incurred or assumed and equity securities issued by the Company on the date of acquisition for obtaining the right to control the acquired party. On the date of acquisition, the assets, liabilities and contingent liabilities obtained by the Company from the acquired party are recognized at the fair value.

For a business combination realized by two or more transactions of exchange, the accounting treatment for the combination costs shall be made by distinguishing individual financial statements and consolidated financial statements:

In the individual financial statements, where the held stocks are accounted using the equity method prior to the date of acquisition, the cost of combination of the investment is the aggregate of the carrying amount of the equity investment of the acquired party held before the date of acquisition and the investment cost newly increased on the date of acquisition. For other related comprehensive income, accounting treatment is performed during disposal of the investment using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities; the owner's equity that is recognized due to other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution of the invested entity is accordingly transferred to the profits and losses of the current period at the time of disposing of this investment. Where the equity investment held before the date of acquisition is recognized using financial instruments and undergoes accounting treatment according to the measurement standard, the cost of combination of the investment is the aggregate of the fair value of the equity investment recognized according to this standard and the newly increased investment cost. The difference between the fair value of the originally held stocks and the carrying amount and all the cumulative fair value changes originally recorded into other comprehensive income are transferred to the

investment income of the current period.

In the consolidated financial statements, the stocks of the acquired party held before the date of acquisition shall be remeasured based on the fair value of such stocks on the date of acquisition, and the difference between their fair value and carrying amount shall be charged to the investment income of the current period; where the stocks of the acquired party held before the date of acquisition involve other comprehensive income under accounting of the equity method and other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution, other comprehensive income and other changes in owners' equities concerned with them shall be transferred to the investment income in the period in which the date of acquisition is included (excluding other comprehensive income arising from changes in the net assets or net liabilities of the benefit plan remeasured and redefined by the invested entity). The summation of the fair value of the stocks of the acquired party held before the date of acquisition on the date of acquisition and newly increased investment costs on the date of acquisition shall be the combination cost of the investment.

Costs incurred that are attributable to the business combination made by the Company, including intermediary costs such as the audit fee, legal service charge, and appraisal and consultation costs, and other related overhead expenses are charged to profits or losses in the period in which they are incurred. The transaction expenses directly attributable to the consideration paid for the combination through issuance of equity instruments are credited against the capital reserve; if the capital reserve is not sufficient, any excess is adjusted against retained earnings; the transaction expenses directly attributable to the consideration paid for the combination through issuance of debt instruments are recorded into the initially recognized amount of debt instruments.

In the Company, the positive balance between the business combination cost and the fair value of the identifiable net assets obtained by the Company from the acquired party shall be recognized as business reputation and subsequently measured after the accumulated provision for impairment is deducted from the cost; the negative balance between the business combination cost and the fair value of the identifiable net assets obtained by the Company from the acquired party shall be charged to profits or losses of the current period after being checked.

(3) Principle of judging whether multiple transactions are "a package deal"

When the terms and conditions of multiple transactions and the economic impact thereof accord with one or more of the following cases, usually it indicates that these transactions shall undergo accounting treatment as "a package deal":

- 1) These transactions are concluded at the same time or concluded in consideration of mutual influence;
- 2) only the whole of these transactions can achieve a complete business result;
- 3) occurrence of one transaction depends on occurrence of at least one of the other transactions;
- 4) one transaction is not economical when considered separately, but economical when taken into account together with other transactions.

6. Preparation of consolidated financial statements

(1) Principle of determining the scope of consolidated financial statements

The consolidation scope of consolidated financial statements shall be determined on the basis of control. Control

means that the Company owns the power to the invested entity, enjoys variable return by participating relevant activities of the invested entity, and has the capacity of using the power to the invested entity to affect its return amount.

(2) Preparation of consolidated financial statements

The consolidated financial statements of the Company are prepared by the Company based on individual financial statements of the Company and subsidiaries and according to other relevant data. During preparation of consolidated financial statements, the accounting policy and accounting period of the Company shall be consistent with those of subsidiaries, and the inter-company major transactions and balances shall be offset.

For the subsidiary added due to business combination involving enterprises under common control in the Report Period, the Company adjusts the amount at the beginning of the period in the consolidated balance sheet, incorporates the revenue, expense and profit of this subsidiary from the beginning of the period for consolidation to the end of the report period into the consolidated profit statement, includes its cash flow into the consolidated cash flow statement, and adjusts relevant items in the comparative statements; for the subsidiary added due to business combination not involving enterprises under common control, the Company does not adjust the amount at the beginning of the period in the consolidated balance sheet, but only incorporates the revenue, expense and profit of this subsidiary from the date of acquisition to the end of report period into the consolidated profit statement and its cash flow into the consolidated cash flow statement.

The portion of owners' equity of the subsidiaries that isn't attributable to the Company shall be separately presented as the minority shareholders' equity under the owners' equity in the consolidated balance sheet. The share of net profits or losses of the subsidiaries in the current period that is attributable to the minority shareholders' equity shall be presented as the item of "Minority interest income" under the net profit in the consolidated profit statement. The share of comprehensive income of the subsidiaries in the current period that is attributable to the minority shareholders' equity shall be presented as the item of "Total comprehensive income attributable to minority shareholders" under the total comprehensive income in the consolidated profit statement. Where the losses of a subsidiary undertaken by minority shareholders exceed the share enjoyed by minority shareholders in the owners' equities of this subsidiary at the beginning of the period, the balance shall be still adjusted against the minority shareholders' equity.

For acquisition of the subsidiary's stocks owned by minority shareholders thereof, in the consolidated financial statements, the difference between the long-term equity investment newly obtained because of acquisition of minority shareholders' stocks and the share of net assets of the subsidiary to be enjoyed and continuously calculated according to the proportion of newly added shares from the acquisition date or consolidation date is adjusted to capital reserve; if the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

For the transaction for which a part of equity investment is disposed of but the right to control this subsidiary is not lost, in the consolidated financial statements, the difference between the disposal price and the share of net assets of the subsidiary to be enjoyed accordingly for disposal of the long-term equity investment and continuously calculated from the acquisition date or consolidation date is adjusted to capital reserve (capital premium or capital stock premium); if the capital reserve is not sufficient to absorb the difference, any excess is

adjusted against retained earnings.

Where the right to control the original subsidiary is lost due to disposal of a part of equity investment or other reasons, the remaining stocks shall be remeasured at their fair value on the date of losing the control right; the result of the sum of the consideration obtained from the equity disposal plus the fair value of remaining stocks, minus the share of net assets of the original subsidiary that should be enjoyed and is continuously calculated according to the original proportion of held shares from the acquisition date, shall be charged to the investment income in the period when the control right is lost, and adjusted against the business reputation at the same time; other comprehensive income related to the original subsidiary's equity investment shall be transferred to the investment income of the current period when the control right is lost.

Where the equity investment for a subsidiary is disposed of step by step through multiple transactions till the control right is lost and all the transactions belong to a package deal, accounting treatment shall be performed for the transactions by deeming all the transactions as one item for disposing of the subsidiary and losing the control right; however, prior to loss of the control right, the difference between every disposal price and the share of net assets of this subsidiary to be enjoyed accordingly for investment disposal shall be recognized as other comprehensive income in the consolidated financial statements and, at the time of losing the control right, be jointly transferred to the profits or losses in the period when the control right is lost.

Where the equity investment for a subsidiary is disposed of step by step through multiple transactions till the control right is lost and the transactions do not belong to a package deal, all the transactions before loss of the right to control the subsidiary shall be handled according to the regulations of the Company on partial disposal of the subsidiary's long-term equity investment provided that the Company does not lose the right to control the subsidiary.

This report period does not involve buying-in and selling-out of the same subsidiary's stocks, or selling-out and buying-in turn.

7. Classification of joint arrangements and accounting treatment of co-management

Joint arrangement refers to the arrangement for joint control by two or more participants.

(1) Joint arrangement classification

Joint arrangement is classified into co-management and joint venture. Co-management refers to the joint arrangement where the parties to the venture enjoy relevant assets of this arrangement and assume relevant liabilities of this arrangement. Joint venture refers to the joint arrangement where the parties to the venture only enjoy rights to net assets of this arrangement.

(2) Accounting treatment of co-management

1) The Company recognizes the following items related to quantum of interest in co-management and performs accounting treatment in accordance with provisions of the corresponding Accounting Standards for Business Enterprises:

a. Independently held assets, as well as the jointly held assets to be recognized according to the share of the Company;

- b. Independently undertaken liabilities, as well as the jointly undertaken liabilities to be recognized according to the share of the Company;
 - c. Revenue generated by selling the output share of co-management that is enjoyed by the Company;
 - d. Revenue that is generated by selling the output during co-management and recognized according to the share of the Company;
 - e. Independently incurred expense, as well as the expense incurred by co-management and recognized according to the share of the Company.
- 2) Where the Company puts assets into or sells assets to the parties to co-management (except that the assets constitute business), before the said assets are sold to a third party by the parties to co-management, the Company recognizes only the part in the profits or losses arising from this transaction that is attributable to other participants in the co-management. In case that the put or sold assets involve the asset impairment loss complying with provisions in the Accounting Standard for Business Enterprises No. 8 - Impairment of Assets, the Company shall recognize the said loss in full.
- 3) Where the Company purchases assets from the parties to co-management (except that the assets constitute business), before said assets are sold to a third party, the Company recognizes only the part in the profits or losses arising from this transaction that is attributable to other participants in the co-management. In case that the purchased assets involve the asset impairment loss complying with provisions in the Accounting Standard for Business Enterprises No. 8 - Impairment of Assets, the Company shall recognize this part of loss according to the share to undertake.

8. Criteria for cash and cash equivalents

The cash refers to the enterprise's money on hand and deposits for payment at any time. Cash equivalents refer to investments held by the enterprise which are short in term (generally referring to those expiring within not more than 3 months from the date of acquisition), high in liquidity, convertible to the known amount of cash and insignificant in risk of change of value.

9. Foreign currency transactions and translation of financial statements in foreign currency

(1) Method of translation for foreign currency transactions

At the time of initial recognition of a foreign currency transaction of the Company, the amount in the foreign currency shall be translated into the amount in RMB currency at the spot exchange rate of the transaction date (generally referring to the medial rate of foreign exchange quotation published by the People's Bank of China at the date of transaction, the same below).

(2) Treatment of monetary items of foreign currencies and non-monetary items of foreign currencies on the balance sheet date

For the monetary items of foreign currencies, the translation is done according to spot rate of the balance sheet date. The exchange difference generated from the difference of spot rate of the current balance sheet date and the

time of initial recognition of a foreign currency or the previous balance sheet date is charged to the profit or loss of the current period except that the exchange difference generated from foreign currency borrowings relating to assets of which the acquisition or production satisfies the capitalization conditions is capitalized in accordance with the Accounting Standards for Business Enterprises No. 17 – Borrowing Costs. For the non-monetary items of foreign currencies measured by historical cost, translation is done according to spot rate of the transaction date without change in their amount in functional currency. Non-monetary items of foreign currencies such as stocks and funds measured at their fair value are translated as per the spot rate on the date when their fair value is confirmed. The differences between the translated amounts in functional currency and the original amounts in functional currency are recorded into current profits and losses as fluctuation in fair value (including fluctuation in exchange rates).

(3) Translation of foreign currency financial statements

The Company translates the financial statements expressed in foreign currency into ones expressed in RMB currency according to the following provisions:

The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date; Among the owners' equity items, except the ones as "undistributed profits", others shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements shall be translated at the average exchange rate. The balance arisen from the translation of foreign currency financial statements in compliance with the aforesaid method shall be presented separately under the owners' equity item of the balance sheets. The foreign currency cash flow statement shall be translated at the average exchange rate on the cash flow date. The amount of influence of the exchange rate change on cashes shall be presented separately under the adjusted item in the cash flow statement.

10. Financial instruments

When the Company becomes a party to a financial instrument contract, it recognizes a financial asset or financial liability.

(1) Classification, recognition and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into: financial assets measured at amortization cost, financial assets which are measured at their fair values and of which the changes are included into other comprehensive income, and financial assets which are measured at their fair values and of which the changes are included into the current profits and losses.

The financial assets initially recognized by the Company shall be measured at their fair values. For the financial assets which are measured at their fair values and of which the changes are included into the current profits and losses, the transaction expenses thereof are directly included into the current profits and losses; for other categories of financial assets, the transaction expenses thereof are included into the initially recognized amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of services that do not contain or do not consider significant financing components, the Company shall use the amount of

consideration expected to be entitled to be charged as the initial confirmation amount.

1) Financial assets measured at amortization costs

The Company's business model for managing financial assets measured at amortization cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing arrangements, that is, cash flows generated on a specific date, are for the payment of principal and interest based on the outstanding principal amount. The Company adopts the effective interest rate method for such financial assets and performs subsequent measurement based on amortization cost. The gains or losses arising from their amortization or impairment are included into the current profits and losses.

2) Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income

The Company's business model for managing such financial assets is to collect and sell contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with basic borrowing arrangements. The Company measures such financial assets at fair value and includes the changes of fair value are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the actual interest rate method are included into the current profits and losses.

In addition, the Company designates some non-trading equity instrument investments as financial assets which are measured at their fair values and of which the changes are included into other comprehensive income. The Company includes the relevant dividend income of such financial assets into the current profits and losses, and includes the changes of fair value in other comprehensive income. When the financial assets are derecognized, the cumulative gains or losses previously included into other comprehensive income will be transferred from other comprehensive income to retained income, but will not be included into the current profits and losses.

3) Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses

The Company classifies the financial assets other than the above financial assets measured at amortization cost and financial assets which are measured at their fair values and of which the changes are included into other comprehensive income as financial assets which are measured at their fair values and of which the changes are included into the current profits and losses. In addition, in the initial recognition, in order to eliminate or significantly reduce the accounting mismatch, the Company designates some financial assets as financial assets which are measured at fair value and of which the changes are included into the current profits and losses. For such financial assets, the Company uses fair value for subsequent measurement, and the changes of fair value are included in the current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are initially classified as financial liabilities which are measured at fair value and of which the changes are included in the current profits or losses and other financial liabilities. For the financial liabilities which are measured at their fair values and of which the changes are included into the current profits and losses, the transaction expenses thereof are directly included into the current profits and losses; for other financial liabilities, the transaction expenses thereof are included into the initially recognized amount.

1) Financial liabilities measured at their fair values and of which the changes are recorded into the current profits and losses

Financial liabilities which are measured at fair value and of which the changes are included in the current profits or losses include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as those which are measured at fair value at the initial recognition and of which changes are included in the current profits or losses.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedge accounting, the changes in fair value are included in current profits or losses.

For financial liabilities designated as those which are measured at fair value at the initial recognition and of which changes are included in the current profits or losses, the changes of fair value caused by changes in the Company's own credit risk are included in other comprehensive income, and when the recognition of the liabilities is terminated, the cumulative changes in fair value caused by changes in own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in fair value are included in current profits or losses. If the accounting mismatch in profits and losses may be caused or expanded as the effects of changes in the own credit risk of such financial liabilities are processed in the above manner, the Company will include all gains or losses of such financial liabilities (including the amount affected by changes in the Company's own credit risk) included in the current profit and loss.

2) Other financial liabilities

Except for the transfer of financial assets that does not meet the conditions for derecognition or continued involvement in the financial liabilities and financial guarantee contracts formed by the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortization cost, which are subsequently measured at amortization cost. Gains or losses arising from derecognition or amortization are included in the current profits and losses.

(3) Basis for the recognition and method for the measurement of financial assets

Financial assets that meet one of the following conditions shall be derecognized:

- 1) The contract right to receive the cash flow of the financial assets is terminated;
- 2) The financial assets have been transferred, and almost all the risks and rewards of ownership of the financial assets are transferred to the transferring party;
- 3) The financial assets have been transferred, although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, it has given up control over the financial assets.

If the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, and has not given up control over the financial assets, the relevant financial assets shall be recognized according to the extent of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The extent of continued involvement in the transferred financial assets refers to the level of risk that the changes in the value of the financial assets expose the enterprise to.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income is included in the

current profits and losses.

If the partial transfer of financial assets satisfies the conditions for derecognition, the book value of the transferred financial assets will be apportioned between the portion derecognized and the portion not derecognized according to their relative fair values, and the difference between the sum of the consideration received for the transfer and the amount of cumulative changes in the fair value which was previously directly recognized in owner's equity and which should be apportioned to the portion derecognized and the above book amount apportioned will be include in the current profits and losses.

The Company must determine whether almost all the risks and rewards of ownership of the financial assets have been transferred before endorsing the transfer of financial assets sold by means of recourse and financial assets held. If almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee, the financial asset will be derecognized; if the risks and rewards of the ownership of the financial asset have been retained, the financial asset will not be derecognized; if almost all the risks and rewards of ownership of the financial asset have not been transferred or retained, the enterprise needs to continue to determine whether it retains control over the asset and performs accounting treatment in accordance with the principles described in the preceding paragraphs.

(4) Derecognition of financial liabilities

If the present obligation for a financial liability has been fully or partially discharged, the financial liability or the relevant portion thereof will be derecognized. If the Company (borrower) signs an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability and the original financial liability are substantially different, the original financial liability will be derecognized and the new financial liability will be recognized at the same time. If a material amendment is made to the contractual terms for the original financial liability or the relevant portion thereof, the original financial liability will be derecognized, and the new financial liability will be recognized according to the amended terms at the same time.

If the financial liability or the relevant portion thereof is derecognized, the difference between the book value of the financial liability derecognized and the consideration paid for it (including the non-cash asset transferred or the liability assumed) will be included in the current profits or losses.

(5) Offsetting financial assets with financial liabilities

When the Company has the legal right to offset the financial asset and the financial liability with recognized amount, and such legal rights are currently enforceable, and the Company plans to settle in net or simultaneously realize the financial asset and liquidate the financial liability, the financial asset and the financial liability will be presented in the balance sheet in net amounts after mutual offset. In addition, financial assets and financial liabilities are presented separately in the balance sheet, and are not offset against each other.

(6) Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can receive for the sale of an asset or need to pay for the transfer of a liability in the orderly transaction that occurs on the measurement date. For financial instruments for

which there is an active market, the fair value thereof will be determined by the Company based on the quotation in the active market; Quotation in the active market refers to the price that is easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions that actually occur in fair trading. For financial instruments for which there is no active market, the fair value thereof will be determined by the Company using the valuation techniques. The value appraisal techniques include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc. At the time of valuation, the Company adopts a valuation technique that is applicable in the current circumstances and that there is sufficient available data and other information to support, selects the input values consistent with the asset or liability characteristics considered by the market participants in the transaction of the underlying asset or liability, and as far as possible uses relevant observable input values. Unobservable input values are used where the relevant observable input values are not available or are not practicable.

(7) Equity instruments

Equity instruments refer to contracts that can prove ownership of the residual equity in assets of the Company after deduction of all the liabilities. The Company treats issue (including refinancing), repurchases, sale or cancellation of equity instruments as changes in equity, and transaction expenses related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

If the Company's equity instruments distribute dividends (including "interest" generated by instruments classified as equity instruments) during the existence period, such dividends will be treated as profit distribution.

11. Impairment of financial assets

Financial assets of which the Company needs to recognize impairment losses include financial assets measured at amortization cost, and debt instrument investments which are measured at fair value and of which changes included in other comprehensive income, mainly including receivables financing, accounts receivable, other receivables, loans and advances, debt investment, other debt investment, long-term receivables, etc.

(1) Method for recognition of impairment provisions

Based on the expected credit loss, the Company makes impairment provision and recognizes credit impairment loss according to the applicable expected credit loss measurement method (general method or simplified method) for the above items.

Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among them, for purchased or originated credit-impaired financial assets, the Company discounts the difference at the credit-adjusted effective interest rate of the financial assets.

The general method for measuring expected credit losses is that the Company assesses on each balance sheet date whether the credit risk of financial assets has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss provisions according to the

amount equal to lifetime expected credit losses. If the credit risk has not increased significantly since initial recognition, the Company measures the loss provisions according to the amount equal to 12-month expected credit losses. The Company considers all reasonable and valid information, including forward-looking information, when assessing expected credit losses.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition.

(2) Criteria for judging whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset in the expected lifetime determined on the balance sheet date is significantly higher than the probability of default in the expected lifetime determined at the time of initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk that occurs within the next 12 months as a reasonable estimate of the change in default risk that occurs throughout the lifetime to determine whether the credit risk has increased significantly since initial recognition.

(3) Combination method for assessing expected credit risk based on combination

The Company individually assesses credit risk for financial assets that have significantly different credit risks, such as: receivables in dispute with the other party or involving litigation and arbitration; and receivables with obvious signs that the debtor is likely to fail to meet its repayment obligations.

In addition to financial assets of which credit risk is individually assessed, the Company divides financial assets into different combinations based on common risk characteristics, and assesses credit risk on the basis of the combination.

(4) Accounting treatment method of financing assets

At the end of the period, the Company calculates the estimated credit losses of various financial assets. If the estimated credit losses are greater than the book value of the current impairment provisions, the difference is recognized as an impairment loss; If the estimated credit losses are smaller than the book value of the current impairment provisions, the difference is recognized as an impairment gain.

(5) Method for determining credit loss of various financial assets

1) Notes receivable and receivables financing

The Company measures the loss provision for notes receivable and receivables financing based on the lifetime expected credit loss amount. Based on the credit risk characteristics of notes receivable and receivables financing, financial assets are divided into different combinations:

Item	Basis for recognition of combinations
Banker's acceptance bill	The acceptor is a bank institution or a financial company
Trade acceptance draft	The acceptor is a company other than a bank institution or financial company

2) Accounts receivable and contract assets

For accounts receivable and contract assets that do not contain significant financing components and contain

significant financing components, the Company measures the loss provision based on the lifetime expected credit loss amount. Expected credit losses related to contract assets are included in asset impairment losses.

In addition to accounts receivable of which credit risk is individually assessed, the Company divides accounts receivable into different combinations based on their credit risk characteristics:

Item	Basis for recognition of combinations
Combination 1: Account age combination	The combination takes the account age of accounts receivable as the basis for the combination
Combination 2: Low risk combination	The combination takes the dismantling subsidy of waste electrical and electronic products receivable from government departments as the basis for the combination
Combination 3: None risk combination	The combination takes the receivables from related units within the scope of consolidation as the basis for the combination

3) Disbursement of loans statements and advances

Based on the internal assessment results of the credit risk management system of the relevant financial instruments, the Company defines whether credit impairment has occurred: the Company calculates the expected credit loss of the financial assets at the expected credit loss rate of different categories, according to the five-level classification of the financial industry (normal, concerned, secondary, suspicious and loss) based on the borrower's actual repayment ability.

4) Other receivables

The Company measures impairment losses using an amount equivalent to 12-month or lifetime expected credit losses, based on whether the credit risk of other receivables has increased significantly since initial recognition. In addition to other receivables of which credit risk is individually assessed, the Company divides other receivables into different combinations based on their credit risk characteristics:

Item	Basis for recognition of combinations
Combination 1: Account age combination	The combination takes the account age of other receivables as the basis for the combination
Combination 2: Low risk combination	The combination takes the receivable government grain deposits as the basis for the combination
Combination 3: None risk combination	The combination takes the receivables from related units within the scope of consolidation as the basis for the combination

5) Debt investment

Debt investment mainly accounts for bond investment measured at amortization cost. The Company measures impairment losses using an amount equivalent to 12-month or lifetime expected credit losses, based on whether the credit risk of other debt investments has increased significantly since initial recognition.

6) Other debt investments

Other debt investments mainly accounts for the debt investments which are measured at their fair values and of which the changes are included into other comprehensive income. The Company measures impairment losses using an amount equivalent to 12-month or lifetime expected credit losses, based on whether the credit risk of other debt investments has increased significantly since initial recognition.

12. Receivables financing

For notes receivable and accounts receivable classified as measured at fair value and of which changes are included in other comprehensive income, the portion within one year (including one year) from the date of

acquisition is presented as receivables financing; while the portion beyond one year is presented as other debt investment. For related accounting policies, please refer to Note III. 10 "Financial Instruments" and Note III. 11 "Impairment of Financial Assets".

13. Inventories

(1) Classification of inventories

The Company's inventories mainly include raw materials, work in progress, finished products, development costs, and development products.

Development cost refers to the property that has not been completed and is for sale; the Company accounts for the land use rights purchased and used for commercial housing development as the development cost. Development product refers to the property that has been completed and is to be sold.

(2) Valuation for delivered inventories

Valuation for delivered inventories: When various kinds of inventories of the Company are delivered, they shall be valued at planned costs, and the planned costs shall be adjusted into actual costs based on the difference of costs of the current month at the end of the month.

Development cost and product development cost include land transfer fees, infrastructure expenditures, construction and installation engineering expenditures, borrowing costs incurred before the development project is completed, and other related costs incurred in the development process. When developing product is carried forward the cost, the total cost is allocated between the sold and unsold properties in proportion to the construction area.

(3) Recognition of the net realizable value and measurement of provision for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. if the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be made and shall be recorded into the profits and losses of the current period, where a provision for decline in value of inventories has been made, if the value of the said inventories is resumed later, the said value shall be reversed from the provision for decline in value of the inventories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes.

(4) Stock count system for inventories

The perpetual inventory system is adopted for stock count of the Company.

(5) Amortization methods of low-value consumables and packaging materials

Low-value consumables and packaging materials are written off in full when issued for use.

14. Contract assets

The Company presented the right to collect payments from customers which the customers have not yet paid the contract consideration, but the Company has fulfilled its performance obligations in accordance with the contract,

and which is not unconditional (that is, only depending on the passage of time) as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

For the determination and accounting treatment of expected credit losses of contract assets, please refer to Note III. 11 "Financial Asset Impairment".

15. Contract costs

(1) Determination of asset amount related to contract costs

The Company's asset related to contract costs includes contract acquisition cost and contract obtain cost.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, it will be recognized as an asset as contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it will be included in current profits or losses when it occurs.

If the cost incurred by the Company for the performance of the contract does not fall within the scope specified in the accounting standards for business enterprises other than the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017), it be recognized as an asset as the contract performance cost when the following conditions are met simultaneously: ① the cost is directly related to a current or expected contract, including direct labor cost, direct material cost, manufacturing expense (or similar expense), cost clearly borne by the customer, and other costs incurred only due to the contract; ② the cost increases the Company's future resources for fulfilling its performance obligations; and ③ the cost is expected to be recovered.

(2) Amortization of assets related to contract costs

Assets related to contract costs are amortized on the same basis as the revenue recognition of goods related to the assets, and included in the current profits or losses.

(3) Impairment of assets related to contract costs

When determining the impairment loss of assets related to the contract cost, the Company first determines the impairment loss of other assets related to the contract that are recognized in accordance with other relevant accounting standards for business enterprises; then, if the book value is higher than the difference between the remaining consideration expected to be obtained due to the transfer of goods related to the assets and the costs expected to be incurred due to the transfer of the related goods, the Company will make provision for impairment of the excess part and recognize it as an asset impairment loss.

If the depreciation factors in the previous period change later, causing the aforementioned difference is higher than the book value of the asset, the Company will reverse the previously-made provision for impairment and include it in the current profits or losses, but the book value of the asset after the reversal can not exceed the book value of the asset at the date of reversal under the assumption that no provision is made for the impairment.

16. Assets held for sale

(1) Recognition standard

Where the Company recovers its book value by selling (including the non monetary asset exchange with commercial substance; it is the same below), not continuously using a non-current asset or disposal group, it shall be classified into the category of assets held for sale. The non-current asset or disposal group to be classified into the category of assets held for sale shall meet the following conditions at the same time:

According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current circumstances;

The sale is very likely to happen, i.e., the Company has made a decision on a sale plan and has obtained the determined purchase commitment, and the sale is expected to be completed within one year. The relevant regulations require that the relevant organ of authority of the Company or regulatory authorities must approve the sale, it shall have been approved. A determined purchase commitment refers to a legally binding purchase agreement signed between the Company and other parties. The agreement includes important terms such as the transaction price, time and severe penalties for breach of contract, making it almost impossible to make major adjustments or cancel the agreement.

For the non-current asset or disposal group specially obtained by the Company for resale, if it meets the specified condition that "the sale is expected to be completed within one year" on the date of acquisition and it is very likely to meet other classification conditions of the category held for sale in a short period of time (usually 3 months), it shall be classified into the category held for sale on the date of acquisition.

The disposal group refers to a group of assets that are disposed of as a whole in a transaction through sale or other means, and the liabilities that are directly related to these assets and transferred in the transaction. Where the business reputation obtained in the merger of enterprises is apportioned for the asset group or asset group combination to which the disposal group belongs according to Accounting Standards for Enterprises No.8 - Asset Impairment, this disposal group should contain the business reputation apportioned to the disposal group.

(2) Accounting treatment

For the non-current asset and disposal group that is classified as the category held for sale, the Company carries out initial measurement or re-measurement according to the smaller result of the net value of the book value and the fair value minus the net amount of the disposal expense. Where the net value of the fair value minus the disposal cost is lower than the original book value, the difference is confirmed as assets impairment loss and include in the current profits and losses, and the provision for impairment of the assets held for sale is made at the same time; for the amount of assets impairment loss confirmed by the disposal group held for sale, the book value of the business reputation in the disposal group is deducted first, and then its book value is deducted in proportion according to the ratios of the book values of various non-current assets applicable to measurement of the category held for sales in the disposal group.

Where the net value of the fair value of non-current assets held for sale on the balance sheet date minus the selling expense increases subsequently, the previous write-down amount is restored and will be reversed in the amount of assets impairment loss after classification as the category held for sales is confirmed, and the reversed amount shall be included in the current profits and losses. The assets impairment loss confirmed before classification as the category held for sales shall not be reversed.

Where the net value of the fair value of disposal group held for sale on the balance sheet date minus the selling

expense increases subsequently, the previous write-down amount is restored and will be reversed in the amount of assets impairment loss confirmed for non-current assets applicable to the measurement provisions of the category held for sale after classification as the category held for sales, and the reversed amount shall be included in the current profits and losses.

For the deducted book value of business reputation and the non-current assets applicable to the measurement provisions of the category held for sale, the assets impairment loss confirmed before classification as the category held for sales shall not be reversed. For the subsequently reversed amount of assets impairment loss confirmed for the disposal group held for sale, its book value is increased in proportion according to the ratios of the book values of various non-current assets applicable to measurement provisions of the category held for sales in the disposal group excluding the business reputation. The non-current assets held for sale or non-current assets in the disposal group are not made for provision for impairment or amortized, and the interests on debts and other expenses in the disposal group held for sale will be confirmed continuously.

The measurement methods of the category held for sale do not apply to the deferred income tax assets, financial assets complying with the specifications of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, investment real estate and biological assets measured at fair value, contract rights produced in the insurance contract, and the assets produced in the welfare of the workers, and they are measured according to the relevant criteria or corresponding accounting policies formulated by the Company. Where the disposal group contains the non-current assets applicable to the measurement method of the category held for sale, the measurement method of the category held for sale is applicable to the whole disposal group. The related accounting standards apply to measurement of liabilities in the disposal group.

When the non-current assets or disposal group is removed from the disposal group held for sale because it does not meet the classification condition of the category held for sale anymore and will not be classified as the category held for sale or non-current assets, it shall be measured according to the smaller one of the following two:

- 1) Book value before being classified as held for sale, and the adjusted amount of depreciation, amortization or impairment that should be recognized under the assumption that it is not classified as held for sale; and
- 2) Recoverable amount.

17. Long-term equity investment

Long-term equity investments mainly include the equity investment held by the Company that is able to control, is under common control with or has significant influences on the invested entity and the equity investment to joint ventures.

(1) Judgment standards of control and significant influence

Judgment standards of control:

- 1) The Company owns the power to the invested entity;
- 2) The Company enjoys variable return by participating relevant activities of the invested entity;
- 3) The Company has the ability to use the power over the invested entity to influence the Company's return amount;

4) The Company acknowledges the control force for the invested entity that meets the above three conditions.

Judgment standards of significant influence:

- 1) The Company has the power to participate in decision making for the financial and operations policies of the invested entity, but cannot control formulation of these policies independently or together with other parties.
- 2) Where the Company can exert a great influence on the invested entity, the invested entity is an associate of the Company.
- 3) The invested entity under common control by the Company and other participants is a joint venture of the Company. Common control means that any participant cannot independently control this arrangement, and any participant with the right to common control on this arrangement can prevent other participants or the combination of participants from independently controlling this arrangement.

(2) Investment cost recognition of long-term equity investment

The long-term equity investment of the Company is measured at the investment cost at the time of acquisition. Normally the investment cost refers to the assets paid, liabilities incurred or undertaken, and the fair value of equity securities issued for the acquisition of this investment, including the costs directly attributable to the acquisition. However, for the long-term equity investment formed by business combination involving enterprises under common control, the investment cost is the share of carrying amount of the combined party's net assets acquired on the combination date in the ultimate controlling party's consolidated financial statements.

(3) Subsequent measurement of long-term equity investments and recognition of profits or losses

The Company adopts the cost method for accounting for the long-term equity investment based on which the Company is able to control the invested enterprise; the Company adopts the equity method for accounting for investments put into associates and joint ventures.

The price of a long-term equity investment accounted by employing the cost method shall be included at its initial investment cost. If there are additional investments or disinvestments, the cost of the long-term equity investment shall be adjusted. The cash dividends or profits declared to distribute by the invested entity shall be recognized as investment income and charged to profits or losses of the current period.

When the Company employs the equity method for accounting of the long-term equity investment, if the investment cost of a long-term equity investment is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the investment cost of the long-term equity investment may not be adjusted; if the investment cost of a long-term equity investment is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the carrying amount of the long-term equity investment shall be adjusted, and the difference shall be recorded into the profits or losses of the current period.

When the Company employs the equity method for accounting of the long-term equity investment, the Company first adjusts the invested entity's net profits or losses and other comprehensive income in the aspects such as the fair value of the invested entity's identifiable net assets at the time of investment acquisition, accounting policy and accounting period, and then recognizes the current-period investment profits or losses and other

comprehensive income according to the investing enterprise' attributable or shareable share of the invested entity's net profits or losses and other comprehensive income. For other changes in owners' equities other than the net profits or losses, other comprehensive income and profit distribution, the carrying amount of the long-term equity investment shall be adjusted and recorded into the owners' equities.

For the unrealized internal transaction profits/losses that arise between the Company and the associates and joint ventures, the part attributable to the Company shall be calculated according to the shareholding proportion, and the investment profits/losses shall be recognized on the basis of offsetting.

For the long-term equity investments held already prior to 1 January, 2007 for the associates and joint ventures, if there is any equity investment difference on the debit side, the investment profits/losses shall be recognized after deduction of the equity investment difference on the debit side amortized by the straight-line method according to the original residual maturity.

(4) Recognition of common control and significant influences on the invested entity

Common control is recognized as the control which does not exist unless the investing parties unanimously agree on sharing the control power over the relevant important financial and operating decisions of the invested entity according to the provisions of the contract.

Significant influences will be recognized where there is power to participate in making decisions on the financial and operating policies of the invested entity, but not to control or do joint control together with other parties over the formulation of these policies. When the Company holds more than 20.00% (included) but less than 50.00% of voting shares of the invested entity directly or indirectly through a subsidiary, significant influences on the invested entity shall be recognized, unless there is clear evidence indicating that the Company cannot participate in production and management decision-making of the invested entity in this situation and therefore cannot generate significant influences; if the Company holds less than 20.00% (excluded) of voting shares of the invested entity, usually the Company is not deemed to have a significant influence on the invested entity, unless there is clear evidence indicating that the Company can participate in production and management decision-making of the invested entity in this situation and therefore can generate significant influences.

(5) Conversion of the long-term equity investment accounting method

Where the equity investment originally held by the Company, which is unable to control, is not under common control with or has no significant influences on the invested entity, is converted into an investment for an associate or joint venture due to additional investment, the investment shall be accounted by the equity method instead, and the Company shall use the fair value of the original equity investment plus the fair value of the consideration paid to acquire the newly added investment as the initial investment cost accounted by the equity method instead. The difference between the fair value and carrying amount of the originally held equity investment prior to the additional investment, and the cumulative fair value changes originally recorded into other comprehensive income shall be transferred to the current-period profits or losses accounted by the equity method instead.

For the originally held investments for associates and joint ventures, if they are not able to be under common control with or have significant influences on the invested entity, if they are not able to be under common control with or have significant influences on the invested entity due to reason such as partial disposal, accounting

treatment must be performed for remaining equity investments according to the recognition and measurement standards for financial instruments, and the difference between the fair value and carrying amount on the date on which the common control or significant influence is lost shall be charged to profits or losses of the current period. When accounting based on the equity method is terminated for other related comprehensive income originally subject to accounting of equity method, accounting treatment is performed using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities; all the owners' equities that are recognized due to other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution of the invested entity shall be transferred to the profits or losses of the current period when accounting based on the equity method is terminated.

Where the originally held investments for associates or joint ventures are converted to investments for subsidiaries due to additional investment, in the individual financial statements, the sum of the carrying value of the acquired party's equity investment held prior to the acquisition date and the investment cost newly added on the acquisition date shall be used as the initial investment cost of such an investment; for the equity investment held prior to the acquisition date, other comprehensive income recognized due to accounting of the equity method shall undergo accounting treatment using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities when such an investment is disposed of.

When the influencing capability on the invested entity is converted from control to a significant influence or common control together with other investors due to investment disposal, the long-term equity investment cost, for which recognition shall be terminated, is first carried over according to the proportion of investment disposal. On such a basis, the remaining long-term equity investment cost is compared with the share attributable to the Company in the fair value of the invested entity's identifiable net assets at the time of original investment, which is calculated according to the remaining shareholding proportion. For the business reputation part to be embodied in the investment evaluation, the carrying amount of long-term equity investment shall not be adjusted; where the investment cost is less than the share attributable to the Company in the fair value of the invested entity's identifiable net assets at the time of original investment, any excess shall be adjusted against retained earnings when the long-term equity investment cost is adjusted. For the share attributable to the Company in the invested entity's realized net profits/losses between acquisition of the original investment and conversion to accounting of the equity method due to investment disposal, the carrying amount of the long-term equity investment shall be adjusted, meanwhile, any excess shall be adjusted against retained earnings for the share attributable to the Company in the invested entity's realized net profits/losses (excluding the cash dividends or profits distributed or declared to distribute) from acquisition of the original investment to the beginning of the period in which the investment is disposed of, and the current-period profits or losses shall be adjusted for the share attributable to the Company in the invested entity's realized net profits/losses from the beginning of the period in which the investment is disposed of to the investment disposal date; the share attributable to the Company in the invested entity's changes in other comprehensive income shall be recorded into other comprehensive income when the carrying amount of the long-term equity investment is adjusted; the share attributable to the Company in the invested entity's other changes in owners' equities arising from reasons other than the net profits or losses, other comprehensive income and profit distribution shall be recorded into "Capital reserves -- Other capital reserves"

when the carrying amount of the long-term equity investment is adjusted. After the cost method is converted to the equity method for the long-term equity investment, the share attributable to the Company in the invested entity's realized net profits/losses, other comprehensive income and other changes in owners' equities shall be calculated and recognized according to provisions of the standard in the future period.

For the originally held long-term equity investment that is able to control the invested entity, if the shareholding proportion declines due to reasons such as partial disposal and the investment cannot be able to control, be under common control with or have significant influences on the invested entity, accounting treatment must be performed for remaining equity investments according to the recognition and measurement standards for financial instruments. The difference between the fair value and carrying amount on the date of control loss shall be recorded into the investment income of the current period.

In the process of holding the long-term equity investment, if the Company decides to sell all or part of held stocks of the invested entity in consideration of all aspects, the carrying amount of the long-term equity investment corresponding to the sold stocks shall be carried over accordingly, and the difference between the selling price and the carrying amount of long-term equity investment for disposal shall be recognized as disposal profit or loss.

If the Company disposes of all the long-term equity investments accounted by the equity method, when accounting based on the equity method is terminated for other related comprehensive income originally subject to accounting of equity method, accounting treatment is performed using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities; all the owners' equities that are recognized due to changes in other owners' equities other than the net profits/losses, other comprehensive income and profit distribution of the invested entity shall be transferred to the investment income of the current period when accounting based on the equity method is terminated; if a part of the long-term equity investment accounted by the equity method is disposed of and the remaining stocks are still accounted using the equity method, other related comprehensive income originally subject to accounting of equity method shall be handled using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities and be carried over by proportion, and the owners' equities that are recognized due to other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution of the invested entity shall be carried over to the investment income of the current period according to the proportion.

18. Investment real estate

The Company's investment real estate includes a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out.

The Company's investment real estate is measured at its cost, and the Company uses the cost model for a subsequent measurement of its investment real estate. The depreciation and amortization of the investment real estate shall be made in accordance with the accounting policies of fixed assets or intangible assets of the Company.

When the Company changes the purpose of the investment real estate, such as for self-use, it shall transfer the relevant investment real estate to other assets.

19. Fixed assets

(1) Recognition standard of fixed assets

The Company's fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and whose useful life is in excess of one fiscal year. Fixed assets can not be recognized unless they simultaneously meet the conditions as follows:

- 1) The economic benefits pertinent to the fixed assets are likely to flow into the enterprise; and
- 2) The cost of the fixed assets can be measured reliably.

(2) Measurement of fixed assets

The measurement of a fixed asset shall be made at its cost.

- 1) The cost of a purchased fixed asset consists of the purchase price, the relevant taxes, freight, loading and unloading fees, professional service fees and other expenses that bring the fixed asset to the expected conditions for use and that may be relegated to the fixed asset.
- 2) If the payment for a fixed asset is delayed beyond the normal credit conditions and it is of financing nature in effect, the cost of the fixed asset shall be recognized based on the present value of the purchase price. The difference between the actual payment and the present value of the purchase price shall be included in the current profits and losses within the credit period, unless it shall be capitalized in accordance with the Accounting Standards No. 17 - Borrowing Costs.
- 3) The cost of a self-constructed fixed asset shall be formed by the necessary expenses incurred for bringing the asset to the expected conditions for use.
- 4) The cost invested to a fixed asset by the investor shall be recognized in accordance with the value as stipulated in the investment contract or agreement, other than those of unfair value as stipulated in the contract or agreement.
- 5) The costs of fixed assets acquired through the exchange of non-monetary assets, recombination of liabilities, merger of enterprises, and financial leasing shall be respectively recognized in accordance with the Accounting Standards No. 7 - Exchange of Non-monetary Assets, Accounting Standards for Enterprises No. 12 - Debt Restructuring, Accounting Standards for Enterprises No. 20 - Merger of Enterprises and Accounting Standards for Enterprises No. 21 - Leases.

(3) Classification of fixed assets

The Company's fixed assets are classified into houses and buildings, machinery equipment, electronic equipment and transportation equipment and otherwise.

(4) Depreciation of fixed assets

- 1) Recognition of depreciation method and service life, expected net salvage value rate and annual depreciation rate:

The depreciation of fixed assets shall be made by the straight-line method. The annual depreciation rate recognized according to the category, service life and expected net salvage value rate of fixed assets is as follows:

Category of fixed assets	Expected net salvage value rate (%)	Expected service life (year)	Annual depreciation rate (%)
Houses and buildings	5.00	20.00	4.75
Machinery equipment	5.00	6.00-10.00	9.50-15.83
Electronic equipment	5.00	2.00-3.00	31.67-47.50
Transportation equipment	5.00	3.00-4.00	23.75-31.67
Others	5.00	3.00-5.00	19.00-31.67

Depreciation of fixed assets of which a provision for impairment has been made: For a fixed asset of which a provision for impairment has been made, the depreciation of the fixed asset shall be made based on the amount of deducting its expected net salvage value, depreciation amount and provision for impairment from the original price of the fixed asset and remaining service life of the fixed asset.

For the fixed assets that have reached intended usable condition but not prepared the final account for completion, their costs shall be recognized at their estimated value, and their depreciation shall be made accordingly; After completion of the final account for completion, the original estimated value of the fixed assets shall be adjusted by their actual costs, but the original depreciation amount does not require adjusting.

2) Check of service life, expected net salvage value and depreciation method of fixed assets:

The Company shall, at least at the end of each year, have a check on the service life, expected net salvage value, and the depreciation method of the fixed assets. If the Company finds that there is any difference between the expected service life and the previously estimated service life of a fixed asset, the expected service life of the fixed asset shall be adjusted; If there is any difference between the amount of expected net salvage value and the previously estimated amount of the net salvage value, the expected net salvage value shall be adjusted; If any significant change is made on the form of the realization of the expected economic benefits concerning a fixed asset, the method for the depreciation of the fixed asset shall be changed. If any change is made to the service life, expected net salvage value or the depreciation method of a fixed asset, it shall be regarded as a change of the accounting estimates.

(5) Treatment of subsequent expenditures for fixed assets

Subsequent expenditures incurred on a fixed asset refer to repair expenses, renovation expenses, repair costs and decoration expenses and otherwise incurred in the course of use of the fixed asset. Their accounting treatment is as follows: Where subsequent expenditures of a fixed asset such as renovation expenses meet the conditions of recognizing the fixed asset, they shall be recorded into the cost of the fixed asset, and the carrying amount of the replaced part of the subsequent expenditures shall be deducted; Where subsequent expenditures of a fixed asset such as repair costs do not meet the conditions of recognizing the fixed asset, they shall be recorded into the profits and losses of the current period in which they are incurred; Where the decoration expenses of a fixed asset meet the conditions of recognizing the fixed asset, they shall be measured in a single detail account of "Fixed Assets", and the depreciation of the fixed asset shall be made separately by the straight-line method in a shorter time of the period of two decorations and remaining usable life of the fixed asset.

The improvement expenditures incurred on a fixed asset leased by operating lease shall be capitalized and reasonably amortized as long-term prepaid expenses.

20. Construction in progress

The term "construction in progress" refers to all necessary expenditures incurred before the acquired fixed assets enable the project to reach expected usable condition, including project direct materials, direct employee remunerations, installation costs for equipment to be installed and project construction, project management fees, net profits and losses of project commissioning and approved capitalized borrowing costs.

(1) Valuation of construction in progress

The Company's construction in progress shall be measured individually by construction project and shall be valued at actual cost.

(2) Time point of carrying over construction in progress into fixed asset

When the construction in progress reaches the expected usable condition, they shall be transferred to fixed asset at their actual cost. For the fixed assets that have reached expected usable condition but not prepared the final account for completion, they shall be charged to the account at their estimated value and shall be adjusted after their actual value is recognized.

21. Borrowing costs

Borrowing costs are interests and other costs incurred by the Company in connection with the borrowing of the funds, including interests, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

(1) Recognition of capitalization of borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized, and the amounts of other borrowing costs incurred shall be recorded into the profits and losses of the period in which they are incurred. Qualifying assets are fixed assets, investment real estate and inventories and otherwise that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

(2) Period of capitalization of borrowing costs

1) Time point of capitalization of borrowing costs.

The capitalization of borrowing costs commences only when all of the following conditions are satisfied:

- a. Expenditures for the asset have been incurred;
- b. Borrowing costs have been incurred; and
- c. Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

2) Time point of ceasing capitalization of borrowing costs:

Capitalization of borrowing costs ceases when the qualifying asset acquired, constructed or produced becomes ready for its intended use or sale. The subsequent borrowing costs shall be recorded into the profits and losses of the current period.

3) Recognition of suspending capitalization of borrowing costs:

When an abnormal interruption occurs during the construction or production of an asset which satisfies the conditions for capitalization and the interruption continues for more than three months consecutively, the capitalization of borrowing expense will be paused, the borrowing expense incurred during the suspension will be included in the current profits and losses.

(3) Calculation of capitalized amounts of borrowing costs

During the capitalization period, the amount of interest (including amortization of discounts or premiums) to be capitalized for each accounting period shall be recognized as follows:

1) Where special funds are borrowed for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

2) Where general funds are borrowed for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized on such general borrowings shall be calculated and recognized by applying a capitalization rate of such general borrowings to the weighted average of the excess amounts of accumulated expenditures on the asset over and above the amounts of special borrowings. The capitalization rate shall be calculated and recognized by the weighted average interest rate of general borrowings.

Where there is any discount or premium, the amount of discounts or premiums that shall be amortized during each accounting period shall be recognized by the real interest rate method, and an adjustment shall be made to the amount of interests in each period. During the period of capitalization, the amount of interest capitalized during each accounting period shall not exceed the amount of interest actually incurred to the relevant borrowings in the current period.

Ancillary costs in connection with special borrowings that are incurred before the qualifying asset acquired, constructed or produced becomes ready for its intended use or sale shall be capitalized on the basis of the incurred amount when they are incurred, and they shall be recorded into the cost of qualifying asset; those incurred after the qualifying asset acquired, constructed or produced becomes ready for its intended use or sale shall be recognized as expenses on the basis of the incurred amount when they are incurred, and shall be recorded into the profits and losses of the current period. The ancillary costs arising from a general borrowing shall be recognized as expenses at their incurred amount when they are incurred, and shall be recorded into the profits and losses of the current period.

22. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company. Intangible assets can be recognized only when they meet the conditions simultaneously as follows:

a. They are consistent with the definition of intangible assets;

- b. The economic benefits related to intangible assets are likely to flow into the Company; and
- c. The cost of intangible assets can be measured reliably.

(1) Measurement of intangible assets

The intangible assets shall be measured according to their cost or fair value (if increased through business combination not involving enterprises under common control).

(2) Subsequent measurement

The Company shall analyze and judge the service life of intangible assets when it obtains intangible assets. If the Company is unable to forecast the period when the intangible asset can bring economic benefits to it, it shall be regarded as an intangible asset with uncertain service life.

With regard to an intangible asset with limited service life, its amortization amount shall be amortized by expected realization pattern of its economic benefits, if the Company is unable to recognize the expected realization pattern reliably, intangible assets shall be amortized by the straight-line method.

The Company shall, at least at the end of each year, check the service life and the amortization method of intangible assets with limited service life. If necessary, it shall adjust the said service life and amortization method.

With regard to an intangible asset with uncertain service life, its amortization amount shall not be amortized, but the Company shall check the service life of the said intangible asset every year and shall carry out an impairment test for it.

(3) Estimation of service life

As for intangible assets with limited service life, the estimation of their service life generally considers the following factors:

- 1) General life cycle of products manufactured by using the assets and information about service life of similar assets available;
- 2) Present situation of technologies and process and estimation for future development trends;
- 3) Market demand of products manufactured or services rendered by using the assets;
- 4) Expected actions of present or potential competitors;
- 5) Expected maintenance expenses for economic capacity from the assets and the Company's expected capability to pay relevant expenses;
- 6) Laws and regulations or similar restrictions relating to the control period of the assets, such as concession period and lease period;
- 7) Relevance with service life of other assets held by the Company, etc.

(4) Division of research expenditures and development expenditures included in expenditures for internal research and development projects

- 1) Research expenditures in internal research and development projects shall be recorded into the profits and losses of the current period when they are incurred.

2) Development expenditures in internal research and development projects shall be recognized as intangible assets where they satisfy all of the following conditions:

- a. Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. Intention to complete the intangible asset and use or sell it;
- c. How the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- d. Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- e. Ability to measure reliably the expenditure that is attributable to the intangible asset during its development.

23. Impairment of long-term assets

On the balance sheet date, if there is any sign showing possible impairment of assets (referring to the assets other than inventories, equity instruments that have no quoted price and reliable fair value measurement in active market, investment real estate measured by fair value model, consumable biological assets, assets formed under construction contract, deferred income tax assets, residual value not guaranteed by the renter in the financing lease and financial assets), their recoverable amount shall be estimated on the basis of single item assets; Where it is difficult to estimate the recoverable amount of the single item assets, the recoverable amount of the assets shall be recognized on the basis of their asset group or combination of asset groups.

The recoverable amount shall be recognized in light of the higher one of the net amount of the fair value of the single item assets, asset group or combination of asset groups less the disposal expenses and the present value of the expected future cash flow of the single item assets, asset group or combination of asset groups.

Where the recoverable amount of the single item assets is lower than their carrying amount, a provision for the asset impairment shall be made accordingly on the basis of the difference between the carrying amount of the single item assets and their recoverable amount. Where the recoverable amount of an asset group or a combination of asset groups is lower than its carrying amount, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the carrying amount of business reputation which is apportioned to the asset group or combination of asset groups, then charge it against the carrying amount of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the business reputation excluded. The charges against the carrying amount of the assets above shall be treated as the impairment loss of the single item assets (including the business reputation), and a provision for impairment of the single item assets shall be made accordingly.

Once the above loss of asset impairment is recognized, it shall not be switched back in future accounting periods.

24. Long-term deferred expenses

Long-term deferred expenses refer to the expenses incurred by the Company but attributable to the current and subsequent accounting periods of more than one year (excluding one year), including the expenses for

improvement of fixed assets leased by operating lease.

Long-term deferred expenses shall be recorded into the account based on their actual amount of expenditure and shall be averagely amortized by their beneficial period, if long-term deferred expenses can not benefit subsequent accounting periods, the unamortized value of the project shall be all transferred to the profits and losses of the current period.

25. Contractual liabilities

Contract liability refers to the Company's obligation to transfer goods to customers for consideration received or receivable from customers. If before the Company transfers the goods to the customer, the customer has paid the contract consideration or the Company has obtained the unconditional right to receive payment, the Company will, at the earlier time point between the actual payment by the customer and the payment due, present the amount received or receivables as contract liabilities. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

26. Employees' wages and salaries

(1) Accounting treatment of short-term wages and salaries

In the accounting period during which employees provide services to the Company, the Company recognizes the short-term wages and salaries actually incurred as liabilities and charges them to the current-period profits and losses or relevant asset costs.

(2) Accounting treatment of separation benefits

Separation benefits are classified into the defined contribution plan and defined benefit plan

1) In the accounting period during which employees provide services to the Company, the Company recognizes the amount to be deposited (calculated according to the defined contribution plan) as liabilities and charges it to the current-period profits and losses or relevant asset costs.

2) Usually accounting treatment for the defined benefit plan consists of the following steps:

a. According to the projected unit credit method, adopt the unbiased and mutually consistent actuarial assumption to estimate the demographic variables and financial variables, measure obligations generated by the defined benefit plan, and determine the period to which relevant obligations belong;

b. In case that the defined benefit plan involves assets, recognize the deficit or surplus formed by reducing the fair value of assets of the defined benefit plan from the present obligation value of the defined benefit plan as one net liability or net asset of the defined benefit plan. If the defined benefit plan has any surplus, use the lower of the defined benefit plan surplus and the upper asset limit to measure net assets of the defined benefit plan. The upper asset limit refers to the present value of the economic interest that can be obtained by the Company from refund of the defined benefit plan or by reducing the fund to be deposited for the defined benefit plan in the future;

c. At the end of the period, recognize the costs of employees' wages and salaries arising from the defined benefit plan as the service costs, net interests of net liabilities or net assets of the defined benefit plan, and changes arising from remeasurement of net liabilities or net assets of the defined benefit plan, wherein the service costs and net interests of net liabilities or net assets of the defined benefit plan are recorded into the current-period profits/losses

or relevant asset costs, changes arising from remeasurement of net liabilities or net assets of the defined benefit plan are recorded into other comprehensive income and cannot be reversed to profits/losses in the subsequent accounting period, but such amount recognized in other comprehensive income can be transferred within the equity scope;

d. Recognize a settlement gain or loss during settlement of the defined benefit plan.

(3) Accounting treatment of dismiss welfare

The liability of employees' wages and salaries that arises from the dismiss welfare shall be recognized on the earlier one of the following two dates and charged to the current-period profits/losses:

1) When the Company cannot unilaterally cancel the dismiss welfare provided for the labor relationship cancellation plan or staff reduction suggestion;

2) When the Company recognizes the cost or expense related to reconstruction involving dismiss welfare payment.

(4) Accounting treatment of other long-term employee welfares

If other long-term employee welfares offered by the Company to employees comply with the defined contribution plan, accounting treatment will be conducted according to the defined contribution plan; the long-term benefits other than these will undergo accounting treatment according to the defined benefit plan. However, "changes arising from remeasurement of net liabilities or net assets of the defined benefit plan" under relevant employees' wages and salaries will be included into the current profits or losses or relevant asset costs.

27. Accrued liabilities

(1) Recognition of estimated liabilities

When the businesses related to contingencies such as external guarantee, pending action or arbitration, product quality assurance, plan for layoffs, loss contract, restructuring obligations and fixed asset disposal obligations meet all of the following conditions, they shall be recognized as liabilities:

1) The liabilities are present liabilities assumed by the Company;

2) The fulfillment of the liabilities might cause outflow of economic benefits from the enterprise.

3) The amount of the liabilities can be reliably measured.

(2) Measurement of estimated liabilities

The estimated liabilities shall be measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be recognized in accordance with the middle estimate within the range. In other cases, the best estimate shall be recognized in accordance with the following methods, respectively:

1) If the contingencies concern a single item, it shall be recognized in the light of the most likely outcome.

2) If the contingencies concern two or more items, the best estimate shall be calculated and recognized in accordance with all possible outcomes and the relevant probabilities.

When all or some of the expenses necessary for the liquidation of estimated liabilities of the company is expected to be compensated by a third party or other parties, the compensation shall be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement shall not exceed the carrying amount of the recognized estimated liabilities.

28. Revenue

For the contract between the Company and the customer, the Company recognizes the revenue at the point when the customer obtains control over the relevant goods and the following conditions are met simultaneously: the parties to the contract have approved the contract and promised to perform their respective obligations; the contract clarifies the rights and obligations of the parties to the contract in relation to the transferred goods or the provided services; the contract has clear payment terms related to the transferred goods; the contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow; and the consideration that the Company is entitled to obtain due to its transfer of goods to customers is likely to be recovered.

At the commencement date of the contract, the Company identifies each individual performance obligation in the contract, and allocates the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the Company considers the impact of out a variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

The Company recognizes the transaction price allocated to each individual performance obligation as revenue at the point when the customer obtains control over the relevant goods. When judging whether the customer has obtained control over the goods, the Company considers the following signs: where the Company has the current right to receive payment for the goods, that is, the customer has the current payment obligation for the goods; where the Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; where the Company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind; where the Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; where the customer has accepted the goods; and other signs that the customer has obtained control over the goods.

The Company's main sales of air conditioners and related products usually only include the performance obligations of the transferred goods.

(1) Income from selling goods

1) For the income from domestic sales of products, the Company mainly adopts the form of payment in advance, and recognizes the income when the product is outbound and delivered to the purchaser, the delivery order or outbound order is issued, and the amount of income from product sales is determined;

2) In terms of the export sales income, the Company completes the customs declaration and port departure procedures for the products according to the contract and obtains the bill of lading. The income is confirmed when the amount of the sales revenue is determined.

(2) Income from rendering labor services

1) For the income from storage services, after the relevant labor services are provided, the Company will settle the income on a monthly basis when the amount of income has been determined according to the working hours and standard wages of the services provided, facilities used and related expenses;

2) For the income from material processing services, the Company will recognize the income when it processes the materials according to the contract and delivers it to the customer to obtain the customer's receipt document, and the amount of income is determined.

3) The Company's service charge and commission income include the service charge income of acceptance business, service charge income of loan by mandate, etc.

For the service charge and commission income, the completion time point of the contractual performance obligations is determined according to the business settlement sheet formulated through settlement with the customer when the business is completed, and the specific amount of revenue is recognized according to the terms and ratios stipulated in the business contract or agreement.

(3) Income from abalienating the right to use assets

The income from abalienating the right to use assets includes the interest income, leasehold income, etc.

The Company confirms the income from abalienating the right to use assets when the income amount can be reliably measured and the relevant economic benefits are likely to flow into the enterprise.

1) The interest income of the Company includes the income from the interest of the money deposited at a financial enterprise and loan interest income. The income from the interest of the money deposited at a financial enterprise is recognized by period according to the time of depositing and the actual interest rate. The loan interest income is recognized when the Company grants self-operating loan and the interest is accrued by period. The loan interest income is recognized according to the effective interest rate method.

The effective interest rate method means that the amortization cost of a financial asset or financial liability and interest income or interest expenditure of each period are calculated according to its effective rate of interest. The effective rate of interest refers to the interest rate used to discount the future cash flow of a financial asset or financial liability within the expected period of existence or a shorter period to the current book value of the financial asset or financial liability. When determining the effective rate of interest, the Company predicts the future cash flow on the basis of considering all the contract terms of financial asset or financial liability, but does not consider the loss of future credits. All the charges paid or collected by the Company and becoming a constituent part of the effective rate of interest, transaction expense and transaction premium or discount shall be considered when the effective rate of interest is determined.

2) The leasehold revenue recognition conditions of the Company are as follows:

a. The lease contract, agreement or other settlement notices recognized by the lessee are available;

b. The obligations stipulated in the contract are fulfilled, the lease invoice is issued, and the price has been obtained or will be obtained for sure;

c. The rental cost can be measured reliably.

29. Government subsidies

A government subsidy means the monetary and non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the owner. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

The Company defines the obtained government subsidies used for purchase or construction, or forming the long-term assets by other ways as government subsidies pertinent to assets, and all the other government subsidies as government subsidies pertinent to income. If the government document does not specify the subsidy object, the following mode is adopted to classify the subsidies into government subsidies pertinent to income and government subsidies pertinent to assets:

(1) If the government document specifies the project to which the subsidy aims, the amount is divided according to the relative proportion of the paid amount to form assets to the paid amount to be recorded into expenses in the budget of this specific project, and this division proportion needs to be checked on every balance sheet date and be changed when necessary;

(2) If the government document provides only a general presentation of the purpose without specifying the specific project, the subsidy shall be regarded as government subsidy pertinent to income.

The government subsidies pertinent to assets shall be recognized as deferred income and included in the profits and losses by period according to the reasonable and systematic methods in the service life of the relevant asset when this asset reaches the intended state of use. Where the relevant asset is sold, transferred, scrapped or damaged before the service life ends, the related deferred income balance unallocated is transferred to the profits and losses of the current period of asset disposal.

If the government subsidies pertinent to incomes are used for compensating the related expenses or losses in the later period, they shall be recognized as deferred income when being obtained and shall be recorded into the current-period profits and losses in the period when the relevant expenses or losses are recognized; if the government subsidies pertinent to incomes are used for compensating the related cost expenses or losses incurred, they shall be recorded into the current-period profits and losses directly when being obtained.

The government subsidies pertinent to daily activities shall be recorded in other incomes; the government subsidies not pertinent to daily activities shall be recorded in the non-operating incomes and expenditures.

(3) The obtained subsidized interest of policy preference undergoes accounting treatment by differentiating the following two obtaining ways:

a. Where the financial department disburses the discount fund to the loan bank so that the loan bank provides a loan to the Company at the policy-based preferential interest rate, the fair value of loan is used as the entry value of loan, the borrowing cost is calculated according to the effective interest rate method, and the difference between the actual amount received and the fair value of borrowing is recognized as deferred income. The deferred income is amortized using the effective interest rate method in the borrowing remaining period to offset

the relevant borrowing cost.

b. Where the financial department disburses the discount fund to the Company directly, the corresponding discount is used to offset the relevant borrowing cost.

(4) Where the government subsidies are monetary assets, they shall be measured according to the amount received or receivable. Where the government subsidies of non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained in a reliable way, the subsidies shall be measured at the nominal amount. When a government subsidy is actually received, the Company usually recognizes and measures it according to the actually received amount. At the end of the period, however, if there is any exact evidence showing that the Company complies with relevant conditions provided in the financial supporting policy and it is expected to receive the capital support from the government, this subsidy shall be measured according to the amount receivable. The government subsidy measured according to the amount receivable shall comply with all the following conditions:

- 1) The amount of receivable subsidy has been confirmed by the authoritative government department by issuing a document, or the subsidy can be independently and reasonably measured and calculated in accordance with relevant provisions of the formally issued financial fund management measures and it is predicted that its amount does not involve significant uncertainty;
- 2) The subsidy is based on the financially supported project that is formally released by the local financial department and initiatively disclosed according to provisions of the Regulation of the People's Republic of China on the Disclosure of Government Information, as well as its financial fund management measures, and the management measures must be generous (any enterprise meeting the defined conditions can apply for the subsidy) and are not formulated specially for specific enterprises;
- 3) Other conditions that shall be matched according to specific conditions of the Company and this matter of subsidy.

30. Deferred income tax assets/deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and their carrying value. For deductible losses that can be deducted from taxable income in subsequent years in accordance with the provisions of the tax law, the corresponding deferred income tax assets are recognized. For temporary differences arising from the initial recognition of business reputation, the corresponding deferred income tax liabilities are not recognized. For temporary differences arising from the initial recognition of assets or liabilities arising from non-business combination transactions that neither affect accounting profits nor taxable income (or deductible losses), the corresponding deferred income tax assets and deferred income tax liabilities are not recognized. At the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The Company recognizes the deferred income tax assets to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary differences, deductible losses and tax deductions.

Deferred income tax liabilities are recognized for all taxable temporary differences arising from the investments in subsidiaries, joint ventures and associates, except to the extent that both of the following conditions are satisfied: the Company is able to control the timing of the reversal of the temporary differences; and it is likely that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences associated with investments in subsidiaries, joint ventures and associates if all of the following conditions are satisfied: It is likely that the deductible temporary difference will reverse in the foreseeable future and it is likely that taxable profit in the future will be available against which the deductible temporary difference can be utilized.

The deferred tax assets and the deferred tax liabilities are offset and presented on a net basis when all of conditions are satisfied:

- a. deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity of the Company; and
- b. the taxable entity of the Company has a legal right to settle current tax assets and liabilities on a net basis.

31. Lease

The term "lease" refers to an agreement under which the lessor conveys to the lessee in return for rent the right to use an asset for an agreed period of time. Leases consist of financing leases and operating leases.

(1) Accounting treatment of financial lease

Where a lease satisfies one or more of the following criteria, it shall be recognized as a financing lease:

- a. The ownership of the leased asset is transferred to the lessee when the term of lease expires;
- b. The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable. Thus, on the lease beginning date, it can be reasonably determined that the option will be exercised;
- c. Even if the ownership of the asset is not transferred, the lease term covers the major part (over 75.00% (included)) of the service life of the leased asset;
- d. In the case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all (over 90.00% (included)) of the fair value of the leased asset on the lease beginning date; in the case of the lessor, the present value of the minimum lease receipts on the lease beginning date amounts to substantially all (over 90.00% (included)) of the fair value of the leased asset on the lease beginning date; and
- e. The leased assets are of a specialized nature that only the lessee can use them without making major modifications.

A lease that does not satisfy the above conditions shall be recognized as an operating lease.

The fixed assets leased by financing lease shall be recorded into the account based on the lower of the fair value of leased assets on the lease beginning date and the present value of the minimum lease payments, and a depreciation of the said fixed assets shall be made in accordance with the depreciation policies for the depreciable assets owned by the lessee.

(2) Accounting treatment of operating lease

The rents paid by the lessee shall be recorded by the Company into the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The direct costs incurred from operating leases carried on by the Company shall be directly recorded into the profits and losses of the current period. The contingent rents involved in the operating lease agreement shall be recorded into the profits and losses of the current period in which they actually arise.

32. Discontinued operation

Discontinued operation refers to a constituent part that meets one of the following conditions and can be distinguished separately, and this constituent part has been disposed of or classified into the category held for sale:

- (1) This constituent part represents an independent main business or a separate main business area;
- (2) This constituent part is one part of an associated plan for disposing of an independent main business or a separate main business area;
- (3) This constituent part is a subsidiary specially acquired for resale.

The Company lists the continuous operation profit and loss and discontinued operation profit and loss in the consolidated income statement and the income statement respectively. For the non-current asset or disposal group held for sale that does not comply with the definition of discontinued operation, its impairment loss and reversed amount and profit and loss from disposal shall be listed as continuous operation profit and loss. The impairment loss and reversed amount of discontinued operation and other operation profits and losses and profits and losses from disposal shall be listed as discontinued operation profits and losses.

For the discontinued operation listed in the current period, in the current financial statements, the information originally listed as continuous operation profit and loss is re-listed as discontinued operation profits and losses of the comparable accounting period. Where the disposal group for discontinued use that is not for sale meets the condition of the relevant constituent part in the definition of discontinued operation, it shall be listed as discontinued operation from the date of discontinued use. Where the control right of a subsidiary is lost due to reasons such as selling the investment into the subsidiary and this subsidiary complies with the definition of discontinued operation, the relevant discontinued operation profits and losses shall be listed in the consolidated income statement.

33. Segment report

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, determines the report segment based on the operating segment, and discloses the segment information.

The operating segment refers to the constituent part in the Company that meets the following conditions at the same time:

- (1) This constituent part can generate income and cost in daily activities;
- (2) The management of the Company can regularly evaluate the operating results of the constituent part so as to decide configuration of resources to it and evaluate its performance;
- (3) The Company can obtain the relevant accounting information of this constituent part such as its financial status,

operating results and cash flows. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they can be combined into one operating segment.

34. Hedging

To avoid certain risks, the Company hedges certain financial instruments as hedging instruments. Hedge that meets the prescribed conditions will be handled by the Company using hedge accounting methods. The Company's hedging includes fair value hedge, cash flow hedge and hedge of net investment in overseas operations.

At the beginning of the hedging, the Company officially designates the hedging tool and the hedged item, and prepares written documents on the hedging relationship and the risk management strategy and risk management objectives of the Company engages in hedging. In addition, the Company will continue to assess the effectiveness of the hedging when and after the hedging begins.

(1) Fair value hedge

For eligible hedging instruments designated as fair value hedge, the gains or losses generated thereby are included in the current profits and losses. If a hedging instrument is hedged on a non-trading equity instrument investment (or its component) that is selected to be measured at fair value and of which changes are included in other comprehensive income, the gains and losses generated thereby are included in other comprehensive income. Gain or loss of a hedged item due to hedging risk exposure is included in the current profits and losses, while adjusting the book value of the hedged item. If a hedged item is measured at fair value, the gain or loss of the hedged item due to hedging risk exposure does not need to adjust the book value of the hedged item, and the related gain and loss are included in the current profits or losses or other comprehensive income.

When the Company revokes the designation of the hedging relationship, the hedging instrument has expired or is sold, the contract is terminated or exercised, or the conditions for the use of hedging accounting is no longer met, the use of hedging accounting is terminated.

(2) Cash flow hedge

For eligible hedging instruments designated as cash flow hedge, the portion of the gains or losses generated thereby that is determined to be an effective hedge is included in other comprehensive income, while the portion that is determined to be an ineffective hedge is included in the current profits and losses.

If the expected transaction causes the Company to subsequently recognize a non-financial asset or non-financial liability, or the expected transaction of the non-financial asset or non-financial liability forms a firm commitment applicable to fair value hedge accounting, the Company will transfer out the amount of cash flow hedge reserve originally recognized in other comprehensive income and includes it in the initial recognition amount of the asset or liability. For other cash flow hedging, the Company will, during the same period in which the hedged expected cash flow affects the profit or loss, transfer out the amount of cash flow hedge reserve originally recognized in other comprehensive income and includes it in the current profits and losses.

If it is expected that all or part of the net loss originally included in other comprehensive income cannot be compensated in the future accounting period, the portion which cannot be compensated will be transferred out and included in the current profits and losses.

When the Company terminates the use of hedging accounting for cash flow hedges, the accumulated cash flow

hedge reserve that has been included in other comprehensive income will be retained when future cash flow expectations still occur, and will be transferred out of other comprehensive income and included in the current profits and losses when future cash flow expectations no longer occur.

(3) Hedge of net investment in an overseas operation

Hedge of net investment in overseas operations is accounted for using a method similar to the cash flow hedge. Among the gains or losses of hedging instruments, the portion that is determined to be an effective hedge is included in other comprehensive income, while the portion that is determined to be an ineffective hedge is included in the current profits and losses.

Gains and losses that have been included in other comprehensive income will be transferred out of other comprehensive income and included in the current profits and losses when disposing of overseas operations.

35. Major accounting policies and accounting estimate changes

(1) Changes of major accounting policies

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 14 - Revenues (Finance and Accounting [2017] No. 22) (hereinafter referred to as "new revenue standards") on 5 July, 2017, requiring companies listed at home and abroad at the same time and companies listed overseas and adopting IFRS or Accounting Standards for Business Accounting to prepare financial statements to implement the new revenue standards from 1 January, 2018; and requiring other domestic listed companies to implement the new revenue standards from 1 January, 2020. Under the new revenue standards, the Company makes corresponding changes to its accounting policies and implements the new revenue standards from 1 January, 2020.

Under the new revenue standards, the Company only adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact on the contract which has not been fulfilled on the first implementation date.

Before and after the implementation of the new revenue standards, the main difference in revenue recognition accounting policies is that the timing of revenue recognition changes from the transfer of risks and rewards to the transfer of control. Before and after the implementation of the new revenue standards, the Company's business model and contract terms remain unchanged, and there is no difference in the specific timing of revenue recognition. The implementation of the new revenue standards has no significant impact on the operating income, net profit attributable to the Company's common shareholders, total assets, and net assets attributable to the company's common shareholders in each year (end) before the first implementation date.

(2) Changes of major accounting estimates

None.

(3) Adjustments to relevant items in financial statements at the beginning of the period of the first implementation year due to the first implementation of new revenue standards from 2020

Report item	Amount as at 31 December, 2019 (before change)		Amount as at 1 January, 2020 (after change)	
	Consolidated statements	Parent company's statements	Consolidated statements	Parent company's statements

Current assets:				
Accounts receivable	8,513,334,545.08	3,873,270,521.33	8,439,719,697.00	3,873,270,521.33
Contract assets			73,614,848.08	
Total current assets	213,364,040,964.83	191,741,346,310.18	213,364,040,964.83	191,741,346,310.18
Current liabilities:				
Advances from customers	8,225,707,662.42	11,832,592,136.06		-
Contractual liabilities			7,311,804,415.54	10,965,696,063.40
Other current liabilities	65,181,491,855.14	64,375,139,451.87	66,095,395,102.02	65,242,035,524.53
Total current liabilities	169,568,300,209.60	163,622,323,232.13	169,568,300,209.60	163,622,323,232.13

Description about adjustments: For the financial statements at the beginning of the period, the Company's implementation of the new revenue standards only affects the reclassification of assets and liabilities, but has no impact on the total assets, total liabilities and total net assets.

(4) Adjustments to relevant items in financial statements at the end of the period of the first implementation year due to the first implementation of new revenue standards from 2020

Report item	Amount under the new revenue standards as at 31 December, 2020		Amount under the old revenue standards as at 31 December, 2020	
	Consolidated statements	Parent company's statements	Consolidated statements	Parent company's statements
Current assets:				
Accounts receivable	8,738,230,905.44	3,548,791,695.27	8,816,776,431.04	3,548,791,695.27
Contract assets	78,545,525.60			
Total current assets	213,632,987,164.66	190,395,751,656.57	213,632,987,164.66	190,395,751,656.57
Current liabilities:				
Advances from customers			13,147,449,930.78	16,044,928,449.57
Contractual liabilities	11,678,180,424.65	14,594,653,911.45		
Other current liabilities	64,382,254,283.54	59,737,975,078.14	62,912,984,777.41	58,287,700,540.02
Total current liabilities	158,478,718,130.74	157,595,121,705.31	158,478,718,130.74	157,595,121,705.31

Description about adjustments: For the financial statements at the end of the period, the Company's implementation of the new revenue standards only affects the reclassification of assets and liabilities, but has no impact on the total assets, total liabilities and total net assets.

IV. Taxes

1. Main tax categories and tax rates

Category	Tax Base	Tax Rate
Added-value tax	Value added because of sales of commodities or rendering of services	13.00%, 9.00%, 6.00%, etc.
Urban maintenance & construction tax	Circulation taxes payable	7.00%, 5.00%
Educational surcharges	Circulation taxes payable	3.00%
Local education surcharge	Circulation taxes payable	2.00%
Business income tax	Taxable income	34.00%, 25.00%, 20.00%, 16.50%, 15.00%, etc.

[Note] The place of business of the Company's subsidiary Hong Kong Gree Electric Appliances Sales Limited is Hong Kong Special Administrative Region, and the profit tax rate of Hong Kong is 16.50%; the place of business of the Company's subsidiaries Gree (Brazil) Electric Appliances Co., Ltd. and Brazil United Electric Appliances Industry and Commerce Co., Ltd. is Brazil, and the federal enterprise income tax rate of Brazil is 34.00%.

2. Tax preferences

(1) The Company was registered in Zhuhai, Guangdong, and has been enjoying the preferential policy for the high and new tech enterprises (High-tech Enterprise Certificate No. GR202044007307). The Company applied the income tax rate of 15.00%, which is valid for 3 years.

(2) Deemed to be high and new tech enterprises, the following subsidiaries of the Company applied the enterprise income tax rate of 15.00% in 2020

No.	Name of tax payer	Certificate number	Time for acquiring the certificate	Valid period
1	Zhuhai Landa Compressor Co., Ltd.	GR202044007788	9 December, 2020	Three years
2	Zhuhai Gree Xinyuan Electronics Co., Ltd.	GR201944009719	30 November, 2019	Three years
3	Zhuhai Kaibang Motor Manufacture Co., Ltd.	GR201844002288	28 November, 2018	Three years
4	Zhuhai Gree Daikin Precision Mold Co., Ltd.	GR201944005454	2 December, 2019	Three years
5	Gree (Hefei) Electric Appliances Co., Ltd.	GR202034000570	17 August, 2020	Three years
6	Gree Green Refrigeration Technology Center Co., Ltd. Of Zhuhai	GR202044006403	9 December, 2020	Three years
7	Gree (Wuhan) Electric Appliances Co., Ltd.	GR201942003097	28 November, 2019	Three years
8	Gree (Zhengzhou) Electric Appliances Co., Ltd.	GR202041001002	9 September, 2020	Three years
9	Gree (Wuhu) Electric Appliances Co., Ltd.	GR202034002197	17 August, 2020	Three years
10	Gree (Shijiazhuang) Electric Appliances Co., Ltd.	GR201913002804	2 December, 2019	Three years
11	Zhuhai IVP Information Technology Co., Ltd.	GR201944005394	2 December, 2019	Three years
12	Changsha Gree HVAC Equipment Co., Ltd.	GR202043000055	11 September, 2020	Three years
13	Zhuhai Gree Precision Mold Co., Ltd.	GR202044007901	9 December, 2020	Three years

No.	Name of tax payer	Certificate number	Time for acquiring the certificate	Valid period
14	GREE (Zhongshan) Home Appliances Co., Ltd.	GR202044011848	9 December, 2020	Three years
15	Hefei Kinghome Electrical Co., Ltd.	GR201834001303	24 July, 2018	Three years
16	Zhuhai Gree New Material Co., Ltd.	GR201944009559	2 December, 2019	Three years
17	Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	GR201913002825	2 December, 2019	Three years
18	Zhuhai Gree Dakin Device Co., Ltd.	GR201844007626	28 November, 2018	Three years
19	Zhuhai Gree Electrical and Mechanical Engineering Co., Ltd.	GR202044011411	9 December, 2020	Three years
20	Gree TOSOT (Suqian) Home Appliances Co., Ltd.	GR202032012986	2 December, 2020	Three years
21	Gree (Hangzhou) Electric Appliances Co., Ltd.	GR202033001006	1 December, 2020	Three years
22	Hefei Landa Compressor Co., Ltd.	GR202034001654	17 August, 2020	Three years
23	Zhengzhou Landa Compressor Co., Ltd.	GR202041001848	4 December, 2020	Three years
24	Wuhan Landa Compressor Co., Ltd.	GR202042001716	1 December, 2020	Three years
25	Hefei Kaibang Motor Manufacture Co., Ltd.	GR202034002198	17 August, 2020	Three years
26	Henan Kaibang Motor Manufacture Co., Ltd.	GR202041000105	9 September, 2020	Three years
27	Gree Electric Enterprises (Ma'anshan) Ltd.	GR202034001625	17 August, 2020	Three years

(3) The following subsidiaries of the Company enjoy the country's western development policy, and applied the income tax rate of 15.00%.

No.	Name of tax payer	Start time
1	Gree (Chongqing) Electric Appliances Co., Ltd.	1 January, 2008
2	Chongqing Landa Compressor Co., Ltd.	1 January, 2015
3	Chongqing Kaibang Motor Manufacture Co., Ltd.	1 January, 2013
4	Chengdu Gree Xinhui Medical Equipment Co., Ltd.	8 April, 2020

V. Item notes of consolidated financial statements

For the following note items (including notes to the main items of the parent company's financial statements), unless otherwise specified, "the beginning of the period" means 1 January, 2020, "the end of the period" means 31 December, 2020, and "the end of the previous year" means 31 December, 2019, "the current year" refers to 2020, and "the previous year" refers to 2019. Unless otherwise stated, the amount unit is RMB Yuan.

1. Monetary capital

Item	Balance at the end of the period	Beginning Balance
Cash on hand	468,623.79	1,357,064.14

Item	Balance at the end of the period	Beginning Balance
Bank deposits	78,022,377,237.18	62,105,349,148.41
Other monetary capital [Note 1]	18,693,373,853.14	10,695,206,587.82
Deposits in central bank [Note 2]	2,039,998,699.60	3,016,086,870.50
Deposits in other banks	35,190,517,674.79	47,928,688,430.00
Subtotal	133,946,736,088.50	123,746,688,100.87
Including: Total amount deposited abroad	637,626,876.23	631,329,193.55
Accrued interest	2,466,407,771.31	1,654,027,166.77
Total	136,413,143,859.81	125,400,715,267.64

[Note 1] The balance at the end of the period of other monetary capital refers to banks' acceptance bill deposits, guarantee deposits, letter of credit deposits, etc., where the restricted fund was RMB 18,297,513,521.07;

[Note 2] The statutory deposit reserve in the Company's deposits in central bank are RMB 2,037,889,970.12, and its use is restricted;

[Note 3] Except the above situations, there are no other funds in the end-of-period balance of monetary funds that have limited use and potential recovery risks due to mortgage, pledge or freezing.

2. Trading financial assets

Item	Balance at the end of the period	Beginning Balance
Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses	370,820,500.00	955,208,583.58
Including: Debt instrument investment	370,820,500.00	955,208,583.58
Total	370,820,500.00	955,208,583.58

3. Derivative financial assets

Item	Balance at the end of the period	Beginning Balance
Forward foreign exchange settlement/sale	285,494,153.96	92,392,625.69
Total	285,494,153.96	92,392,625.69

4. Accounts receivable

(1) Accounts receivables is disclosed by account age

Account age	Balance at the end of the period
Within 1 year	7,933,682,269.67
1 to 2 years	603,725,306.34
2 to 3 years	515,803,198.01
Over 3 years	438,137,210.08
Subtotal	9,491,347,984.10

Account age	Balance at the end of the period
Less: Bad debt provisions	753,117,078.66
Total	8,738,230,905.44

[Note] The Company's accounts receivable with the account age of over 1 year are mainly subsidy receivables of RMB 1,121,467,230.00 for dismantling waste electrical and electronic products and receivables of RMB 273,816,766.58 for commercial coal-to-electricity, subway and other commercial air-conditioning projects.

(2) Accounts receivable is disclosed by category

Category	Balance at the end of the period				Carrying amount
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage of appropriation (%)	
Accounts receivable with bad debt provisions accrued separately	125,518,248.51	1.32	125,518,248.51	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	9,365,829,735.59	98.68	627,598,830.15	6.70	8,738,230,905.44
Including: account age combination	7,773,779,870.59	81.91	484,681,830.93	6.23	7,289,098,039.66
Low risk combination	1,592,049,865.00	16.77	142,916,999.22	8.98	1,449,132,865.78
Total	9,491,347,984.10	100.00	753,117,078.66	7.93	8,738,230,905.44

(Continued)

Category	Beginning Balance				Carrying amount
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage of appropriation (%)	
Accounts receivable with bad debt provisions accrued separately	132,904,666.21	1.45	132,904,666.21	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	9,030,300,257.90	98.55	590,580,560.90	6.54	8,439,719,697.00
Including: account age combination	7,743,407,932.90	84.51	486,153,539.81	6.28	7,257,254,393.09
Low risk combination	1,286,892,325.00	14.04	104,427,021.09	8.11	1,182,465,303.91
Total	9,163,204,924.11	100.00	723,485,227.11	7.90	8,439,719,697.00

1) Accounts receivable with bad debt provisions accrued separately:

Name	Balance at the end of the period			
	Book balance	Bad debt provision	Percentage of appropriation (%)	Reason for appropriation
A total of 10 units	125,518,248.51	125,518,248.51	100.00	Expected to be difficult to recover
Total	125,518,248.51	125,518,248.51	100.00	--

2) In the combination, the accounts receivable with bad debt provisions accrued by account age combination:

Account age	Book balance	Bad debt provision	Percentage of appropriation (%)
Within 1 year	7,463,099,634.67	373,154,982.04	5.00
1 to 2 years	177,536,216.34	35,507,243.30	20.00
2 to 3 years	114,248,828.01	57,124,414.02	50.00
Over 3 years	18,895,191.57	18,895,191.57	100.00
Total	7,773,779,870.59	484,681,830.93	6.23

[Note] For the specific basis for recognition of this combination, refer to Note III. 11.

3) In the combination, the accounts receivable with bad debt provisions accrued by low risk combination

Name	Balance at the end of the period		
	Book balance	Bad debt provision	Percentage of appropriation (%)
Low risk combination	1,592,049,865.00	142,916,999.22	8.98
Total	1,592,049,865.00	142,916,999.22	8.98

[Note] For the specific basis for recognition of this combination, refer to Note III. 11.

(3) Bad debt provision appropriated, recovered or reversed in the current period

Category	Beginning Balance	Change of the current period				Balance at the end of the period
		Appropriation	Recovered or reversed	Wrote-off	Changes in the consolidation scope	
Accrued separately	132,904,666.21		7,385,343.48	1,074.22		125,518,248.51
Account age combination	486,153,539.81		5,712,733.52	7,880.50	4,248,905.14	484,681,830.93
Low risk combination	104,427,021.09	38,489,978.13				142,916,999.22
Total	723,485,227.11	38,489,978.13	13,098,077.00	8,954.72	4,248,905.14	753,117,078.66

[Note] There was no significant recovery or reversal of bad debt provisions during the current period.

(4) Particulars on accounts receivable actually wrote-off in the current period

Item	Wrote-off amount
A total of 3 units	8,954.72

[Note] There was no significant writing-off of accounts receivable during the current period.

(5) Accounts receivable of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Balance at the end of the period of accounts receivable	Percentage (%) in the total balance at the end of the period of accounts receivable	Balance of provision for bad debts at the end of the period
First	1,592,049,865.00	16.77	142,916,999.22
Second	838,838,926.80	8.84	41,941,946.34

Name of entity	Balance at the end of the period of accounts receivable	Percentage (%) in the total balance at the end of the period of accounts receivable	Balance of provision for bad debts at the end of the period
Third	421,266,292.15	4.44	21,063,314.61
Fourth	252,078,651.19	2.66	12,603,932.56
Fifth	226,116,412.62	2.38	11,305,820.63
Total	3,330,350,147.76	35.09	229,832,013.36

(6) Accounts receivable derecognized due to the transfer of financial assets

None.

(7) Assets and liabilities formed due to the transfer and continuous involvement of accounts receivable

None.

5. Receivables financing

(1) Receivables financing is presented by category

Item	Balance at the end of the period	Beginning Balance
Notes receivable measured at fair value	20,973,404,595.49	28,226,248,997.12
Including: Bank acceptance bills	20,972,269,154.21	28,180,783,659.30
Including: Notes accepted by Gree Finance Company	1,105,774,342.96	3,534,750,791.04
Commercial acceptance bills	1,135,441.28	45,465,337.82
Total	20,973,404,595.49	28,226,248,997.12

[Note] For the specific basis for recognition of this combination, refer to Note III. 11.

(2) Receivables financing pledged by the Company at the end of the period

Item	Pledged amount at the end of the period
Bank acceptance bills	10,145,874,359.07
Total	10,145,874,359.07

(3) Receivables financing that has been endorsed or discounted by the Company at the end of the period but not yet due at the balance sheet date

Item	Amount whose recognition is terminated at the end of the period	Amount whose recognition is not terminated at the end of the period
Bank acceptance bills [Note]	37,016,180,562.63	4,585,817,500.00
Commercial acceptance bills		2,772,280.94
Total	37,016,180,562.63	4,588,589,780.94

[Note] The acceptor of bank acceptance bills not derecognized at the end of the period mentioned above is Zhuhai Gree Group Finance Company Limited, a subsidiary of the Company, which has the final acceptance

responsibility for the discount or endorsement.

(4) Receivables financing transferred by the Company into accounts receivable due to the note issuer's failure of performance

None.

(5) Receivables financing actually wrote-off in the current period

None.

6. Prepayment

(1) The prepayments are listed by account age as follows:

Account age	Balance at the end of the period		Beginning Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	3,103,519,802.42	99.18	2,375,291,199.19	99.15
1 to 2 years	17,658,164.08	0.56	16,328,421.09	0.68
2 to 3 years	5,665,338.67	0.18	1,401,531.66	0.06
Over 3 years	2,358,698.07	0.08	2,589,403.32	0.11
Total	3,129,202,003.24	100.00	2,395,610,555.26	100.00

(2) Prepayments of the current period whose account age exceeded one year and amount was important

None.

(3) Prepayments of top 5 prepayment objects in the balance at the end of the period collected by the prepayment object

The aggregate balance amount of prepayments of top 5 suppliers in the balance at the end of the period collected by the supplier was RMB 1,486,335,222.60, accounting for 47.50% of the total balance of prepayments at the end of the period.

7. Other receivables

Item	Balance at the end of the period	Beginning Balance
Other receivables	147,338,547.86	159,134,399.10
Total	147,338,547.86	159,134,399.10

[Note] The Company had no interest receivable and dividend receivable balances at the end of the period and the beginning of the period.

(1) Classification of other receivables by the nature of money

Nature of money	Book balance at the end of the period	Book balance at the beginning of the period
Current and low-risk payments	165,954,624.87	177,704,695.37

Nature of money	Book balance at the end of the period	Book balance at the beginning of the period
Less: Bad debt provisions	18,616,077.01	18,570,296.27
Total	147,338,547.86	159,134,399.10

(2) Particulars on accruing of bad debt provisions

Bad debt provision	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as at 1 January, 2020	8,096,833.06		10,473,463.21	18,570,296.27
Appropriation for the current period			18,370.11	18,370.11
Reserved in the current period	1,770,917.91			1,770,917.91
Wrote-off in the current period			50,920.20	50,920.20
Changes in the consolidation scope during the current period	1,051,982.28		797,266.46	1,849,248.74
Balance as at 31 December, 2020	7,377,897.43		11,238,179.58	18,616,077.01

(3) Disclosure by account age

Account age	Book balance
Within 1 year	151,127,945.46
1 to 2 years	2,800,662.90
2 to 3 years	2,695,938.99
Over 3 years	9,330,077.52
Subtotal	165,954,624.87
Less: Bad debt provisions	18,616,077.01
Total	147,338,547.86

(4) Bad debt provision appropriated, recovered or reversed in the current period

Category	Beginning Balance	Change of the current period				Balance at the end of the period
		Appropriation	Recovered or reversed	Wrote-off	Changes in the consolidation scope	
Account age combination	18,570,296.27	18,370.11	1,770,917.91	50,920.20	1,177,748.74	17,944,577.01
Low risk combination					671,500.00	671,500.00
Total	18,570,296.27	18,370.11	1,770,917.91	50,920.20	1,849,248.74	18,616,077.01

[Note] There was no significant reversal or recovery of bad debt provisions during current period.

(5) Particulars on other receivables actually wrote-off in the current period

Item	Wrote-off amount
A total of 5 units	50,920.20

[Note] There was no significant writing-off of other receivables during the current period.

(6) Other receivables of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Nature of money	Balance at the end of the period	Account age	Proportion to the total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
First	Intercourse funds	28,070,764.04	Within 1 year	16.91	1,403,538.20
Second	Low-risk money	9,000,000.00	Within 1 year	5.42	355,500.00
Third	Low-risk money	8,000,000.00	Within 1 year	4.82	316,000.00
Fourth	Intercourse funds	7,162,906.75	Within 1 year	4.32	358,145.34
Fifth	Intercourse funds	5,483,816.35	Within 1 year	3.30	274,190.82
Total	--	57,717,487.14	--	34.77	2,707,374.36

(7) Receivables involving government subsidies

None.

(8) Other receivables derecognized due to the transfer of financial assets

None.

(9) Assets and liabilities formed due to the transfer and continuous involvement of other receivables

None.

8. Inventories

(1) Classification of inventories

Item	Balance at the end of the period		
	Book balance	Provision for the loss on decline in value of inventories or provision for the impairment of contract performance cost	Carrying amount
Raw material	8,959,268,217.85	388,954,526.10	8,570,313,691.75
Goods in process and contract performance cost	2,046,139,363.33		2,046,139,363.33
Finished goods	15,761,579,871.16	108,259,680.25	15,653,320,190.91
Development cost [Note]	1,609,731,913.40		1,609,731,913.40
Total	28,376,719,365.74	497,214,206.35	27,879,505,159.39

(Continued)

Item	Beginning Balance
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	Book balance	Provision for the loss on decline in value of inventories or provision for the impairment of contract performance cost	Carrying amount
Raw material	10,313,734,271.81	207,784,826.11	10,105,949,445.70
Goods in process and contract performance cost	1,833,675,212.23		1,833,675,212.23
Finished goods	11,120,744,840.53	49,841,301.93	11,070,903,538.60
Development cost	1,074,325,867.76		1,074,325,867.76
Total	24,342,480,192.33	257,626,128.04	24,084,854,064.29

[Note] The development cost is a supporting project of Luoyang base real estate developed and constructed by the Company based on the housing needs of employees.

(2) Provision for obsolete stocks

Item	Beginning Balance	Increased amount in the current period	Decreased amount in the current period	Balance at the end of the period
		Appropriation	Write-off amount	
Raw material	207,784,826.11	256,488,647.08	75,318,947.09	388,954,526.10
Finished goods	49,841,301.93	80,148,006.02	21,729,627.70	108,259,680.25
Total	257,626,128.04	336,636,653.10	97,048,574.79	497,214,206.35

Specific bases for making a provision for decline in value of inventories and reasons of reversing or writing off the provision for decline in value of inventories in the current period:

Item	Specific basis for making a provision for decline in value of inventories	Writing off the provision for decline in value of inventories in the current period
Raw material	The lower of the inventory cost and net realizable value	Applied for or sold in the current period
Finished goods	The lower of the inventory cost and net realizable value	Sold in the current period

(3) The inventory balance at the end of the period did contain capitalized amounts of borrowing costs

None.

(4) Amortization amount of the current period of contract performance cost

None.

9. Contract assets

(1) Contract assets are disclosed by account age

Account age	Balance at the end of the period
Within 1 year	57,650,874.29
1 to 2 years	26,198,716.11

2 to 3 years	5,636,444.31
Over 3 years	2,300,800.00
Subtotal	91,786,834.71
Less: provision for impairment	13,241,309.11
Total	78,545,525.60

(2) Contract assets are disclosed by category

Item	Balance at the end of the period			Beginning Balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Account age combination	91,786,834.71	13,241,309.11	78,545,525.60	81,819,226.44	8,204,378.36	73,614,848.08
Total	91,786,834.71	13,241,309.11	78,545,525.60	81,819,226.44	8,204,378.36	73,614,848.08

[Note] The book value of contract assets did not change significantly during the current period.

(3) Particulars on impairment provisions accrued for contract assets in the current period:

Item	Beginning Balance	Appropriation for the current period	Reserved in the current period	Resold/wrote-off in the current period	Balance at the end of the period
Account age combination	8,204,378.36	5,036,930.75			13,241,309.11
Total	8,204,378.36	5,036,930.75			13,241,309.11

10. Non-current assets due within one year

Item	Balance at the end of the period	Beginning Balance
Other debt investments due within one year		410,404,100.00
Debt investments due within one year		18,000,000.00
Subtotal		428,404,100.00
Accrued interest		16,993,610.39
Total		445,397,710.39

11. Other current assets

Item	Balance at the end of the period	Beginning Balance
Structured deposits and wealth management products	8,274,000,000.00	16,211,800,000.00
Input tax to be deducted and prepaid tax	2,532,692,156.12	3,744,248,963.45
Notes which have been endorsed or discounted but not yet due [Note]	4,588,589,780.94	2,876,918,995.36
Hedging tools and others	104,308,689.13	37,399,876.25
Subtotal	15,499,590,626.19	22,870,367,835.06
Accrued interest	117,711,287.68	220,776,381.62

Item	Balance at the end of the period	Beginning Balance
Total	15,617,301,913.87	23,091,144,216.68

[Note] As of the disclosure date of this report, the accepted amount of the notes that have endorsed or discounted but have not yet expired was RMB 1,695,817,500.00.

12. Disbursement of loans statements and advances

(1) Distribution of enterprises and individuals

Item	Balance at the end of the period	Beginning Balance
Disbursement of loans statements and advances measured at amortized costs:		
Disbursement of corporate loans and advances	5,403,251,177.80	14,771,705,384.26
Including: (1) Loan	3,857,680,000.00	14,723,530,000.00
(2) Discount	1,545,571,177.80	48,175,384.26
Including: discount asset interest adjustment	-7,547,171.66	-470,366.74
Less: loan loss provision	135,269,958.74	369,304,393.78
Including: combined appropriation	135,269,958.74	369,304,393.78
Subtotal	5,267,981,219.06	14,402,400,990.48
Accrued interest	5,824,362.46	21,385,418.74
Book value of disbursement of corporate loans and advances	5,273,805,581.52	14,423,786,409.22

[Note] During the current period, affected by the epidemic, the business scale of member units and upstream and downstream enterprises fell, and the Company carefully verified the credit information and repayment ability of loan customers, so the scale of disbursement of loans and advances declined to a certain extent.

(2) Changes in loss provision for loans

Item	Balance at the end of the period	Beginning Balance
Disbursement of loans statements and advances measured at amortized costs:		
Beginning Balance	369,304,393.78	232,937,547.86
Appropriation for the current period	-234,034,435.04	136,366,845.92
Balance at the end of the period	135,269,958.74	369,304,393.78

13. Other debt investments

(1) Particulars on other debt investments

Item	Balance at the end of the period
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	Cost	Accrued interest	Changes in fair value	Carrying amount	Accumulated loss provisions recognized in other comprehensive income
Treasuries	292,922,755.76	3,378,082.20	2,565,844.24	298,866,682.20	
Corporate bonds	199,243,635.63	1,890,410.97	2,201,564.37	203,335,610.97	
Subtotal	492,166,391.39	5,268,493.17	4,767,408.61	502,202,293.17	
Less: Other debt investments due within one year					
Total	492,166,391.39	5,268,493.17	4,767,408.61	502,202,293.17	

(Continued)

Item	Beginning Balance				Accumulated loss provisions recognized in other comprehensive income
	Cost	Accrued interest	Changes in fair value	Carrying amount	
Treasuries	291,763,065.93	3,378,082.20	1,695,134.07	296,836,282.20	
Corporate bonds	409,921,468.45	16,385,260.26	482,631.55	426,789,360.26	
Subtotal	701,684,534.38	19,763,342.46	2,177,765.62	723,625,642.46	
Less: Other debt investments due within one year	409,921,468.45	16,385,260.26	482,631.55	426,789,360.26	
Total	291,763,065.93	3,378,082.20	1,695,134.07	296,836,282.20	

(2) Important other debt investments

Other debt items	Balance at the end of the period				Beginning Balance			
	Face value	Coupon rate	Real interest rate	Date due	Face value	Coupon rate	Real interest rate	Date due
16 Interest-bearing treasuries 17	200,000,000.00	2.74%	3.10%	4 August, 2026	200,000,000.00	2.74%	3.10%	4 August, 2026
16 Interest-bearing treasuries 17	100,000,000.00	2.74%	3.44%	4 August, 2026	100,000,000.00	2.74%	3.44%	4 August, 2026
17 Baoanji MTN001					60,000,000.00	6.20%	6.24%	18 August, 2020
10 State grid bonds 01					350,000,000.00	4.74%	4.98%	5 February, 2020
20 Nongfa 08	200,000,000.00	3.45%	3.54%	23 September, 2025				
Total	500,000,000.00	—	—	—	710,000,000.00	—	—	—

14. Long-term equity investment

Name of invested entities	Beginning Balance		Increase/Decrease in the current period								Balance at the end of the period	
	Original value	Provision for impairment	Additional investment	Disinvestment	Investment profits/losses recognized under the equity method	Adjustment of other comprehensive income	Changes in other equities	Cash dividends or profits declared to distribute	Provision for impairment	Others	Original value	Provision for impairment
1. Joint venture												
Songyuan Grain Group Co., Ltd. [Note 1]	74,672,147.86		150,000,000.00		24,532,722.21			2,932,373.42		-246,272,496.65		
Subtotal	74,672,147.86		150,000,000.00		24,532,722.21			2,932,373.42		-246,272,496.65		
2. Associates												
Gree (Vietnam) Electric Appliances, Inc.	1,940,009.35	1,940,009.35									1,940,009.35	1,940,009.35
Liaowang All Media Communication Co., Ltd.	31,511,790.36				1,574,756.85		2,966,412.88				36,052,960.09	
Beijing Gree Technology Co., Ltd.	2,701,833.71				-407,582.62						2,294,251.09	
Chongqing Pargo Mechanical Equipment Co., Ltd.	11,565,505.21				-316,275.18						11,249,230.03	
Gree Volinco (Hong Kong) Ltd.	924,327.19			1,169,388.58	427,819.56	-182,758.17						
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	14,574,841.85				154,246.07						14,729,087.92	
Hunan Guoxin Semiconductor Technology Co., Ltd.	10,010,170.50		10,000,000.00		89,674.97						20,099,845.47	
Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)	6,867,715,580.60				-21,142,722.89	215,136,201.85					7,061,709,059.56	
Henan Yuze Finance Leasing Co., Ltd.	50,509,964.01				1,286,191.49			509,963.75			51,286,191.75	
Zhuhai Hanling Equity Investment Partnership (Limited Partnership) [Note 2]			920,000,000.00		29,115,512.75			26,695,076.52			922,420,436.23	
Subtotal	6,991,454,022.78	1,940,009.35	930,000,000.00	1,169,388.58	10,781,621.00	214,953,443.68	2,966,412.88	27,205,040.27			8,121,781,071.49	1,940,009.35

Name of invested entities	Beginning Balance		Increase/Decrease in the current period								Balance at the end of the period	
	Original value	Provision for impairment	Additional investment	Disinvestment	Investment profits/losses recognized under the equity method	Adjustment of other comprehensive income	Changes in other equities	Cash dividends or profits declared to distribute	Provision for impairment	Others	Original value	Provision for impairment
Total	7,066,126,170.64	1,940,009.35	1,080,000,000.00	1,169,388.58	35,314,343.21	214,953,443.68	2,966,412.88	30,137,413.69		-246,272,496.65	8,121,781,071.49	1,940,009.35

[Note 1] In September 2020, according to the capital increase and share expansion agreement signed by the company and Songyuan Financial Investment Management Center, a shareholder of the Company's joint venture Songyuan Grain Group Co., Ltd., the Company increased the capital to Songyuan Grain by RMB 150,000,000.00, with the shareholding ratio increasing from 50.00% to 75.00%, and the industrial and commercial registration change was completed on 14 September, 2020. On 31 December, 2020, Songyuan Grain's board of directors was re-elected with 5 board members, and the Company elected 4 directors of them, accounting for 80.00% of all members of the board of directors. According to the Articles of Association of Songyuan Grain, the Company had control over Songyuan Grain. At the end of the period, Songyuan Grain was included in the scope of consolidation. Long-term equity investment was accounted by the cost method other than the equity method, and the book value of the original long-term equity investment was transferred into the initial investment cost of long-term equity investment accounted by the cost method.

[Note 2] For the current period, the Company's wholly-owned subsidiary Zhuhai IVP Information Technology Co., Ltd. invested RMB 920,000,000.00 as a limited partner into Zhuhai Hanling Equity Investment Partnership (Limited Partnership), which is mainly engaged in equity investment in industry chain companies related to semiconductor and 5G technology.

15. Other equity instrument investments

(1) Particulars on other equity instrument investments

Item	Balance at the end of the period	Beginning Balance
Shanghai Highly (Group) Co., Ltd.	667,802,216.81	775,199,650.33
Xinjiang Joinworld Company Limited	215,172,336.36	210,550,455.81
Wingtech Technology Co., Ltd. [Note 1]	3,550,040,505.00	3,316,957,037.50
RSMACALLINE-HSHS	254,461,858.93	341,894,553.87
San'an Optoelectronics Co., Ltd. [Note 2]	3,093,928,974.37	
COFCO Trading (Suibin) Agricultural Development Co., Ltd.	7,000,000.00	
Total	7,788,405,891.47	4,644,601,697.51

[Note 1] The Company directly holds 35,858,995 shares of Wingtech Technology Co., Ltd., and the sale of such shares is restricted for 36 months from the date of registration of the newly-added shares;

[Note 2] For the current period, the Company subscribed for 114,547,537 non-publicly issued shares of San'an Optoelectronics Co., Ltd. with its self-owned funds of RMB 2,000,000,000.00, with a shareholding ratio of 2.56%. The sale of such shares is restricted for 36 months from the date of registration of the newly-added shares.

(2) Particulars on non-trading equity instrument investment

Item Name	Dividend income recognized	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income into retained earnings	Reason for designation as at fair value through other comprehensive income	Reason for the amount transferred from other comprehensive income into retained earnings

Item Name	Dividend income recognized	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income into retained earnings	Reason for designation as at fair value through other comprehensive income	Reason for the amount transferred from other comprehensive income into retained earnings
Shanghai Highly (Group) Co., Ltd.	17,265,162.85		474,800,740.04		According to the management's intention and contractual cash flow	
Xinjiang Joinworld Company Limited	2,752,293.54	59,849,259.12		19,987,915.96	According to the management's intention and contractual cash flow	Partial sale of shares
Wingtech Technology Co., Ltd.	5,378,849.25	2,665,040,508.40			According to the management's intention and contractual cash flow	
San'an Optoelectronics Co., Ltd.		1,093,928,974.37			According to the management's intention and contractual cash flow	
RSMACALLINE-HSHS	12,924,322.85		404,350,382.71		According to the management's intention and contractual cash flow	
Total	38,320,628.49	3,818,818,741.89	879,151,122.75	19,987,915.96		

16. Other non-current financial assets

Item	Balance at the end of the period	Beginning Balance
Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses	2,003,483,333.33	2,003,483,333.33
Including: trust products	2,003,483,333.33	2,003,483,333.33
Total	2,003,483,333.33	2,003,483,333.33

17. Investment real estate

Investment real estate using cost measurement model

Item	Houses and buildings	Total
I. Total of original carrying amount		
1. Beginning balance	703,795,397.10	703,795,397.10
2. Increased amount in the current period	45,403,141.22	45,403,141.22
Including:(1) Transfer-in from fixed assets	42,951,618.75	42,951,618.75
(2) Transfer-in from construction in progress	2,451,522.47	2,451,522.47
3. Decreased amount in the current period	42,540,103.02	42,540,103.02
Including: Transfer into fixed assets	42,540,103.02	42,540,103.02
4. Balance at the end of the period	706,658,435.30	706,658,435.30
II. Accumulated depreciation and accumulated amortization		
1. Beginning balance	205,146,705.25	205,146,705.25
2. Increased amount in the current period	48,213,778.91	48,213,778.91
Including: (1) appropriation or amortization	38,536,870.05	38,536,870.05
(2) Transfer-in from fixed assets	9,676,908.86	9,676,908.86
3. Decreased amount in the current period	10,122,910.25	10,122,910.25
Including: Transfer into fixed assets	10,122,910.25	10,122,910.25
4. Balance at the end of the period	243,237,573.91	243,237,573.91
III. Provision for impairment		
1. Beginning balance		
2. Increased amount in the current period		
3. Decreased amount in the current period		

Item	Houses and buildings	Total
4. Balance at the end of the period		
IV. Carrying amount		
1. Carrying amount at the end of the period	463,420,861.39	463,420,861.39
2. Carrying amount at the beginning of the period	498,648,691.85	498,648,691.85

[Note] As of 31 December, 2020, the book value of investment real estate - houses and buildings of which the Company has not obtained the property ownership certificates was RMB 47,091,436.92.

18. Fixed assets

Item	Balance at the end of the period	Beginning Balance
Fixed assets	18,983,485,128.88	19,111,024,793.28
Fixed assets in liquidation	7,039,959.06	10,905,963.76
Total	18,990,525,087.94	19,121,930,757.04

[Note] The fixed assets in the table above refer to the fixed assets after deduction of the fixed assets in liquidation.

(1) Information of fixed assets

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other equipments	Total
1. Total of original carrying amount:						
1. Beginning balance	16,308,346,541.92	15,066,839,010.59	1,098,745,908.47	1,428,923,983.60	451,726,740.23	34,354,582,184.81
2. Increased amount in the current period	1,080,298,026.70	1,834,546,239.94	85,799,675.40	283,944,842.56	73,927,719.71	3,358,516,504.31
Including: (1) Procurement		1,355,973,321.64	81,820,961.66	282,524,178.35	72,913,748.00	1,793,232,209.65
(2) Transfer-in from construction in progress	951,229,567.70	445,685,385.89				1,396,914,953.59

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other equipments	Total
(3) Increase by business combination	86,528,355.98	32,887,532.41	3,978,713.74	1,420,664.21	1,013,971.71	125,829,238.05
(4) Amount transferred into investment real estate	42,540,103.02					42,540,103.02
3. Decreased amount in the current period	42,951,618.75	146,213,511.70	15,130,725.98	15,606,746.87	22,488,696.89	242,391,300.19
Including: (1) Disposal or scrapping		146,213,511.70	15,130,725.98	15,606,746.87	22,488,696.89	199,439,681.44
(2) Transfer into investment real estate	42,951,618.75					42,951,618.75
4. Difference arising from translation of financial statements in foreign currency	-40,902,758.22	-15,600,751.41	-867,866.03	-636,058.43	-541,835.46	-58,549,269.55
5. Balance at the end of the period	17,304,790,191.65	16,739,570,987.42	1,168,546,991.86	1,696,626,020.86	502,623,927.59	37,412,158,119.38
II. Accumulated depreciation						
1. Beginning balance	4,459,757,662.14	8,419,614,480.38	720,270,236.75	1,269,129,123.13	357,450,229.78	15,226,221,732.18
2. Increased amount in the current period	1,022,568,689.56	1,884,080,477.93	157,047,328.21	267,843,059.67	39,652,620.54	3,371,192,175.91
Including: (1) Appropriation	1,001,034,619.35	1,877,641,590.24	154,988,130.53	266,939,954.96	38,237,721.91	3,338,842,016.99
(2) Amount transferred into investment real estate	10,122,910.25					10,122,910.25
(3) Increase by business combination	11,411,159.96	6,438,887.69	2,059,197.68	903,104.71	1,414,898.63	22,227,248.67
3. Decreased amount in the current period	9,676,908.86	119,065,403.98	14,083,987.09	13,585,761.08	18,635,042.68	175,047,103.69
Including: (1) Disposal or scrapping		119,065,403.98	14,083,987.09	13,585,761.08	18,635,042.68	165,370,194.83
(2) Transfer into investment real estate	9,676,908.86					9,676,908.86
4. Difference arising from translation of financial statements in foreign currency	-946,766.61	-8,310,025.94	-263,872.67	-608,854.58	-326,499.36	-10,456,019.16
5. Balance at the end of the period	5,471,702,676.23	10,176,319,528.39	862,969,705.20	1,522,777,567.14	378,141,308.28	18,411,910,785.24
III. Provision for impairment						

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other equipments	Total
1. Beginning balance	13,788,472.27	3,100,613.50	8,282.39	131,160.63	307,130.56	17,335,659.35
2. Increased amount in the current period						
3. Decreased amount in the current period					167,803.12	167,803.12
Including: Disposal or scrap					167,803.12	167,803.12
4. Difference arising from translation of financial statements in foreign currency		-405,650.97				-405,650.97
5. Balance at the end of the period	13,788,472.27	2,694,962.53	8,282.39	131,160.63	139,327.44	16,762,205.26
IV. Carrying amount						
1. Carrying amount at the end of the period	11,819,299,043.15	6,560,556,496.50	305,569,004.27	173,717,293.09	124,343,291.87	18,983,485,128.88
2. Carrying amount at the beginning of the period	11,834,800,407.51	6,644,123,916.71	378,467,389.33	159,663,699.84	93,969,379.89	19,111,024,793.28

[Note] As of 31 December, 2020, the book value of fixed assets - houses and buildings that the Company has not obtained the property ownership certificates was RMB 5,879,273,020.73.

(2) Information of temporary idle fixed assets

None.

(3) Information of fixed assets leased in through financing leases

None.

(4) Information of fixed assets leased out through operating leases

None.

(5) Fixed assets in liquidation

Item	Balance at the end of the period	Beginning Balance
Fixed assets in liquidation	7,039,959.06	10,905,963.76
Total	7,039,959.06	10,905,963.76

19. Construction in Progress

Item	Balance at the end of the period	Beginning Balance
Construction in Progress	4,016,082,730.07	2,431,051,409.94
Total	4,016,082,730.07	2,431,051,409.94

[Note] The construction in progress in the above table refers to the construction in progress after deduction of engineering materials.

(1) Information of construction in progress

Item	Balance at the end of the period			Beginning Balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Gree Nanjing Project	1,141,086,342.69		1,141,086,342.69	333,459,029.75		333,459,029.75
Gree Luoyang Project	1,046,021,393.89		1,046,021,393.89	442,202,237.46		442,202,237.46
Gree HQ project	570,077,306.55		570,077,306.55	262,245,182.66		262,245,182.66
Gree Chengdu Project	260,766,823.26		260,766,823.26	36,203,794.46		36,203,794.46
Gree Wuhan project	201,062,491.78		201,062,491.78	104,859,292.68		104,859,292.68
Gree Energy Project	150,133,461.00		150,133,461.00	8,781,438.20		8,781,438.20
Gree Hangzhou project	145,541,748.96		145,541,748.96	638,157,589.99		638,157,589.99
Wu'an Precision Project	130,390,603.41		130,390,603.41	113,318,790.64		113,318,790.64
Zhuhai Landa Project	79,117,085.15		79,117,085.15	132,330,042.15		132,330,042.15
Gree Gaolan Port Project	62,939,878.48		62,939,878.48			

Item	Balance at the end of the period			Beginning Balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Gree Zhengzhou project	43,680,322.62		43,680,322.62	59,928,438.47		59,928,438.47
Others	185,265,272.28		185,265,272.28	299,565,573.48		299,565,573.48
Total	4,016,082,730.07		4,016,082,730.07	2,431,051,409.94		2,431,051,409.94

(2) Current-period changes in important construction projects in progress

Item Name	Beginning Balance	Increased amount in the current period	Amount transferred into fixed assets during the current period	Amount transferred into investment real estate during the current period	Balance at the end of the period	Including: Amount of capitalization of interests for the current period
Gree Nanjing Project	333,459,029.75	807,627,312.94			1,141,086,342.69	32,349,138.79
Gree Luoyang Project	442,202,237.46	603,819,156.43			1,046,021,393.89	
Gree HQ project	262,245,182.66	325,415,305.13	17,583,181.24		570,077,306.55	
Gree Chengdu Project	36,203,794.46	227,395,480.68	2,832,451.88		260,766,823.26	6,350,168.86
Gree Wuhan project	104,859,292.68	110,932,985.42	14,729,786.32		201,062,491.78	
Gree Energy Project	8,781,438.20	141,352,022.80			150,133,461.00	
Gree Hangzhou project	638,157,589.99	206,711,133.67	699,326,974.70		145,541,748.96	
Wu'an Precision Project	113,318,790.64	126,876,912.82	109,805,100.05		130,390,603.41	3,076,100.00
Zhuhai Landa Project	132,330,042.15	65,711,569.34	118,924,526.34		79,117,085.15	
Gree Gaolan Port Project		62,939,878.48			62,939,878.48	
Gree Zhengzhou project	59,928,438.47	25,345,655.78	41,268,394.37	325,377.26	43,680,322.62	
Others	299,565,573.48	280,270,382.70	392,444,538.69	2,126,145.21	185,265,272.28	
Total	2,431,051,409.94	2,984,397,796.19	1,396,914,953.59	2,451,522.47	4,016,082,730.07	41,775,407.65

(3) Appropriation of provisions for impairment of construction in progress during the current period

None.

20. Intangible assets

Information of intangible assets

Item	Land use rights	Patent rights and others	Total
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Item	Land use rights	Patent rights and others	Total
I. Total of original carrying amount			
1. Beginning balance	5,854,129,734.47	954,740,585.36	6,808,870,319.83
2. Increased amount in the current period	725,730,155.06	9,150,598.27	734,880,753.33
Including: (1) Procurement	685,309,804.34	5,330,843.55	690,640,647.89
(2) Increase by business combination	40,420,350.72	3,819,754.72	44,240,105.44
3. Decreased amount in the current period		53,855,560.00	53,855,560.00
Including: Write-off [Note 1]		53,855,560.00	53,855,560.00
4. Balance at the end of the period	6,579,859,889.53	910,035,623.63	7,489,895,513.16
II. Accumulated amortization			
1. Beginning balance	679,591,202.19	48,448,467.78	728,039,669.97
2. Increased amount in the current period	131,815,254.70	81,877,189.67	213,692,444.37
Including: (1) Appropriation	129,811,531.31	81,515,915.43	211,327,446.74
(2) Increase by business combination	2,003,723.39	361,274.24	2,364,997.63
3. Decreased amount in the current period		53,855,560.00	53,855,560.00
Including: write-off		53,855,560.00	53,855,560.00
4. Balance at the end of the period	811,406,456.89	76,470,097.45	887,876,554.34
III. Provision for impairment			
1. Beginning balance		775,289,550.94	775,289,550.94
2. Increased amount in the current period			
3. Decreased amount in the current period		51,559,354.76	51,559,354.76
Including: write-off		51,559,354.76	51,559,354.76
4. Balance at the end of the period		723,730,196.18	723,730,196.18
IV. Carrying amount			
1. Carrying amount at the end of the period	5,768,453,432.64	109,835,330.00	5,878,288,762.64
2. Carrying amount at the beginning of the period	5,174,538,532.28	131,002,566.64	5,305,541,098.92

[Note 1] Write-off amounts of intangible assets - patented technology and others in the current period were the used quota licensing rights;

[Note 2] As of 31 December, 2020, the book value of intangible assets of which the Company has not obtained the property ownership certificates was RMB 51,441,805.00.

[Note 3] There were no intangible assets formed through the Company's internal research and development during the current period.

21. Business reputation

(1) Original carrying amount of business reputation

Name of invested entity or matter generating business reputation	Beginning Balance	Increase in the current period		Decrease for the current period		Balance at the end of the period
		Formed by business combination	Other s	Disposal	Other s	
Kinghome Hefei Electrical Co., Ltd.	51,804,350.47					51,804,350.47
Nanjing Walsin Nonferrous Metal Co., Ltd.	274,115,040.11					274,115,040.11
Total	325,919,390.58					325,919,390.58

(2) Provision for impairment of business reputation

Name of invested entity or matter generating business reputation	Beginning Balance	Increase in the current period		Decrease for the current period		Balance at the end of the period
		Appropriation	Other s	Disposal	Other s	
Nanjing Walsin Nonferrous Metal Co., Ltd.		124,016,686.56				124,016,686.56
Total		124,016,686.56				124,016,686.56

[Note] The Company acquired 94.30% of the equity of Nanjing Walsin Nonferrous Metal Co., Ltd., forming a business reputation of RMB 274,115,040.11. According to the Appraisal Report on the Impairment Test Project of Nanjing Walsin Nonferrous Metal Co., Ltd. Involved by Zhuhai Gree Electrical Co., Ltd. for the Purpose of Financial Reporting with the report number of China Alliance Appraisal Report [2021] No. 040203 issued by China Alliance Appraisal Co., Ltd., RMB 124,016,686.56 of impairment provision was accrued for the above-mentioned business reputation formed due to the acquisition in the current period.

(3) Business reputation group and impairment test

1) Information about the asset or combination of asset groups where the business reputation is included

The Company tested the impairment of business reputation by combining the asset group related to business reputation that can benefit from the synergistic effect of business combination. Because it was difficult to directly obtain the fair market value of the asset group containing business reputation, the Company calculated the recoverable amount of the asset group by using the method of predicting the present value of future cash flow. After comprehensively considering factors such as production and operation activities management, monitoring methods, continuous use and disposal, the asset group containing business reputation was finally determined. At the end of the period, the asset group where the business reputation was located was consistent with the assets group determined when the business reputation was formed on the acquisition date, and its composition has not changed. The information on the asset group including business reputation was as follows:

Unit: 10,000 Yuan

Serial number	Name of assets	Book value of asset group
1	Fixed assets	12,076.05
2	Construction in progress	945.97
3	Intangible assets	11,260.87

Serial number	Name of assets	Book value of asset group
4	Business reputation [Note]	29,068.40
	Total	53,351.29

[Note] The business reputation shown in the above table included the part attributable to minority shareholders.

2) Important assumptions and key parameters of business reputation impairment test:

A. Assumption of orderly transactions: orderly transactions refer to transactions where the relevant assets or liabilities have usual market activities during a period of time before the measurement date;

B. Assumption of going concern: assumption of going concern refers to the assumption that the asset group will be used normally and continuously according to the purpose and use method of the benchmark date, and there will be no unforeseen factors that will cause it to fail to continue operations, and the valuation method, parameters and basis will be determined accordingly;

C. It is assumed that the Company has no major changes in the core management team, technical team, and marketing team based on the existing management methods and levels, and no other human force majeure and unforeseen factors have a major adverse impact on the Company;

D. Given the Company's operation and production are mainly to earn processing profits, the fluctuation of raw material prices does not have a substantial impact on the Company's operating profits, therefore, it is assumed that the raw material prices will remain unchanged in the coming years in the evaluation.

When conducting the asset impairment test, the Company estimated the expected return on investment of property rights holders based on the analysis and calculation of selected and compared companies. After the calculation, the pre-tax discount rate used in the impairment test was 12.70%.

3) Evaluation results of business reputation impairment test

Unit: 10,000 Yuan

Company Name	Book value of asset group	Recoverable amount of asset group	Business reputation impairment amount
Nanjing Walsin Nonferrous Metal Co., Ltd.	53,351.29	40,200.00	13,151.29

According to the Appraisal Report on the Impairment Test Project of Nanjing Walsin Nonferrous Metal Co., Ltd. Involved by Zhuhai Gree Electrical Co., Ltd. for the Purpose of Financial Reporting with the report number of China Alliance Appraisal Report [2021] No. 040203 issued by China Alliance Appraisal Co., Ltd., the asset group including business reputation should be provided with a business reputation impairment loss of RMB 131,512,923.18, of which the business reputation impairment loss attributable to shareholders of the parent company should be RMB 124,016,686.56.

22. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not offset

Item	Balance at the end of the period		Beginning Balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Assets depreciation reserves	1,945,939,722.60	331,079,465.72	1,818,201,959.97	324,279,108.41

Item	Balance at the end of the period		Beginning Balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deductible loss	929,716,127.83	200,650,142.61	442,563,341.90	106,861,346.18
Accrued expenses	70,734,519,794.58	10,612,752,964.88	78,082,911,509.22	11,713,704,909.46
Payroll payable	1,138,661,981.04	177,276,992.60	1,147,772,355.98	181,068,388.98
Amortization of assets	277,892,654.00	42,292,876.53	295,771,738.84	45,001,546.37
Others	1,051,311,939.85	186,239,758.68	1,115,621,255.53	170,169,778.69
Total	76,078,042,219.90	11,550,292,201.02	82,902,842,161.44	12,541,085,078.09

(2) Deferred income tax liabilities not offset

Item	Balance at the end of the period		Beginning Balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of derivative financial assets	894,532,218.27	172,009,915.29	144,585,199.56	23,711,924.81
Accrued interest	2,595,212,306.29	481,753,397.01	1,916,560,659.72	361,013,520.74
Amortization of assets	1,150,514,923.85	188,338,452.95	977,566,325.96	159,701,815.27
Changes in fair value of other equity instrument investments	3,360,535,396.59	504,080,309.49	2,082,567,402.93	312,385,110.44
Others	283,463,076.51	64,929,028.10	320,552,939.98	70,976,930.01
Total	8,284,257,921.51	1,411,111,102.84	5,441,832,528.15	927,789,301.27

(3) Details of deferred income tax assets which were not recognized

Item	Balance at the end of the period	Beginning Balance
Deductible temporary differences	741,969,846.84	523,331,619.91
Deductible loss	202,245,092.25	196,707,582.91
Total	944,214,939.09	720,039,202.82

(4) The deductible losses of deferred income tax assets not recognized will become due in the following years:

Year	Amount at the end of the period	Amount at the beginning of the period
2023	30,888,536.25	33,889,569.81
2024	196,543.53	4,243.31
2025	8,502,385.16	
2029		437,450.85
Open-ended	162,657,627.31	162,376,318.94
Total	202,245,092.25	196,707,582.91

23. Other non-current assets

Item	Balance at the end of the period			Beginning Balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Advance payment for equipment	642,531,256.64		642,531,256.64	600,147,738.32		600,147,738.32
Advance payment for the project and deposit	111,813,697.80		111,813,697.80	210,752,497.85		210,752,497.85
Advance payment of land transfer fee and others	33,773,076.96		33,773,076.96	137,427,798.96		137,427,798.96
Total	788,118,031.40		788,118,031.40	948,328,035.13		948,328,035.13

24. Short-term borrowing

(1) Classification of short-term borrowings

Item	Balance at the end of the period	Beginning Balance
Pledge loans	10,050,000,000.00	60,000,000.00
Mortgaged borrowings	92,999,987.80	
Guaranteed loan	58,000,000.00	767,512,482.00
Borrowing on credit	9,991,044,455.36	14,905,397,876.22
Subtotal	20,192,044,443.16	15,732,910,358.22
Accrued interest	112,340,299.18	211,266,104.79
Total	20,304,384,742.34	15,944,176,463.01

(2) Short-term borrowings that have been overdue but not yet repaid

None.

25. Deposits from customers and interbank

Item	Balance at the end of the period	Beginning Balance
Current deposits	40,660,078.51	95,908,461.12
Time deposits	153,847,631.94	134,656,999.65
Draft deposits	60,763,500.00	117,212,500.00
Subtotal	255,271,210.45	347,777,960.77
Accrued interest	5,735,497.79	4,734,350.95
Total	261,006,708.24	352,512,311.72

26. Loans from other banks

Item	Balance at the end of the period	Beginning Balance
Credit lending	300,000,000.00	1,000,000,000.00
Accrued interest	20,250.00	446,666.67

Item	Balance at the end of the period	Beginning Balance
Total	300,020,250.00	1,000,446,666.67

27. Financial assets sold for repurchase

Item	Balance at the end of the period	Beginning Balance
Bonds (Pledge-style Repo)	475,033,835.62	
Bills rediscounted		2,074,500,000.00
Total	475,033,835.62	2,074,500,000.00

28. Bills payable

Type	Balance at the end of the period	Beginning Balance
Banker's acceptance bill	21,416,071,950.32	25,284,631,379.70
Trade acceptance draft	11,000,000.00	576,464.16
Total	21,427,071,950.32	25,285,207,843.86

29. Accounts payable

(1) Listing of accounts payable

Item	Balance at the end of the period	Beginning Balance
Loans and service money	30,675,053,443.18	40,581,441,741.13
Others	929,605,723.70	1,075,374,011.33
Total	31,604,659,166.88	41,656,815,752.46

(2) Important payables with account age exceeding 1 year

None.

30. Contractual liabilities

Item	Balance at the end of the period	Beginning Balance
Loans	11,678,180,424.65	7,311,804,415.54
Total	11,678,180,424.65	7,311,804,415.54

31. Payroll payable

(1) Presentation of employees' wages and salaries payable

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
I. Short-term wages and salaries	3,426,832,941.73	8,865,617,233.70	8,929,940,986.30	3,362,509,189.13
2. Separation benefits - defined contribution plan	4,136,022.60	381,449,179.90	382,738,922.94	2,846,279.56

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Total	3,430,968,964.33	9,247,066,413.60	9,312,679,909.24	3,365,355,468.69

(2) Listing of short-term wages and salaries

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
1. Wages, bonuses, subsidies and allowances	2,623,347,333.68	7,558,804,647.71	7,727,285,036.63	2,454,866,944.76
2. Employee welfares		704,506,039.05	704,506,039.05	
3. Social insurance premiums	561,320.59	180,980,466.26	180,781,452.17	760,334.68
Including: Medical insurance premium	528,018.34	155,807,507.65	155,610,323.87	725,202.12
Industrial injury insurance premium	26,100.66	9,579,284.15	9,591,162.94	14,221.87
Birth insurance premium	7,201.59	15,593,674.46	15,579,965.36	20,910.69
4. Housing accumulation funds	1,370,053.91	176,725,233.33	176,592,223.55	1,503,063.69
5. Labor union expenditures and employee education funds	801,554,233.55	244,600,847.35	140,776,234.90	905,378,846.00
Total	3,426,832,941.73	8,865,617,233.70	8,929,940,986.30	3,362,509,189.13

(3) Presentation of separation benefits - defined contribution plan

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
1. Basic endowment insurance premium	3,206,972.39	367,156,819.14	367,847,968.66	2,515,822.87
2. Unemployment insurance premium	929,050.21	14,292,360.76	14,890,954.28	330,456.69
Total	4,136,022.60	381,449,179.90	382,738,922.94	2,846,279.56

32. Taxes payable

Item	Balance at the end of the period	Beginning Balance
Added-value tax	1,188,975,420.12	1,672,108,943.75
Business income tax	785,653,809.28	1,678,470,486.79
Others	326,726,353.62	353,200,285.79
Total	2,301,355,583.02	3,703,779,716.33

33. Other payables

Item	Balance at the end of the period	Beginning Balance
Dividends payable [Note 1]	6,986,645.96	707,913.60
Other payables [Note 2]	2,372,409,071.48	2,711,985,060.06
Total	2,379,395,717.44	2,712,692,973.66

[Note 1] The Company had no interest payable and important dividend payable at the end of the period and the

beginning of the period;

[Note 2] Other payables in the above table refer to other payables after deduction of the interest payable and dividends payable.

1) Other payables are presented by amount nature

Item	Balance at the end of the period	Beginning Balance
Intercourse funds	1,527,670,503.18	1,880,900,981.33
Margin and deposit	844,738,568.30	831,084,078.73
Total	2,372,409,071.48	2,711,985,060.06

2) Other important payables with account age exceeding 1 year

Item	Balance at the end of the period	Cause of failing to repay or carry over
Entity 1	326,905,170.30	Failure to meet repayment conditions
Entity 2	222,036,077.83	Failure to meet repayment conditions
Total	548,941,248.13	

34. Other current liabilities

Item	Balance at the end of the period	Beginning Balance
Repair cost	1,893,012,124.81	2,032,816,015.42
Sales rebate	55,808,250,764.80	61,751,640,937.64
Obligation to pay commercial papers which is not derecognized	4,588,589,780.94	802,418,995.36
Output tax to be wrote-off	1,469,269,506.13	913,903,246.88
Others	623,132,106.86	594,615,906.72
Total	64,382,254,283.54	66,095,395,102.02

35. Long-term borrowing

Item	Balance at the end of the period	Beginning Balance
Pledge loans	142,481,242.20	
Mortgaged borrowings	1,561,190,447.00	46,795,740.49
Borrowing on credit	152,752,584.38	
Subtotal	1,856,424,273.58	46,795,740.49
Accrued interest	4,289,542.51	90,142.37
Total	1,860,713,816.09	46,885,882.86

36. Long-term payroll payable

(1) Table of long-term payroll payable

Item	Balance at the end of the period	Beginning Balance
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Item	Balance at the end of the period	Beginning Balance
Separation benefits - net liabilities of defined benefit plan	149,859,788.00	141,021,228.00
Total	149,859,788.00	141,021,228.00

(2) Changes in the defined benefit plan

1) Present value of obligations under the defined benefit plan:

Item	Amount for the current period	Amount for the previous period
I. Beginning balance	141,021,228.00	130,840,170.00
II. Defined benefit cost recorded in the current profits and losses	7,441,863.00	7,311,017.00
1. Service cost of the current period	2,312,128.00	2,123,433.00
2. Net interest	4,837,059.00	4,487,322.00
3. Impact on new personnel	292,676.00	700,262.00
III. Cost of the defined benefit plan included in other comprehensive income	6,851,653.00	8,029,478.00
Including: actuarial gains (losses represented by "-")	6,851,653.00	8,029,478.00
IV. Other changes	-5,454,956.00	-5,159,437.00
Including: paid benefits	-5,454,956.00	-5,159,437.00
V. Balance at the end of the period	149,859,788.00	141,021,228.00

2) Net liabilities (net assets) of the defined benefit plan:

Item	Amount for the current period	Amount for the previous period
I. Beginning balance	141,021,228.00	130,840,170.00
II. Defined benefit cost recorded in the current profits and losses	7,441,863.00	7,311,017.00
III. Cost of the defined benefit plan included in other comprehensive income	6,851,653.00	8,029,478.00
IV. Other changes	-5,454,956.00	-5,159,437.00
V. Balance at the end of the period	149,859,788.00	141,021,228.00

(3) Contents and associated risks of the defined benefit plan, and its influences on the Company's future cash flow, time and uncertainty:

1) Contents and associated risks of the defined benefit plan, and its influences on the Company's future cash flow, time and uncertainty:

The Company's defined benefit plan is a supplementary post-retirement pension plan for some retirees, early retirees and serving officers after normal retirement. The present obligation value of this defined benefit plan was recognized by Towers-Watson actuarial company using the projected unit credit method on 31 December, 2020. This defined benefit plan didn't involve big amount, so it didn't lead to significant influence on the future cash flow the Company.

2) Significant actuarial assumptions and sensitivity analysis results of the defined benefit plan

According to requirements of the Accounting Standards for Business Enterprises No. 9 - Employee Compensation, the discount rate adopted by the Company at the time of discount is recognized by the market yields of high-quality corporate bonds in the treasury bonds or active market that match the obligatory term and currency of the defined benefit plan on the balance sheet date; the annual growth rates and annual dismission rates of all benefits are based on the actual measurement data of the Company; the death rate is recognized by referring to the experience life table for insurance business of China Life Insurance (Group) Company.

(4) Quantitative sensitivity analysis of all the used major assumptions by the end of the Report Period:

Sensitivity analysis of discount rate	Influence on the amount at the end of the period
Influence on the present obligation value of defined welfare benefit by increase of one percentage point	-19,484,161.00
Influence on the present obligation value of defined welfare benefit by decrease of one percentage point	24,608,583.00
Influence on the service cost by increase of one percentage point	-616,336.00
Influence on the service cost by decrease of one percentage point	643,631.00

37. Deferred income

(1) Classification of deferred income

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Changes in the consolidation scope	Balance at the end of the period
Government subsidies	240,504,270.47	238,679,841.17	63,088,539.53	20,938,130.35	437,033,702.46
Total	240,504,270.47	238,679,841.17	63,088,539.53	20,938,130.35	437,033,702.46

(2) Items involving government subsidies:

Item	Beginning Balance	Amount of subsidies added in the current period	Changes in the consolidation scope	Current period amount recorded in the current period profits and losses	Balance at the end of the period
I. Government subsidies pertinent to incomes	139,309,047.32	71,050,300.70	7,415,335.02	36,684,909.00	181,089,774.04
1. Environmental protection upgrade project	1,868,218.92	872,760.00		84,112.70	2,656,866.22
2. Scientific research project of refrigerating field	87,321,653.21	53,520,171.73		25,827,580.45	115,014,244.49
3. Others	50,119,175.19	16,657,368.97	7,415,335.02	10,773,215.85	63,418,663.33
II. Government subsidies pertinent to assets	101,195,223.15	167,629,540.47	13,522,795.33	26,403,630.53	255,943,928.42
1. Environmental protection upgrade project	14,485,084.84	888,413.79		1,666,173.26	13,707,325.37
2. Scientific research project of refrigerating field	79,911,751.57	152,793,004.20		22,080,933.60	210,623,822.17
3. Others	6,798,386.74	13,948,122.48	13,522,795.33	2,656,523.67	31,612,780.88
Total	240,504,270.47	238,679,841.17	20,938,130.35	63,088,539.53	437,033,702.46

38. Capital stock

Item	Beginning Balance	Increase/Decrease for the period (+, -)					Balance at the end of the period
		New Issue	Bonus Issue	Stock converted from housing accumulation fund	Others	Subtotal	
Total number of stocks	6,015,730,878.00						6,015,730,878.00

39. Capital reserves

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Capital stock premium	26,979,063.83			26,979,063.83
Other capital reserves	66,400,436.88	28,470,779.97		94,871,216.85
Total	93,379,500.71	28,470,779.97		121,850,280.68

[Note] Changes in capital reserve in the current period mainly included the capital reserve of RMB 25,504,367.09 recognized due to the capital increased to Zhuhai Gree Group Finance Company Limited, a holding subsidiary of the Company, and the capital reserve change of RMB 2,966,412.88 recognized due to the accounting of investment in associates by the equity method.

40. Treasury stock

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Repurchase of stocks		5,182,273,853.90		5,182,273,853.90
Total		5,182,273,853.90		5,182,273,853.90

[Note] By the end of the period, the Company accumulatively repurchased 94,184,662 shares in the current period, accounting for 1.57% of the Company's total stock capital by the end of the period, all of which were deposited in the Company's special securities repurchase account. During the period of deposit, the Company was not entitled to voting at the general meeting of shareholders, profit distribution, capitalization from public reserve funds, allotment, pledge and other related rights. In future, the Company will choose the opportunity to implement employee stock ownership plans or equity incentives. If the transfer is not completed within the time limit specified by relevant laws and regulations, the untransferred shares will be cancelled according to law.

41. Other comprehensive income

Item	Beginning Balance	Amount for the current period						Balance at the end of the period
		Amount incurred before income tax in the current period	Less: Amount recognized into other comprehensive income in previous period and transferred to the current profits and losses	Less: Amount included into other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to the parent company after tax	Amount attributable to minority shareholders after tax	
1. Other comprehensive income which cannot be reclassified into profits and losses	6,141,174,740.49	1,454,649,803.51		19,987,915.96	191,695,199.05	1,242,966,688.50		7,384,141,428.99
Including: Changes arising from remeasurement of the defined benefit plan	-44,162,841.00	-6,851,653.00				-6,851,653.00		-51,014,494.00
Other comprehensive income which cannot be transferred to profit or loss under the equity method	4,784,432,411.50	215,136,201.85				215,136,201.85		4,999,568,613.35
Changes in fair value of other equity instrument investments	1,400,905,169.99	1,246,365,254.66		19,987,915.96	191,695,199.05	1,034,682,139.65		2,435,587,309.64
2. Other comprehensive income which will be reclassified into profits and losses in the future	119,117,240.64	-98,729,128.94	6,317,408.17		1,938,467.40	-107,198,474.16	213,469.65	11,918,766.48
Including: Other comprehensive income that can be transferred to profit or loss under the equity method	182,758.17		182,758.17			-182,758.17		
Changes in fair value of other debt investments	-55,780,978.58	-2,134,660.99			-486,080.10	-1,862,050.54	213,469.65	-57,643,029.12

Item	Beginning Balance	Amount for the current period						Balance at the end of the period
		Amount incurred before income tax in the current period	Less: Amount recognized into other comprehensive income in previous period and transferred to the current profits and losses	Less: Amount included into other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to the parent company after tax	Amount attributable to minority shareholders after tax	
Cash flow hedge reserve	5,214,452.50	22,298,300.00	6,134,650.00		2,424,547.50	13,739,102.50		18,953,555.00
Difference arising from translation of financial statements in foreign currency	169,501,008.55	-118,892,767.95				-118,892,767.95		50,608,240.60
Total other comprehensive income	6,260,291,981.13	1,355,920,674.57	6,317,408.17	19,987,915.96	193,633,666.45	1,135,768,214.34	213,469.65	7,396,060,195.47

42. Surplus reserve

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Statutory surplus reserve	2,530,583,291.14			2,530,583,291.14
Discretionary surplus reserve	969,088,265.45			969,088,265.45
Total	3,499,671,556.59			3,499,671,556.59

43. General risk provisions

Item	Beginning Balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
General risk provisions	489,855,826.75	7,719,945.51		497,575,772.26
Total	489,855,826.75	7,719,945.51		497,575,772.26

44. Undistributed profit

Item	Amount for the current period	Amount for the previous period
Undistributed profit at the beginning of the period	93,794,643,539.49	81,939,701,613.83
Add: Changes in accounting policies		-48,226,344.11
Undistributed profit at the beginning of the period after adjustment	93,794,643,539.49	81,891,475,269.72
Add: Amount transferred from other comprehensive income into retained earnings [Note 1]	19,987,915.96	
Net profit attributable to owners of the parent company for the current period	22,175,108,137.32	24,696,641,368.84
Less: appropriation of general risk provisions	7,719,945.51	160,438,255.27
Ordinary stock dividends payable [Notes 2 and 3]	13,140,423,269.60	12,633,034,843.80
Undistributed profit at the end of the period	102,841,596,377.66	93,794,643,539.49

[Note 1] In the current period, the Company disposed of some other equity instrument investments - 10,247,000 shares of Xinjiang Joinworld Company Limited, and RMB 19,987,915.96 of changes in fair value (after tax) accumulatively included in other comprehensive income were transferred to retained earnings;

[Note 2] According to the resolutions of the general meeting of shareholders on 1 June, 2020, the Company distributed cash dividends to all shareholders at a rate of RMB 12.00 (including tax) per 10 shares. Calculated according to the issued 6,015,730,878 shares, RMB 7,218,877,053.60 of cash dividends were actually distributed;

[Note 3] According to the resolution at the extraordinary general meeting of shareholders on 2 November, 2020, the Company distributed cash dividends to all shareholders at a rate of RMB 10.00 (including tax) per 10 shares. Calculated according to the issued 6,015,730,878 shares, after 94,184,662 shares of the Company repurchased cumulatively were excluded, RMB 5,921,546,216.00 of cash dividends were actually distributed.

45. Operating revenues and operating costs

Item	Amount for the current period	Amount for the previous period
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	Revenue	Cost	Revenue	Cost
Main business	130,427,766,473.54	87,921,191,886.69	156,888,659,016.13	103,703,283,171.60
Other businesses	37,771,437,930.99	36,307,841,794.23	41,264,368,524.22	39,796,089,409.76
Total	168,199,204,404.53	124,229,033,680.92	198,153,027,540.35	143,499,372,581.36

[Note] At the end of the reporting period, the amount of revenue corresponding to the performance obligations for which the contracts have been signed but not yet performed or not yet completed was RMB 17,282,465,483.33.

Information of income from main operations:

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
By industry category				
Manufacturing	130,427,766,473.54	87,921,191,886.69	156,888,659,016.13	103,703,283,171.60
Total	130,427,766,473.54	87,921,191,886.69	156,888,659,016.13	103,703,283,171.60
By type of goods				
Including: Air conditioner	117,881,639,913.77	77,430,333,762.13	138,665,055,103.82	87,192,449,061.21
Home Appliances	4,521,756,518.81	3,083,266,840.17	5,575,911,375.57	4,271,001,457.59
Intelligent equipment	790,942,676.61	603,504,721.68	2,141,285,558.55	2,014,056,867.41
Others	7,233,427,364.35	6,804,086,562.71	10,506,406,978.19	10,225,775,785.39
Total	130,427,766,473.54	87,921,191,886.69	156,888,659,016.13	103,703,283,171.60
By territory				
Including: domestic sale	110,407,002,220.87	70,329,850,923.05	136,073,206,974.43	85,697,917,155.53
Overseas	20,020,764,252.67	17,591,340,963.64	20,815,452,041.70	18,005,366,016.07
Total	130,427,766,473.54	87,921,191,886.69	156,888,659,016.13	103,703,283,171.60

46. Interest revenue and interest expense

Item	Amount for the current period	Amount for the previous period
Interest revenue	2,295,972,686.55	2,351,471,964.56
Including: interest revenue from deposits in other banks and central banks	1,395,939,587.36	1,676,328,736.19
Interest revenue from disbursement of loans and advances	762,577,244.28	496,600,631.52
Others	137,455,854.91	178,542,596.85
Interest expense	304,448,121.92	110,579,966.36
Including: expense from transactions with financial institutions	290,237,534.52	95,647,504.93
Others	14,210,587.40	14,932,461.43
Net interest revenue	1,991,524,564.63	2,240,891,998.20

47. Taxes and surcharges

Item	Amount for the current period	Amount for the previous period
Urban maintenance & construction tax	181,452,425.09	459,354,196.12
Educational surcharges	136,118,810.46	334,351,737.99
Waste electrical appliance treatment fund	203,651,307.67	286,294,935.08
House property tax	141,422,302.62	147,560,273.40
Land use tax	98,229,736.11	94,573,090.72
Commodity circulation tax and industrial product tax of Brazil	82,095,878.99	71,779,078.43
Others	121,630,232.87	149,070,436.89
Total	964,600,693.81	1,542,983,748.63

48. Sales expense

Item	Amount for the current period	Amount for the previous period
Sales expense	13,043,241,798.27	18,309,812,188.35
Total	13,043,241,798.27	18,309,812,188.35

[Note 1] In 2020, the selling expenses mainly included the installation and maintenance cost, transportation and warehousing fee and loading and unloading fee, and promotion fee, accounting for more than 80% of the total selling expenses;

[Note 2] Sales rebates in the period were not included in sales expenses due to the implementation of the new revenue standards, and were used to offset operating income.

49. Overhead Expense

Item	Amount for the current period	Amount for the previous period
Overhead Expense	3,603,782,803.64	3,795,645,600.08
Total	3,603,782,803.64	3,795,645,600.08

[Note] In 2020, the overhead expenses included the employees' wages and salaries, material consumption, depreciation and amortization, accounting for more than 80% of the total overhead expenses.

50. R&D expenses

Item	Amount for the current period	Amount for the previous period
R&D expenses	6,052,563,108.10	5,891,219,715.90
Total	6,052,563,108.10	5,891,219,715.90

[Note] In 2020, the R&D expenses included the employees' labor cost and direct investment cost, accounting for more than 80% of the total R&D expenses.

51. Financial expense

Item	Amount for the current period	Amount for the previous period
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Item	Amount for the current period	Amount for the previous period
Interest expense [Note 1]	1,088,369,394.87	1,598,276,258.59
Less: Interest income [Note 2]	3,708,312,903.06	3,698,387,243.32
Exchange gain and loss	598,702,350.00	-366,166,349.99
Bank charges	76,682,416.86	35,131,571.19
Interest charges for defined welfare benefit obligations	4,837,059.00	4,487,322.00
Others	2,217,022.26	15,011.62
Total	-1,937,504,660.07	-2,426,643,429.91

[Note 1] The above interest expenses included the long-term and short-term borrowing interest expenses and the note discount interest expense immediately recognized upon the derecognition of notes;

[Note 2] Both the above interest income and the interest income in Note V. 46 were capital gains.

52. Other incomes

(1) Classification of other incomes

Source of generating other income	Amount for the current period	Amount for the previous period	Amount recorded into the current non-recurring profit and loss
Government subsidies	1,146,204,685.40	935,150,874.70	1,122,853,517.34
Handling charge refund of individual income tax and others	17,915,425.64	997,770.17	17,915,425.64
Total	1,164,120,111.04	936,148,644.87	1,140,768,942.98

(2) Government subsidies recorded in the profits and losses of current period

Subsidy items	Amount for the current period	Amount for the previous period	Pertinent to assets/pertinent to incomes
Financial rewards	450,465,248.34	458,139,748.75	Pertinent to assets and incomes
Capital allowance for development projects	137,091,175.26	149,396,154.17	Pertinent to assets and incomes
Technological innovation subsidies income	149,409,503.16	147,525,365.16	Pertinent to assets and incomes
Human resources subsidy	230,407,062.27	103,289,308.06	Pertinent to incomes
Others	178,831,696.37	76,800,298.56	Pertinent to assets and incomes
Total	1,146,204,685.40	935,150,874.70	

53. Investment income

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income measured by equity method	35,314,343.21	-20,983,248.83
Investment income from derivative financial instruments	325,129,297.18	-336,389,070.84
Investment income recognized from trading financial assets	213,050,762.46	63,410,268.30
Others	139,515,668.82	67,327,270.75

Item	Amount for the current period	Amount for the previous period
Total	713,010,071.67	-226,634,780.62

54. Incomes from changes in fair value

Sources of incomes from changes in fair value	Amount for the current period	Amount for the previous period
Trading financial assets	-19,994,874.52	48,617,126.28
Income from changes in fair value of derivative financial instruments	245,563,316.57	179,646,941.60
Others	-25,414,970.00	
Total	200,153,472.05	228,264,067.88

55. Credit impairment losses

Item	Amount for the current period	Amount for the previous period
Loss on bad debt	-41,209,742.51	-143,081,740.35
Impairment losses of loans and advances	234,034,435.04	-136,366,845.92
Total	192,824,692.53	-279,448,586.27

56. Asset impairment loss

Item	Amount for the current period	Amount for the previous period
Impairment losses of contract assets	-5,036,930.75	
Inventory falling price loss	-337,216,704.36	-67,603,749.00
Impairment losses of intangible assets		-775,289,550.94
Impairment losses of business reputation [Note]	-124,016,686.56	
Total	-466,270,321.67	-842,893,299.94

[Note] For details, please refer to Note V. 21.

57. Income from disposal of assets

Source of income from disposal of assets	Amount for the current period	Amount for the previous period
Profit from disposal of non-current assets (losses indicated with "-")	2,945,975.01	4,911,230.34
Total	2,945,975.01	4,911,230.34

58. Non-operating revenues

Item	Amount for the current period	Amount for the previous period	Amount recorded into the current non-recurring profit and loss
Government subsidies not pertinent to operation	223,314,876.04	292,291,413.05	223,314,876.04
Net profit from destruction scrap of non-current assets	414,312.82	738,673.12	414,312.82
Including: Gains from disposal of fixed assets	414,312.82	738,673.12	414,312.82

Item	Amount for the current period	Amount for the previous period	Amount recorded into the current non-recurring profit and loss
Others	63,431,533.11	52,676,576.96	63,431,533.11
Total	287,160,721.97	345,706,663.13	287,160,721.97

Government subsidies recorded in current profits or losses:

Subsidy items	Amount for the current period	Amount for the previous period	Amount recorded into the current non-recurring profit and loss
Financial rewards	223,268,715.18	291,949,736.50	223,268,715.18
Others	46,160.86	341,676.55	46,160.86
Total	223,314,876.04	292,291,413.05	223,314,876.04

59. Non-operating expenses

Item	Amount for the current period	Amount for the previous period	Amount recorded into the current non-recurring profit and loss
Net loss from destruction scrap of non-current assets	8,334,512.45	14,943,832.84	8,334,512.45
Including: net losses from destruction scrap of fixed assets	8,334,512.45	14,943,832.84	8,334,512.45
Others	13,406,618.43	583,162,723.99	13,406,618.43
Total	21,741,130.88	598,106,556.83	21,741,130.88

60. Income tax expenses

(1) Table of income tax expenses

Item	Amount for the current period	Amount for the previous period
Income tax expenses of the current period	2,745,896,993.46	5,715,582,577.24
Deferred income tax expenses	1,283,798,240.06	-1,190,118,952.51
Total	4,029,695,233.52	4,525,463,624.73

(2) Adjustment process of accounting profits and income tax expenses

Item	Amount for the current period
Total profit	26,308,937,428.79
Income tax expenses calculated by the statutory/applicable tax rate	3,946,340,614.32
Impact by different tax rates applicable to subsidiaries	201,297,689.16
Impact by non-deductible costs, expenses and losses	29,491,410.99
Impact by deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	29,420,204.56
Others	-176,854,685.51
Income tax expenses	4,029,695,233.52

61. Items of cash flow statement

(1) Other cash received relating to operating activities

Item	Amount for the current period	Amount for the previous period
Government subsidies	1,521,419,832.12	1,301,652,938.19
Interest revenue	83,834,745.40	283,444,434.07
Net decrease in bill pledge deposits and guarantee deposits	1,833,792,536.95	
Margin, deposit and others	1,259,280,898.85	1,210,966,466.08
Total	4,698,328,013.32	2,796,063,838.34

(2) Other cash paid relating to operating activities

Item	Amount for the current period	Amount for the previous period
Cash repayments for selling expenses	13,357,256,381.18	11,601,156,921.11
Cash repayments for overhead expenses and R&D expenses	1,591,137,889.61	1,621,907,242.09
Net increase in bill pledge deposits and guarantee deposits		7,323,512,969.28
Returned project funds advanced	73,050,795.30	193,648,219.08
Others	509,047,033.72	786,227,441.34
Total	15,530,492,099.81	21,526,452,792.90

(3) Other cash received relating to investing activities

Item	Amount for the current period	Amount for the previous period
Receipts from forward foreign exchange settlement and sales	342,260,149.12	
Fixed deposit interest revenue and others	3,980,389,291.30	4,878,025,331.18
Total	4,322,649,440.42	4,878,025,331.18

(4) Other cash paid relating to investing activities

Item	Amount for the current period	Amount for the previous period
Net increase in time deposits and forward foreign exchange settlement and sale payments	5,542,024,468.66	7,029,966,816.61
Others		10,487,868.71
Total	5,542,024,468.66	7,040,454,685.32

(5) Other cash paid relating to financing activities

Item	Amount for the current period	Amount for the previous period
Cash paid for repurchase of stocks	5,182,273,853.90	
Net borrowing margin expenditure and handling charge expenditure	9,832,239,619.73	
Total	15,014,513,473.63	

62. Supplementary information about cash flow statement

(1) Supplementary information about cash flow statement

Supplementary information	Amount for the current period	Amount for the previous period
1. Convert net profit to cash flow from operating activities:		
Net profits	22,279,242,195.27	24,827,243,603.97
Add: Assets depreciation reserves	273,445,629.14	1,122,341,886.21
Fixed assets depreciation, oil and gas assets accumulated depreciation, productive biological assets accumulated depreciation	3,377,378,887.04	2,977,103,353.04
Amortization of intangible assets	211,327,446.74	215,796,437.95
Losses on disposal of fixed assets, intangible assets and other long-term assets (incomes expressed with “-”)	-2,945,975.01	-4,911,230.34
Losses on disposal of fixed assets (incomes expressed with “-”)	7,920,199.63	14,205,159.72
Losses from changes in fair value (incomes expressed with “-”)	-200,153,472.05	-228,264,067.88
Financial expenses (incomes expressed with “-”)	-3,117,118,954.25	-4,096,866,714.43
Investment losses (incomes expressed with “-”)	-713,010,071.67	226,634,780.62
Decrease in deferred income tax assets (increase expressed with “-”)	993,661,744.02	-1,267,872,732.83
Increase in deferred income tax liabilities (decrease expressed with “-”)	290,136,496.04	77,753,780.32
Decrease of inventories (increase expressed with “-”)	-3,734,232,466.37	-4,049,893,387.15
Decrease in operating receivables (increase expressed with “-”)	15,242,828,006.57	-3,656,032,331.71
Increase in operating payables (decrease expressed with “-”)	-18,480,942,047.82	19,086,284,288.30
Others [Note]	2,811,099,691.88	-7,349,808,732.20
Net cash flows from operating activities	19,238,637,309.16	27,893,714,093.59
2. Major investing and financing activities not involving cash receipts and payment:	--	--
Conversion of debt into capital		
Convertible bonds expiring within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash	24,225,049,638.15	26,372,571,821.49
Less: Beginning balance of cash	26,372,571,821.49	28,772,120,824.34
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-2,147,522,183.34	-2,399,549,002.85

[Note] "Others" included the decreased amount RMB 976,192,487.64 of statutory deposit reserve and the net decreased amount RMB 1,834,907,204.24 of bill margin.

(2) Net cash paid for acquisition of subsidiaries in the current period

Item	Amount
Cash or cash equivalent paid in the current period for business combination that occurred in the current period	150,000,000.00
Including: Bank deposits	150,000,000.00
Less: Cash and cash equivalents held by the subsidiary on the date of purchase	70,436,872.44
Including: Songyuan Grain Group Co., Ltd.	70,436,872.44
Add: Cash or cash equivalent paid in the current period for business combination that occurred in the previous period	346,312,249.25
Including: Nanjing Walsin Nonferrous Metal Co., Ltd.	346,312,249.25
Net cash paid for acquisition of subsidiaries	425,875,376.81

(3) Composition of cash and cash equivalents

Item	Balance at the end of the period	Beginning Balance
I. Cash	24,225,049,638.15	26,372,571,821.49
Including: Cash on hand	468,623.79	1,357,064.14
Bank deposit for payment at any time	7,302,375,145.99	7,877,998,010.69
Other monetary capital for payment at any time	395,860,332.07	379,859,995.42
Deposits in the central bank available for payment at any time	2,108,729.48	2,004,412.74
Deposits in other banks available for payment at any time	16,524,236,806.82	18,111,352,338.50
II. Cash equivalents		
III. Ending balance of cash and cash equivalents	24,225,049,638.15	26,372,571,821.49

(4) Adjustment of monetary capital and cash equivalents

Item	Amount for the current period	Amount for the previous period
Monetary capital	136,413,143,859.81	125,400,715,267.64
Less: Deposits with restricted use	20,335,403,491.19	13,329,429,050.16
Including: Statutory deposit reserve	2,037,889,970.12	3,014,082,457.76
Bill, letter of credit and other deposits	18,297,513,521.07	10,315,346,592.40
Less: Fixed deposits and accrued interest not in the category of cash and cash equivalents	91,852,690,730.47	85,698,714,395.99
Add: Other cash equivalents		
Ending balance of cash and cash equivalents	24,225,049,638.15	26,372,571,821.49

63. Assets with restricted ownerships or use rights

Item	Carrying amount at the end of the period	Cause of restriction
Monetary capital	20,335,403,491.19	Statutory deposit reserve and deposits
Receivables financing	10,145,874,359.07	Pledged

Item	Carrying amount at the end of the period	Cause of restriction
Fixed assets	15,133,873.82	Mortgage
Other equity instrument investments	6,643,969,479.37	For details about the restricted shares, see Note (V) 15
Intangible assets	419,175,255.02	Mortgage
Other debt investments	496,933,800.00	Pledged
Total	38,056,490,258.47	

64. Monetary items of foreign currencies

(1) Monetary items of foreign currencies

Item	Balance in foreign currency at the end of period	Exchange rate for conversion	Balance of RMB converted at the end of period
Monetary capital:			19,252,053,105.84
Including: USD	2,715,307,560.30	6.5249	17,717,110,300.23
HKD	1,153,890,726.87	0.8416	971,114,435.74
BRL	434,105,329.49	1.2557	545,106,062.24
Euro	2,331,958.13	8.0250	18,713,963.99
JPY	131,944.51	0.0632	8,343.64
Accounts receivable:			2,819,474,218.13
Including: USD	354,198,482.95	6.5249	2,311,109,681.37
BRL	373,844,774.44	1.2557	469,436,883.26
HKD	23,154,284.71	0.8416	19,486,646.01
Euro	2,422,555.45	8.0250	19,441,007.49
Contract assets:			1,329,114.55
Including: USD	203,698.84	6.5249	1,329,114.55
Other receivables:			1,527,102.31
Including: USD	129,904.60	6.5249	847,614.52
HKD	403,801.43	0.8416	339,839.28
BRL	149,628.34	1.2557	187,888.31
Pounds	9,010.00	8.8903	80,101.60
Euro	8,929.42	8.0250	71,658.60
Subtotal of monetary assets of foreign currency			22,074,383,540.83
Short-term borrowing:			3,084,726,921.72
Including: USD	432,696,283.57	6.5249	2,823,299,980.68
HKD	310,630,871.01	0.8416	261,426,941.04

Item	Balance in foreign currency at the end of period	Exchange rate for conversion	Balance of RMB converted at the end of period
Long-term borrowings:			143,254,262.42
Including: USD	10,317,337.57	6.5249	67,319,595.90
Euro	9,462,263.74	8.0250	75,934,666.52
Accounts payable:			281,835,940.95
Including: USD	32,212,769.46	6.5249	210,185,099.46
BRL	33,308,848.95	1.2557	41,825,921.63
JPY	228,048,285.79	0.0632	14,420,861.40
HKD	9,273,600.61	0.8416	7,804,662.27
Euro	798,963.42	8.0250	6,411,681.45
Pounds	133,596.70	8.8903	1,187,714.74
Other payables:			169,167,466.94
Including: USD	24,257,254.76	6.5249	158,276,161.58
Euro	866,095.53	8.0250	6,950,416.63
HKD	2,895,815.87	0.8416	2,437,118.64
BRL	1,176,239.84	1.2557	1,477,004.37
JPY	423,267.05	0.0632	26,765.72
Other current liabilities:			1,143,061,076.53
Including: USD	175,184,459.00	6.5249	1,143,061,076.53
Subtotal of monetary liabilities of foreign currency			4,822,045,668.56

(2) Description of overseas operating entities

None.

VI. Change in the consolidation scope

1. Business combination not involving enterprises under common control

(1) Business combination involving enterprises not under common control in the current period

Name of acquired party	Time point of equity acquisition	Cost of equity acquisition	Proportion of equity acquisition	Equity acquisition mode	Date of purchase	Determination basis of date of purchase
Songyuan Grain Group Co., Ltd.	31 December, 2020	246,272,496.65	75.00%	Purchase by means of cash	31 December, 2020	Acquisition of control power

(2) Combination cost and business reputation

Combination cost	Amount
Fair value of the equity held before the date of purchase on the date of purchase	246,272,496.65

Combination cost	Amount
Total combination cost	246,272,496.65
Less: Fair value share of the identifiable net assets acquired	246,272,496.65
Business reputation/combination cost smaller than the amount of fair value share of the identifiable net assets acquired	

[Note] The Company originally held 50.00% of the equity of Songyuan Grain Group of which the remaining 50.00% equity was held by Liaoning Songyuan Financial Investment Management Center. In September 2020, the Company increased its capital contribution to Songyuan Grain Group by RMB 150,000,000.00, and its shareholding ratio increased to 75.00%; on 31 December, 2020, the Board of Directors of Songyuan Grain Group was re-elected, with 5 Board members, and the Company elected 4 directors, accounting for 80% of the total Board members, thus the Company has control over Songyuan Grain Group.

As at the date of purchase of 31 December, 2020, the fair value of the identifiable net assets attributable to the owners of the parent company was RMB 328,363,328.86, and the fair value of corresponding identifiable net assets were appraised by Beijing Yachao Assets Appraisal Co., Ltd. which issued [Beijing Yachao Appraisal Report (2020) No. A184] Appraisal Report. As at the date of purchase, the fair value of 75.00% equity originally held by the Company in Songyuan Grain Group was RMB 246,272,496.65. No additional consideration was paid on the date of purchase, and the corresponding combination cost was RMB 246,272,496.65.

(3) Identifiable assets and liabilities of the acquired party on the date of purchase

Item	Songyuan Grain Group Co., Ltd.	
	Fair value on the date of purchase	Carrying amount on date of purchase
Assets:		
Monetary capital	70,436,872.44	70,436,872.44
Accounts receivable	58,501,141.40	58,501,141.40
Receivables financing	1,632,600.00	1,632,600.00
Prepayment	41,963,876.05	41,963,876.05
Other receivables	24,912,813.07	24,912,813.07
Inventories	397,055,281.83	397,055,281.83
Other current assets	47,958,691.72	47,958,691.72
Other equity instrument investments	7,000,000.00	7,000,000.00
Fixed assets	103,601,989.38	87,182,573.65
Construction in Progress	27,971,600.68	27,971,600.68
Intangible assets	41,875,107.81	29,763,765.14
Long-term deferred expenses	6,613,861.32	6,613,861.32
Deferred income tax assets	1,735,376.11	1,735,376.11
Other non-current assets	45,165,068.36	45,165,068.36

Item	Songyuan Grain Group Co., Ltd.	
	Fair value on the date of purchase	Carrying amount on date of purchase
Subtotal of assets	876,424,280.17	847,893,521.77
Liabilities:		
Short-term borrowing	421,685,022.79	421,685,022.79
Accounts payable	25,076,251.02	25,076,251.02
Contractual liabilities	22,238,960.98	22,238,960.98
Payroll payable	3,036,030.14	3,036,030.14
Taxes payable	592,097.19	592,097.19
Other payables	11,819,022.22	11,819,022.22
Other current liabilities	3,347,033.54	3,347,033.54
Deferred income	20,938,130.35	20,938,130.35
Deferred income tax liabilities	7,132,689.60	
Subtitle of liabilities	515,865,237.83	508,732,548.23
Net assets	360,559,042.34	339,160,973.54
Less: minority equity	114,286,545.69	108,937,028.49
Net assets obtained	246,272,496.65	230,223,945.05

(4) Gains or losses from remeasurement of the equity held before the date of purchase at the fair value

Name of acquired party	Carrying amount of the equity originally held before the date of purchase on the date of purchase	Fair value of the equity originally held before the date of purchase on the date of purchase	Gains or losses from remeasurement of the equity originally held before the date of purchase at the fair value
Songyuan Grain Group Co., Ltd.	230,223,945.05	246,272,496.65	16,048,551.60

(5) Method and main assumptions for determining the fair value on the date of purchase

1) Appraisal and recognition methods: The asset based approach and the income approach were used to appraise the assets and liabilities this time.

2) Main hypothesis during the appraisal:

A. On the basis of maintaining consistency, the business scope, business methods and management models of the evaluated unit can be timely adjusted and innovated along with the development of the market and science and technology.

B. Except for the fixed-asset investment on the evaluation benchmark date that there is definite evidence showing that the production capacity will change in the future, it is assumed that the evaluated unit will not carry out major fixed-asset investment activities that affect its operations in the future income period, and the production capacity of the enterprise is estimated according to the condition on the evaluation benchmark date.

C. It is assumed that in the future earnings period, the evaluated unit will maintain the turnover of accounts receivable and accounts payable similar to the historical years, with no payment in arrears that is significantly

different from the historical years.

D. There are no property right disputes or other economic disputes related to the assets and liabilities declared by the appraised unit.

E. The source of funds and cost of future R&D and production of the evaluated unit will not cause significant adverse effects on the enterprise.

3) Reasons for asset appreciation:

A. The acquisition of housing and buildings under fixed assets took place earlier, and the increase in housing prices in the areas where they are located led to valuation appreciation.

B. The acquisition of land use rights under intangible assets took place earlier, and the increase in land market prices led to valuation appreciation.

2. Business combination involving enterprises under common control

None.

3. Counter purchase

None.

4. Disposal of subsidiaries

None.

5. Changes in the consolidation scope arising from other causes

The newly established new bodies in this period are as follows:

Name	Time of establishment	Net assets of the end of the period	Net profit from the combination date to the end of the period
Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	16 January, 2020	1,000,170,464.38	170,464.38
Zhuhai Ge Health Medical Technology Co., Ltd.	18 February, 2020	44,211,752.29	24,211,752.29
Gree Chengdu Xinhui Medical Equipment Co., Ltd.	8 April, 2020	86,869,920.67	1,199,920.67
Suzhou Qingzhan Environmental Technology Co., Ltd.	13 May, 2020	13,636,129.44	-363,870.56
Gree (Ganzhou) Electric Appliances Co., Ltd.	25 September, 2020	80,049,226.28	49,226.28
Gree Tianjin Xinhui Medical Equipment Co., Ltd.	26 October, 2020	Not yet invested	

VII. Equity in other subjects

1. Equity in subsidiaries

(1) Composition of the enterprise group

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
1	Gree (Chongqing) Electric Appliances Co., Ltd.	Chongqing City	Chongqing City	Industrial manufacture	97.00		97.00	Establishment
2	Gree (Hefei) Electric Appliances Co., Ltd.	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Establishment
3	Gree (Brazil) Electric Appliances Co., Ltd.	Manaus, Brazil	Manaus, Brazil	Industrial manufacture	100.00		100.00	Establishment
4	Gree (Zhengzhou) Electric Appliances Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
5	Gree (Wuhan) Electric Appliances Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
6	Gree (Wuhu) Electric Appliances Co., Ltd.	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
7	Gree (Shijiazhuang) Electric Appliances Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Business combination not involving enterprises under common control
8	Gree (Hangzhou) Electric Appliances Co., Ltd.	Hangzhou City	Hangzhou City	Industrial manufacture	100.00		100.00	Establishment
9	Gree (Luoyang) Electric Appliances Co., Ltd.	Luoyang	Luoyang	Industrial manufacture	100.00		100.00	Establishment
10	Gree (Nanjing) Electric Appliances Co., Ltd.	Nanjing	Nanjing	Industrial manufacture	100.00		100.00	Establishment
11	Gree (Chengdu) Electric Appliances Co., Ltd.	Chengdu	Chengdu	Industrial manufacture	100.00		100.00	Establishment
12	Gree Changsha HVAC Equipment Co., Ltd.	Changsha City	Changsha City	Industrial manufacture	100.00		100.00	Establishment

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
13	Gree (Chengdu) HVAC Equipment Co., Ltd.	Chengdu	Chengdu	Industrial manufacture	100.00		100.00	Establishment
14	Zhuhai Gree Group Finance Company Limited [Note 1]	Zhuhai City	Zhuhai City	Finance	94.16	0.46	94.62	Business combination involving enterprises under common control
15	Zhuhai Hengqin GREE business factoring Co., Ltd.	Zhuhai City	Zhuhai City	Finance	100.00		100.00	Establishment
16	Zhuhai Landa Compressor Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
17	Hefei Landa Compressor Co., Ltd.	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Establishment
18	Zhengzhou Landa Compressor Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
19	Chongqing Landa Compressor Co., Ltd.	Chongqing City	Chongqing City	Industrial manufacture	100.00		100.00	Establishment
20	Wuhan Landa Compressor Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
21	Zhuhai Meilingda Refrigeration Technology Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	70.00		70.00	Business combination involving enterprises under common control
22	Zhuhai Landa Material Supply Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
23	Zhuhai Kaibang Motor Manufacture Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination not involving enterprises under common control
24	Hefei Kaibang Motor Manufacture Co., Ltd.	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Establishment
25	Chongqing Kaibang Motor Manufacture Co., Ltd.	Chongqing City	Chongqing City	Industrial manufacture	100.00		100.00	Establishment
26	Henan Kaibang Motor Manufacture Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
27	Zhuhai Gree Electrical Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
28	Gree Electric Enterprises (Ma'anshan) Ltd.	Ma'anshan City	Ma'anshan City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
29	Gree (Meishan) Electrician Co., Ltd.	Meishan City	Meishan City	Industrial manufacture	100.00		100.00	Establishment
30	Gree (Nanjing) Electrician Co., Ltd.	Nanjing	Nanjing	Industrial manufacture	100.00		100.00	Establishment
31	GREE (Zhongshan) Home Appliances Co., Ltd.	Zhongshan City	Zhongshan City	Industrial manufacture	100.00		100.00	Establishment
32	Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Establishment
33	Gree Green Refrigeration Technology Center Co., Ltd. Of Zhuhai	Zhuhai City	Zhuhai City	Technical research and development	100.00		100.00	Establishment
34	Zhengzhou Gree Green Resources Recycling Co., Ltd	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
35	Hunan Green Resources Recycling Co., Ltd	Ningxiang County	Ningxiang County	Industrial manufacture	100.00		100.00	Establishment
36	Wuhu Green Resources Recycling Co., Ltd.	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
37	Shijiazhuang Green Resources Recycling Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Establishment
38	Tianjin Green Resources Recycling Co., Ltd.	Tianjin City	Tianjin City	Industrial manufacture	100.00		100.00	Establishment
39	Zhuhai Gree Daikin Precision Mold Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
40	Zhuhai Gree Dakin Device Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
41	Zhuhai Ligao Precision Manufacturing Co., Ltd.	Zhuhai City	Zhuhai City	Industrial	100.00		100.00	Establishment

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
				manufacture				
42	Zhuhai Gree TOSOT Life Electric Appliances Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
43	Gree TOSOT (Suqian) Home Appliances Co., Ltd.	Suqian City	Suqian City	Industrial manufacture	100.00		100.00	Establishment
44	Zhuhai HVAC Equipment Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
45	Gree (Wuhan) HVAC Equipment Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
46	Zhuhai EWPE Information Technology Co., Ltd.	Zhuhai City	Zhuhai City	IT	100.00		100.00	Establishment
47	Zhuhai Gree Xinyuan Electronics Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
48	Gree (Nanjing) Xinyuan Electronics Co., Ltd.	Nanjing	Nanjing	Industrial manufacture	100.00		100.00	Establishment
49	Gree Hong Kong Electric Appliances Sales Co., Ltd.	Kowloon, Hong Kong	Kowloon, Hong Kong	Sales	100.00		100.00	Business combination not involving enterprises under common control
50	GREE Shanghai Air Conditioners Sales Co., Ltd. [Note 2]	Shanghai City	Shanghai City	Sales	90.00	9.70	99.70	Establishment
51	Brazil United Electric Appliances Industry and Commerce Co., Ltd.	Sao Paulo, Brazil	Sao Paulo, Brazil	Sales	100.00		100.00	Establishment
52	Gree (USA) Sales Co., Ltd.	California, USA	California, USA	Sales	100.00		100.00	Establishment
53	Zhuhai GREE Intelligent Equipment Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
54	Zhuhai GREE Intelligent Equipment Technology Research Institute Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
55	GREE (Wuhan) Intelligent Equipment Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
56	Gree (Luoyang) Robot Co., Ltd.	Luoyang	Luoyang	Technical research and development	100.00		100.00	Establishment
57	Zhuhai Gree Robot Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
58	Wuhu Precision Manufacturing Co., Ltd.	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
59	Gree (Wuhan) Precision Mold Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
60	Zhuhai Gree Precision Mold Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
61	Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	Wu'an County	Wu'an County	Industrial manufacture	70.00		70.00	Establishment
62	Zhuhai Gree New Material Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
63	Zhuhai Gree Energy Environment Technology Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
64	Zhuhai Gree Info Technology Co., Ltd.	Zhuhai City	Zhuhai City	IT	51.00		51.00	Establishment
65	Zhuhai Gree CNC Machine Tool Research Institute Co., Ltd.	Zhuhai City	Zhuhai City	Technical research and development	100.00		100.00	Establishment
66	Zhuhai Gree Transportation Co., Ltd.	Zhuhai City	Zhuhai City	Transportation industry	100.00		100.00	Establishment
67	Zhuhai Lianyun Technology Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
68	Zhuhai Zero Boundary Integrated Circuit Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
69	Zhuhai Gree Material Supply Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
70	Zhuhai Gree Lv kong Technology Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
71	Hefei Kinghome Electrical Co., Ltd.	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Business combination not involving enterprises under common control
72	Gree (Chengdu) Precision Mold Co., Ltd.	Chengdu	Chengdu	Industrial manufacture	100.00		100.00	Establishment
73	Zhuhai Gree Electrical and Mechanical Engineering Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
74	Gree (Luoyang) Washing Machine Co., Ltd.	Luoyang	Luoyang	Industrial manufacture	100.00		100.00	Establishment
75	Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	Zhuhai City	Zhuhai City	IT	75.00		75.00	Establishment
76	Gree (Anji) Precision Mold Co., Ltd.	Anji County	Anji County	Industrial manufacture	100.00		100.00	Establishment
77	Zhuhai Gree Green Resources Recycling Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
78	Nanjing Walsin Nonferrous Metal Co., Ltd.	Nanjing	Nanjing	Industrial manufacture	94.30		94.30	Business combination not involving enterprises under common control
79	Guangdong Guochuang Intelligent Technology Co., Ltd.	Lianjiang City	Lianjiang City	Industrial manufacture	60.00		60.00	Establishment
80	Luoyang Lianmei Real Estate Co., Ltd.	Luoyang	Luoyang	Real estate	51.00		51.00	Establishment
81	Zhuhai Hengqin Gree Huatai Energy Development Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
82	Handan Yingdong New Energy Technology Co., Ltd.	Wu'an County	Wu'an County	Industrial manufacture	100.00		100.00	Establishment
83	Bayannur Huatai Technology Development Co., Ltd.	Inner Mongolia	Inner Mongolia	Industrial manufacture	51.00		51.00	Establishment
84	Gree Material Supply (Wuhan) Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
85	Gree Material Supply (Hefei) Co., Ltd.	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Establishment

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
86	Gree Material Supply (Zhengzhou) Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
87	Gree Material Supply (Chongqing) Co., Ltd.	Chongqing City	Chongqing City	Industrial manufacture	100.00		100.00	Establishment
88	Huzhou Landa Compressor Co., Ltd.	Anji County	Anji County	Industrial manufacture	100.00		100.00	Establishment
89	Gree E-commerce Co., Ltd.	Zhuhai City	Zhuhai City	Wholesale and retail trade	100.00		100.00	Establishment
90	Gree Rongzhu Copper (Nanjing) Co., Ltd.	Nanjing	Nanjing	Industrial manufacture	100.00		100.00	Establishment
91	Gelan Environmental Protection Technology (Shaoguan) Co., Ltd.	Shaoguan City	Shaoguan City	Sales	100.00		100.00	Establishment
92	Songyuan Grain Group Co., Ltd.	Songyuan City	Songyuan City	Agriculture	75.00		75.00	Business combination not involving enterprises under common control
93	Songyuan Chagan Lake Grain Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
94	SL Shengyuan (Jilin) Agricultural Development Co., Ltd.	Songyuan City	Songyuan City	Agriculture	51.00		51.00	Business combination not involving enterprises under common control
95	SL Group Rice Research Institute Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
96	Jilin SL Tuga Grain Market Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
97	Jilin SL Modern Agriculture Development Co., Ltd.	Songyuan City	Songyuan City	Agriculture	70.00		70.00	Business combination not involving enterprises under common control
98	SL Group Jiangwan Rice Industry Co., Ltd.	Songyuan City	Songyuan City	Agriculture	51.00		51.00	Business combination not involving enterprises under common control

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
99	Jilin Chagan Lake Grain and Rice Industrial Park Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
100	SL Jinyu Daqing Agricultural Technology Co., Ltd.	Songyuan City	Songyuan City	Agriculture	51.00		51.00	Business combination not involving enterprises under common control
101	SL (Shenzhen) South China Agricultural Development Co., Ltd.	Shenzhen	Shenzhen	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
102	Songyuan (Ningbo) Grain Sales Co., Ltd.	Ningbo	Ningbo	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
103	Zhenlai County SL Shengyuan Agricultural Development Co., Ltd.	Baicheng	Baicheng	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
104	Jilin Songyuan Grain Modern Logistics Development Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
105	Jilin SL Xinyu Agricultural Development Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
106	SL Group Ermapao Ecological Farm Co., Ltd.	Songyuan City	Songyuan City	Agriculture	70.00		70.00	Business combination not involving enterprises under common control
107	SL Group Lianhe Ecological Farm Co., Ltd.	Songyuan City	Songyuan City	Agriculture	70.00		70.00	Business combination not involving enterprises under common control
108	SL Group Juyuan Agriculture Co., Ltd.	Songyuan City	Songyuan City	Agriculture	70.00		70.00	Business combination not involving enterprises under common control
109	SL Group Lvzhiyuan Agriculture Co., Ltd.	Songyuan City	Songyuan City	Agriculture	70.00		70.00	Business combination not involving enterprises under common control

Serial Number	Name	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
110	SL Group Dongwei Rice Industry Co., Ltd.	Songyuan City	Songyuan City	Agriculture	51.00		51.00	Business combination not involving enterprises under common control
111	SL Group Songlin Grain Depot Co., Ltd.	Fuyu	Fuyu	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
112	SL Group Jingu Grain Depot Co., Ltd.	Songyuan City	Songyuan City	Agriculture	100.00		100.00	Business combination not involving enterprises under common control
113	SL Group Tongda Grain Storage Co., Ltd.	Songyuan City	Songyuan City	Agriculture	70.00		70.00	Business combination not involving enterprises under common control
114	Jilin Songyuan Grain Huilong Agricultural Technology Co., Ltd.	Songyuan City	Songyuan City	Agriculture	51.00		51.00	Business combination not involving enterprises under common control
115	Zhuhai Ge Health Medical Technology Co., Ltd.	Zhuhai City	Zhuhai City	Medical instruments	100.00		100.00	Establishment
116	Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
117	Gree Chengdu Xinhui Medical Equipment Co., Ltd.	Chengdu	Chengdu	Medical instruments	75.00		75.00	Establishment
118	Suzhou Qingzhan Environmental Technology Co., Ltd.	Suzhou	Suzhou	Industrial manufacture	65.00		65.00	Establishment
119	Gree (Ganzhou) Electric Appliances Co., Ltd.	Ganzhou	Ganzhou	Industrial manufacture	100.00		100.00	Establishment
120	Gree Tianjin Xinhui Medical Equipment Co., Ltd.	Tianjin City	Tianjin City	Industrial manufacture	100.00		100.00	Establishment

[Note 1] During the period, the Company increased capital contribution to its controlling subsidiary Zhuhai Gree Group Finance Company Limited (hereinafter referred to as "Gree Finance Company") by RMB 2,640,000,000, of which RMB 1,500,000,000 was included in the registered capital of Gree Finance Company and the remaining RMB 1,140,000,000 was included in the capital reserve of Gree Finance Company. After the capital increase, the Company held 94.16% of Gree Finance Company, and the Company's wholly-owned subsidiaries Gree Electrical and Gree Xinyuan each held 0.23% of Gree Finance Company, so the Company's

control over Gree Finance Company remained unchanged;

[Note 2]: The Company directly holds 90.00% of total stocks of Gree Shanghai Air Conditioners Sales Co., Ltd., and Gree (Chongqing) Electric Appliances Co., Ltd. as the subsidiary of the Company holds its remaining 9.70% stocks, so the Company holds its 99.70% stocks in the direct and indirect ways.

(2) Important non-wholly owned subsidiaries

Information of rights and interests held by minority shareholders of important non-wholly owned subsidiaries and profits and losses:

Name	Shareholding ratio of minority shareholders	Profits or losses attributable to minority shareholders in the current period	Dividends declared to distribute to minority shareholders in the current period	Equity balance of minority shareholders at the end of the period
Gree (Chongqing) Electric Appliances Co., Ltd.	3.00%	2,255,432.00		73,884,144.21
Zhuhai Gree Group Finance Company Limited [Note]	5.38%	63,127,166.19	411,607,065.23	319,521,485.92

[Note] For changes in equity of Zhuhai Gree Group Finance Company Limited, see Note (VII) 1. (1) for details.

(3) Main financial information of important non-wholly owned subsidiaries

Name	Balance at the end of the period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Gree (Chongqing) Electric Appliances Co., Ltd.	2,920,871,321.12	944,587,263.99	3,865,458,585.11	1,390,158,036.58	12,495,741.40	1,402,653,777.98
Zhuhai Gree Group Finance Company Limited	38,131,598,722.42	14,678,190,451.97	52,809,789,174.39	46,634,275,949.33	232,033,203.40	46,866,309,152.73

(Continued)

Name	Beginning Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Gree (Chongqing) Electric Appliances Co., Ltd.	3,898,672,996.86	1,045,004,552.90	4,943,677,549.76	2,542,579,996.06	13,473,813.34	2,556,053,809.40
Zhuhai Gree Group Finance Company Limited	52,065,731,802.44	18,385,117,667.65	70,450,849,470.09	63,819,886,177.95	181,178,505.54	64,001,064,683.49

(Continued)

Name	Amount for the current period			
	Operating incomes	Net profits	Total comprehensive income	Cash flows from operating activities
Gree (Chongqing) Electric Appliances Co., Ltd.	4,820,238,798.40	75,181,066.77	75,181,066.77	-3,051,189,240.49
Zhuhai Gree Group Finance Company Limited	2,379,170,026.46	679,943,713.67	681,885,945.92	-12,691,657,223.44

(Continued)

Name	Amount for the previous period			
	Operating incomes	Net profits	Total comprehensive income	Cash flows from operating activities
Gree (Chongqing) Electric Appliances Co., Ltd.	10,703,012,677.06	784,272,003.69	784,272,003.69	1,209,651,124.46
Zhuhai Gree Group Finance Company Limited	2,399,580,625.93	795,328,040.73	792,299,281.53	3,359,858,744.18

2. Equities in joint ventures or associates

(1) Important joint ventures or associates

Name of invested entity	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment of associates or joint ventures
				Direct	Indirect	
Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)	Zhuhai City	Zhuhai City	Business services	91.27		Equity method
Zhuhai Hanling Equity Investment Partnership (Limited Partnership)	Zhuhai City	Zhuhai City	Business services	47.92		Equity method

(2) Main financial information of important joint ventures

1) Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)

Item	Balance at the end of the period/Amount for the current period	Balance at the beginning of the period/Amount for the previous period
Current assets	1,536,916.77	1,689,835.43
Including: cash and cash equivalents	1,536,916.77	1,689,835.43
Non-current assets	8,660,996,176.54	7,522,991,256.00
Total assets	8,662,533,093.31	7,524,681,091.43
Current liabilities	23,078,118.19	66,000.00
Total liabilities	23,078,118.19	66,000.00
Share of net assets calculated by the agreement	7,061,709,059.56	6,867,716,193.95
Total comprehensive income	1,114,839,883.69	5,209,135,267.94

2) Zhuhai Hanling Equity Investment Partnership (Limited Partnership)

Item	Balance at the end of the period/Amount for the current period	Balance at the beginning of the period/Amount for the previous period
Current assets	123,178,588.99	--
Including: cash and cash equivalents	476,698.58	--
Non-current assets	800,000,000.00	--
Total assets	923,178,588.99	--
Current liabilities	758,152.76	--
Total liabilities	758,152.76	--
Share of net assets calculated by the agreement	922,420,436.23	--
Total comprehensive income	29,115,512.75	--
Dividends received from joint ventures in the current year	26,695,076.52	--

(3) Significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

None.

(4) Excess losses incurred by joint ventures or associates

None.

(5) Unrecognized commitments related to investment in joint ventures

None.

(6) Contingent liabilities related to investment in joint ventures or associates

None.

3. Important co-management

None.

4. Equity in structured entities which were not included in the scope of consolidated financial statements

None.

VIII. Risks associated with financial instruments

Main financial instruments of the Company included monetary capital, trading financial assets, derivative financial assets, receivables financing, receivables, disbursement of loans and receivables, buying back the sale of financial assets, debt investments, other debt investments, other equity instrument investments, other financial liabilities (e.g., payables) arising from operation, etc. These financial instruments aimed to provide funds for operation of the Company.

The financial instruments of the Company may lead to the main risks of credit risks, liquidity risks and market risks.

1. Classification information of financial instruments

The book values of various financial instruments on the balance sheet date:

(1) Balance at the end of the period

Item	Classification of financial assets			Total
	Financial assets measured at amortization costs	Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses	
1. Measured by cost or amortized cost				
Monetary capital	136,413,143,859.81			136,413,143,859.81
Accounts receivable	8,738,230,905.44			8,738,230,905.44
Other receivables	147,338,547.86			147,338,547.86
Non-current assets due within one year (debt investment)				
Other current assets [note]	13,039,786,857.75			13,039,786,857.75

Item	Classification of financial assets			Total
	Financial assets measured at amortization costs	Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses	
Disbursement of loans and advances	5,273,805,581.52			5,273,805,581.52
Subtotal	163,612,305,752.38			163,612,305,752.38
2. Measured at fair values				
Trading financial assets			370,820,500.00	370,820,500.00
Derivative financial assets			285,494,153.96	285,494,153.96
Receivables financing		20,973,404,595.49		20,973,404,595.49
Non-current assets due within one year (other debt investments)				
Other current assets		22,298,300.00	22,524,600.00	44,822,900.00
Other debt investments		502,202,293.17		502,202,293.17
Other equity instrument investments		7,788,405,891.47		7,788,405,891.47
Other non-current financial assets			2,003,483,333.33	2,003,483,333.33
Subtotal		29,286,311,080.13	2,682,322,587.29	31,968,633,667.42
Total	163,612,305,752.38	29,286,311,080.13	2,682,322,587.29	195,580,939,419.80

(Continued)

Item	Classification of financial liabilities		
	Derivative financial liabilities	Other financial liabilities	Total
1. Measured by cost or amortized cost			
Short-term borrowing		20,304,384,742.34	20,304,384,742.34
Deposits from customers and interbank		261,006,708.24	261,006,708.24
Loans from other banks		300,020,250.00	300,020,250.00
Bills payable		21,427,071,950.32	21,427,071,950.32
Accounts payable		31,604,659,166.88	31,604,659,166.88
Financial assets sold for repurchase		475,033,835.62	475,033,835.62
Other payables		2,379,395,717.44	2,379,395,717.44
Other current liabilities		62,912,984,777.41	62,912,984,777.41
Long-term borrowing		1,860,713,816.09	1,860,713,816.09
Subtotal		141,525,270,964.34	141,525,270,964.34
Total		141,525,270,964.34	141,525,270,964.34

(2) Beginning Balance

Item	Classification of financial assets			Total
	Financial assets measured at amortization costs	Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses	
1. Measured by cost or amortized cost				
Monetary capital	125,400,715,267.64			125,400,715,267.64
Accounts receivable	8,439,719,697.00			8,439,719,697.00
Other receivables	159,134,399.10			159,134,399.10
Non-current assets due within one year (debt investment)	18,608,350.13			18,608,350.13
Other current assets [note]	19,346,895,253.23			19,346,895,253.23
Disbursement of loans and advances	14,423,786,409.22			14,423,786,409.22
Subtotal	167,788,859,376.32			167,788,859,376.32
2. Measured at fair values				
Trading financial assets			955,208,583.58	955,208,583.58
Derivative financial assets			92,392,625.69	92,392,625.69
Receivables financing		28,226,248,997.12		28,226,248,997.12
Non-current assets due within one year (other debt investments)		426,789,360.26		426,789,360.26
Other debt investments		296,836,282.20		296,836,282.20
Other equity instrument investments		4,644,601,697.51		4,644,601,697.51
Other non-current financial assets			2,003,483,333.33	2,003,483,333.33
Subtotal		33,594,476,337.09	3,051,084,542.60	36,645,560,879.69
Total	167,788,859,376.32	33,594,476,337.09	3,051,084,542.60	204,434,420,256.01

(Continued)

Item	Classification of financial liabilities		
	Derivative financial liabilities	Other financial liabilities	Total
1. Measured by cost or amortized cost			
Short-term borrowing		15,944,176,463.01	15,944,176,463.01
Deposits from customers and interbank		352,512,311.72	352,512,311.72
Loans from other banks		1,000,446,666.67	1,000,446,666.67
Bills payable		25,285,207,843.86	25,285,207,843.86
Accounts payable		41,656,815,752.46	41,656,815,752.46
Financial assets sold for repurchase		2,074,500,000.00	2,074,500,000.00
Other payables		2,712,692,973.66	2,712,692,973.66
Other current liabilities		65,181,491,855.14	65,181,491,855.14

Item	Classification of financial liabilities		
	Derivative financial liabilities	Other financial liabilities	Total
Long-term borrowing		46,885,882.86	46,885,882.86
Subtotal		154,254,729,749.38	154,254,729,749.38
Total		154,254,729,749.38	154,254,729,749.38

[Note] The above other current assets and other current liabilities excluded prepaid taxes, output tax to be wrote-off and other items.

2. Credit risks

Credit risks refer to financial losses suffered by one party to the financial instrument due to the other party's inability to fulfill obligations.

The Company will have transactions with recognized customers with a good reputation only. According to the policy of the Company, all the customers who require the credit form for transactions shall undergo credit review. Besides, the Company implements continuous monitoring on the balance of accounts receivable to ensure that the Company is not confronted with the major risk of bad debts.

Financial assets of the Company include monetary capital, receivables financing, etc. The credit risks of these financial assets come from nonperformance of the transaction counterparty, and the maximum risk exposure is equal to the carrying amount of these instruments. Trade terms between the Company and customers focus on advances, banker's acceptance bill or the mode of pay on delivery, assisted by deal on credit.

The monetary capital is deposited in state-owned financial institutions with a higher credit rating, minimizing the risk; the receivables financing is mainly banker's acceptance bills, and the risk exposure is rather small. The book value of receivables financing, accounts receivable, prepayments and other receivables in the consolidated balance sheet is the highest credit risk with which the Company may be confronted. As at the end of the Report Period, the Company's receivables financing, accounts receivable, and other accounts receivable accounted for 10.69% of the total assets (the balance at the beginning of the period was 13.01%), and the above amounts were mainly due within 1 year, so the Company had no significant credit risk. For the Company's credit risk exposures arising from the receivables financing, accounts receivable and other receivables, see the disclosed information in Note V. 4 "Receivables", Note V. 5 "Receivables financing" and Note V. 7 "Other receivables".

3. Liquidity risks

Liquidity risks refer to risks of fund shortage generated when the enterprise performs the obligation to settle accounts by cash payment or other financial assets.

As indicated by changes in the Company's financial instruments at the beginning and end of the period, the proportion of the Company's "Financial assets" to "Financial liabilities" at the end of the report period was 1.38 (which was 1.33 at the beginning of the period). which shows that the Company has adequate liquidity and the risk in shortage of liquidity is low.

4. Market risks

Market risks refer to fluctuation risks of the fair value or future cash flow of financial instrument due to changes in the market price, including exchange rate risk and interest rate risk.

(1) Exchange rate risk

Exchange rate risk refers to the fluctuation risk of the fair value or future cash flow of financial instruments due to changes in the foreign exchange rate.

As at 31 December, 2020, the amounts of foreign currency financial assets and liabilities held by the Company converted into RMB were presented in details in Note (V) 64 (1) "Foreign Currency Monetary Items".

The Company will minimize the exchange risk by carrying out the forward exchange transaction business and controlling the scale of foreign currency assets and liabilities according to changes in the market exchange rate.

(2) Interest rate risks

Interest rate risk refers to the fluctuation risk of the fair value or future cash flow of financial instruments due to changes in the market rate of interest.

Set out below are the Company's liabilities with interests as of 31 December, 2020:

Report item	Amount	Interest rate range	Remarks
Short-term borrowing	20,304,384,742.34	0.63%-6.525%	Floating interest rate
Deposits from customers and interbank	261,006,708.24	0.35%-3.65%	Floating interest rate
Loans from other banks	300,020,250.00	2.43%	
Long-term borrowing	1,860,713,816.09	0.41%-6.18%	Floating interest rate
Money from financial assets sold for repurchase	475,033,835.62	2.60%	
Total	23,201,159,352.29		

IX. Fair value disclosure

1. Fair values of assets and liabilities at the end of period that are measured at the fair value

Item	Fair value at the end of period			
	Measurement of the fair value at the first layer	Measurement of the fair value at the second layer	Measurement of the fair value at the third layer	Total
I. Continuous fair value measurement	--	--	--	--
1. Trading financial assets				
Financial assets measured at their fair values and of which the changes are recorded into the current profits and losses				
(1) Debt instrument investment	370,820,500.00			370,820,500.00

Item	Fair value at the end of period			Total
	Measurement of the fair value at the first layer	Measurement of the fair value at the second layer	Measurement of the fair value at the third layer	
(2) Derivative financial assets		285,494,153.96		285,494,153.96
2. Other debt investments				
Other debt investments	502,202,293.17			502,202,293.17
3. Other equity instrument investments				
Including: Other equity instrument investments designated as measured at their fair values and of which the changes are recorded into the current profits and losses	7,781,405,891.47		7,000,000.00	7,788,405,891.47
4. Receivables financing				
Including: Notes receivable designated as measured at their fair values and of which the changes are recorded into the current profits and losses		20,973,404,595.49		20,973,404,595.49
5. Other non-current financial assets				
Including: Debt instrument investments designated as measured at their fair values and of which the changes are recorded into the current profits and losses		2,003,483,333.33		2,003,483,333.33
6. Others	44,822,900.00			44,822,900.00
Total of assets measured by fair value continuously	8,699,251,584.64	23,262,382,082.78	7,000,000.00	31,968,633,667.42

2. Basis for determining market prices of items continuously and not continuously measured at the first-level fair value

Market prices of trading financial assets - debt instruments, other debt investment, other equity instrument investments and hedging instruments held by the Company are determined based on the quotation of corresponding products and investment projects on the open market.

3. Qualitative and quantitative information on valuation techniques and important parameters adopted by items continuously and not continuously measured at the second-level fair value

Receivables financing held by the Company is the bank acceptance bills and commercial acceptance bills held by the Company, and their corresponding transfer and discounted amounts are used as the basis for determining their market prices;

Derivative financial assets and other non-current financial assets held by the Company are mainly forward hedging instruments and trust products with a recovery period of more than one year, and the recoverable amount of the corresponding financial assets is used as the basis for determining the market price.

4. Qualitative and quantitative information on valuation techniques and important parameters adopted by items continuously and not continuously measured at the third-level fair value

Non-trading equity instrument investments designated as measured at their fair values and of which the changes are recorded into the current profits and losses, which are held by the Company at the third layer, were mainly equity investment projects which cannot be verified with the data from the observable active market and of which the financial forecast is made with their own data.

5. For items continuously measured at fair value, in case of any conversion between various levels during the current period, reasons for the conversion and policies to determine the conversion time should be provided

None.

6. Changes in valuation techniques and reasons for changes occurred during the current period

None.

7. Particulars on fair value of financial assets and liabilities which are not measured at fair value

None.

X. Related parties and related transaction

1. Parent company of the Company

On 2 December, 2019, Zhuhai Gree Group Co., Ltd. (hereinafter referred to as "Gree Group"), the original major shareholder of the Company, signed the Share Transfer Agreement with Zhuhai Mingjun Investment Partnership (Limited Partnership) (hereinafter referred to as "Zhuhai Mingjun"), pursuant to which Gree Group transferred its 902,359,632 non-restricted circulating shares held in the Company (accounting for 15.00% of the Company's total equity) to Zhuhai Mingjun. The above equity change was approved by Zhuhai Municipal People's Government and the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government on 13 December, 2019.

On 3 February, 2020, the Transfer Registration Confirmation issued by China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch showed that the share transfer registration procedures were completed, the transfer date was 23 January, 2020, and the Company had neither a controlling shareholder nor an actual controller.

2. Subsidiaries of the Company

For details, see Note (VII) 1 "Equity in subsidiaries".

3. Joint ventures and associates of the Company

For important joint ventures and associates of the Company, see the Note VII. 2 for details.

4. Other related parties

Name of other related parties	Relationships of other related parties with the Company
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Name of other related parties	Relationships of other related parties with the Company
Subsidiaries and holding companies of Zhuhai Gree Group Co., Ltd.	Subsidiaries and holding subsidiaries of the Company's original controlling shareholder
Shandong Jierui Logistics Co., Ltd.	Companies where supervisors of the Company act as executive directors and general managers
Shandong Zhirun Electric Appliances Co., Ltd.	Companies where supervisors of the Company act as executive directors
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Companies where supervisors of the Company act as managers
Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries	Companies and their subsidiaries and holding subsidiaries where the chairman of the Company serves as a director
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors and general managers
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	Companies where the Company's director holds equity and serves as the board chairman
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors
Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	The company in which the Company holds more than 5.00% of its shares
Shandong Red April Holdings Group Co., Ltd. and its subsidiaries	Companies where supervisors of the Company act as executive directors and general managers
Zhuhai Xima Pearl New Media Co., Ltd.	Companies where board chairman of the Company act as director
Wuhu Green Renewable Resources Recycling Co., Ltd.	A company upon which the Company has great influence
Hunan Green Renewable Resources Recycling Co., Ltd.	A company upon which the Company has great influence
Shandong Mely Property Co., Ltd.	Subsidiaries where sons of supervisors of the Company act as executive directors and managers
Henan Huizhong Yifeng Electronic Commerce Co., Ltd.	Companies where directors of the Company act as board chairmans
Zhuhai Wantong Special Engineering Plastics Co., Ltd.	Wholly-owned or holding subsidiaries where former independent directors of the Company act as independent directors

5. Related transactions

(1) Related-party transactions for the purchase and sales of goods and the rendering and receipt of services

1) Purchase of commodities/receiving of services

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period
Zhuhai Gree Group Co., Ltd. and its holding companies	Deposit-taking	Interest expense	168,517.68	32,813.02
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Deposit-taking	Interest expense	640.04	26,350.32
Shandong Jierui Logistics Co., Ltd.	Deposit-taking	Interest expense	540.83	1,624.60
Songyuan Grain Group Co., Ltd. and its subsidiaries	Deposit-taking	Interest expense	2,103.39	1,484.15
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Deposit-taking	Interest expense	5,393.77	1,290.45
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Deposit-taking	Interest expense	7,116.88	185.25
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	Deposit-taking	Interest expense	105.88	102.16

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period
Shandong Zhirun Electric Appliances Co., Ltd.	Deposit-taking	Interest expense	0.65	89.21
Shandong Mely Property Co., Ltd.	Deposit-taking	Interest expense	8.75	
Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries	Materials procurement	Raw material	2,057,922,093.99	2,169,555,677.45
Wuhu Green Renewable Resources Recycling Co., Ltd.	Materials procurement	Raw material	509,270.48	10,788,213.00
Hunan Green Renewable Resources Recycling Co., Ltd.	Materials procurement	Raw material	4,281,006.00	846,184.00
Beijing Gree Technology Co., Ltd.	Materials procurement	Fittings	46,875,937.46	164,958,551.96
Songyuan Grain Group Co., Ltd. and its subsidiaries	Materials procurement	Foodstuff	1,273,086.22	8,097,519.11
Zhuhai Gree Group Co., Ltd. and its holding companies	Materials procurement	Accessories and infrastructure projects	5,563,078.35	503,256.74
Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries [Note]	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	456,527,871.20	72,389,092.82
Chongqing Pargo Mechanical Equipment Co., Ltd.	Purchase of fixed assets and materials	Accessories, finished products and equipment	15,961,014.17	18,138,184.74
Liaowang All Media Communication Co., Ltd.	Service sourcing	Publicity and advertising fee	4,150,943.41	4,758,867.94
Total			2,593,248,729.15	2,450,099,486.92

2) Sales of commodities/rendering of services

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Interest revenue	42,501,985.05	54,947,437.57
Shandong Jierui Logistics Co., Ltd.	Loan	Interest revenue	10,440,199.17	24,460,821.26
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Interest revenue	17,299,672.42	9,588,766.71
Songyuan Grain Group Co., Ltd. and its subsidiaries	Loan	Interest revenue	49,766,184.02	7,658,695.92
Shandong Zhirun Electric Appliances Co., Ltd.	Loan	Interest revenue	141,115.31	3,679,077.57
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Interest revenue	1,373,925.57	
Zhuhai Gree Group Co., Ltd. and its holding companies	Loan	Handling charge income		801,650.95
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Handling charge income	141,698.58	339,622.64
Shandong Jierui Logistics Co., Ltd.	Loan	Handling charge income	194.34	378.30
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Handling charge income	189.15	189.15
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Handling charge income	378.30	189.15

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period
Shandong Zhirun Electric Appliances Co., Ltd.	Loan	Handling charge income	5.19	
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Sales of commodities	Sales revenue	4,285,955,595.20	8,719,678,107.95
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	Sales of commodities	Sales revenue	3,099,709,898.65	4,935,412,388.65
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Sales of commodities	Sales revenue	4,509,434,341.94	5,202,670,390.20
Shanghai Highly (Group) Co., Ltd. and its subsidiaries	Sales of commodities	Sales revenue	1,135,301,130.49	1,487,554,791.81
Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries [Note]	Sales of commodities	Sales revenue	123,800,930.62	321,087,832.12
Beijing Gree Technology Co., Ltd.	Sales of commodities	Sales revenue	21,750,223.87	79,181,522.51
Zhuhai Gree Group Co., Ltd. and its holding companies	Sales of commodities	Sales revenue	26,204,546.50	102,866.04
Shandong Red April Holdings Group Co., Ltd. and its subsidiaries	Sales of commodities	Sales revenue	18,008,378.79	102,226.24
Zhuhai Xima Pearl New Media Co., Ltd.	Sales of commodities	Sales revenue		75,195.22
Wuhu Green Renewable Resources Recycling Co., Ltd.	Sales of commodities	Sales revenue		3,620,606.44
Henan Huizhong Yifeng Electronic Commerce Co., Ltd.	Sales of commodities	Sales revenue	79,088,623.28	
Chongqing Pargo Mechanical Equipment Co., Ltd.	Sales of commodities	Sales revenue	474,477.90	
Zhuhai Wantong Special Engineering Plastics Co., Ltd.	Sales of commodities	Sales revenue	152,362.61	
Songyuan Grain Group Co., Ltd. and its subsidiaries	Sales of commodities	Sales revenue	49,646.00	
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	Sales of commodities	Sales revenue	2,856,000.00	
Total			13,424,451,702.95	20,850,962,756.40

[Note] The related transactions and current amounts between the Company and Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries are detailed in Note X. 8.

(2) Associated trusteeship management/contracting or entrusted management/contracting-out

None.

(3) Associated lease

1) The Company as the lessor:

Name of the lessee	Type of leased assets	Confirmed income earned on leases	
		Amount for the current period	Amount for the previous period
Chongqing Pargo Mechanical Equipment Co., Ltd.	House rental		4,402.87

Name of the lessee	Type of leased assets	Confirmed income earned on leases	
		Amount for the current period	Amount for the previous period
Wuhu Green Renewable Resources Recycling Co., Ltd.	House rental		621,678.57
Songyuan Grain Group Co., Ltd. and its subsidiaries	House rental	131,062.84	98,297.13
Total		131,062.84	724,378.57

2) The Company as the lessee:

Name of the lessor	Type of leased assets	Confirmed rental expenditure	
		Amount for the current period	Amount for the previous period
Zhuhai Gree Group Co., Ltd. and its subsidiaries	Lease of fixed assets	524,859.52	1,561,299.20
Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries [Note]	Lease of fixed assets	8,361,254.31	
Total		8,886,113.83	1,561,299.20

[Note] The related transactions and current amounts between the Company and Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries are detailed in Note X. 8.

(4) Associated guarantee

None.

(5) Fund borrowing of related party

Related party	Amount of borrowing in the current period	Balance of borrowing at the end of the period	Start date	Date due
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	1,000,000,000.00		5-12 March, 2020	5-12 September, 2020
Shandong Shengshi Xinxing Gree Trading Co., Ltd.	100,000,000.00		18 March, 2020	18 September, 2020
Songyuan Grain Group Co., Ltd. and its subsidiaries [Note]	280,000,000.00		11 March-30 October, 2020	27 October, 2020-30 October, 2021
Total	1,380,000,000.00			

[Note] At the end of the period, Songyuan Grain was included in the scope of consolidation. See Note (VI) 1 for details.

(6) Asset transfer and debt restructuring of the related party

None.

(7) Remunerations for key management

Item	Amount for the current period	Amount for the previous period
Remunerations for key management	21,711,900.94	23,636,286.12

(8) Other related transactions

None.

6. Accounts receivable and payable by related parties

(1) Receivable items

Item	Related party	Balance at the end of the period		Beginning Balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shanghai Highly (Group) Co., Ltd. and its subsidiaries	252,078,651.19	12,603,932.56	342,684,906.60	17,134,245.33
Accounts receivable	Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries	46,026,267.23	2,309,517.93	287,055,620.42	16,308,943.33
Accounts receivable	Chongqing Pargo Mechanical Equipment Co., Ltd.	32,670.00	1,633.50		
Accounts receivable	Zhuhai Xima Pearl New Media Co., Ltd.			61,437.00	3,071.85
Accounts receivable	Zhuhai Gree Group Co., Ltd. and its subsidiaries	1,597,970.47	79,898.52	522,694.59	26,134.73
Accounts receivable	Zhuhai Wantong Special Engineering Plastics Co., Ltd.	13,050.00	652.50		
Accounts receivable	Wuhu Green Renewable Resources Recycling Co., Ltd.	6,053,168.30	302,658.42	6,629,024.73	331,451.24
Other receivables	Shanghai Highly (Group) Co., Ltd. and its subsidiaries	300.00	15.00		
Receivables financing	Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries [Note]	35,829,151.38		866,644,774.28	
Receivables financing	Shandong Shengshi Xinxing Gree Trading Co., Ltd.	1,354,822,618.40		1,445,558,820.62	
Receivables financing	Henan Shengshi Xinxing Gree Trading Co., Ltd.	1,060,266,463.33		1,378,451,569.12	
Receivables financing	Shandong Jierui Logistics Co., Ltd.	250,000.00		958,492,633.76	
Receivables financing	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	51,154,515.78		962,599,288.80	
Receivables financing	Shanghai Highly (Group) Co., Ltd. and its subsidiaries	250,468,129.83		209,149,853.41	
Receivables financing	Shandong Red April Holdings Group Co., Ltd. and its subsidiaries			29,922,971.83	
Receivables financing	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	54,790,620.60			
Prepayment	Beijing Gree Technology Co., Ltd.	4,525,924.98			
Prepayment	Chongqing Pargo Mechanical Equipment Co., Ltd.	1,272,187.75		982,237.44	
Prepayment	Shanghai Highly (Group) Co., Ltd. and its subsidiaries	18,388,182.09		2,038,333.25	
Contract assets	Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	461,040.00	23,052.00		
Disbursement of loans and advances	Henan Shengshi Xinxing Gree Trading Co., Ltd.			1,400,000,000.00	35,000,000.00

Item	Related party	Balance at the end of the period		Beginning Balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Disbursement of loans and advances	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.			890,000,000.00	22,250,000.00
Disbursement of loans and advances	Shandong Jierui Logistics Co., Ltd.			517,400,000.00	12,935,000.00
Disbursement of loans and advances	Songyuan Grain Group Co., Ltd.			1,100,000,000.00	27,500,000.00
Disbursement of loans and advances	Shandong Zhirun Electric Appliances Co., Ltd.			80,000,000.00	2,000,000.00
Loans and advances - accrued interest	Henan Shengshi Xinxing Gree Trading Co., Ltd.			2,046,916.67	
Loans and advances - accrued interest	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.			1,376,038.89	
Loans and advances - accrued interest	Shandong Jierui Logistics Co., Ltd.			725,263.89	
Loans and advances - accrued interest	Shandong Zhirun Electric Appliances Co., Ltd.			117,528.89	
Loans and advances - accrued interest	Songyuan Grain Group Co., Ltd.			81,079.17	
Other current assets	Zhuhai Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries			802,418,995.36	
Other non-current assets	Chongqing Pargo Mechanical Equipment Co., Ltd.	20,224.55		281,863.41	
Total		3,138,051,135.88	15,321,360.43	11,285,241,852.13	133,488,846.48

[Note] The related transactions and current amounts between the Company and Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries are detailed in Note (X) 8.

(2) Payable items

Item	Related party	Balance at the end of the period	Beginning Balance
Contractual liabilities	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries		126,505.08
Contractual liabilities	Shandong Red April Holdings Group Co., Ltd. and its		872,251.43

Item	Related party	Balance at the end of the period	Beginning Balance
	subsidiaries		
Contractual liabilities	Henan Shengshi Xinxing Gree Trading Co., Ltd.	892,271,917.85	114,555,126.32
Contractual liabilities	Shandong Shengshi Xinxing Gree Trading Co., Ltd.	783,594,597.96	1,057,527,043.55
Contractual liabilities	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	195,303,464.04	356,707,439.96
Other current liabilities - Output tax to be wrote-off	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries		16,445.66
Other current liabilities - Output tax to be wrote-off	Shandong Red April Holdings Group Co., Ltd. and its subsidiaries		113,392.69
Other current liabilities - Output tax to be wrote-off	Henan Shengshi Xinxing Gree Trading Co., Ltd.	115,995,349.32	14,892,166.42
Other current liabilities - Output tax to be wrote-off	Shandong Shengshi Xinxing Gree Trading Co., Ltd.	101,867,297.74	137,478,515.66
Other current liabilities - Output tax to be wrote-off	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	25,389,450.32	46,371,967.19
Deposit-taking	Songyuan Grain Group Co., Ltd.		50,021,372.44
Deposit-taking	Zhuhai Gree Group Co., Ltd. and its subsidiaries	523,466.48	9,208,139.00
Deposit-taking	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	21,518.97	50,347.95
Deposit-taking	Shandong Shengshi Xinxing Gree Trading Co., Ltd.	126,971.59	49,087.42
Deposit-taking	Shandong Jierui Logistics Co., Ltd.	0.26	13,324.91
Deposit-taking	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	29,820.55	29,714.68
Deposit-taking	Henan Shengshi Xinxing Gree Trading Co., Ltd.	273,262.06	7,691.24
Deposit-taking	Shandong Mely Property Co., Ltd.	2,464.18	
Deposit-taking	Shandong Zhirun Electric Appliances Co., Ltd.		196.01
Deposits from customers - Accrued interest	Zhuhai Gree Group Co., Ltd. and its subsidiaries	44.66	1,522.01
Deposits from customers - Accrued interest	Songyuan Grain Group Co., Ltd. and its subsidiaries		1,168.95
Deposits from customers - Accrued interest	Shandong Jierui Logistics Co., Ltd.		914.35
Deposits from customers - Accrued interest	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	2.30	5.38
Deposits from customers - Accrued interest	Shandong Shengshi Xinxing Gree Trading Co., Ltd.	9.69	5.25
Deposits from customers - Accrued interest	Shandong Mely Property Co., Ltd.	0.26	
Deposits from customers - Accrued interest	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	3.19	3.18
Deposits from customers - Accrued interest	Henan Shengshi Xinxing Gree Trading Co., Ltd.	19.11	0.82
Deposits from customers - Accrued interest	Shandong Zhirun Electric Appliances Co., Ltd.		0.02
Accounts payable	Shanghai Highly (Group) Co., Ltd. and its subsidiaries	205,355,411.45	445,278,880.37
Accounts payable	Zhuhai Yinlong New Energy Co., Ltd. and its holding companies	70,497,837.19	59,560,969.05

Item	Related party	Balance at the end of the period	Beginning Balance
Accounts payable	Beijing Gree Technology Co., Ltd.	17,669,736.14	20,290,119.30
Accounts payable	Hunan Green Renewable Resources Recycling Co., Ltd.	3,341,338.52	4,111,822.34
Accounts payable	Wuhu Green Renewable Resources Recycling Co., Ltd.	3,789,547.79	4,011,812.79
Accounts payable	Chongqing Pargo Mechanical Equipment Co., Ltd.	4,875,439.28	3,885,008.94
Accounts payable	Zhuhai Gree Group Co., Ltd. and its subsidiaries	858,490.19	769,880.13
Accounts payable	Songyuan Grain Group Co., Ltd. and its subsidiaries		722,696.60
Accounts payable	Henan Shengshi Xinxing Gree Trading Co., Ltd.		249,988.68
Other payables	Shanghai Highly (Group) Co., Ltd. and its subsidiaries	1,013,050.00	30,293.52
Other payables	Beijing Gree Technology Co., Ltd.	205,402.42	5,402.42
Other payables	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	204.24	204.24
Other payables	Zhuhai Gree Group Co., Ltd. and its subsidiaries	80,000.00	5,411.63
Other payables	Chongqing Pargo Mechanical Equipment Co., Ltd.	141,592.92	
Total		2,423,227,710.67	2,326,966,837.58

7. Related party's commitment

None.

8. Related transactions and current amounts between the Company and Yinlong New Energy Co., Ltd. and its subsidiaries and holding subsidiaries

(1) Purchase of commodities/receiving of services and payables and prepayments

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period	Balance at the end of the period	Beginning Balance
					Other non-current assets (+)/accounts payable (-)	Other non-current assets (+)/accounts payable (-)
Zhuhai Guangtong Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	32,456,758.70	54,076,060.52	-76,830,334.68	-55,832,870.55
Zhuhai Yinlong Electric Appliance Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.		1,931,623.93	-218,273.50	-218,273.50
Zhuhai Yinlong New Energy Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	16,381,555.97	4,677,568.56	-2,464,269.09	-2,946,841.40
Shijiazhuang Zhongbo Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	384,706.96	7,434,867.09	320,894.16	
Tianjin Guangtong Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	156,878.28	2,175,159.89	8,805.08	-25,677.08
Tianjin Yinlong New Energy Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	2,106,414.29	622,066.91	-243,255.40	-288.00
Chengdu Yinlong New Energy Co., Ltd.	Purchase of fixed assets and materials and lease of fixed assets	New energy vehicles and energy storage equipment, etc.	385,045.87	253,529.85	-419,700.00	-286,488.73
Hebei Yinlong New Energy Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	90,311.20		50,000.00	300,000.00
Chengdu Guangtong Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	404,164,773.10	1,218,216.07	9,198,296.24	-550,529.79
Altairnano Inc.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	6,317.88		50,000.00	
Luoyang Guangtong Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	701,769.91			
Luoyang Yinlong New Energy Co., Ltd.	Purchase of fixed assets and materials and lease of fixed assets	New energy vehicles and energy storage equipment, etc.	7,976,509.12			

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period	Balance at the end of the period	Beginning Balance
					Other non-current assets (+)/accounts payable (-)	Other non-current assets (+)/accounts payable (-)
Handan Branch of Zhuhai Guangtong Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	21,928.04		50,000.00	
Luoyang Branch of Zhuhai Guangtong Automobile Co., Ltd.	Purchase of fixed assets and materials	New energy vehicles and energy storage equipment, etc.	56,156.19			
	Total		464,889,125.51	72,389,092.82	-70,497,837.19	-59,560,969.05

[Note] The above-mentioned related transactions included RMB 456,527,871.20 for purchase of fixed assets and materials and RMB 8,361,254.31 for lease of fixed assets, totaling RMB 464,889,125.51.

(2) Sales of commodities/rendering of services and receivables and advances from customers

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period	Balance at the end of the period		Beginning Balance	
					Accounts receivable (+)/contract liabilities (-)/other current liabilities (-)	Receivables financing / other current assets	Accounts receivable (+)/contract liabilities (-)/other current liabilities (-)	Receivables financing / other current assets
Hebei Yinlong New Energy Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	11,484,769.87	12,771,027.31	3,533,733.09		-8,363,164.52	648,985,142.03
Altairnano Inc.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.					100,000.00	
Chengdu Guangtong Automobile Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	4,189,479.65	5,399,830.77	4,734,112.00		-779,170.51	
Tianjin Guangtong Automobile Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	3,982,247.77	54,796,039.36	4,499,940.00		-728,658.77	
Chengdu Yinlong New Energy Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	52,625,416.72	23,795,711.05				

Related party	Type of related transactions	Contents of related transactions	Amount for the current period	Amount for the previous period	Balance at the end of the period		Beginning Balance	
					Accounts receivable (+)/contract liabilities (-)/other current liabilities (-)	Receivables financing / other current assets	Accounts receivable (+)/contract liabilities (-)/other current liabilities (-)	Receivables financing / other current assets
		motors, etc.						
Zhuhai Yinlong New Energy Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	25,795,708.14	11,947,948.73	2,460,901.13	24,186,193.10	303,700,960.38	802,418,995.36
Tianjin Yinlong New Energy Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.		126,713,067.31		665,000.00		
Zhuhai Guangtong Automobile Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	4,015,794.02	36,972.48	6,608,210.07	391,183.31		67,893,830.24
Zhuhai Yinlong Electric Appliance Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	18,096,962.94		20,133,788.34	10,000,000.00	-6,924,346.16	
Shijiazhuang Zhongbo Automobile Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	3,591,835.91	85,627,235.11	4,055,582.60	586,774.97		149,765,802.01
Handan Branch of Zhuhai Guangtong Automobile Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.					50,000.00	
Luoyang Branch of Zhuhai Guangtong Automobile Co., Ltd.	Sales of commodities	Sales of smart equipment, bus air conditioners, molds, motors, etc.	18,715.60					
Total			123,800,930.62	321,087,832.12	46,026,267.23	35,829,151.38	287,055,620.42	1,669,063,769.64

XI. Share-based payments

None.

XII. Commitments and contingencies**1. Important commitments**

The Company had no significant commitments to be disclosed.

2. Contingencies

None.

3. Others

None.

XIII. Events after the balance sheet date**1. Important non-adjustment matters**

None.

2. Profit distribution

According to the resolution at the nineteenth meeting of the eleventh session of the board of directors, the Company's profit distribution plan of 2020: Temporarily calculated by the total 5,832,851,217 shares entitled to profit distribution rights on 28 April, 2021 (namely the total stock capital of the Company equivalent to 6,015,730,878 shares minus 182,879,661 shares held by the Company's repurchase account), all shareholders will be distributed a cash of RMB 30 (tax included) per 10 shares, with the total amount of cash dividends to be distributed in such a way up to RMB 17,498,553,651.00. This distribution preplan still needs to be approved by the general meeting of shareholders.

3. Sales return

No important sales return occurred after the balance sheet date.

4. Other events after the balance sheet date

None.

XIV. Other important events**1. Correction of early errors in accounting**

None.

2. Debt restructuring

None.

3. Asset replacement

(1) Exchange of non-monetary assets

None.

(2) Replacement of other assets

None.

4. Pension plan

None.

5. Discontinued operation

Item	Revenue	Expense	Total profit	Income tax expenses	Net profits	Profit from discontinued operation attributable to owners of parent company
Gree (USA) Sales Co., Ltd.		275,791.17	-275,791.17	5,517.20	-281,308.37	-281,308.37

(Continued)

Item	Net cash flows from operating activities	Net cash flows from investment activities	Net cash flows from financing activities
Gree (USA) Sales Co., Ltd.	-281,308.37		

6. Other important transactions and events affecting investor decisions

(1) Share repurchase

The Company held the tenth and sixteenth meetings of the eleventh session of board of directors on 10 April, 2020 and 13 October, 2020, respectively, which deliberated and approved the Proposal on the Partial Repurchase of Public Shares and agreed to the Company's use of self-owned funds to repurchase the Company's A shares by means of centralized bidding transactions (hereinafter referred to as "Phase-1 Repurchase" and "Phase-2 Repurchase"), and the total amount of repurchase funds of each phase shall not be lower than RMB 3 billion (inclusive) and shall not exceed RMB 6 billion (inclusive).

As at 24 February, 2021, the phase-1 repurchase plan of the Company had been implemented. The Company accumulatively bought 108,365,753 shares of the Company by means of centralized bidding transactions through the special securities repurchase account. The highest transaction price was RMB 60.18/share, the lowest transaction price was RMB 53.01/share, and the total transaction amount was RMB 5,999,591,034.74 (excluding transaction costs). As at 28 April, 2021, for the phase-2 repurchase plan, the Company accumulatively bought 74,513,908 shares of the Company by means of centralized bidding transactions through the special securities repurchase account. The highest transaction price was RMB 61.95/share, the lowest transaction price was RMB 56.46/share, and the total transaction amount was RMB 4,420,644,968.79 (excluding transaction costs). Both phases of repurchases complied with the requirements of relevant laws and regulations, as well as the Company's established repurchase plans.

(2) Issuance of ultra-short-term financing bills

The Company's first extraordinary general meeting of shareholders in 2020 considered and approved the

"Proposal on Debt Financing Instruments to be Registered and Issued", and agreed that the Company registers debt financing instruments with a total amount not exceeding RMB 18 billion (inclusive), of which the ultra-short-term financing bonds to be registered do not exceed RMB 10 billion (inclusive), the short-term financing bonds to be registered do not exceed RMB 3 billion (inclusive), and the medium-term notes to be registered do not exceed RMB 5 billion (inclusive).

The China Interbank Market Dealers Association held the 37th registration meeting in 2020 on 7 April, 2020, agreed to accept the registration of the Company's ultra-short-term financing bonds, short-term financing bonds and medium-term bills, and issued the Registration Acceptance Notice for them respectively

According to the Company's capital plan arrangement and the inter-bank market situation, during 21 January - 16 April, 2021, the Company issued the first - fifth phases of ultra-short-term financing bonds for 2021, and the total actual issuance amount was RMB 15 billion. The first-fifth phases of ultra-short-term financing bills were honored on 26 February, 9 April, 26 June, 6 July and 2 June, 2021 respectively.

XV. Notes to main items of financial statements of the parent company

1. Accounts receivable

(1) Receivable are disclosed by account age

Account age	Balance at the end of the period
Within 1 year	3,505,314,072.52
1 to 2 years	159,850,396.86
2 to 3 years	105,768,515.14
Over 3 years	12,912,969.90
Subtotal	3,783,845,954.42
Less: Bad debt provisions	235,054,259.15
Total	3,548,791,695.27

(2) Accounts receivable is disclosed by category

Category	Balance at the end of the period				Carrying amount
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage of appropriation (%)	
Accounts receivable with bad debt provisions accrued separately	4,715,115.32	0.12	4,715,115.32	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	3,779,130,839.10	99.88	230,339,143.83	6.10	3,548,791,695.27
Including: account age combination	3,019,555,812.57	79.81	230,339,143.83	7.63	2,789,216,668.74
Risk free combination	759,575,026.53	20.07			759,575,026.53
Total	3,783,845,954.42	100.00	235,054,259.15	6.21	3,548,791,695.27

(Continued)

Category	Beginning Balance				Carrying amount
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage of appropriation (%)	
Accounts receivable with bad debt provisions accrued separately	4,715,115.32	0.11	4,715,115.32	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	4,105,680,036.39	99.89	232,409,515.06	5.66	3,873,270,521.33
Including: account age combination	3,480,423,548.05	84.68	232,409,515.06	6.68	3,248,014,032.99
Risk free combination	625,256,488.34	15.21			625,256,488.34
Total	4,110,395,151.71	100.00	237,124,630.38	5.77	3,873,270,521.33

1) Accounts receivable with bad debt provisions accrued separately:

Name	Balance at the end of the period			
	Book balance	Bad debt provision	Percentage of appropriation (%)	Reason for appropriation
Entity 1	4,715,115.32	4,715,115.32	100.00	Expected to be difficult to recover
Total	4,715,115.32	4,715,115.32	100.00	--

2) In the combination, the accounts receivable with bad debt provisions accrued by account age combination:

Account age	Book balance	Bad debt provision	Percentage of appropriation (%)
Within 1 year	2,745,739,045.99	137,286,952.30	5.00
1 to 2 years	159,850,396.86	31,970,079.37	20.00
2 to 3 years	105,768,515.14	52,884,257.58	50.00
Over 3 years	8,197,854.58	8,197,854.58	100.00
Total	3,019,555,812.57	230,339,143.83	7.63

3) In the combination, the accounts receivable with bad debt provisions accrued by low risk combination

None.

(3) Bad debt provision appropriated, recovered or reversed in the current period

Category	Beginning Balance	Change of the current period				Balance at the end of the period
		Appropriation	Recovered or reversed	Wrote-off	Others	
Accrued separately	4,715,115.32					4,715,115.32
Account age combination	232,409,515.06		2,070,371.23			230,339,143.83
Total	237,124,630.38		2,070,371.23			235,054,259.15

[Note] There was no significant recovery or reversal of bad debt provisions during the current period.

(4) Particulars on accounts receivable actually wrote-off in the current period

None.

(5) Accounts receivable of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Balance at the end of the period of accounts receivable	Percentage (%) in the total balance at the end of the period of accounts receivable	Balance of provision for bad debts at the end of the period
First	838,780,517.80	22.17	41,939,025.89
Second	687,830,573.02	18.18	
Third	155,015,146.87	4.10	9,007,363.94
Fourth	114,960,567.88	3.04	5,748,028.39
Fifth	108,651,482.62	2.87	5,432,574.13
Total	1,905,238,288.19	50.36	62,126,992.35

(6) Accounts receivable derecognized due to the transfer of financial assets

None.

(7) Assets and liabilities formed due to the transfer and continuous involvement of accounts receivable

None.

2. Other receivables

Item	Balance at the end of the period	Beginning Balance
Other receivables	2,304,222,611.24	2,757,398,837.97
Dividends receivable	2,932,373.42	
Total	2,307,154,984.66	2,757,398,837.97

[Note] Other receivables in the above table refers to other receivables after deduction of the interest receivable and dividends receivable.

(1) Classification of other receivables by the nature of money

Nature of money	Book balance at the end of the period	Book balance at the beginning of the period
Intercourse funds and risk-free money	2,310,790,456.35	2,764,178,780.86
Less: Bad debt provisions	6,567,845.11	6,779,942.89
Total	2,304,222,611.24	2,757,398,837.97

(2) Particulars on accruing of bad debt provisions

Bad debt provision	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	

Bad debt provision	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as at 1 January, 2020	4,881,492.49		1,898,450.40	6,779,942.89
Appropriation for the current period			496,094.20	496,094.20
Reserved in the current period	708,191.98			708,191.98
Balance as at 31 December, 2020	4,173,300.51		2,394,544.60	6,567,845.11

(3) Disclosure by account age

Account age	Book balance
Within 1 year	2,307,405,410.83
1 to 2 years	413,410.49
2 to 3 years	1,319,545.06
Over 3 years	1,652,089.97
Subtotal	2,310,790,456.35
Less: Bad debt provisions	6,567,845.11
Total	2,304,222,611.24

(4) Bad debt provision appropriated, recovered or reversed in the current period

Category	Beginning Balance	Change of the current period			Balance at the end of the period
		Appropriation	Recovered or reversed	Wrote-off	
Account age combination	6,779,942.89	496,094.20	708,191.98		6,567,845.11
Total	6,779,942.89	496,094.20	708,191.98		6,567,845.11

(5) Particulars on other receivables actually wrote-off in the current period

None.

(6) Other receivables of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Nature of money	Balance at the end of the period	Account age	Proportion to the total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
First	Risk-free money	1,867,782,133.47	Within 1 year	80.83	
Second	Risk-free money	205,347,922.46	Within 1 year	8.89	
Third	Risk-free money	54,293,176.38	Within 1 year	2.35	
Fourth	Risk-free money	45,000,000.00	Within 1 year	1.95	

Name of entity	Nature of money	Balance at the end of the period	Account age	Proportion to the total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
Fifth	Intercourse funds	27,294,761.04	Within 1 year	1.18	1,364,738.05
Total	--	2,199,717,993.35	--	95.20	1,364,738.05

(7) Receivables involving government subsidies

None.

(8) Other receivables derecognized due to the transfer of financial assets

None.

(9) Assets and liabilities formed due to the transfer and continuous involvement of other receivables

None.

3. Long-term equity investment

Item	Balance at the end of the period			Beginning Balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	17,421,936,741.10		17,421,936,741.10	13,160,012,796.05		13,160,012,796.05
Investment in associated and joint ventures	7,199,360,635.26	1,940,009.35	7,197,420,625.91	7,066,126,170.64	1,940,009.35	7,064,186,161.29
Total	24,621,297,376.36	1,940,009.35	24,619,357,367.01	20,226,138,966.69	1,940,009.35	20,224,198,957.34

(1) Investment in subsidiaries

Name of invested entities	Opening balance (book value)	Increase/Decrease in the current period				Closing balance (book value)	Balance of provision for impairment at the end of the period
		Additional investment	Disinvestment	Appropriated provision for impairment	Others		
Gree (Brazil) Electric Appliances Co., Ltd.	659,342,914.36					659,342,914.36	
Gree (Chongqing) Electric Appliances Co., Ltd.	223,100,000.00					223,100,000.00	
GREE Shanghai Air Conditioners Sales Co., Ltd	1,800,000.00					1,800,000.00	
Zhuhai Gree Group Finance Company Limited	1,400,371,239.99	2,640,000,000.00				4,040,371,239.99	
Zhuhai Gree Electrical Co., Ltd.	1,684,680,359.95					1,684,680,359.95	
Zhuhai Landa Compressor Co., Ltd.	968,225,519.93					968,225,519.93	
Zhuhai Gree Xinyuan Electronics Co., Ltd.	154,290,096.61					154,290,096.61	
Zhuhai Gree TOSOT Life Electric Appliances Co., Ltd.	30,000,000.00					30,000,000.00	
Zhuhai Kaibang Motor Manufacture Co., Ltd.	83,860,929.67					83,860,929.67	
Gree (Hefei) Electric Appliances Co., Ltd.	505,370,626.10					505,370,626.10	

Name of invested entities	Opening balance (book value)	Increase/Decrease in the current period				Closing balance (book value)	Balance of provision for impairment at the end of the period
		Additional investment	Disinvestment	Appropriated provision for impairment	Others		
Gree Hong Kong Electric Appliances Sales Co., Ltd.	472,879.08					472,879.08	
Zhuhai Gree Dakin Device Co., Ltd.	283,117,574.47					283,117,574.47	
Zhuhai Gree Daikin Precision Mold Co., Ltd.	201,911,186.86					201,911,186.86	
GREE (Zhongshan) Home Appliances Co., Ltd.	30,000,000.00					30,000,000.00	
Gree Green Refrigeration Technology Center Co., Ltd. Of Zhuhai	676,040,000.00					676,040,000.00	
Zhuhai HVAC Equipment Co., Ltd.	100,000,000.00					100,000,000.00	
Gree (Wuhan) Electric Appliances Co., Ltd.	600,000,000.00					600,000,000.00	
Gree (Zhengzhou) Electric Appliances Co., Ltd.	720,000,000.00					720,000,000.00	
Gree Zhengzhou Green Resources Recycling Co., Ltd	5,000,000.00					5,000,000.00	
Hunan Green Resources Recycling Co., Ltd	5,000,000.00					5,000,000.00	
Wuhu Green Resources Recycling Co., Ltd.	2,000,000.00					2,000,000.00	
Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	10,000,000.00					10,000,000.00	
Gree (Wuhu) Electric Appliances Co., Ltd.	20,000,000.00					20,000,000.00	
Shijiazhuang Green Resources Recycling Co., Ltd.	5,000,000.00					5,000,000.00	
Gree (Shijiazhuang) Electric Appliances Co., Ltd.	98,940,059.97					98,940,059.97	
Tianjin Green Resources Recycling Co., Ltd.	5,000,000.00					5,000,000.00	
Zhuhai Ligao Precision Manufacturing Co., Ltd.	30,000,000.00					30,000,000.00	

Name of invested entities	Opening balance (book value)	Increase/Decrease in the current period				Closing balance (book value)	Balance of provision for impairment at the end of the period
		Additional investment	Disinvestment	Appropriated provision for impairment	Others		
Gree Changsha HVAC Equipment Co., Ltd.	50,000,000.00					50,000,000.00	
Zhuhai IVP Information Technology Co., Ltd.	100,000,000.00					100,000,000.00	
Gree TOSOT (Suqian) Home Appliances Co., Ltd.	140,000,000.00					140,000,000.00	
Wuhu Precision Manufacturing Co., Ltd.	30,000,000.00					30,000,000.00	
Zhuhai Gree New Material Co., Ltd.	30,000,000.00					30,000,000.00	
Zhuhai GREE Intelligent Equipment Co., Ltd.	100,000,000.00					100,000,000.00	
Zhuhai Hengqin GREE business factoring Co., Ltd.	100,000,000.00					100,000,000.00	
Zhuhai Gree Precision Mold Co., Ltd.	100,000,000.00					100,000,000.00	
Gree (Wuhan) Precision Mold Co., Ltd.	80,000,000.00					80,000,000.00	
Zhuhai GREE Intelligent Equipment Technology Research Institute Co., Ltd.	50,000,000.00					50,000,000.00	
Zhuhai Gree Energy Environment Technology Co., Ltd.	200,000,000.00					200,000,000.00	
Gree (Wuhan) HVAC Equipment Co., Ltd.	40,000,000.00					40,000,000.00	
Gree (Hangzhou) Electric Appliances Co., Ltd.	550,000,000.00					550,000,000.00	
Zhuhai Gree Info Technology Co., Ltd.	510,000.00					510,000.00	
Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	210,000,000.00					210,000,000.00	
Zhuhai Gree Transportation Co., Ltd.	50,000,000.00					50,000,000.00	
Gree (Luoyang) Electric Appliances Co., Ltd.	50,000,000.00					50,000,000.00	
Gree (Nanjing) Electric Appliances Co., Ltd.	300,000,000.00	204,000,000.00				504,000,000.00	

Name of invested entities	Opening balance (book value)	Increase/Decrease in the current period				Closing balance (book value)	Balance of provision for impairment at the end of the period
		Additional investment	Disinvestment	Appropriated provision for impairment	Others		
Zhuhai Gree Material Supply Co., Ltd.	150,000,000.00					150,000,000.00	
Gree (Chengdu) Electric Appliances Co., Ltd.	400,000,000.00					400,000,000.00	
Hefei Kinghome Electrical Co., Ltd.	1,247,087,108.76					1,247,087,108.76	
Zhuhai Zero Boundary Integrated Circuit Co., Ltd.	50,000,000.00					50,000,000.00	
Zhuhai Lianyun Technology Co., Ltd.	40,000,000.00					40,000,000.00	
Zhuhai Gree Electrical and Mechanical Engineering Co., Ltd.	149,092,300.30					149,092,300.30	
Zhuhai Gree Green Resources Recycling Co., Ltd.	50,000,000.00					50,000,000.00	
Zhuhai Gree Lvkong Technology Co., Ltd.	270,000,000.00					270,000,000.00	
Gree (Luoyang) Washing Machine Co., Ltd.	50,000,000.00					50,000,000.00	
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	22,500,000.00					22,500,000.00	
Gree (Anji) Precision Mold Co., Ltd.	47,300,000.00	12,700,000.00				60,000,000.00	
Songyuan Grain Group Co., Ltd.					230,223,945.05	230,223,945.05	
Gree Electric (Zhuhai Gaolan Port) Co., Ltd.		1,000,000,000.00				1,000,000,000.00	
Zhuhai Ge Health Medical Technology Co., Ltd.		20,000,000.00				20,000,000.00	
Chengdu Gree Xinhui Medical Equipment Co., Ltd.		75,000,000.00				75,000,000.00	
Gree (Ganzhou) Electric Appliances Co., Ltd.		80,000,000.00				80,000,000.00	
Total	13,160,012,796.05	4,031,700,000.00			230,223,945.05	17,421,936,741.10	

(2) Investment in associated and joint ventures

Name of invested entities	Beginning Balance		Increase/Decrease in the current period						Balance at the end of the period	
	Original value	Provision for impairment	Additional investment/withdraw investment	Investment profits/losses recognized under the equity method	Adjustment of other comprehensive income	Changes in other equities	Cash dividends or profits declared to distribute	Other decreases	Original value	Provision for impairment
1. Joint venture										
Songyuan Grain Group Co., Ltd. [Note]	74,672,147.86		150,000,000.00	6,164,997.18		2,319,173.43	2,932,373.42	230,223,945.05		
Subtotal	74,672,147.86		150,000,000.00	6,164,997.18		2,319,173.43	2,932,373.42	230,223,945.05		
2. Associates										
Gree (Vietnam) Electric Appliances, Inc.	1,940,009.35	1,940,009.35							1,940,009.35	1,940,009.35
Liaowang All Media Communication Co., Ltd.	31,511,790.36			1,574,756.85		2,966,412.88			36,052,960.09	
Beijing Gree Technology Co., Ltd.	2,701,833.71			-407,582.62					2,294,251.09	
Chongqing Pargo Mechanical Equipment Co., Ltd.	11,565,505.21			-316,275.18					11,249,230.03	
Gree Volinco (Hong Kong) Ltd.	924,327.19		-1,169,388.58	427,819.56	-182,758.17					
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	14,574,841.85			154,246.07					14,729,087.92	
Hunan Guoxin Semiconductor Technology Co., Ltd.	10,010,170.50		10,000,000.00	89,674.97					20,099,845.47	
Zhuhai Ronglin Equity	6,867,715,580.60			-21,142,722.89	215,136,201.85				7,061,709,059.56	

Name of invested entities	Beginning Balance		Increase/Decrease in the current period						Balance at the end of the period	
	Original value	Provision for impairment	Additional investment/withdraw investment	Investment profits/losses recognized under the equity method	Adjustment of other comprehensive income	Changes in other equities	Cash dividends or profits declared to distribute	Other decreases	Original value	Provision for impairment
Investment Partnership (Limited Partnership)										
Henan Yuze Finance Leasing Co., Ltd.	50,509,964.01			1,286,191.49			509,963.75		51,286,191.75	
Subtotal	6,991,454,022.78	1,940,009.35	8,830,611.42	-18,333,891.75	214,953,443.68	2,966,412.88	509,963.75		7,199,360,635.26	1,940,009.35
Total	7,066,126,170.64	1,940,009.35	158,830,611.42	-12,168,894.57	214,953,443.68	5,285,586.31	3,442,337.17	230,223,945.05	7,199,360,635.26	1,940,009.35

[Note] For the increase/decrease in the current period - other changes of Songyuan Grain Group Co., Ltd., see Note (V) 14 for details.

4. Operating revenues and operating costs

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main business	101,918,116,676.30	70,442,870,159.78	130,710,855,078.36	93,652,520,856.50
Other businesses	5,923,673,498.19	5,565,482,185.50	5,508,511,105.25	5,056,537,993.65
Total	107,841,790,174.49	76,008,352,345.28	136,219,366,183.61	98,709,058,850.15

[Note] At the end of the reporting period, the amount of revenue corresponding to the performance obligations for which the contracts have been signed but not yet performed or not yet completed was RMB 15,900,877,125.62.

5. Investment income

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income measured by equity method	-12,168,894.57	-20,983,248.83
Investment income recognized from trading financial assets	213,050,762.46	48,942,780.74
Dividend share confirmed for long-term equity investment income measured by cost method	12,177,372,543.12	4,658,202,677.12
Others	24,372,625.28	-64,395,283.20
Total	12,402,627,036.29	4,621,766,925.83

XVI. Supplementary information

1. Schedule of non-recurring profit and loss

Item	Amount	Description
Profit and loss from disposal of non-current assets	-4,974,224.62	For details, see Note (V) 57, Note (V) 58, and Note (V) 59
Governmental subsidies recorded into the current gains and losses (excluding the governmental subsidies closely relating to the business of the enterprise and enjoyed by a fixed quota or a fixed amount in accordance with the state policies)	1,346,168,393.38	For details, see Note (V) 52 and Note (V) 58
Capital occupation fee collected from the non-financial institution and recorded into the current gains and losses	883,505.62	
Gains and losses caused by fair value changes from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income obtained from the disposal of trading financial assets, derivative financial assets, trading financial liabilities,	877,450,950.74	

Item	Amount	Description
derivative financial liabilities and other debt investments, except for the effective hedging business related to the Company's normal business operations		
Non-operating incomes and expenditures other than the above items	50,024,914.68	For details, see Note (V) 58 and Note (V) 59
Other profit and loss items that conform to the definition of non-recurring profit and loss	17,915,425.64	
Subtotal	2,287,468,965.44	
Less: Influence amount of income tax	386,974,457.37	
Impact of minority shareholders' equity	11,202,406.75	
Total	1,889,292,101.32	

2. Rate of return on net assets and earnings per share

Profit during the report period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (Yuan per Share)	Diluted earnings per share (Yuan per Share)
Net profit attributable to shareholders of ordinary stocks of the Company	18.88%	3.71	3.71
Net profit attributable to shareholders of ordinary stocks of the Company after deduction of non-recurring profit and loss	17.27%	3.39	3.39

Section XIII References

- (I) The accounting statements signed and sealed by Dong Mingzhu, the legal representative, Liao Jianxiong, chief accountant and Liu Yanzi, head of accounting department.
- (II) The original audit report sealed by China Audit Union Power Certified Public Accountants Co., Ltd. and signed and sealed by certified public accountants Han Zhenping and Geng Ting.
- (III) Originals and original drafts of all the Company's documents and announcements published on the newspapers designated by CSRC and on www.cninfo.com.cn within the Report Period.

GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

29 April, 2021