

# **Gree Electric Appliances, Inc. of Zhuhai**

## **2025 Annual Report**

**April 2026**

## **Section I Important Notice, Contents and Paraphrase**

**The Board of Directors and all directors and senior executives of the Company hereby guarantee that the contents are authentic, accurate, and complete, without false records, misleading representations, or material omissions in the Annual Report, and shall take all the joint and several legal liabilities.**

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

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

**The forward-looking statements such as future plans and development strategies in the Annual Report do not constitute a substantive commitment of the Company to investors. Investors and relevant persons should therefore make rational investment based on an awareness of risk factors attendant in investment and understand the differences between plans, forecasts and commitments and note the investment risks.**

**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 share capital of 5,585,138,741 shares enjoying profit distribution rights at the time of disclosure of this profit distribution proposal (the total stock capital of 5,601,405,741 shares excluding the 16,267,000 shares held in the repurchase**

**account of the Company), the Company plans to distribute all shareholders a cash dividend of CNY20 (tax included) per 10 shares, but does not plan to give any bonus share (0 share, tax included) or convert any capital reserves into share capital. If there is a change in the total share capital of the Company entitled to profit distribution from the date of disclosure of this distribution plan to the date of implementation of equity distribution registration, the Company will adjust the total dividend amount accordingly based on the principle of keeping the distribution ratio per share unchanged.**

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## 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 Union Power Certified Public Accountants (Special General Partnership) with signatures and seals of certified public accountants Qiu Yiwu and Wu Xiafei.

(III) Originals and original drafts of all the Company's documents and announcements published on the media and CNINFO designated by the Company within the report period.

## Paraphrase

Item	Means	Definition
Company, the Company, the Enterprise, GREE Electric Appliances or GREE	Means	Gree Electric Appliances, Inc. of Zhuhai
Zhuhai Mingjun	Means	Zhuhai Mingjun Investment Partnership (Limited Partnership)
GREE GROUP	Means	Zhuhai Gree Group Co., Ltd.
Finance Company	Means	Zhuhai Gree Group Finance Company Limited
Jinghai Internet	Means	Jinghai Internet Technology Development Co., Ltd.
DunAn Environment	Means	Zhejiang DunAn Artificial Environment Co., Ltd.
CSRC	Means	China Securities Regulatory Commission
SZSE	Means	Shenzhen Stock Exchange
Report period	Means	January 1, 2025 to December 31, 2025

## Section II Company Profile and Main Financial Indicators

### I. Company information

Stock abbreviation	GREE Electric Appliances	Stock code	000651
Stock exchange	Shenzhen Stock Exchange		
Name in Chinese	Gree Electric Appliances, Inc. of Zhuhai		
Name abbreviation in Chinese	GREE Electric Appliances		
Name in foreign language (if any)	Gree Electric Appliances, Inc. of Zhuhai		
Name abbreviation in foreign language (if any)	GREE		
Legal representative of the Company	Dong Mingzhu		
Registered address	Office 608, No. 108, Huitong Third Road, Hengqin New Area, Zhuhai City		
Post code of registered Address	519031		
Historical changes to the Company's registered address	On August 26, 2021, it was changed from Jinji West Road, Qianshan, Zhuhai City, Guangdong Province to its current registered address		
Office address	Jinji West Road, Qianshan, Zhuhai City, Guangdong Province		
Post code of office address	519070		
Website	<a href="http://www.gree.com.cn">http://www.gree.com.cn</a>		
Email	gree0651@cn.gree.com		

### II. Contacts and contact information

	Secretary of the Board of Directors	Securities Affairs Representative
Name	Zhang Zhouhu	Gao Peng, Li Bingna
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

Website of the stock exchange to which the Company's Annual Report is disclosed	Shenzhen Stock Exchange ( <a href="http://www.szse.cn">http://www.szse.cn</a> )
Media to which the Company's Annual Report is disclosed and their website	China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Place where the Company's Annual Report is available for inspection	Securities and Legal Affairs Department of the Company

#### IV. Alteration of registration

Unified Social Credit Code	91440400192548256N
Changes (if any) in the main business since listing of the Company	No change
Changes (if any) in the controlling shareholders	On December 2, 2019, GREE Group and Zhuhai Mingjun signed the <i>Share Transfer Agreement</i> . 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 CNY46.17/share. On December 13, 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 February 3, 2020. The share transfer registration procedures for the transfer of this agreement have been completed, and the transfer date is January 23, 2020. After the completion of the share transfer registration, the Company has neither a controlling shareholder nor an actual controller.

#### 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 of the accounting firm	F/17-18, Yangtze River Industry Building, No. 166 Zhongbei Road, Shuiguohu Sub-district, Wuchang District, Wuhan, Hubei Province
Names of undersigned accountants	Qiu Yiwu, Wu Xiafei

Sponsor engaged by the Company to perform continuous supervision during the report period

Applicable  Not Applicable

Financial adviser engaged by the Company to perform continuous supervision during the report period

Applicable  Not Applicable

#### VI. Main accounting data and financial indicators

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

Yes  No

Item	2025	2024	Increase/Decrease Over the Previous Year	2023
Operating revenue (CNY)	170,447,058,533.57	189,163,654,064.64	-9.89%	203,979,266,387.09
Net profits attributable to shareholders of the listed companies (CNY)	29,003,103,411.66	32,184,570,372.28	-9.89%	29,017,387,604.18
Net profits attributable to shareholders of the listed companies less non-recurring	27,706,292,436.94	30,099,760,382.99	-7.95%	27,565,461,117.79

Item	2025	2024	Increase/Decrease Over the Previous Year	2023
profits and losses (CNY)				
Net cash flows from operating activities (CNY)	46,383,114,754.02	29,369,250,570.66	57.93%	56,398,426,354.17
Basic earnings per share (CNY/share)	5.20	5.83	-10.81%	5.22
Diluted earnings per share (CNY/share)	5.20	5.83	-10.81%	5.22
Weighted average ROE	20.30%	25.42%	Decreased by 5.12 percentage points	26.53%
Item	At the End of 2025	At the End of 2024	Increase/Decrease Over the End of Previous Year	At the End of 2023
Total assets (CNY)	391,371,999,819.49	368,031,704,522.86	6.34%	368,053,902,576.37
Net assets attributable to shareholders of the listed companies (CNY)	145,929,297,804.02	137,416,898,946.39	6.19%	116,793,716,103.39

The net profits of the Company before and after deducting non-recurring profits and losses in the last three fiscal years, whichever is lower, is negative, and the audit report of the last year shows that the Company's ability to continue as a going concern is uncertain

Yes  No

The Company's audited total profit, net profit, and net profit after deducting non-recurring profits and losses for the report period, whichever is lower, is negative

Yes  No

## VII. Accounting data differences under domestic and foreign accounting standards

### 1. Differences in net profits and net assets in the financial report disclosed under the international accounting standards and those disclosed under the domestic accounting standards

Applicable  Not Applicable

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

### 2. Differences in net profits and net assets in the financial report disclosed under the overseas accounting standards and those disclosed under the domestic accounting standards

Applicable  Not Applicable

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

## VIII. Quarter-based main financial indicators

Currency: CNY

Item	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating revenue	41,506,860,074.79	55,818,065,913.41	39,855,167,155.65	33,266,965,389.72
Net profits attributable to shareholders of listed companies	5,904,459,443.46	8,507,947,670.38	7,048,929,692.70	7,541,766,605.12
Net profits attributable to shareholders of listed companies after deduction of non-recurring profits and losses	5,717,342,878.89	8,229,066,282.63	6,638,439,722.95	7,121,443,552.47
Net cash flows from operating activities	11,001,218,583.01	17,327,343,604.19	17,399,821,498.00	654,731,068.82

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

Currency: CNY

Item	Amount in 2025	Amount in 2024	Amount in 2023
Profits and losses from disposal of non-current assets (including the write-off of accrued asset impairment reserves)	34,701,819.37	-96,493,268.06	324,413,866.77
Governmental subsidies included in the current profits and losses (excluding the governmental subsidies closely relating to the normal business operations of the Company, conforming to national policies and regulations, enjoyed according to established standards, and having a sustained impact on the Company's profits and losses)	960,981,376.60	1,921,209,083.93	784,275,516.36
Profits and losses from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises, and profits and losses from disposal of financial assets and financial liabilities, except for the effective hedging business related to the Company's normal business operations	701,577,328.10	465,704,232.40	553,697,207.25
Reversal of impairment reserves for the receivables under independent impairment test	8,689,545.95	151,629,418.16	72,395,388.85
Non-operating revenues and expenditures other than the above items	-24,078,549.04	19,359,525.22	-21,226,697.92
Other profit and loss items conforming to the definition of non-recurring profits and losses	31,293,265.01	69,040,924.47	40,553,390.36
Less: Amount affecting income tax	263,250,661.17	368,577,572.53	301,917,937.60
Amount affecting minority equity (after tax)	153,103,150.10	77,062,354.30	264,247.68
Total	1,296,810,974.72	2,084,809,989.29	1,451,926,486.39

Details of other profit and loss items conforming to the definition of non-recurring profits and losses:

Applicable  Not applicable

Item	Amount Involved (CNY)	Reason
Other profit and loss items conforming to the	31,293,265.01	Commissions refund of individual income tax and tax

definition of non-recurring profits and losses		incentives for key groups
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Description of defining the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses* as recurring profit and loss items

Applicable  Not Applicable

No non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses* were defined by the Company as recurring profit and loss items.

## Section III Management Discussion and Analysis

### I. Major businesses of the Company during the report period

The Company is a diversified and technological global industrial group, with brands including GREE, TOSOT, KINGHOME, LANDA, Kaibang, and Xinyuan. Its industry covers both consumption and industrial fields. In the consumption field, it covers residential air conditioners, HVAC, refrigerators, washing machines, water heaters, kitchen appliances, and environmental appliances, providing full-category smart home appliances and smart building management system solutions for residential and commercial scenarios. In the industrial field, it focuses on CNC machine tools, industrial robots, precision molds, motors, compressors, capacitors, semiconductor devices, precision casting equipment, basic materials, industrial energy storage, etc., building an independent and controllable industrial chain system to facilitate the transformation and upgrading of China's manufacturing industry. So far, GREE products have served more than 190 countries and regions around the world, and continue to meet people's needs for a better life with core technologies and high-quality services.

In the face of a complex and ever-changing market environment, the Company remained committed to the real economy, developed its self-owned brands, adhered to independent innovation, continuously deepened channel development, vertically explored the moat of technology and quality, and horizontally expanded into highly synergistic tracks for sustainable development. In 2025, the Company achieved a total operating revenue of CNY171,118 million, a year-on-year decrease of 9.96%; the net profit attributable to shareholders of the listed company was CNY29,003 million, a year-on-year decrease of 9.89%; and the net cash flow from operating activities was CNY46,383 million, a year-on-year increase of 57.93%.

During the report period, despite the complex and ever-changing market environment and pressures on industry growth, the Company's core products maintained a stable market position, with its market share in several product categories leading the industry. GREE central air conditioners continued to demonstrate industry leadership, holding the top market share in the industry. According to the *2025 Report on the Development of China's Central Air Conditioner Industry* released in the *ihos's HVAC and Heat Pump* magazine, GREE continued to lead with a market share of over 15%, maintaining the top market share in China's central air conditioner market for 14 consecutive years.

The Company adhered to the core strengths of its residential air conditioners, took multiple measures to stabilize its market share, and achieved notable results in its online presence, ensuring steady operation of its core business. According to data from All View Cloud (AVC), GREE's share of online retail sales in the residential air conditioner market in 2025 was 24.31%, ranking first in the industry.

In the future, steadfastly adhering to its corporate mission of "carrying forward the industrial spirit, mastering core technologies, pursuing perfect quality, providing first-class services, and making the world fall in love with made in China", the Company will focus on the consumption and industrial fields, continuously optimize its business layout, and enhance its core competitiveness, to strive toward the corporate vision of "building a world-class enterprise and achieving a century-old GREE brand", create higher value for shareholders, and contribute to the high-quality development of the industry.

### II. Industry situation of the Company during the report period

#### 1. Consumption field

In 2025, the home appliance industry faced overall pressure. China's domestic market showed a trend of high in the first half and low in the second half. According to the data released by AVC, in 2025, the retail market size of home appliances (excluding 3C products) in China was CNY893.1 billion, down 4.3% year-on-year. In overseas markets, influenced by multiple factors such as weak global economic recovery and U.S. tariff policies, there was a year-on-year decline. According to data from the General Administration of

Customs of the People's Republic of China, the export value of Chinese home appliances in 2025 reached USD96,233 million, a year-on-year decrease of 3.9%.

According to data from ChinaIOL.com, the total sales volume of China's residential air conditioner industry in 2025 was 198.39 million units, a year-on-year decrease of 1.2%. Among them, sales volume in the domestic market was 105.21 million units, a slight year-on-year increase of 0.7% with slowing growth; sales volume in the export market was 93.18 million units, a year-on-year decrease of 3.3%, primarily due to factors such as a high base in the same period of the previous year, U.S. tariff policies, and softening demand in overseas markets.

According to data from ChinaIOL.com, the sales volume of China's commercial air conditioner industry in 2025 was CNY138,680 million, a year-on-year decrease of 4.1%. Among them, the sales volume in the domestic market was CNY112,550 million, a year-on-year decrease of 7.4%, mainly due to insufficient demand for traditional projects and intensified price competition; the sales volume in the export market was CNY26,140 million, a year-on-year increase of 12.7%, primarily driven by global data center industry demand expansion, accelerated deployment by enterprises in overseas emerging markets, and upgraded product performance for export. The overseas market scale grew steadily.

## 2. Industrial field

According to data from the National Bureau of Statistics, industrial enterprises above the designated size nationwide achieved operating revenue of CNY139.2 trillion in 2025, a year-on-year increase of 1.1%; achieved total profit of CNY7,398.2 billion, a year-on-year increase of 0.6%, indicating steady development of the industrial economy.

In 2025, the core air conditioner components industry faced growth pressure due to the double impact of weak downstream OEM market demand and high raw material prices. According to data from ChinaIOL.com, the sales volume of rotary compressors in China in 2025 was 289 million units, a year-on-year decrease of 2.8%; the sales volume of air conditioner motors was 493 million units, a slight year-on-year increase of 0.08%, with the domestic market down 0.8% and the export market up 3.9%. Meanwhile, prices of major raw materials such as copper and refrigerants remained at historical highs, with cost pressures continuing to be transmitted to the midstream and downstream of the industrial chain.

According to data from the National Bureau of Statistics, the value added of China's equipment manufacturing industry increased by 9.2% year-on-year in 2025, with continuous industrial structure optimization. Based on data from INSIGHT AND INFO, the market size of China's intelligent manufacturing equipment in 2025 was CNY4,380 billion, a year-on-year increase of 18.6%. According to data from Zhongshang Industry Research Institute, the scale of China's CNC machine tool industry in 2025 exceeded CNY450 billion, a year-on-year increase of approximately 4.7%. In September 2025, six ministries and commissions, including the Ministry of Industry and Information Technology (MIIT), jointly issued the *Work Plan for Stable Growth of the Machinery Industry (2025–2026)*, which clearly states the need to "focus on developing intelligent equipment and systems, implement innovation and development projects for intelligent equipment, and promote deep integration of emerging technologies such as artificial intelligence with equipment".

According to the *China Resources Recycling Industry Development Report (2026)* published by the China National Resources Recycling Association, China's resources recycling industry maintained a stable growth trend in 2025, with total collection volume of 11 major categories reaching 417 million tons, a year-on-year increase of 4.1%, and total collection value reaching CNY1,390 billion, a year-on-year increase of 3.8%. The report points out that digital methods such as "Internet + recycling" and smart devices were widely used, and leading enterprises and central state-owned enterprises accelerated their deployment, driving the industry's transformation towards digitalization, standardization, and intensification. At the same time, the large-scale and intelligent equipment for scrap steel processing continued to improve, home appliance recycling achieved online-offline coordination and full-process traceability, and the green recycling system was further enhanced.

## III. Core competence analysis

### 1. A world-renowned brand with continuously increasing brand value

GREE is a diversified technological global industrial group integrating R&D, production, sales, and service. The Company has successively won numerous honors such as "China's World Famous Brand", "Most Competitive Brand in the Market", "National Quality Award", "Enterprise Exempted from Export Inspection", "China Brand Innovation Award", "Top 100 Scientific and Technological Enterprises in China's Light Industry", and "Top 500 Creditworthy Enterprises in China".

During the report period, the Company was again listed on Forbes Global 2000, ranking 346th on the list; and won honors such as "2025 Chinese Annual Influential Brand Among Listed Companies", "2025 Chinese Annual Brand Going Global Benchmark Among Listed Companies", and "2025 EPR Responsibility Fulfillment Innovation Pioneer Enterprise". According to the "2025 China Brand Value Evaluation Information" released by the China Council for Brand Development and the China Appraisal Society, GREE's brand value reached CNY202,140 million, ranking second in the light industry category and first in the home appliance industry, with its comprehensive brand strength and industry-leading position continuously consolidated.

## **2. An excellent research and development system consistently demonstrating strong science and technology innovation capabilities**

Adhering to the principles of "independent research and development of core technologies" and "investment as needed without an upper limit", the Company has built a multi-level research and development system based on national scientific research platforms. The Company has the world's largest air conditioner R&D center. It has established 1 academician workstation, 16 institutes, 152 research institutions, 1,411 laboratories, as well as 1 national engineering technology research center, 1 State-level Industrial Design Center, 1 State Recognized Enterprise Technology Center, and 1 Robotics Engineering Technology R&D Center. In addition, it has also become a research and evaluation base for refrigeration equipment of the National Notification & Enquiry Center, and a national standard verification point (for energy efficiency of refrigeration equipment). The Company continuously improves its technology innovation system that is "enterprise-centered, market-oriented, and combined industry, academia, and research".

As of the end of the report period, the Company has applied for 138,935 patents, including 76,928 invention patents, and has obtained 32,317 invention patent grants, making it the only home appliance enterprise to rank among the top ten in China's invention patent grants for ten consecutive years; has possessed 50 "world-leading" technologies; has won 2 national technological invention awards, 2 national science and technology progress awards, 3 gold awards for inventions, 4 gold awards for appearance, 16 gold awards of International Exhibition of Inventions of Geneva, and 13 gold awards of iENA. The Company's steady increase in the number and quality of patents with abundant scientific and technological achievements fully demonstrates its industry-leading invention and creation capabilities and continuously solid research and development strength to the world.

As of the end of the report period, the Company has led or participated in the development of 942 international and national standards, including 62 international or foreign standards, which comprise 30 ISO/IEC standards for photovoltaic air conditioners, compressors, and other products, driving China's transition from "technology following" to "standard leading", and achieving breakthroughs in standard-setting influence in key fields.

## **3. A leading perfect quality assurance model (PQAM) to continuously enhance product competitiveness**

Adhering to the quality policy of "pursuing perfect quality, establishing an international brand, and building a century-old enterprise", the Company consistently prioritizes quality and deepens the promotion of the PQAM to achieve strict quality control throughout the entire process of design, procurement, production, and service. It has also perfected the GREE characteristic "perfect quality" management system centered on the "Five Steps of Quality Prevention" and "D-CTFP Quality Technology Innovation Cycle Methodology". In March 2021, the Company took the lead in implementing a "ten-year free repair" policy for residential air conditioners, setting the longest repair service commitment in China's residential air conditioner industry and leading the upgrading of service standards in the industry.

As of the end of the report period, the Company has received the two highest honors from the China Association for Quality(CAQ) — "AAA Enterprise Market Quality Credit" and "Five-star Customer Satisfaction Benchmark Enterprise" — for seven consecutive years, and has topped the China National Institute of Standardization's customer satisfaction survey for air conditioners for 16

consecutive years, reflecting dual affirmation from market recognition and authoritative industry certification. The Company's D-CTFP Quality Technology Innovation Cycle Methodology was elevated to the GB/T 38356-2019 *Quality management — Guideline for customer-oriented innovation cycle*. The book *Pursuing Perfection — Innovation & Progress: GREE Quality Model*, co-authored with South China University of Technology, was selected for the "Best Quality Practices in China in the 21st Century" series, becoming a model of quality practice in China's manufacturing industry.

#### **4. An independently controlled new retail system with continuously upgraded digital marketing**

The Company is committed to building an independent, controllable, mutually beneficial, and win-win channel system that integrates online and offline channels, continuously deepening innovation in its new retail marketing system, and creating a nationwide, efficiently coordinated multi-dimensional sales and service network.

In terms of offline channels, the Company has built a physical network covering 30 regional sales companies, over 20,000 sales stores, and over 30,000 professional service outlets. It has also upgraded or renovated over 1,000 "Dong Mingzhu Healthy Home" offline stores, comprehensively showcasing whole-house healthy appliances such as refrigerators, washing machines, and water purifiers through scenario-based experiences, data visualization, and smart interactions, and providing consumers with one-stop healthy home solutions.

In terms of online channels, relying on self-built platforms, official flagship stores on third-party e-commerce platforms, and new media matrices such as WeChat and Douyin (TikTok), the Company has achieved multi-platform, wide-reaching digital marketing coverage. In July 2025, the Company initiated a new digital marketing model for its commercial air conditioner business, building a full-link, full-element, full-scenario digital marketing system, accumulating core channel assets, enhancing customer stickiness, and establishing an efficient digital management system for commercial channels. At the same time, relying on its nationwide production bases, the Company has built a "base warehouse + regional warehouse" intelligent tiered warehousing network, achieving scientific stocking and efficient response, and enhancing customer experience.

#### **5. A diverse and rich product matrix with technology innovation driving product upgrades**

The Company's products cover a full range of home appliances, including residential air conditioners, HVAC, refrigerators, washing machines, water heaters, kitchen appliances, and environmental appliances, fully meeting consumers' comprehensive needs for a high-quality life.

Centered on user needs and guided by the product concept of "energy efficiency, comfort, health, and intelligence", the Company continuously promotes product iteration and upgrades, enriches its product matrix, and expands application scenarios to build a full-scenario product ecosystem. In the residential air conditioner field, the Company has upgraded the classic "Silent King" IP, launching the "Ai Silent King" wall-mounted air conditioner, delving deep into core dynamic energy-saving technologies to precisely meet market demand for high-efficiency and energy-saving products under the "dual carbon" goals, which has been well-received in the market. It also continues to build the characteristic "Gentle Air Comfort" IP, focusing on users' core needs for "comfort, health, and no direct airflow", forming comprehensive product competitiveness combining "air supply technology + health functions". In the central air conditioner field, with smart energy-saving technology as the core, combining full DC inverter drive, intelligent temperature control algorithms, and high-efficiency heat exchange systems, the Company has launched the "Gentle Air Comfort" anti-direct-blowing central air conditioner featuring reversible air supply technology, and the "Ruifeng" series constant temperature dehumidification central air conditioner using heat exchanger partitioned cooling and heating switching technology. In the home appliance field, the Company has deployed diverse product categories such as refrigerators, washing machines, kitchen appliances, water heaters, and environmental appliances, successively launching new products such as the "Xuelong" series refrigerator, the "Ruyue" series washing machine, the GREE "Fengshen X1" range hood, the "Shunmuwang" gas water heater, the "Jingpai" dishwasher, and the "Runzhilian" air source water heater, achieving multi-scenario coverage.

#### **6. A scientific production capacity layout with continuous breakthroughs in green and intelligent manufacturing**

The Company scientifically plans its production capacity layout based on the demand characteristics of each product market and the differences in regional production factor endowments. At present, the Company has established 77 production bases in multiple

provinces and cities, such as Guangdong, Chongqing, and Anhui, as well as in countries like Brazil, covering air conditioners, home appliances, industrial products, and others, forming an industrial agglomeration and highly coordinated development of upstream and downstream industrial chains. Guided by the principles of serving the market, global planning, local production, and production area coordination, the Company optimizes the capacity allocation of each base to achieve balanced production and maximize comprehensive benefits. At the same time, the Company has established 6 resource recycling bases, building an entire closed-loop industrial chain from upstream production to downstream recycling, promoting green, circular, and sustainable development.

Focusing on improving the efficiency of the entire production process and deeply integrating advanced technologies such as industrial robots, CNC machine tools, and 5G, the Company strives to build industry-leading exemplary smart factories. As of the end of the report period, the Company owns 1 pilot-level smart factory, 1 excellence-level smart factory, 22 green factories (including 10 national-level green factories, 7 provincial-level green factories, and 5 municipal-level green factories), 4 5G factories, and 6 national-level green supply chain enterprises. Relying on the "full-value-chain GREE collaborative house — smart air conditioner factory" project, Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd. became the only enterprise in Guangdong Province selected for the national first batch of "pilot-level" smart factories, continuously playing an exemplary and leading role and enabling quality improvement and efficiency enhancement in manufacturing processes.

The precise and efficient production capacity layout and leading intelligent manufacturing continuously consolidate the Company's manufacturing and cost advantages, ensure rapid response to market demand, and provide consumers with high-quality products and living experiences.

#### **7. Continuous breakthroughs in independent R&D and manufacturing of core components, leading the industry in comprehensive product competitiveness**

The Company has complete independent R&D and manufacturing capabilities for core components, with subsidiaries such as Landa Compressor, Kaibang Motor, Xinyuan Electronic, GREE Electric, and GREE Precision Mold. Each entity maintains an industry-leading position in terms of production capacity scale, core technology, and quality control. The Company's core components business segment has successively won honors and qualifications such as the "National Quality Award", "National Quality Benchmark", "Top 100 Enterprise in China's Electronic Components Industry", "National Intellectual Property Advantage Enterprise", "Guangdong Famous Brand Product", and "Guangdong Enterprise Technology Center". It has also established key Test Center and R&D platforms, including the "National CNAS Test Center", "Guangdong Provincial Engineering Technology Research Center for Key Electronic Components", "Guangdong Provincial Engineering Technology Research Center", and "Guangdong Provincial Intelligent Mold Technology Innovation Center", continuously consolidating the foundation for underlying technology R&D.

The Company's independently developed three-cylinder compressor technology was appraised by the Chinese Association of Refrigeration as "World's First". The new-generation dual-five-axis gantry machining center won the gold award at the 50th International Exhibition of Inventions of Geneva for its technical advancement. According to data from ChinaIOL.com, in 2025, the market share of DunAn Environment's cut-off valve ranked first in the world, and that of the four-way valve and electronic expansion valve ranked second in the world, respectively.

The comprehensive independent R&D and manufacturing system for core components and the leading manufacturing strength lay a solid foundation for the Company's long-term stable operations, continuously consolidating its industry competitive advantages and leadership position across all product categories.

#### **8. Continuous improvement of the cost management and control system, consistently enhancing product competitiveness**

Adhering to a customer demand-oriented approach and relying on comprehensive value chain management, the Company implements precise cost analysis and operational optimization across the entire process of R&D, procurement, production, and sales, forming a cost management and control culture involving all employees, the entire process, and all elements, thereby building a sustainable cost barrier.

Supply chain integration promotes cost reduction on a large scale. The Company, based on a centralized procurement policy,

continuously expands its upstream and downstream industrial chain layout, establishes deep strategic partnerships with industry-leading enterprises, integrates high-quality supply chain resources, and enhances bargaining power and resource utilization efficiency, achieving multi-party collaborative cost reduction. At the same time, leveraging the advantages of independent R&D and manufacturing of core components, key components such as compressors, motors, capacitors, chips, and molds are independently and controllably managed throughout the entire chain, reducing outsourcing costs and strengthening cost advantages.

Digital technology drives systematic cost reduction. The Company accelerates the promotion of full-link digital control, deeply integrating technologies such as 5G and Industrial Internet into R&D, procurement, production, inventory, and sales, achieving lifecycle lean management and efficiency improvement. Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd., as the only enterprise in Guangdong Province selected for the national first batch of "pilot-level" smart factories, has achieved a digital coverage of 100%, an overall automation rate of over 80%, and a production efficiency improvement of 200%. Multiple processes in the general assembly workshop (integrating intelligent manufacturing) have realized unmanned operation, and product quality inspection has comprehensively introduced AI detection, effectively avoiding manual omissions and misjudgments and significantly reducing labor and quality costs.

Continuous innovation leads to technology-driven cost reduction. Through product structure optimization, process innovation, material commonization, and lean model development, the Company continuously improves material utilization and production efficiency, accelerates the process of material commonization, achieves sustained cost reduction, and consolidates its industry-leading profitability and product competitiveness.

#### **9. A well-established independent talent cultivation system ensuring a high-quality talent supply**

Based on a long-term development strategy, the Company adheres to the concept of independent talent cultivation. Leveraging a profound cultural heritage and accumulated management experience, it has established independent talent acquisition channels, improved full-cycle training and development mechanisms, and built a multi-level, comprehensive incentive system, promoting the mutual growth and development of employees and the enterprise.

The Company continuously improves the integrated independent talent cultivation system of "selection, training, utilization, and retention", relying on multiple measures such as employer branding, university-enterprise joint education, customized specialized courses, and regular campus recruitment, to precisely attract high-quality professionals who identify with the corporate culture. At the same time, using skill master studios, model worker innovation studios, and other platforms as carriers, the Company strengthens skill cultivation and craftsmanship inheritance, building a high-quality, high-skilled composite talent team.

As of the end of the report period, the Company's high-end talent echelon has continued to grow, with 2 leading technology innovation talents under the national "Ten Thousand Talents Program", 4 experts receiving the special government allowance of the State Council, 1 national leading intellectual property talent, 1 national technical expert, 2 national model workers, 3 recipients of the national "May 1 Labor Medal", and nearly 1,000 provincial and municipal high-end talents including provincial technical experts and Zhuhai high-level talents. The robust talent pool and comprehensive cultivation system lay a solid talent foundation for the Company's long-term high-quality development.

### **IV. Analysis of main business**

#### **1. Overview**

In the face of a complex and ever-changing market environment, the Company remained committed to the real economy, developed its self-owned brands, adhered to independent innovation, continuously deepened channel development, vertically explored the moat of technology and quality, and horizontally expanded into highly synergistic tracks for sustainable development.

##### **(1) Focusing on user needs, iterating and innovating full-category home appliances**

###### **1) Residential air conditioner segment**

Centered on user needs and guided by the product concept of "energy efficiency, comfort, health, and intelligence", the Company continuously promotes product iteration and upgrades, enriches its product matrix, and expands application scenarios.

### Ai Silent King

As a classic product of the Company, the GREE "Silent King" series air conditioners have long served millions of households in China, with the core promise of "cool, quiet, and power-saving." As of now, the cumulative sales of the "Silent King" series have exceeded 20 million units, making it a trustworthy air conditioner for users. During the report period, focusing on the deep integration of artificial intelligence technology and home appliance manufacturing, the Company achieved an intelligent upgrade based on the classic genes of the "Silent King" series, launching the new flagship product "Ai Silent King" wall-mounted air conditioner. The product is equipped with GREE's independently developed energy-saving chip, and relying on dynamic energy-saving algorithms, it saves power as soon as it is turned on without manual setting of power-saving mode, achieving improved annual dynamic energy efficiency and energy-saving efficiency. It is also equipped with a moving sub-board air deflector system, achieving no direct cold air blowing and uniform hot air delivery, while supporting improved cooling capacity under high-temperature conditions of 67°C. The "Ai Silent King" has received positive market response since its launch.

**GREE**

**Ai Silent King**  
Cooler, quieter, more power-saving

Exceptional with Ai

- Ai dynamic energy saving
- 67°C ultra-high temperature cooling
- Multi-ion sterilization
- Operation as low as 16 dB

Note: Page data is sourced from Gree laboratory test reports, which may vary under different testing environments and conditions.

### "Silent King+" floor-standing air conditioner

During the report period, the Company launched the "Silent King+" floor-standing air conditioner to address the pain points of traditional air conditioners, such as discomfort from direct cold air blowing and susceptibility to shut down under high temperatures. The product features distributed air supply and high-efficiency double-suction bidirectional centrifugal fan technology, achieving shower-type cooling and carpet-type heating. Equipped with GREE's second-generation cold-resistant outdoor unit, and leveraging the large-displacement compressor and refrigerant flow path design, it enhances heat dissipation and operational stability under extreme conditions, and provides stable cooling with no capacity decay in high-temperature environments of 67°C. In July 2025, the Company conducted a limit test challenge with a "Silent King+" air conditioner in the Flaming Mountains of Turpan. In an extreme environment with surface temperatures as high as 75°C, it completed 48 hours of uninterrupted live-streamed operation, demonstrating the product's extreme environmental adaptability and reliable quality through rigorous field-testing, fully showcasing the Company's technological leadership in high-temperature cooling.

In addition, during the report period, the Company continuously focused on user needs and scenario-based applications, launching a number of differentiated and high-value innovative products. The **SilenzX air conditioner** addresses users' needs for low-noise operation, high efficiency, and energy savings, and a quiet experience through the independently developed "research and application of active collaborative noise reduction technology in silent air conditioners." The noise reduction technology and the SilenzX series silent air conditioner, with their cutting-edge technological strength and innovation advantages, stood out in global achievements and won the gold award at the International Exhibition of Inventions of Geneva. The **residential photovoltaic air conditioner** deeply

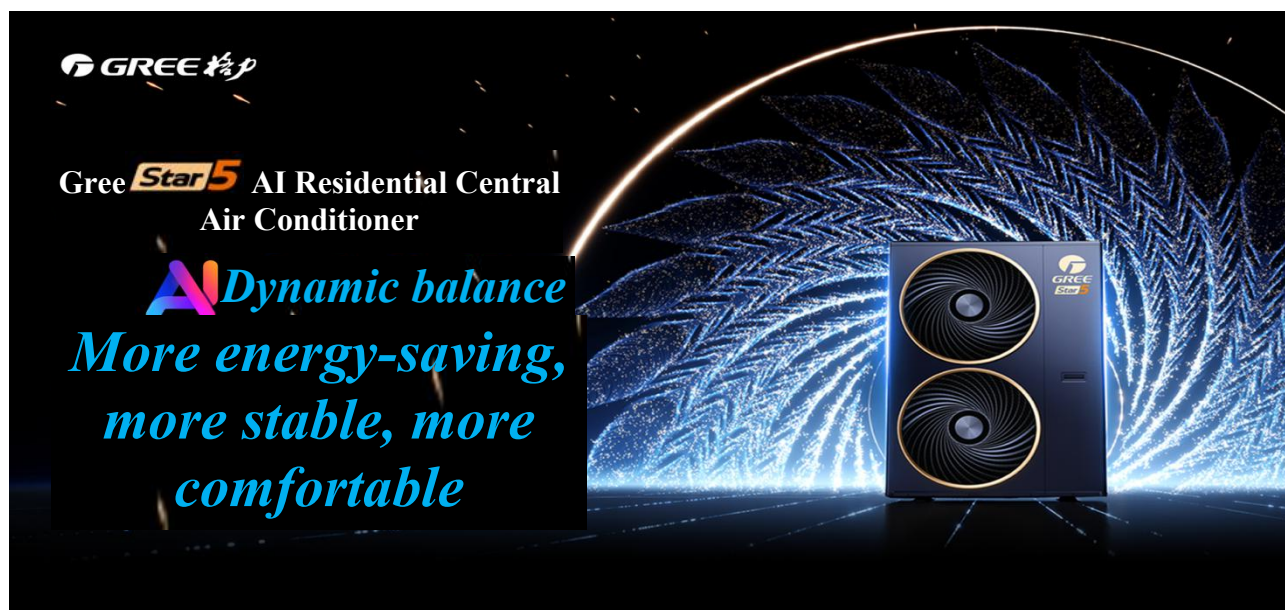
integrates photovoltaic power generation and HVAC technologies, incorporating an integrated photovoltaic energy storage system solution, achieving efficient clean energy utilization and low-carbon energy consumption relying on intelligent control algorithms, and building a green and low-carbon smart home application scenario. The **Yueshengdian series air conditioner**, through air duct structure optimization, system pipeline upgrades, and overall unit architecture iteration, comprehensively enhances circulating air supply capability and overall energy-saving levels, while simultaneously optimizing appearance and smart function configurations, continuously improving the comprehensive competitiveness and market adaptability of the main household air conditioners.

## 2) HVAC segment

Focusing on the core field of HVAC, the Company has laid out 13 series of core equipment, including centrifugal chillers, VRF systems, screw chillers, modular units, packaged units, residential units, and precision air conditioners, continuously advancing technology iteration and performance upgrades. It covers diverse application scenarios such as residential heating, commercial cooling, industrial constant temperature, and refrigeration & freezing, efficiently adapting to various major project construction needs and providing professional and stable solutions for users in different fields.

### Residential central air conditioner

**Star 5 AI residential central air conditioner** — Equipped with independently developed temperature-humidity-airflow three-dimensional somatosensory comfort technology, it achieves comfort optimization, stepless airflow control, and high-precision temperature control within 0.1°C, optimizing the whole-house living experience. Relying on dynamic energy-saving technology, its APF energy efficiency exceeds China's tier 1 energy efficiency standard. It is equipped with a new independently developed high-efficiency vapor injection compressor, achieving reliable operation across a wide temperature range of -35°C to 66°C. Paired with a new-generation intelligent constant-warmth defrosting technology, it efficiently balances defrosting and heating performance, bringing home users an efficient, energy-saving, healthy, and comfortable smart living experience.



**"Gentle Air Comfort" anti-direct blowing central air conditioner** — equipped with independently developed core reversible air supply technology, and featuring a dedicated fan, air supply/return switching mechanism, and adaptive switching filter, it innovatively achieves differentiated air supply in cooling and heating modes, effectively solving the problems of insufficient comfort and energy waste associated with the fixed lateral air supply of traditional central air conditioners. 158 Chinese invention patents have been applied for this technology, and the technological achievement has been appraised by the expert committee of the China Machinery Industry Federation as internationally leading.

During the report period, the Company launched the "Gentle Air Comfort" central air conditioner series, complementing the existing residential wall-mounted air conditioners and anti-direct blowing series floor-standing air conditioners, building a complete "Gentle

Air Comfort” product matrix, and enabling the “Gentle Air Comfort” technology system to achieve full-scenario coverage, further meeting the comfort needs of different user groups.

During the report period, the Company continuously enriched its comfortable home and high-efficiency energy-saving HVAC product matrix: the **Ruifeng series constant temperature dehumidification central air conditioner** adopts innovative heat exchanger partitioned cooling and heating switching technology, integrating constant temperature dehumidification and high-efficiency cooling/heating functions to achieve a comfortable experience of dehumidification without temperature reduction. Paired with a high-precision humidity sensor, it enables intelligent temperature-humidity linkage control, meeting the dehumidification needs of whole-house spaces and continuous operation, operating quietly, and leading the upgrade of central air conditioner dehumidification technology. The kitchen-specific embedded central air conditioner features an embedded single-sided air outlet design, adapting to mainstream kitchen decoration styles, and is easy to install. Equipped with high-efficiency UV-C sterilization technology and independently developed antibacterial and anti-mold materials, it creates a healthy and clean cooking environment.

#### Commercial central air conditioner

During the report period, focusing on the core pain points and differentiated market needs of various commercial scenarios, the Company continuously launched several new commercial central air conditioners. Relying on continuous breakthroughs in core technologies and customized product design capabilities, the Company provided high-efficiency, low-carbon, well-adapted, systematic HVAC solutions for diverse application scenarios such as government procurement, data centers, and small- and medium-sized commercial spaces.

**GREE new-generation "air-fluid co-source" maglev chiller for data centers** — In response to the high-density computing power demands of data centers brought by the development of artificial intelligence and large model technologies, the Company launched the new-generation "air-fluid co-source" maglev chiller for data centers. Featuring core technologies such as an integrated maglev compressor, high-efficiency plate heat exchanger, and "air-fluid co-source" liquid cooling system, this product boasts outstanding advantages, including high energy efficiency, compact modular design, efficient utilization of free cooling sources, and intelligent operation & maintenance, effectively addressing pain points of traditional air-cooling solutions such as low energy efficiency, insufficient cooling capacity, and long deployment cycles, helping data centers achieve high-efficiency and energy-saving operation goals.



**GREE Taishan Smart Building Platform** — During the report period, the Company launched the Taishan Smart Building Platform, achieving a transformation from a central air conditioner supplier to a building intelligent control solution provider. This platform is equipped with the dedicated GMOS Taishan operating system for the building electromechanical field, featuring "arbitrary connectivity, zero code, easy replication, and full process" as its core characteristics. It deeply integrates hardware and software

technologies, building a comprehensive solution covering core HVAC scenarios such as VRF intelligent control, high-efficiency heating and cooling stations, and high-efficiency machine rooms. At present, the Taishan Smart Building Platform has been successfully extended to multiple fields, such as smart office buildings, smart factories, and smart wine-making, with a cumulative total of over 5,000 project applications, forming a full-domain standard system from hardware and software to building intelligent control systems. The platform has obtained certifications including BTL, CE, FCC, UL, ETL, and open sharing characteristics for building intelligent control, and has won industry honors such as the first prize for quality technology from the China Association for Quality, effectively promoting the transformation and upgrading of the construction industry towards digital intelligence, green development, and high efficiency.



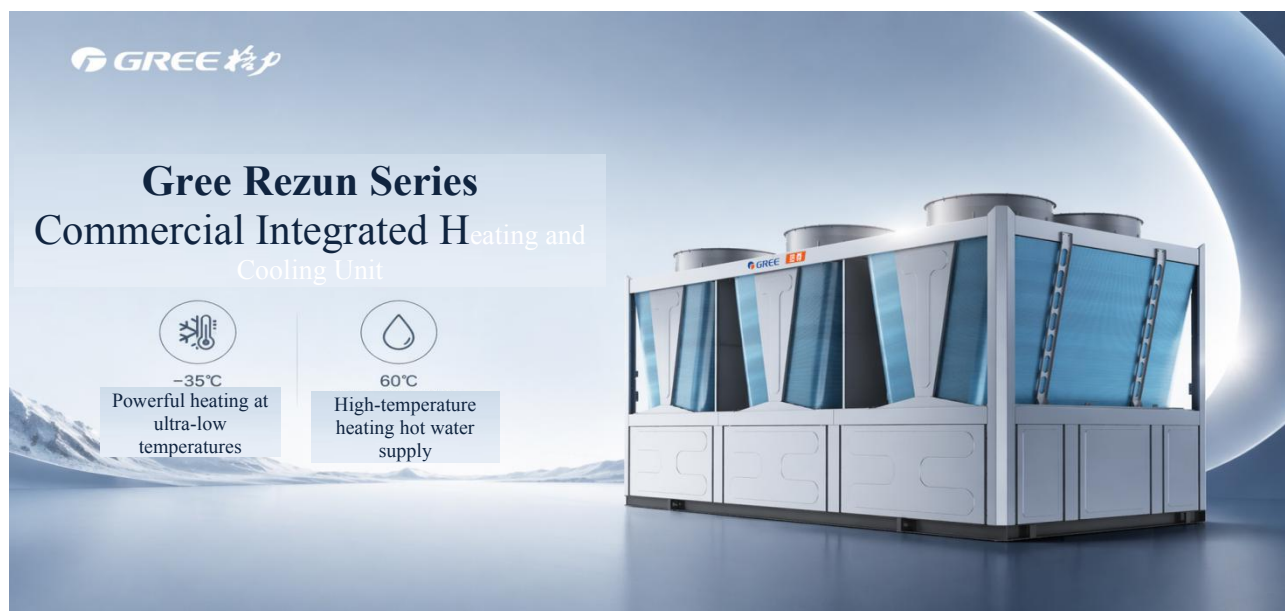
### Heating heat pump

The Company, following the two core R&D directions of full variable frequency and high-temperature heat pumps, broke through operational bottlenecks in extreme low-temperature and high-temperature conditions, achieving stable and efficient operation of units across an ultra-wide temperature range. In 2025, the Company comprehensively upgraded the performance and operational reliability of its heating heat pumps, and iteratively launched new-generation series such as Huofenghuang, Rezun, and Hongbing, covering diverse application scenarios including residential heating, commercial heating, and central hot water, to meet the integrated and diversified usage demands of the market.

**New-generation Huofenghuang residential integrated heating and cooling unit** — Equipped with the core technology of a two-stage vapor injection heat pump compressor, it stably produces 60°C high-temperature hot water in -25°C extremely cold environments, and achieves efficient and stable heating under -20°C low-temperature conditions, effectively solving the winter heating pain points in severely cold regions. Relying on its leading innovative technology, the product has successively won multiple authoritative honors, including the gold award at the International Exhibition of Inventions of Geneva, the first prize for technological invention of Guangdong Province, and the patent gold award.

**Rezun series variable frequency commercial integrated heating and cooling unit** — Focusing on the rigid demand of the "coal-to-electricity" clean energy central heating market in northern China, the Company launched the Rezun series variable frequency commercial integrated heating and cooling unit. Featuring core technologies such as low-temperature heating enhanced vapor injection, DC inverter drive liquid cooling, and precise staged vapor injection control, the product breaks through operational limitations under extreme conditions. It provides stable heating in environments ranging from -35°C to 40°C and reliable cooling in environments ranging from -15°C to 52°C, achieving ultra-tier 1 energy efficiency standards for both heating and cooling operating conditions. The equipment supports a flexible combination of up to 16 modules, and matches the differentiated load requirements of various projects, so it is widely applicable to heating and cooling applications in regional central heating, heating renovation of old

residential communities, and various commercial scenarios such as factories, hostels, and hotels.



### Commercial freezer and refrigerator

The Company's commercial freezer and refrigerator have been widely used in fields such as cold storage, food processing, and pharmaceutical distribution. Leveraging its core advantages of high efficiency, energy savings, stability, and reliability, it provides customized refrigeration solutions adaptable to all scenarios. Relying on continuous technological innovation and product matrix optimization, in 2025, the Company launched the hot gas defrost refrigeration unit, two-stage screw quick-freezing unit, and dedicated compressor for  $-80^{\circ}\text{C}$  ultra-low temperature freeze-drying equipment, further perfecting its tiered product layout and contributing to the high-quality development of the cold chain industry.

**Variable frequency hot gas defrost ceiling-mounted integrated unit** — The product adopts an indoor ceiling-mounted return and supply air design, significantly reducing space occupation inside the warehouse and improving storage space utilization. It is precisely adapted to scenarios such as chain restaurants, central kitchens, canteen cold storage, and cool storage of large pharmacy chains, and is particularly suitable for cooling spaces with limited floor space and weak engineering maintenance capabilities. The unit is equipped with full DC inverter technology and intelligent hot gas defrost technology, reducing power consumption by half compared to traditional equipment and achieving temperature control accuracy of  $\pm 0.5^{\circ}\text{C}$ . Through energy-saving and intelligent technological innovation, it leads the efficient upgrading of cold chain equipment.

### 3) Home appliance segment

Centered on the product strategy of "GREE, Making Better Electric Appliances", the Company has deployed the full categories of home appliances, including refrigerators, washing machines, kitchen appliances, and environmental appliances. With health, intelligence, and personalization as its development priorities, the Company accelerated the deployment of appliance suites and optimized whole-house scenario adaptability to comprehensively meet consumers' diverse and high-quality home living needs.

#### Refrigerator and washing machine

**Xuelong series built-in refrigerator** — Addressing pain points of traditional built-in refrigerators, such as installation constraints, poor heat dissipation, and insufficient freshness preservation, the Company launched the Xuelong series flush-inset refrigerator. In terms of core configuration, the refrigerator is equipped with an ultra-wide-frequency compressor, achieving  $-38^{\circ}\text{C}$  ultra-low temperature deep freezing and effectively locking in the nutrition and original taste of ingredients. It adopts a four-door, four-temperature-zone architecture, supporting the wide-range precise temperature adjustment from  $5^{\circ}\text{C}$  to  $-20^{\circ}\text{C}$ , and meeting multi-scenario freshness preservation needs. It is also equipped with low-oxygen freshness preservation technology and a PLASMA full-space sterilization and deodorization system, providing dual protection for ingredient freshness and health safety.



**Ruyue heat pump washer-dryer** — The product features a high-efficiency heat pump system, significantly reducing energy and water consumption compared to traditional electric heating models. The product maintains a constant low-temperature drying mode at 37°C, gently protecting clothes. Through optimized drive algorithms, it achieves a washing ratio of up to 1.2. Paired with a DD direct-driven motor for low-amplitude, smooth operation, it reduces friction and impact on clothes, lowering washing and care loss. The product has successfully passed the authoritative gold standard certification for wool fabric washing and drying. Relying on core technologies, it achieves gentle washing and care and low-temperature fabric protection, creating a high-quality, green, energy-saving, healthy, and comfortable washing and care solution.



#### Kitchen appliance

During the report period, the Company continuously deepened its presence in kitchen scenarios, iteratively launching multiple high-performance kitchen appliances, and refining the whole-house healthy home appliance layout.

**6-nines series water purifier** — The product adopts a "dual-core six-filter" architecture, featuring a six-stage high-precision filtration system that integrates multiple high-quality filter media such as PP cotton, activated carbon, and reverse osmosis (RO) membrane. It possesses high-efficiency sterilization capability and long-term stable filtration performance, effectively reducing later

filter replacement costs. The product is configured with a high flow rate of 1,200 G, achieving a purified water flow rate of up to 3.0 L/min, fully meeting the diverse daily water needs of households, including direct drinking, cooking, and cleaning.

**GREE 格力**

Ca Mg Na Zn

Gree 6-nines Water Purifier

**Healthy Water Every Day**  
**Trusting GREE's 6-nines**  
 Healthy zinc mineral water | 1,200 G high flow rate |  
 10-year long-life RO filter

**Sterilization rate**  
**99.9999%**

Note: 1. The 99.9999% sterilization rate data is sourced from the report (No.: WTS2025-9804) of CVC Testing Technology Co., Ltd.  
 2. The 10-year long life of the RO filter refers to the service life of the RO filter reaching up to 10 years when testing under the water quality with total dissolved solids (TDS) of approximately 120 mg/L, with a total water throughput of the RO membrane of 36.5 tons. And according to *The Chinese Dietary Guidelines*, the average daily drinking water per person is 1.5 L ~ 1.7 L, so for a household of six, the average daily water usage is 10 L. The test report for the RO membrane life of 36,500 L is from Guangzhou Institute of Microbiology Co., Ltd. (Report No.: SZ20223054). It is for reference only, as water conditions vary by region.

In addition, the **Fengshen X1 ultra-thin range hood** launched by the Company adopts an integrated ultra-thin body structure, effectively solving the pain points of traditional ultra-thin models, such as limited operation and easy collision with kitchenware, fully freeing up cooking space. The **"Gangganghao" series zero-coating stainless steel rice cookers** are all equipped with 316L food-grade stainless steel zero-coating inner pots, paired with an easy-to-disassemble structural design, taking into account both healthy eating and daily cleaning convenience, adapting to the high-quality, healthy cooking needs of modern families.

#### Environmental appliance

**Zhifengzhe floor-standing circulating fan** — The product features lightweight fan blades and reverse-curve pre-swirl grille technology, paired with a 135 mm ultra-thin motor head and red wine glass-like body design, presenting a slim and minimalist appearance with outstanding texture. The product achieves an air velocity of up to 6.5 m/s, an airflow rate of up to 16.5 m<sup>3</sup>/min, and operating noise as low as 48 dB(A), balancing powerful airflow delivery with a quiet experience and achieving a balance between performance and comfort. Relying on excellent product strength and market recognition, the cumulative sales of this product in 2025 exceeded 100,000 units, demonstrating outstanding market performance.

**GREE 格力**

Zhifengzhe FXDZ-20X82Ag5

**Voice-controlled Antibacterial Circulating Fan**  
**Abundant Fresh Oxygen Supply**  
**Whole-house Air Transformed**  
 Voice smart control | Antibacterial pet hair filter shield |  
 Concentrated vortex flow

The Company innovatively launched the **Nordic time bonfire-simulated voice-controlled heater**. Relying on an annular air curtain and sensory simulated bonfire design, it breaks through the inherent form of traditional electric heaters, combining aesthetic design innovation with a comfortable usage experience. At the same time, focusing on the specific needs of pet-owning families, the Company launched the **pet air purifier**, which efficiently adsorbs floating pet hair, removes odors, and effectively purifies allergens and harmful bacteria in the air. The product features a 120° wide-irradiation UV lamp matrix for filter sterilization, and a multi-directional laser interaction device, improving home air quality and upgrading the health protection and diversified living experience of pet-owning families.

## **(2) Adhering to independent R&D and innovation, leading industry development through technologies and standards**

### **1) Tackling core key technologies, achieving multi-point iterative breakthroughs**

During the report period, the Company continued to tackle core technologies in HVAC, compressors, and refrigeration, breaking through key barriers such as air supply control, high-efficiency pump bodies, and variable-frequency compression. Several innovative technologies achieved comprehensive upgrades in energy efficiency, comfort, and operating condition adaptability, and won important industry science and technology awards.

**Key technology and application of central air conditioners with reversible air supply** — The Company innovatively developed key technology for central air conditioners with reversible air supply, and based on the demand for separate delivery of cooling and heating, innovatively built a reversible air supply system, overcoming pain points of traditional central air conditioners such as cold air blowing on people, hot air accumulation, and large vertical temperature differences. In heating mode, heat directly reaches the human activity zone, significantly improving heating efficiency and reducing power consumption under standard operating conditions by 42.7%. In cooling mode, an attached air supply design is adopted to achieve a comfortable experience without direct cold air blowing. This technology has been applied to the GREE "Gentle Air Comfort" central air conditioner series, achieving multi-scenario product coverage.

**Key technology and application of wide-range high-efficiency AI VRF systems based on real-time performance** — The Company successfully developed a wide-range high-efficiency AI VRF system based on real-time performance, achieving for the first time online precise measurement of indoor unit capacity. It integrates real-time performance calculation, flexible refrigerant regulation, and full-scenario energy-saving control, and is equipped with GREE's self-developed chips, achieving self-learning under complex operating conditions and adaptive optimization of system parameters. According to tests, the product's annual performance factor (APF) exceeds 6.45, with an average energy saving rate of over 25%. This project won the special award for scientific and technological progress in energy conservation and emission reduction from the China Energy Conservation Association (CECA) in 2025, providing support for the green and low-carbon development of the industry.

**New high-efficiency rotary positive displacement refrigerant pump and machine room air conditioner** — The Company independently innovated and developed a new high-efficiency rotary positive displacement refrigerant pump, breaking through the operational limitations of traditional refrigerant pumps and successfully expanding the applicable ambient temperature for refrigerant pump cooling from 5°C to 20°C. The product has an operating head ranging from 0.05 MPa to 0.6 MPa and achieves a comprehensive operating efficiency of 54.4%. It effectively expands the application boundary of free cooling, significantly improves the year-round energy-saving operation capability of machine room air conditioners, and facilitates low-carbon, high-efficiency operation and maintenance of key scenarios such as data centers.

**Multi-adaptational high-speed high-efficiency rotary compressor and air conditioner** — The Company deeply cultivated core underlying technologies of compressors, overcoming key technologies such as low-wear compression structures, active refrigerant oil management, variable stiffness discharge valve sets, and dynamic control of drive parameters, and achieving stable operation of the compressor across an ultra-wide frequency range of 1 Hz–200 Hz. According to tests, the seasonal energy efficiency of the matched complete air conditioner can be increased by 10%, and low-temperature heating capacity can be increased by 15%. While strengthening performance under extreme operating conditions, it deeply aligns with the development trend of green energy saving, effectively balancing comfort experience with low-carbon usage needs.

### **2) Deepening diverse technological innovations, with multiple honors demonstrating technological strength**

The project "research and application of key technologies for low-carbon dynamic operation of inverter air conditioners" won the first prize for scientific and technological progress from the China National Light Industry Council (CNLIC). The project carried out technical research focusing on three core directions, namely collaborative dynamic energy efficiency optimization control of air conditioner actuators, adaptive matching of room loads under complex operating conditions, and chip integration design. It broke through the limitations of traditional air conditioner control algorithms and successfully implemented low-carbon dynamic operation control technology. Air conditioners equipped with this technology achieve precise load adaptation, and according to tests, the annual power consumption reduction exceeds 13.6%. This technology has been applied to wall-mounted air conditioners of series such as "Ai Savenergior", "Coomer-II", "Satin Time", "GREE · CHINOISERIE", and "Modern  $\pi$ ", providing solid technical support for the green and low-carbon transformation of the home appliance industry.

In addition, the project "key technology and application of wide-range high-efficiency AI VRF systems based on real-time performance" won the special award for scientific and technological progress in energy conservation and emission reduction from the China Energy Conservation Association (CECA) in 2025. The project achieved breakthroughs in areas such as precise real-time energy efficiency perception, flexible refrigerant regulation, and intelligent energy-saving decisions, solving problems of traditional VRF systems, such as lagging energy efficiency monitoring and high coupling of system parameters, and innovatively built a multi-element collaborative flexible refrigerant regulation system. Leading the industry upgrade with its technological advantages, it sets a benchmark for the high-quality, low-carbon development of the refrigeration and air conditioning industry.

The Company continuously strengthens independent R&D and innovation breakthroughs in intelligent equipment, with core achievements winning multiple authoritative honors. The independently developed "high-speed dual-five-axis gantry machining center" won the gold award at the 50th International Exhibition of Inventions of Geneva. The equipment achieves a precision of up to 1  $\mu\text{m}$  and a rapid traverse rate of up to 120 m/min, supports one-time clamping and forming of hexahedral workpieces, and improves machining efficiency by 80%. It has been integrated into the core component supply chain of new energy vehicles, serving high-end manufacturing scenarios such as giga-casting. At the same time, multiple intelligent manufacturing technologies have repeatedly won provincial-level major awards: the project "research and demonstration application of intelligent manufacturing system integration technology for the mold and equipment manufacturing industry" won the first prize of Guangdong Mechanical Industry Science and Technology Award and the first prize of the Science and Technology Award of Guangdong Mechanical Engineering Society. The project "research and industrialization of key technologies for intelligent logistics AGVs in discrete manufacturing" won the second prize of Guangdong Outstanding Artificial Intelligence and Robotics Science and Technology Progress Award, continuously consolidating core competitiveness in the high-end equipment and intelligent manufacturing fields.

Leveraging the platform advantages of the State-level Industrial Design Center, the Company continuously strengthens design innovation and user experience upgrades. During the report period, the Company won a total of 10 IF design awards and 7 Red Dot awards throughout the year, with award-winning products covering air conditioners, refrigerators, washing machines, and various home appliances, fully demonstrating the Company's outstanding industrial design strength and product aesthetic competitiveness.

### **3) Deeply participating in industry standard setting, continuously leading industry progress**

During the report period, the Company deeply participated in the development of global and national standards, leading the formulation or revision of a number of key international and national standards in critical fields such as refrigerant compressors, photovoltaic appliances, household appliance safety, and DC appliances. It continuously seized the commanding heights of industry standards, consolidating its discourse power in the industry and global leading advantages.

**ISO dual international standards for refrigerant compressors:** the Company led the development of ISO 18501:2025 *Performance rating of positive displacement refrigerant compressor* and ISO 18483:2025 *Performance rating of centrifugal refrigerant compressor*, filling the 20-year industry gap of no new standards in the ISO refrigerant compressor field, effectively improving the global compressor performance rating system, and consolidating China's international discourse power and technological leadership in the refrigerant compressor field.

**IEC international standard for photovoltaic direct-driven appliances:** the Company led the formulation of IEC 63349-1:2025 *Photovoltaic direct-driven appliance controllers — Part 1: General requirements*, which is China's first international standard led

and formulated in the field of photovoltaic direct-driven appliances. It marks China's transition from technology leadership to standard leadership, and provides solid standard support for the high-quality development of the photovoltaic home appliance industry.

During the report period, the Company led the drafting of China's first national standard for safe service life of air conditioners, GB/T 46738-2025 *Safe service life of household and similar electrical appliances — Particular requirements for air-conditioners*. It further standardizes industry production guidelines, guides consumers to use home appliances safely and reasonably, and effectively supports the orderly implementation of the home appliance trade-in policy. In addition, the Company led the formulation of GB/T 4706.129-2025 *Safety of household and similar electrical appliances — Part 129: Particular requirements for DC supplied household electrical appliances*, which is China's first national standard in the field of DC appliance safety. This standard unifies the testing and certification specifications for DC home appliances, fills gaps in industry standards, safeguards the product quality and usage safety of DC appliances, and supports the standardized, high-quality development of the industry.

### **(3) Strengthening the quality system construction, forging product excellence**

In 2025, adhering to the quality policy of "pursuing perfect quality, establishing an international brand, and building a century-old enterprise", the Company comprehensively deepened the concept of quality management, improved the quality standardization system, implemented digital and intelligent control methods, continuously enhanced product quality stability and operational reliability, and maintained an industry-leading position in comprehensive quality levels.

During the report period, the Company's core products successively won multiple authoritative domestic and international quality and energy efficiency certifications, with product quality strength highly recognized by authoritative industry organizations. Among them, the outdoor unit system of the photovoltaic direct-driven VRF unit won the first certification for photovoltaic direct-driven air conditioning units issued by the China Quality Certification Centre (CQC). In the field of heat pumps and refrigeration equipment, it successfully obtained the first CRAA certification for combined cabinets from Beijing CRAA Quality Certification Center Co., Ltd., and was rated in the first batch of chillers obtaining CRAA 4-tier 1 energy efficiency certification, fully reflecting the Company's leading advantages in high-efficiency energy-saving technology and high-quality manufacturing.

Using intelligent manufacturing and digital technologies as drivers, the Company continuously upgrades its full-chain quality management and control system. Relying on the intelligent manufacturing system and the component full-process management and control platform, it achieves precise production scheduling, rapid early warning of quality issues, and closed-loop rectification of abnormal matters. Simultaneously, it promotes the popularization of intelligent testing equipment and laboratory information management, strengthens error-proofing control in the production process and full-cycle quality traceability capability, effectively improving testing accuracy and quality management efficiency. At the same time, with deep application of cutting-edge technologies such as intelligent visual recognition and automated online inspection, the Company drives the upgrading of the quality management model from traditional post-production inspection to full-process control covering pre-event prevention, in-process strict control, and full-process traceability, achieving refined, automated, and intelligent quality control. With strict quality standards, it stably delivers high-quality, high-reliability home appliance products and professional services to global users.

### **(4) Deepening refined channel operation, achieving full-link channel efficiency improvement**

In 2025, consumer demand in the domestic home appliance market became more rational, and consumers' requirements for product quality and service experience continued to increase. Closely following market changes and focusing on channel optimization and upgrading, the Company has improved its channel system and enhanced operational efficiency through online and offline collaboration, providing solid support for stable business development.

In terms of offline channels, relying on scenario-based operations and refined management, the Company has promoted terminal upgrades and channel optimization. The Company continues to promote the "Dong Mingzhu Healthy Home" strategy, completing the renovation and upgrade of over 1,000 stores, creating comprehensive terminals integrating product display, scenario-based experience, and after-sales support, and fully presenting all product categories. It continuously deepens channel digitalization

upgrades, improves the standardized service system, and connects the entire process of installation, repair, and maintenance, comprehensively enhancing offline service quality and solidifying offline market advantages.

In terms of online channels, focusing on precision, scenario-based, and diversified operations, the Company continuously enriches its brand layout. The Company launched the KINGHOME air conditioner (sub-brand), improving its multi-level product layout to meet different user needs; deepened cooperation with mainstream e-commerce platforms, and leveraged the trade-in policy to broaden the market; innovated new models such as live streaming and content marketing, strengthened precision communication, and continuously improved brand influence and online operational quality and efficiency.

Based on a user-centric approach, the Company accelerated the digital and intelligent upgrade of its service system and improved the full-channel closed-loop service. On September 15, 2025, the Company officially launched the nationwide unified after-sales hotline 95082, certified by the Ministry of Industry and Information Technology (MIIT), effectively preventing unofficial after-sales risks and protecting consumer rights. Simultaneously, it upgraded the online service official account and mini-program to integrate functions such as appointment processing, progress inquiry, and expense verification, achieving full-process service visualization and traceability.

#### **(5) Promoting diversified layout in the industrial field, continuously tapping growth potential**

In 2025, the Company continued to strengthen its independent R&D and industrialization capabilities for core components, especially in key fields such as compressors, motors, capacitors, semiconductors, refrigeration parts, precision molds, and intelligent equipment. Technologies of multiple compressors and motors have reached internationally leading levels, and SiC power semiconductors have achieved IDM full-process layout and vehicle-grade certification. Additionally, the resource recycling system has been improved, and the comprehensive product competitiveness, technological level, and green development capability of the industrial segment have continuously enhanced.

##### **Compressor**

In 2025, the Company continuously deepened its core technology research and development for compressors, focusing on the development directions of high efficiency, miniaturization, wide frequency range, and high reliability, and launched several new high-performance rotary compressors. Through technological breakthroughs in motor optimization, noise and vibration reduction, refrigerant oil management, and wide temperature range adaptation, the Company continuously improved product energy efficiency, operational quietness, and adaptability to extreme operating conditions. The wide-frequency high-efficiency compression technology has reached an internationally leading level, further consolidating the Company's core technological barriers and market position in the refrigerant compressor field.

**New-generation 12 HP inverter rotary compressor** — Precisely matching the modular unit market's needs for compactness, low cost, and high energy efficiency, and relying on four core technologies — "high-efficiency high-power-density concentrated winding rare earth motor technology", "multi-layer silencing and low-noise technology", "active oil-gas separation and low oil discharge technology", and "high-reliability wide-temperature-range assurance technology", it achieves comprehensive optimization in energy efficiency, noise, reliability, and volume, with overall performance fully improved.

**Multi-adaptational high-speed high-efficiency rotary compressor and air conditioner** — In response to industry trends of wide-frequency operation, miniaturization and lightweight, and high efficiency, the Company independently developed a 1 Hz–200 Hz multi-adaptational high-speed high-efficiency rotary compressor, overcoming problems such as low energy efficiency across wide frequency ranges and poor reliability at high frequencies, and achieving double leaps in high efficiency at low load and high heating capacity at high frequency. This technology was first applied to heat pump air conditioning systems, solving the problem of heating capacity attenuation at -15°C ultra-low temperatures, and ensuring stable operation under extreme weather conditions. The technological achievement was appraised as "World Leading".

##### **Motor**

In 2025, the Company continuously deepened core technology innovation in motors, deploying across multiple fields such as intelligent manufacturing, industrial explosion-proof applications, energy-saving equipment, and home appliance-associated

equipment. It broke through key technologies such as servo drive, magnetic levitation, and high power density, and launched several high-performance motors, comprehensively strengthening the technological leadership of core components.

For the high-end intelligent manufacturing field, the Company independently developed a **high-protection, high-power-density servo motor for 300 kg robots**. Closely matching the stringent requirements of high precision, high response, and high reliability for automotive intelligent manufacturing lines, and relying on a new electromagnetic design platform, it achieved 4.5 times the rated power bearing capacity, with power density ranking among the top in the industry. This product breaks overseas technology monopolies, accelerates the large-scale application of domestically produced servo motors in high-end automotive manufacturing scenarios, and effectively improves the localization of core components for intelligent manufacturing.

For high-temperature, flammable, and explosive high-risk operating conditions in industries such as chemical, oil & gas, and coal mining, the Company developed and launched **explosion-proof industrial permanent magnet assisted reluctance motors**. The products combine the advantages of permanent magnet and reluctance torque, overcoming key technologies such as explosion-proof special materials, electromagnetic structure optimization, and intelligent thermal control. They cover a power range of 15 kW to 200 kW, with energy efficiency exceeding the new tier 1 standard of GB 30253-2024, adapt to IIA, IIB, and IIC explosive environments, and feature advantages such as high efficiency and energy saving, reliable operation, low noise, and low carbon, helping the safe and green transformation of the industrial field.

### **Capacitor**

In 2025, the Company continuously deepened material innovation and product upgrades, focusing on fields such as home appliances, new energy, and industrial control, and steadily advanced capacitor technology breakthroughs and industrialization. Through electrolyte formulation optimization, the Company improved the ripple current withstand capability of capacitors, with the ripple life of 450 V 820  $\mu$ F and 680  $\mu$ F capacitors reaching advanced levels. The R&D of dedicated capacitors for vehicles and photovoltaics was advanced orderly, successfully achieving small batch production and sample testing. At the same time, it specifically developed new energy dedicated film capacitors to meet the application needs of high-power scenarios such as new energy vehicles, photovoltaic energy storage, and industrial equipment.

### **Semiconductor**

In 2025, the Company accelerated the industrialization of silicon carbide (SiC) power semiconductors, making every effort to build full-process independence and controllability capabilities. As of the end of the report period, the Company had built a fully automated SiC chip factory and the industry's first super energy station, with the localization rate of core equipment exceeding 70%. The Company masters key processes such as high-quality gate oxide, high-aspect-ratio trench etching, and small-size photolithography, and provides high-quality, high-reliability foundry services for traditional SiC Schottky diodes and SiC planar MOSFETs.

During the report period, the Company completed AEC-Q101 certification (including tests such as high-temperature reverse bias and power temperature cycle) for its SiC diodes and MOSFETs. The SiC chip factory obtained - three system certifications, namely ISO 9001, ANSI/ESD S20.20-2021, and IATF 16949, possessing mass production capabilities for high-reliability home appliances and vehicle-grade chips. The semiconductor Test Center of Zhuhai Gree Electronic Components Co., Ltd. obtained CNAS laboratory accreditation, with testing capabilities reaching national authoritative standards. Products and manufacturing services have covered diverse fields, including household and commercial air conditioners, home appliances, industrial control, automotive electronics, photovoltaic energy storage, and charging piles.

### **Intelligent equipment**

Focusing on core categories such as CNC machine tools and industrial robots, and targeting key industries such as new energy vehicles and home appliances, the Company supplies high-end intelligent equipment and customized automation solutions, continuously empowering the transformation and upgrading of the manufacturing industry.

In terms of CNC machine tools, based on the processing needs of precision components for new energy vehicles, the Company independently developed a new-generation dual-five-axis gantry machining center, overcoming core design and manufacturing technologies for the AC rotary head. The AC axis achieved an operating speed of up to 80 rpm, and machining precision reached

micron-level breakthroughs. It won the gold award at the 50th International Exhibition of Inventions of Geneva, effectively promoting the domestic substitution of high-end precision machine tools. At the same time, the Company successively launched multiple new products such as horizontal machining centers, high-speed drilling and tapping centers, precision mold machining centers, and quick tool change systems, continuously refining its product matrix.

In terms of industrial robots, the Company has achieved full-chain independent R&D from core components to complete robot systems, and achieved technological breakthroughs in multiple sub-fields. It deeply integrates robot technology with various industries, creating standardized workstations and automation solutions tailored for specific scenarios. For steel structure building scenarios, the Company developed a heavy-load submerged arc welding robot that achieves precise weld seam positioning through an end laser sensor. Featuring high melting power, penetration, and deposition rate, this equipment completes single-pass welding of medium-thick plates, effectively improving operation efficiency. For ship building and heavy machinery industries, the Company developed and launched a six-axis welding robot featuring model import and laser tracking functions. Without manual teaching of welding trajectories, it autonomously identifies weld seams and automatically generates welding paths, and quickly adapts to the automated welding needs of multiple specifications and batches of workpieces, significantly reducing the technical threshold and commissioning time of traditional welding processes.

#### **Precision mold**

In 2025, the Company deepened the research and development of core technologies for precision molds, strengthened capabilities in simulation design, precision machining, and structural optimization, built a full-chain system for R&D, manufacturing, and service, and integrated green manufacturing and intelligent manufacturing to enhance the core competitiveness of mold manufacturing. In terms of home appliance molds, relying on simulation analysis and structural optimization design, the Company effectively shortened product cooling cycles, achieving significant results in cost reduction and efficiency improvement. In terms of automotive molds, the Company overcame high-precision control technology for multi-cavity molds, achieving efficient production of 12 parts in a single mold, with dimensional tolerances stably controlled within 0 mm to 0.03 mm. In terms of precision machining, the Company successfully and independently developed large-size high-precision metal bipolar plate molds, with key technical indicators reaching advanced levels. At the same time, it innovatively applied an integrated molding process for air conditioner volute tongue and sweep blades, reducing the number of molds, simplifying production processes, improving assembly efficiency, and effectively reducing comprehensive manufacturing costs.

#### **Refrigeration parts**

DunAn Environment, a subsidiary of the Company, is committed to the field of core refrigeration components and a leading enterprise in the global refrigeration and air conditioning component industry, with the production and sales volume of its core products consistently ranking among the top globally. Its products are widely used in diverse scenarios such as residential air conditioners, commercial air conditioners, air-source heat pumps, freezing and refrigeration, energy storage temperature control, new energy vehicle thermal management, and data centers. In 2025, DunAn Environment, relying on its comprehensive R&D platform, continuously increased technology investment, achieving fruitful results in key new product iterations. Among them, the ultra-silent electronic expansion valve and the MPHX non-bending dual-row micro-channel heat exchanger won the title of "2025 China Refrigeration Expo Innovative Product". According to data from ChinaIOL.com, during the report period, the market share of DunAn Environment's cut-off valve ranked first in the world, and that of the four-way valve and electronic expansion valve ranked second in the world, respectively.

#### **Recycling**

In strict accordance with the extended producer responsibility (EPR) system, the Company built a full-process circular development system of "green design-green manufacturing-green recycling", and relying on its nationwide channel and service network, promoted integrated "delivery, dismantling, installation" recycling services, achieving traceable management for the entire process of waste household appliance collection and disposal.

During the report period, the Company's cycling business progressed steadily. As of the end of the report period, the Company had collectively processed over 73.31 million units (sets) of various waste electrical and electronic products, and recovered and converted

approximately 1,059,800 tons of renewable resources, including copper, iron, aluminum, and plastics, achieving outstanding results in resource recycling. Relying on its comprehensive recycling network and standardized operation capabilities, the Company was selected as one of the first batch of pilot enterprises for the construction of the resource recycling system by the Ministry of Commerce, and won the honor of "2025 EPR Responsibility Fulfillment Innovation Pioneer Enterprise", continuously leading the industry in green, low-carbon, and circular high-quality development.

#### **(6) Expanding the overseas market, enhancing the international competitiveness of self-owned brands**

In 2025, facing the complex and changing global economic situation and increasingly fierce industry competition, the Company, adhering to the dual-wheel drive of self-owned brands and localized operations, actively responded to external challenges such as exchange rate fluctuations and trade frictions, and achieved steady development of its overseas business.

During the report period, the Company continued to promote the global market expansion of its self-owned brands. The proportion of self-owned brand product sales in the Company's total export value increased from less than 30% in 2015 to 70%, and exceeded 85% in countries along "the Belt and Road", achieving significant progress in the strategic transformation from "product export" to "brand going global."

The differentiated operation strategy in global markets has achieved notable results. The Company's customized new products, such as the SilenzX series silent air conditioners, precisely meet the demands of the European and American markets with their advantages of extreme quietness and stable operation across a wide temperature range. Facing market challenges, the Company proactively optimized its strategy, deepened its presence in B-end markets such as government projects and commercial real estate, and successfully won bids for multiple landmark projects, including the Serbia Expo HVAC project and the Bulgaria CTP Invest industrial park, demonstrating the strength of intelligent manufacturing in China.

Great efforts were made in overseas channel development and brand promotion. The Company continuously strengthened its three major self-owned brand matrix, namely GREE, TOSOT, and KINGHOME, building an omni-channel network including traditional HVAC channels, large installer channels, and large retail channels. In terms of brand promotion, the Company achieved high-density brand exposure through diverse methods such as outdoor advertising, television commercials, sports events, and brand store development. In the Western European market, as the main sponsor of Real Betis Balompié, leveraging the global exposure of the team's historic run to the UEFA Champions League final in the 2024–2025 season, the Company's brand awareness has significantly increased, becoming a model for international marketing of Chinese brands.

#### **(7) Accelerating digital and intelligent transformation and upgrading, improving group operational efficiency**

In 2025, the Company, to deeply advance its digital transformation strategy, fully connected the entire business chain of R&D, manufacturing, supply chain, quality control, and marketing services, and built an integrated digital operation system, accelerating the intelligent and digital upgrade of production, management, and service models.

During the report period, the Company accelerated its layout of large model agent platforms, building a full-domain artificial intelligence application ecosystem around core scenarios such as R&D, design, production, operation management, and customer service. Relying on the large-scale implementation of AI-assisted R&D, intelligent office, intelligent customer service, and intelligent decision-making systems, the Company effectively improved collaboration efficiency and scientific decision-making capacity. At the same time, relying on intelligent interaction, robotic services, and digital quality inspection capabilities, the Company created a full-process intelligent service system, continuously optimizing service experience and operational efficiency. In terms of manufacturing, the Company continuously deepened full-domain digital transformation, building platforms for real-time production data collection, online monitoring, and intelligent management and control. Relying on intelligent production scheduling, refined material management, and rapid abnormality response mechanisms, it comprehensively enhanced production flexibility and delivery capability. In terms of quality control, it accelerated the construction of smart laboratories and digital testing systems, popularized technologies such as intelligent visual inspection and online non-destructive testing, improved full-process traceability and error-proofing control, and promoted the precision and automation of quality management. In terms of safety production, relying on a

digital supervision platform, it achieved intelligent risk assessment and closed-loop hazard management, building a strong defense line for production safety.

In 2025, the "full-value-chain GREE collaborative house — smart air conditioner factory" of Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd. was selected as one of the first 15 "pilot-level" smart factories in China, and it is the sole enterprise in Guangdong Province to be selected. The project deeply integrates the Industrial Internet Platform, data mid-end, and multiple core business systems, and is equipped with self-developed intelligent equipment, achieving an automation rate of over 80%. It enables end-to-end data interoperability, flexible production, and efficient operations, continuously leading the industry's intelligent manufacturing upgrade and development.

#### **(8) Improving the talent cultivation system and empowering the enterprise's sustainable development**

In 2025, the Company adhered to the strategy of strengthening the enterprise through talent, comprehensively consolidating the talent foundation, and building solid talent support and organizational guarantees for the Company's diversified transformation, intelligent manufacturing upgrading, and global expansion.

During the report period, the Company regularly carried out a series of corporate culture theme activities such as "GREE · Walking with the Times", "GREE · Light Chaser", and "GREE · Spiritual Harbor". Through diversified measures such as role model guidance, quality training, and health care, it comprehensively improved employees' comprehensive quality. The Company continued to implement a company-wide military training mechanism, strengthen discipline and work style, consolidate team synergy through militarized management, cultivate a profound corporate culture, and effectively enhance organizational cohesion and corporate centripetal force.

The Company continuously improved its high-skilled talent cultivation system, successfully obtained approval for building the "Guangdong Province Artisan College" and key projects of the All-China Federation of Trade Unions, upgraded training hardware facilities, and built a professional skills training platform. Closely aligned with industrial development and job requirements, it deepened the government-enterprise-school collaborative education model, custom-developed specialized training courses, precisely delivered high-quality skilled talents to core industry sectors, and helped promote high-quality industrial development. At the same time, the Company continued to optimize its talent management mechanism, built a digital human resource management system, and achieved standardized and refined management of core talents. It actively carried out vocational skills competitions at all levels and hosted provincial-level professional events to promote learning and training through competition. By benchmarking against the new national vocational skills standards, it improved the internal skill level evaluation system and implemented pilot assessments, continuously expanding the team of skilled and versatile talents, thereby fully empowering the steady development of various businesses such as R&D and innovation, intelligent manufacturing, quality control, and global operations.

## **2. Revenue and cost**

### **(1) Composition of operating revenue**

Currency: CNY

Item	2025		2024		Year-on-year Increase/D decrease
	Amount	Proportion to Operating Revenue	Amount	Proportion to Operating Revenue	
Total operating revenue	170,447,058,533.57	100.00%	189,163,654,064.64	100.00%	-9.89%
By industries					
Manufacturing industry	153,781,972,343.46	90.22%	169,715,353,002.47	89.72%	-9.39%
Other business	16,665,086,190.11	9.78%	19,448,301,062.17	10.28%	-14.31%
By products					
Home appliances	133,055,208,627.13	78.06%	148,559,931,838.58	78.54%	-10.44%

Industrial products and green energy	17,380,701,260.95	10.20%	17,246,185,690.02	9.12%	0.78%
Smart device	680,790,474.57	0.40%	424,131,758.64	0.22%	60.51%
Other main business	2,665,271,980.81	1.56%	3,485,103,715.23	1.84%	-23.52%
Other business	16,665,086,190.11	9.78%	19,448,301,062.17	10.28%	-14.31%
By regions					
Domestic sales – main business	126,407,077,425.42	74.16%	141,512,822,056.59	74.81%	-10.67%
Export sales – main business	27,374,894,918.04	16.06%	28,202,530,945.88	14.91%	-2.93%
Other business	16,665,086,190.11	9.78%	19,448,301,062.17	10.28%	-14.31%

**(2) Industries, products, regions, and sales models that account for more than 10% of the Company's operating revenue or operating profits**

Applicable  Not applicable

Currency: CNY

Item	Operating revenue	Operating cost	Gross margin	Increase or decrease in operating revenue over the same period of the previous year	Increase or decrease in operating costs over the same period of the previous year	Increase or decrease in gross profit margin over the same period of the previous year (percentage points)
By industries						
Manufacturing industry	153,781,972,343.46	103,423,626,894.66	32.75%	-9.39%	-9.66%	0.20
By products						
Home appliances	133,055,208,627.13	86,112,528,829.42	35.28%	-10.44%	-10.94%	0.37
Industrial products and green energy	17,380,701,260.95	14,680,898,286.93	15.53%	0.78%	0.99%	-0.18
By regions						
Domestic sales – main business	126,407,077,425.42	82,766,067,955.42	34.52%	-10.67%	-11.05%	0.27
Export sales – main business	27,374,894,918.04	20,657,558,939.24	24.54%	-2.93%	-3.61%	0.53

In case the statistical caliber of the Company's main business data is adjusted during the report period, the Company's main business data will be adjusted according to the caliber at the end of the report period in the last year.

Applicable  Not Applicable

**(3) Whether the company's revenue from physical sales is greater than its revenue from labor services**

Yes  No

Description of a year-on-year change of 30% or more in relevant data

Applicable  Not Applicable

**(4) Performance of significant sales contracts and significant purchase contracts entered into by the Company as of the report period**

Applicable  Not Applicable

**(5) Composition of operating costs**

Currency: CNY

Industry classification	Item	2025		2024		Year-on-year Increase/Decrease
		Amount	Proportion to operating cost	Amount	Proportion to operating cost	
Home appliance manufacturing	Raw materials	85,349,401,765.65	87.52%	93,363,351,952.22	86.05%	-8.58%
	Labor costs	4,948,894,365.83	5.07%	4,879,947,485.74	4.50%	1.41%
	Depreciation	1,503,704,766.32	1.54%	1,759,556,442.08	1.62%	-14.54%
	Energy	1,013,554,714.13	1.04%	1,131,053,297.69	1.04%	-10.39%

**(6) Whether there was a change in the scope of consolidation during the report period**

Yes  No

For changes in the scope of consolidation during the report period, please refer to Note VI, Change in the Consolidation Scope, in the Financial Statements in Section VIII.

**(7) Major changes or adjustments in the Company's business, products or services during the report period**

Applicable  Not Applicable

**(8) Main sales customers and suppliers**

Main sales customers of the Company

Total sales amount of the top five customers (CNY)	24,647,540,609.21
Proportion of total sales amount of top five customers to the total annual sales	14.40%
Proportion of sales amount of related parties in the sales amount of top five customers to the total annual sales	2.34%

Information of top five customers

S/N	Customer Name	Sales Amount (CNY)	Proportion to Total Annual Sales
1	First	10,119,088,327.50	5.91%
2	Second	5,922,757,391.80	3.46%
3	Third	3,999,596,480.24	2.34%
4	Fourth	2,478,843,997.90	1.45%
5	Fifth	2,127,254,411.77	1.24%
Total	--	24,647,540,609.21	14.40%

Other description of major customers

Applicable  Not Applicable

Main suppliers of the Company

Total purchase amount of the top five suppliers (CNY)	36,450,619,454.43
Proportion of total purchase amount of top five customers to the total annual purchases	32.75%
Proportion of total purchase amount of related parties in the purchase amount of top five suppliers to the total annual purchases	0.00%

Information of top five suppliers

S/N	Supplier Name	Purchase Amount (CNY)	Proportion to Total Annual Purchases
1	First	9,306,224,060.49	8.36%
2	Second	7,881,830,600.58	7.08%
3	Third	7,648,445,053.66	6.87%
4	Fourth	5,940,790,709.55	5.34%
5	Fifth	5,673,329,030.15	5.10%
Total	--	36,450,619,454.43	32.75%

Other description of major suppliers

Applicable  Not Applicable

During the report period, the company's trading business revenue accounted for more than 10% of its operating revenue.

Applicable  Not Applicable

### 3. Expenses

Currency: CNY

Item	2025	2024	Year-on-year Increase/Decrease	Significant Changes Description
Sales expenses	8,410,739,569.54	9,753,022,469.17	-13.76%	
Administrative expenses	5,180,260,235.38	6,057,608,713.94	-14.48%	
Financial expenses	-4,086,088,396.47	-3,300,417,558.96	-23.81%	
R&D expenses	6,463,100,763.66	6,904,084,981.92	-6.39%	

### 4. R&D investment

Applicable  Not applicable

Name of Major R&D Project	Project Purpose	Project Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
Yueshengdian household air conditioner series	Develop and promote efficient wall-mounted and floor-standing units to enhance the market competitiveness of core sales products.	The product has been launched on the market.	Through refined air duct layout optimization and system pipeline structure upgrades, achieve a 25% increase in circulating air volume for the 35-type wall-mounted unit; for the 72-type floor-standing unit, increase the	Improve the product layout for AI-powered energy-saving technologies, advance exterior design innovation and functional upgrades. It has broad market prospects and significant social benefits.

Name of Major R&D Project	Project Purpose	Project Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
			APF value by 0.2 and increase circulating air volume by 45.6%.	
Star5 AI residential central air conditioner	Solve the problem of traditional central air conditioners which can only control temperature and provide poor comfort, meeting users' comprehensive needs for comfort, health, energy efficiency, and intelligence.	The product has been launched on the market.	Develop temperature-humidity-airflow comfort technology and dynamic energy-saving technology to achieve a comfortable environment in terms of temperature, humidity, and airflow, an industry-leading APF value of 6.6, and reliable operation in a wide temperature range of -35°C to 66°C.	As a new upgraded model of the well-regarded Star series, its industry-leading parameters and indicators further enhance the product's market competitiveness.
EU Free Match air conditioner and water heater	Equipped with an efficient heat recovery system to provide a one-unit solution for whole-house air conditioning and hot water, meeting the needs of users in energy-scarce regions.	36K/42K products launched; miniaturized 21K/28K products under development.	Through intelligent heat recovery technology, achieve a breakthrough "one unit, dual use" solution, with the water heater's steady-state energy efficiency exceeding 4.5 and seasonal energy efficiency meeting A+ requirements.	Developed the Company's first residential heat recovery product, enriching its product line layout and meeting the demand for highly efficient and energy-saving products from users in Europe, North America, Australia, and other regions.
Wide-frequency high-efficiency AIRY series residential air conditioners	Develop ultra-high-speed compression technology to solve the problem of synchronously improving air conditioner energy efficiency and low-temperature heating capacity.	The product has been launched on the market.	Equipped with all-new high-speed compressor technology, achieve a seasonal energy efficiency improvement of over 10%, a low-temperature heating capacity increase of over 10%, and no low-temperature heating capacity degradation at -15°C.	Achieves a dual leap in seasonal energy efficiency and low-temperature heating performance, winning the Silver Medal at the 76th iENA in Germany, and enhancing the product's market competitiveness.
Ruifeng constant-temperature dehumidification central air conditioner	Develop heat exchanger zone-based cooling/heating switching technology to solve the problems of traditional ducted units, such as uncomfortable dehumidification and cooling sensation, high energy consumption, high noise, slow dehumidification, and complex operation.	The product has been launched on the market.	Using heat exchanger zone-based cooling/heating switching technology, a single unit achieves constant-temperature dehumidification and efficient cooling/heating, realizing a super-large dehumidification capacity of 100 L for a 3HP ducted unit, dehumidifying 4.4 L per kWh, 10 dB(A) lower noise in dehumidification mode compared to a dehumidifier, and an innovative no-water-draining design, making it worry-free and efficient.	It creates a comfortable, quiet, and smart home environment for users. With high cost-performance and extensive market demand, it has significant market prospects and social benefits.
R32 inverter modular unit	Develop a full series of inverter-based chillers, self-developed compressors, and low-GWP refrigerants to address challenges in full self-sufficiency, environmental protection and efficiency, and market initiative control,	70/80/160kW products launched.	Develop an 80CC large-displacement rotary compressor, a large U-shaped condenser, and a high-efficiency plate evaporator to achieve a CSPF of 4.9 under national standard operating conditions and system energy savings of over 35%.	Promote the development of products towards low GWP, Grade 1 energy efficiency, and inverterization, thereby enhancing product market competitiveness.

Name of Major R&D Project	Project Purpose	Project Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
	achieving technological breakthroughs and enhancing industrial competitiveness.			
"Air-liquid co-source" maglev chiller for data centers	Develop an efficient maglev chiller suitable for liquid cooling systems to solve the problem that traditional machine room air conditioners cannot meet the cooling needs of high-power density servers.	The product has been launched on the market.	Develop an integrated maglev compressor, high-efficiency plate heat exchanger, and "air-liquid co-source" liquid cooling system technology to achieve energy efficiency targets of rated COP >10.0 and PUE ≤1.15, breaking through bottlenecks of traditional air-cooling solutions such as low energy efficiency and long deployment cycles.	Provides efficient and intelligent solutions for the green and low-carbon development of data centers, enhancing the Company's industry influence.
New high-efficiency rotating-cylinder positive displacement fluorinated pump dual-cycle machine room air conditioner	Develop high-efficiency precision air conditioning products for data centers to respond to national PUE policy requirements, enhance the Company's competitiveness, broaden the dual-cycle product series, and meet market demand for high energy efficiency.	The product has been launched on the market.	Solve the problems of mode switching and drive instability in machine room air conditioners, achieving an AEER 89% higher than the national standard limit and a 23% increase in energy-saving operation time, thereby promoting energy efficiency improvement and green low-carbon transformation of data centers.	The research results have been developed into a series of products with significant energy-saving effects. In July 2025, the overall technological level was appraised as "World Leading" by experts organized by the China National Light Industry Council, enhancing the Company's market competitiveness in precision machine room air conditioners.
Sinograin split-type intelligent inverter grain depot air conditioner	Develop a new generation of split-type dedicated cooling equipment for grain depots to solve pain points in grain storage such as high energy consumption and high dehumidification rates of traditional air conditioning equipment, which lead to increased grain loss rates, as well as insufficient airtightness issues.	The product has entered mass production.	Develop the Sinograin split-type intelligent inverter grain depot air conditioner, achieving over 30% comprehensive energy savings, a 76% reduction in dehumidification capacity, and reduced grain moisture loss, ensuring safe and reliable grain storage.	This product will help the Company explore the grain storage energy-saving equipment market and provide support for the implementation of the national food security strategy.
Research and application of the Taishan Smart Building Platform	Develop the Taishan Smart Building Platform to create standardized HVAC intelligent control systems (such as VRF intelligent control systems, efficient heating/cooling stations, and efficient chiller plants) and expand their	The product has been launched on the market.	Develop a dedicated operating system for the building electromechanical field to build an open and shared ecosystem, achieving arbitrary device connectivity, zero-code development, easily replicable solutions, and full-process services.	Drives the Company's transformation from a central air conditioner supplier to a building-intelligent control solution provider.

Name of Major R&D Project	Project Purpose	Project Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
	application to building intelligent control systems.			
Inverter hot gas defrost series complete refrigeration units	Develop complete refrigeration units of the inverter hot gas defrost series to solve problems in cold storage, such as high energy consumption, large temperature control fluctuations, complex operation and maintenance, and unstable storage quality, thereby enriching the product portfolio of the freezing and refrigeration series.	The product has been launched on the market.	Using R410A high-efficiency refrigerant, develop a small-diameter high-efficiency heat exchange system, intelligent hot gas defrost technology, and a new-generation inverter drive platform, achieving a 10% increase in cooling efficiency, a temperature fluctuation of $\leq 3^{\circ}\text{C}$ , and an over 10% reduction in energy consumption, thereby improving the intelligent management level of cold storage.	Enriches the product portfolio of the freezing and refrigeration series and enhances product market competitiveness.
905 Wide-platform zero-integration/flush-integration steel door refrigerator	Closely following market demand, develop an integrated steel door refrigerator to solve the problems of limited door opening space, insufficient antibacterial effect, and monotonous operation experience in integrated refrigerators.	The product has been launched on the market.	Develop dual-axis variable-track hinges, a low-temperature cold catalyst module, and a color display control screen technology to achieve minimized door opening space, long-lasting cabinet cleanliness, and convenient user interaction, with an antibacterial rate of 99.9%, comprehensively improving the aesthetic design and smart experience of integrated refrigerators.	Improves the low-cost integrated refrigerator product matrix and strengthens market competitiveness.
A washer-dryer with a fan blade self-cleaning device	Solve the problems of reduced drying effect, bacterial growth in the air duct, and odor generation during long-term use of washer-dryers.	The product has been launched on the market.	Build an efficient cleaning and maintenance system to ensure that the air volume and drying performance of the washer-dryer do not degrade after 30 months of operation, achieving long-term stable operation.	Enhances the core competitiveness of the product, accelerates market expansion, consolidates brand influence, and promotes product upgrades towards stable drying and healthy washing and care.
Undersink water purifier with instant heating	Develop the Company's first undersink water purifier with instant heating to solve the problem of large cold water output, thereby complementing its product matrix.	The product has been launched on the market.	Develop a "heat storage + instant heating" system combined with feedforward control and circulation return technology to achieve the target temperature for 50 mL for formula preparation, thereby improving drinking convenience and comfort.	As the Company's first undersink water purifier with instant heating, it drives the Company's upgrade from basic water purification to high-end instant-heating drinking water, enhancing the brand's comprehensive competitiveness and full-scenario solution capabilities.
Zhifengzhe series circulating fan	Develop a new-look floor-standing circulating fan to improve product layout and enhance	The product has been launched on the market.	Using thin-profile fan blades and reverse-curve pre-swirl grille design, achieve the industry's thinnest head (135 mm). The	Improves product layout, promotes the upgrading of household electrical appliances towards high

Name of Major R&D Project	Project Purpose	Project Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
	competitiveness.		product achieves an air volume of 16.5 m <sup>3</sup> /min and low noise, balancing quiet operation and performance.	efficiency, quietness, and aesthetic design, and enhances market competitiveness and brand influence.
Multi-adaptational high-speed high-efficiency rotary compressor and air conditioner	Expand the operation frequency range of the refrigeration compressor to solve the industry challenge of simultaneously improving the energy efficiency and heating capacity of traditional air conditioners.	The product has entered mass production.	Expand the compressor's frequency range to 1-200 Hz, achieving a 5% efficiency improvement across the entire frequency band. Air conditioners equipped with this wide-frequency compressor have a 10% higher seasonal energy efficiency and a 15% higher low-temperature heating capacity, balancing user experience and energy-saving effects.	This technology has been appraised as internationally leading, and a technology development roadmap and product plan for compressors and air conditioners have been established, promoting the development of air conditioning products towards high efficiency and comfort.
New-generation 12HP inverter rotary compressor	Develop a new-generation 12HP inverter rotary compressor for parallel use in modular chillers to solve the problems of large footprint and high cost of modular chillers.	Applied in the new-generation C series 65/80/130/160kW inverter chillers.	The compressor achieves over 5% better performance than other rotary compressors, a 5dB noise reduction, and a 70% reduction in oil discharge rate, while meeting reliable operation in a wide temperature range of -25°C to 54°C.	The chiller was reduced from a four-fan module to a two-fan module, significantly decreasing size while maintaining industry-leading energy efficiency, thus promoting the complete transition of chillers into the era of inverter rotary compressors.
High-efficiency maglev blower	Apply maglev technology to traditional fans to solve problems such as high energy consumption, high noise, lubricating oil failure, and oil-containing exhaust, thereby promoting energy efficiency upgrades in the industrial sector.	The product has entered mass production.	The maglev blower achieves a pressure of 80 kPa and a flow rate of 75 m <sup>3</sup> /min, meeting Grade 1 energy efficiency standards. Compared to traditional Roots blowers, it provides 30% energy savings, 100% oil-free exhaust, over 15 dB noise reduction, 80% lower maintenance costs, and a semi-permanent lifespan.	Develop high-efficiency and energy-saving maglev blower products, completing the expansion of the Company's maglev technology into the industrial field and enhancing the influence of the Company's maglev products.
New-generation high-power density motor for residential air conditioners	Solve technical bottlenecks of traditional air conditioner motors such as low energy efficiency, high noise, and low load capacity, providing consumers with an energy-saving, comfortable, and reliable user experience.	Products launched and applied in bulk in the Company's residential air conditioners.	Achieve a maximum increase of 26% in electromagnetic power density, over 10% increase in maximum load capacity, and an 18% increase in silicon steel utilization.	Promote the development of products towards high efficiency, low noise, and high reliability, enhancing the competitiveness of the Company's DC motor products.
R&D of software for SCARA robot integrated drive and control system based on conveyor chain	Optimize the performance of the integrated drive and control system and upgrade software functions.	Mass-produced and applied to the Company's full range of SCARA robot	Develop integrated drive and control system optimization technology to achieve GRS series position repeatability of ≤0.02mm and trajectory accuracy of ≤1mm, while integrating the development of core functions	Significantly enhances the product competitiveness of the Company's SCARA robots, meeting the demands of industries such as 3C and semiconductor.

Name of Major R&D Project	Project Purpose	Project Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
tracking technology		products.	such as the conveyor tracking advanced software package and MODBUS TCP.	
Water-cooled linear motor for CNC machine tools	Develop a modular linear motor with a peak thrust of 10,000-20,000 N to solve the problems of high cost and lack of after-sales support for purchased linear motors used in the Company's large gantry machining centers for high-speed aluminum profiles for new energy vehicles.	The product has been launched on the market.	Develop a three-axis feed linear motor for the FMD3020 machine tool: X-axis peak thrust 16,200 N, max speed 1 m/s; Y/Z axes peak thrust 12,200 N, max speed 1.33 m/s; continuous thrust 5,560 N and 4,460 N respectively; continuous speed 2 m/s for all axes.	Independently develop a water-cooled high-thrust linear motor for CNC machine tools to replace foreign brands for application in the Company's high-speed machining centers, achieving self-sufficiency in the core component, the linear motor.
DC-powered integrated maglev compressor	Develop the industry's first DC-powered maglev compressor product to meet the cooling demands of new data centers with energy storage and DC power supply.	The product has been launched on the market.	Realize the development of a 200RT integrated maglev compressor with 540V DC power supply for the first time, with a power of 120 kW, featuring soft start, self-power generation upon power failure, and fast restart upon power recovery.	Complete the development of the first DC-powered integrated maglev compressor to meet the cooling demands of new data centers with energy storage and DC power supply. It can be expanded for application in new energy storage systems, thereby enhancing market competitiveness.

## Company R&amp;D personnel

	2025	2024	Change Ratio
Number of R&D personnel (persons)	15,947	15,800	0.93%
Proportion of number of R&D personnel	22.16%	21.70%	0.46%
Educational structure of R&D personnel			
Bachelor	8,273	8,945	-7.51%
Master and above	1,964	1,809	8.57%
Age composition of R&D personnel			
Under 30	6,776	7,686	-11.84%
30-40	6,521	6,087	7.13%

## R&amp;D investment of the Company

Item	2025	2024	Change Ratio
Amount of R&D investment (CNY)	6,443,600,455.81	7,139,948,094.03	-9.75%
Proportion of R&D investment to the operating revenue	3.78%	3.77%	0.01%
Capitalization amount of R&D investment (CNY)	40,865,887.36	235,863,112.11	-82.67%
Proportion of capitalized R&D	0.63%	3.30%	-2.67%

investment to R&D investment			
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Reasons and influences of significant changes in the composition of R&D personnel in the Company

Applicable  Not Applicable

Reasons for significant changes in the proportion of total R&D investment to the operating revenue compared with the previous year

Applicable  Not Applicable

Reasons for significant changes in capitalization rate of R&D investment and its reasonableness

Applicable  Not Applicable

## 5. Cash flow

Currency: CNY

Item	2025	2024	Year-on-year Increase/Decrease
Subtotal of cash inflows from operating activities	201,914,775,855.95	179,524,300,805.87	12.47%
Subtotal of cash outflows from operating activities	155,531,661,101.93	150,155,050,235.21	3.58%
Net cash flows from operating activities	46,383,114,754.02	29,369,250,570.66	57.93%
Subtotal of cash inflows from investment activities	39,773,999,640.54	34,854,865,752.75	14.11%
Subtotal of cash outflows from investment activities	88,373,499,245.26	50,412,775,368.32	75.30%
Net cash flows from investment activities	-48,599,499,604.72	-15,557,909,615.57	-212.38%
Subtotal of cash inflows from financing activities	87,810,461,535.76	74,558,134,239.70	17.77%
Subtotal of cash outflows from financing activities	79,204,875,445.92	98,261,347,147.86	-19.39%
Net cash flows from financing activities	8,605,586,089.84	-23,703,212,908.16	136.31%
Net increase in cash and cash equivalents	6,425,502,869.39	-9,773,238,106.29	165.75%

Description of the main factors affecting the significant year-on-year changes in relevant data

Applicable  Not applicable

1. The net cash flows from operating activities changed by 57.93% year-on-year, mainly due to the increase in cash received from selling goods and providing services, and the increase in cash received from other operating activities.
2. The net cash flows from investing activities changed by -212.38% year-on-year, mainly due to the increase in cash paid for investments and the increase in cash paid for other investing activities.
3. Net cash flows from financing activities increased by 136.31% year-on-year, mainly due to the decrease in cash paid to repay borrowings and the increase in cash received from other financing activities.

Reasons for significant differences between net cash flows from operating activities and net profit for the year during the report period

Applicable  Not Applicable

This was mainly affected by the expiration and recovery of restricted funds related to operating activities. For details, please refer to the Supplementary for Cash Flow Statement in Note V.71 of the Financial Statements in Section VIII.

## V. Analysis of non-main business

Applicable  Not Applicable

## VI. Analysis of assets and liabilities

### 1. Significant changes in the composition of assets

Currency: CNY

Item	At the End of 2025		At the beginning of 2025		Proportion Increase or Decrease	Significant Changes Description
	Amount	Proportion to Total Assets	Amount	Proportion to Total Assets		
Monetary funds	110,553,006,650.89	28.25%	113,900,461,797.94	30.95%	-2.70%	
Accounts receivable	15,987,180,598.76	4.08%	16,831,887,388.06	4.57%	-0.49%	
Contract assets	399,828,954.57	0.10%	592,399,551.89	0.16%	-0.06%	
Inventory	28,183,464,259.53	7.20%	27,910,910,515.55	7.58%	-0.38%	
Investment real estate	360,503,333.85	0.09%	464,658,386.20	0.13%	-0.04%	
Long-term equity investments	4,235,017,009.65	1.08%	4,355,712,251.54	1.18%	-0.10%	
Fixed assets	34,396,429,584.38	8.79%	36,996,168,856.84	10.05%	-1.26%	
Construction in progress	1,337,977,987.35	0.34%	3,076,380,868.80	0.84%	-0.50%	
Usufruct assets	675,889,598.70	0.17%	789,763,790.64	0.21%	-0.04%	
Short-term borrowings	67,956,629,538.51	17.36%	39,009,527,273.22	10.60%	6.76%	The main reason for the increase in short-term borrowings in this period is to meet the daily production and operation requirements of the Company.
Contract liabilities	15,206,576,385.44	3.89%	12,491,059,928.53	3.39%	0.50%	
Long-term borrowings	3,134,980,571.73	0.80%	18,229,817,922.13	4.95%	-4.15%	
Lease liabilities	652,797,306.31	0.17%	711,291,189.69	0.19%	-0.02%	

Overseas assets account for a relatively high proportion.

Applicable  Not Applicable

**2. Assets and liabilities measured at fair value**

☑Applicable ☐ Not applicable

Currency: CNY

Item	Beginning Amount	Profits and Losses From Changes in Fair Value in the Current Period	Cumulative Fair Value Changes Included in Equity	Impairment Accrued in the Current Period	Purchase Amount in the Current Period	Sales Amount in the Current Period	Other Changes	Ending Amount
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	16,548,258,632.49	84,246,918.66			41,267,022,021.17	26,506,377,754.55	-56,701,714.71	31,336,448,103.06
2. Derivative financial assets								
3. Other debt investments	7,016,555,220.76	-8,271,467.82	14,946,418.94		21,175,000,000.00		-4,120,892,398.58	24,062,391,354.36
4. Other equity instrument investments	3,039,588,563.46	41,766,516.28	-773,140,682.11			642,470,801.35	-18,886,234.75	2,419,998,043.64
5. Receivables financing	9,600,726,284.77	6,427,334.45	-8,844,009.19			3,111,001,746.19		6,496,151,873.03
6. Other non-current financial assets		32,358,979.60					56,701,714.71	89,060,694.31
7. Others	16,939,863,177.24	24,022,321.44	-2,017,083.12		1,652,813,080.00	16,020,000,000.00	3,712,173,599.94	6,308,872,178.62
Subtotal of financial assets	53,144,991,878.72	180,550,602.61	-769,055,355.48		64,094,835,101.17	46,279,850,302.09	-427,605,033.39	70,712,922,247.02
Total above	53,144,991,878.72	180,550,602.61	-769,055,355.48		64,094,835,101.17	46,279,850,302.09	-427,605,033.39	70,712,922,247.02
Financial liabilities	170,740,734.87	103,864,069.41					-1,781,713.10	65,094,952.36

Other changes

Other changes mainly refer to the reclassification of financial statements, differences in foreign currency translation, and accrued interest.

Whether there was any significant change in the measurement attributes of the Company's major assets during the report period

Yes  No

**3. Restricted rights to assets at the end of the report period**

Currency: CNY

Item	End of Period	
	Book Value	Reason for Restriction
Monetary funds	10,577,592,111.08	Required deposit reserve, earnest money, etc.
Accounts receivable	5,994,524.68	Pledged
Receivables financing	3,513,771,591.88	Pledged
Contract assets	120,750.00	Pledged
Non-current assets due within one year	10,470,000,000.00	Pledged
Other debt investments	7,900,000,000.00	Pledged
Investment real estate	3,977,570.92	Pledged
Fixed assets	1,515,985,697.50	Pledged
Intangible assets	675,956,994.18	Pledged
Other non-current assets	13,300,000,000.00	Pledged
Total	47,963,399,240.24	

**VII. Analysis of investments****1. Overview**Applicable  Not applicable

Investment in the Report Period (CNY)	Investment in the Same Period of Last Year (CNY)	Change Range
61,670,145,246.69	42,462,983,876.69	45.23%

**2. Significant equity investments obtained during the report period** Applicable  Not Applicable**3. Significant non-equity investments in progress during the report period** Applicable  Not Applicable

#### 4. Financial assets investments

##### (1) Securities investments

Applicable  Not applicable

Currency: CNY

Securities Type	Securities Code	Securities Abbreviation	Initial Investment Cost	Accounting Measurement Model	Book Value at the Beginning of the Period	Profits and Losses From Changes in Fair Value in the Current Period	Cumulative Fair Value Changes Included in Equity	Purchase Amount in the Current Period	Sales Amount in the Current Period	Profits and Losses During the Report Period	Book Value at the End of the Period	Accounting Items	Capital Source
Others	-	Anxin Lixiang No.1 Asset Management Plan	4,492,878,603.85	Measured at fair value	5,042,703,508.92	51,392,542.07			520,996,563.25	59,276,583.23	4,573,099,487.74	Trading financial assets	Own funds
Stocks listed on domestic and overseas stock exchanges	600703	San'an Optoelectronics	2,000,000,000.00	Measured at fair value	1,394,043,525.29	224,513,172.52	-381,443,302.19			2,290,950.74	1,618,556,697.81	Other equity instrument investments	Own funds
Others	-	Xingyun No.230 Asset Management Plan	1,500,000,000.00	Measured at fair value	1,005,828,285.02	18,629,630.39		500,000,000.00		18,629,630.39	1,524,457,915.41	Trading financial assets	Own funds
Others	-	Ruiying No.1 Asset Management Plan	1,000,000,000.00	Measured at fair value	10,000,000.00	1,490,214.59		990,000,000.00		1,490,214.59	1,001,490,214.59	Trading financial assets	Own funds
Others	-	Ruiying No.2 Asset Management Plan	1,000,000,000.00	Measured at fair value	10,000,000.00	1,302,452.46		990,000,000.00		1,302,452.46	1,001,302,452.46	Trading financial assets	Own funds

Securities Type	Securities Code	Securities Abbreviation	Initial Investment Cost	Accounting Measurement Model	Book Value at the Beginning of the Period	Profits and Losses From Changes in Fair Value in the Current Period	Cumulative Fair Value Changes Included in Equity	Purchase Amount in the Current Period	Sales Amount in the Current Period	Profits and Losses During the Report Period	Book Value at the End of the Period	Accounting Items	Capital Source
Stocks listed on domestic and overseas stock exchanges	600745	WINGTECH	479,105,436.00	Measured at fair value	1,193,148,603.36	-189,216,259.20	244,600,020.00		280,226,888.16		723,705,456.00	Other equity instrument investments	Own funds
Bonds	240011.IB	24 coupon-bearing bond 11	311,454,400.00	Measured at fair value		-459,226.77	-459,226.77	300,000,000.00		861,099.64	311,147,237.58	Other debt investments	Own funds
Bonds	160017	16 coupon-bearing bond 17	288,405,500.00	Measured at fair value	311,139,682.20	-6,443,455.68	3,362,132.49			3,140,100.00	306,059,782.20	Other debt investments	Own funds
Others	-	Ronghui Zhouzhouxin No.1 Asset Management Plan	300,000,000.00	Measured at fair value		324,419.98		300,000,000.00		324,419.98	300,324,419.98	Trading financial assets	Own funds
Others	-	Zunyu No.1 Fund Trust Plan	303,186,263.44	Measured at fair value	2,154,789,346.11	-11,420,663.61		692,341,021.17	2,542,018,546.86	32,993,988.69	293,691,156.81	Trading financial assets	Own funds
Other securities investments held at the end of the period			1,046,241,921.96	--	6,042,078,657.51	-99,860,571.36	-626,562,469.82	1,100,000,000.00	6,596,254,557.63	67,738,383.90	420,065,313.52	--	--
Total			12,721,272,125.25	--	17,163,731,608.41	-9,747,744.61	-760,502,846.29	4,872,341,021.17	9,939,496,555.90	188,047,823.62	12,073,900,134.10	--	--

**(2) Derivative investments**
Applicable  Not applicable

**1) Derivative investment for hedging purposes during the report period**

☑Applicable ☐ Not applicable

Unit: CNY10,000

Derivatives Investments Type	Initial Investment Amount	Beginning Amount	Profits and Losses From Changes in Fair Value in the Current Period	Cumulative Fair Value Changes Included in Equity	Purchase Amount During the Report Period	Sales Amount During the Report Period	Investment Amount at the End of the Period	Proportion of the Investment Amount at the End of the Period to Net Assets at the End of the Report Period
Futures hedging contracts	2,471.02	2,471.02	3,544.49	29.15			6,015.51	0.04%
Forward financial contracts	-17,074.07	-17,074.07	10,386.41				-6,509.50	-0.04%
Total	-14,603.05	-14,603.05	13,930.90	29.15			-493.99	0.00%
Description of whether there was any significant change in the accounting policies for hedging business and specific principles for financial accounting during the report period as compared to the previous report period	No change							
Statement of actual profits and losses during the report period	The actual profits and losses of futures hedging contracts during the report period were CNY194,957,400, and that of forward financial contracts during the report period was CNY-37,033,000.							
Description of the hedging effect	By engaging in bulk material futures hedging operations, the Company fully utilizes the hedging function of the futures market to effectively control market risks, avoid or reduce losses caused by adverse changes in bulk material prices, mitigate the impact of bulk material price fluctuations on the Company's production and operation, improve overall risk resilience, enhance financial stability, and promote the Company's healthy and stable development. By engaging in foreign exchange derivative transactions related to daily operational needs, the Company reduces the ongoing risks of exchange rate or interest rate fluctuations, helps the Company better avoid and prevent market risks of foreign exchange and interest rate fluctuations, and enhances the Company's financial stability.							
Capital source of derivative investments	Own funds							

<p>Risk analysis and description of control measures for derivative positions during the report period (including but not limited to market risks, liquidity risks, credit risks, operational risks, legal risks, etc.)</p>	<p>1. Legal risks: The Company needs to abide by laws and regulations to carry out hedging and foreign exchange fund trading business, and clearly stipulate the rights and obligations between the Company and its agents. Control measures: In addition to studying laws, regulations and market rules, the designated responsible departments of the Company shall strictly review contracts, clarify rights and obligations, and strengthen compliance inspection to ensure that the Company's derivative investments and position meet the requirements of laws, regulations, and the Company's internal management system.</p> <p>2. Operational risks: Risks caused by imperfect internal processes, staff operations, systems, etc. Control measures: The Company has formulated corresponding management systems that clarified the division of responsibilities and approval process of hedging and foreign exchange fund trading business, and a relatively perfect supervision mechanism to effectively reduce operational risks through risk control of business, decision-making, and trading processes.</p> <p>3. Market risks: The uncertainty of commodity price changes and exchange rate fluctuations in the foreign exchange market leads to market risks in the futures business and foreign exchange fund trading business. Control measures: The Company's futures hedging business and foreign exchange fund trading business shall not engage in speculative transactions by adhering to the principle of prudent and steady operation. For hedging business, it is strictly stipulated that the number of hedging shall not exceed the actual number of spot transactions, and the futures positions shall not exceed the spot amount of hedging, and a stop loss mechanism shall be adopted. With regard to foreign exchange fund business, the Company effectively prevents market risks by evaluating and judging the trend of foreign exchange rate, and determining the foreign exchange settlement rate through contracts.</p>
<p>Changes in the market price or fair value of the product during the report period of the invested derivatives, with the analysis of the fair value of the derivatives disclosing the specific methodology used and the setting of relevant assumptions and parameters</p>	<p>The fair value change income of derivatives during the report period was CNY 139,309,000.</p>
<p>Involvement in lawsuits (if applicable)</p>	<p>Not applicable</p>

**2) Derivative investment for speculative purposes during the report period**

Applicable  Not Applicable

The Company has no derivative investment for speculative purposes during the report period.

**VIII. Significant assets and equity sales****1. Significant assets sales**

Applicable  Not Applicable

The Company did not sell any significant assets during the report period.

**2. Significant equity sales**

Applicable  Not Applicable

**IX. Analysis of main holding and joint-stock companies**

Applicable  Not Applicable

**X. Structured entities controlled by the Company**

Applicable  Not Applicable

**XI. Prospects for the future development of the Company****1. Company vision**

The Company adheres to its corporate vision of "To create a world-class enterprise, achieving GREE's century-old brand." Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, it remains true to its original aspiration, keeps its mission firmly in mind, sticks to the real economy, and adheres to the road of self-reliance and independent innovation and development. Through innovation, responsibility, and green development, it contributes to the progress of human society, striving to become a trusted global brand and create a better future for all.

**2. 2026 business plan****(1) Developing diverse markets and expanding development space**

**Building a new ecosystem for channel development.** Closely aligning with product market demand, strictly controlling product positioning and supply rhythm to ensure coordinated development and beneficial complementarity between online and offline channels. Continuously promoting the construction of "Dong Mingzhu Healthy Home" retail stores, building a whole-house smart health ecosystem display template, enhancing scenario-based experiences, improving store traffic attraction and conversion capabilities, and building a comprehensive, multi-level channel operation system.

**Promoting a new diversified layout for home appliances.** Accelerating the tiered development of home appliance stores, leveraging benchmark stores as models to lead and inspire, implementing tiered management to optimize the channel structure, and building a healthy home appliance channel matrix featuring "top-tier leadership + mid-tier support." Focusing on core consumer needs, precisely positioning products, accelerating innovation and iteration, optimizing product mix, continuously improving the

healthy product lineup, enriching the categories of home appliances, and enhancing product market competitiveness and market coverage.

**Deeply exploring new growth points in the commercial market.** Closely following national policy guidance, precisely seizing market opportunities in various renovation projects, fully leveraging the Company's core technological advantages in fields such as heat pump heating, and strengthening technology-empowered market expansion. Systematically investigating the market characteristics and operation patterns of existing projects, extracting commercial solutions with GREE characteristics, and rapidly promoting them. Promoting the upgrading of key core commercial products, systematically establishing demonstration projects, strengthening case publicity and exemplary leadership, and enhancing the market influence and share of commercial products.

**Expanding a new blueprint for the international market.** Based on the characteristics of different regional markets and product type differences globally, establishing price review and profit control mechanisms adapted to regional needs, and continuously improving the competitive advantage in the international market. Deepening localized operations in the international market, optimizing regional supply chain layout, effectively reducing the adverse impacts of trade frictions, improving response speed and service efficiency to overseas markets, further expanding overseas product coverage, and creating a new blueprint for international market development.

**Activating new potential of industrial products.** Focusing on key industries and core customers in the industrial field, promoting benchmark R&D and market development of products in new fields, driving quality and efficiency improvement in the industrial segment, and strengthening the overall competitiveness of the industrial segment.

## **(2) Strengthening quality risk prevention and improving quality control level**

**Improving the prevention mechanism.** Strengthening the awareness of quality responsibility across the entire lifecycle for all employees, focusing on key components with high failure rates, deeply carrying out failure analysis and special rectification work, and fundamentally solving quality pain points. Strengthening the selection, access management and quality verification of core components, strictly controlling component quality to reduce potential quality risks at the source. Tightening new product review standards and quality risk control processes, comprehensively preventing the occurrence of mass quality problems, and ensuring stable and reliable product quality.

**Upgrading control methods.** Increasing efforts to tackle inspection technologies, systematically conducting research and optimization of component reliability and life test standards, and improving the whole-process quality inspection standard system. Building a unified, integrated, and scalable digital quality management platform, breaking down quality data silos across the entire chain of R&D, production, procurement, and inspection, enabling real-time monitoring, precise analysis, and efficient control of quality data, and promoting the upgrade of quality control towards digitalization and refinement.

## **(3) Deepening quality and efficiency improvement, and empowering organizational effectiveness enhancement with artificial intelligence**

**Deepening quality and efficiency improvement work to stimulate organizational vitality.** Driven by the core concepts of "business innovation, organizational change, and AI empowerment", innovating business process systems and organizational management mechanisms, promoting business unit restructuring and regional function integration, and optimizing organizational structure and operation models. Actively applying intelligent tools to solve business pain points and difficulties, tapping into the potential of per capita efficiency, promoting company-wide efficiency improvement, and achieving dual improvements in operational efficiency and business quality.

**Strengthening the top-level design of digital transformation and promoting the implementation of intelligent applications.** Focusing on the digital transformation strategy, building a replicable and scalable intelligent application system, constructing a multi-agent collaborative system, and promoting the deep integration of knowledge, tools, and business processes. Accelerating the large-scale deployment of role-based intelligent assistants, freeing up human resource potential, guiding employees to engage in higher-value work, promoting the deep integration of digital transformation and business development, and improving the level of intelligent operations of the enterprise.

**(4) Strengthening the leadership of the Party building and consolidating development synergy**

**Standardizing the operation of Party organizations.** Closely following the Company's production and operation reality, conducting solid training and education for Party members and the public in stages and levels, consolidating the foundation of Party members' ideals and beliefs, and improving their comprehensive quality. Striving to build an organization with smooth upward and downward communication and strong execution, continuously promoting the standardization and normalization of Party branches, enhancing the cohesion and combat effectiveness of Party organizations, and providing a strong organizational guarantee for the Company's development.

**Strengthening exemplary leadership and deepening the synergy among the Party, the labor union, and the Youth League.** Relying on selection activities such as "GREE Models", "Advanced Pacemakers", and "Most Beautiful Veterans", deeply discovering and cultivating advanced models, expanding the reserve strength for higher-level "recommendation for excellence", and leveraging the exemplary and leading role of advanced models. Continuously deepening the synergy and linkage mechanism among the Party, labor union, and Youth League, creating Party building activities with GREE characteristics, enriching employees' cultural life, and consolidating the synergy for enterprise development.

**(5) Focusing on strengthening the foundation with talent and stimulating endogenous drive**

Promoting the effective implementation of competitive selection and job rotation for grassroots management positions, breaking down position barriers, and stimulating grassroots management vitality. For the four categories of talents (management, technical, skilled, and professional), establishing clear and smooth career development paths, improving talent cultivation and incentive mechanisms, fully mobilizing the enthusiasm, initiative, and creativity of all types of talents, and stimulating the enterprise's endogenous drive.

**(6) Strengthening internal control supervision and building a strong safety defense line**

**Improving the discipline inspection and supervision system to enhance supervision effectiveness.** Continuously improving the discipline inspection and supervision system, promoting the integration and coordination between discipline inspection and supervision and other types of supervision, forming a synergy of supervision, and continuously driving the quality and efficiency improvement of supervision work. Gradually deepening data audit work, closely aligning with key business and various internal control system requirements, expanding audit coverage, strengthening the application of audit results, and preventing operational management risks.

**Carrying out solid safety management work and strengthening risk prevention and control.** Building a smart security management platform, upgrading the security network system, and further improving the group-level management of safety work. Deploying a monitoring and alarm system for branch core equipment, building an out-of-band management private network, optimizing the operation and maintenance support system, shortening the handling time for major faults, comprehensively strengthening the enterprise's security prevention and control capabilities, and building a solid defense line for enterprise security development.

**3. Main risks to future development****(1) Risk of macroeconomic fluctuations**

The current domestic and international economic environment is complex and volatile. A slowdown in macroeconomic growth and increased external uncertainties will affect consumers' disposable income and confidence, thereby impacting customers' demand for and purchasing power of the Company's products. The Company will continue to closely track macro policies and economic trends, adhere to independent innovation and high-quality development, continuously improve its intelligent manufacturing capabilities, flexibly adjust its business strategies, and actively respond to the impact of macroeconomic fluctuations on the Company's operations.

**(2) Risk of factor price fluctuations**

The main raw materials for the company's products are copper, steel, aluminum, and plastic of various grades. In recent years, the

prices of raw materials such as copper and aluminum have continued to rise, affecting the Company's profit margins. Leveraging advantages such as large-scale procurement, industry chain synergy, and refined management, the Company takes multiple measures, including hedging, strategic stocking, material standardization and generalization, process cost reduction, and technology substitution to mitigate the impact of raw material price fluctuations on its operations.

### (3) Risk of intensified market competition

The market competition in the home appliance sector is intense, with market participants including domestic leading enterprises, new cross-industry players, and international brands. Industry competition continues to intensify. If the Company fails to continuously consolidate and expand its competitive advantages, it will face the risk of losing market share. The Company will continue to increase R&D investment, consolidating its brand influence and market position through continuous technological innovation and quality leadership.

### (4) Risk of overseas markets

In recent years, the global situation has been complex and volatile, and risks may continue to rise, adversely affecting the Company's overseas market business. The Company will continue to strengthen its overseas market expansion, optimize its overseas market layout, and focus on exploring emerging markets. At the same time, due to significant differences in the humanistic environment, culture and religion, legal systems, and market demands in overseas markets, market expansion faces numerous challenges. The Company will continue to advance its brand self-reliance and operational localization strategies, strengthen risk management and control, and enhance its global operation capabilities.

### (5) Risk of exchange rate fluctuations

If the CNY exchange rate fluctuates significantly in the short term, it may generate exchange gains or losses, affecting the Company's profitability and overseas business competitiveness. The Company will continue to strengthen its research and judgment of exchange rate trends and risk exposure management, improve its pricing and bargaining power for export products, and reasonably utilize financial instruments such as forward foreign exchange settlement and sale and foreign exchange options to effectively hedge against exchange rate fluctuation risks and reduce exchange losses.

## XII. Activities such as reception of research, communication, and interviews during the report period

Applicable  Not applicable

Time of Reception	Place of Reception	Method of Reception	Type of Reception Object	Reception Object	Main Contents Discussed and Material Provided	Index of Basic Information of Research
July 21, 2025	1. Visited the company's headquarters hi-tech showroom, Zhuhai Gree Green Control Technology Co., Ltd., and Zhuhai Gree Electronic Components Co., Ltd. 2. Communication at the meeting room on the 5th floor of the company's headquarters	Field research	Others	Xueqiu Research Group	Company operations	Please refer to the information disclosed by the Company on July 22, 2025, on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) entitled Gree Electric Appliances, Inc. of Zhuhai: Investor Relations Activity Record Form.
June 30, 2025	Company Conference Room	2024 Annual General Meeting	Others	Shareholders of the	Company operations	Please refer to the information disclosed by the Company on

Time of Reception	Place of Reception	Method of Reception	Type of Reception Object	Reception Object	Main Contents Discussed and Material Provided	Index of Basic Information of Research
		of Shareholders		Company		June 30, 2025, on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) entitled Gree Electric Appliances, Inc. of Zhuhai: Investor Relations Activity Record Form.
June 9, 2025	Quanjingwang: <a href="https://ir.p5w.net/c/000651.shtml">https://ir.p5w.net/c/000651.shtml</a>	Network platform for online communication	Others	Company investors	Company operations	Please refer to the information disclosed by the Company on June 9, 2025, on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) entitled Gree Electric Appliances, Inc. of Zhuhai: Investor Relations Activity Record Form.

### XIII. Formulation and implementation of the market value management system and the valuation enhancement plan

Has the Company formulated a market value management system?

Yes No

Has the Company disclosed the valuation enhancement plan?

Yes No

For details, please refer to the *Market Value Management System* disclosed by the Company on CNINFO on October 31, 2025.

### XIV. Implementation of the action plan for "Double Improvement of Quality and Return"

Has the Company disclosed an action plan for "Double Improvement of Quality and Return"?

Yes No

#### 1. Deeply cultivating industries to lead a better life

The Company adheres to industry as its foundation, continuously deepens its focus on the main air conditioning business, and aims to transform into a diversified, technology-based global industrial group.

During the report period, the Company fully leveraged its core technology and perfect quality advantages to further clear the upgrade path from "GREE, Making Better Air Conditioners" to "GREE, Making Better Electric Appliances". Its three consumer brands, GREE, Tosot, and Kinghome, worked in synergy, while its industrial brands, Landa, Kaibang, and Xinyuan, achieved continuous breakthroughs.

#### 2. Adhering to innovation and achieving fruitful R&D results

The Company adheres to the principles of "independent R&D of core technologies" and "unlimited R&D investment as needed", improves its multi-level R&D system, and builds a technological innovation system that is "enterprise-led, market-oriented, and integrates industry, academia, and research". It focuses on tackling core technological challenges, promoting product iteration and upgrading, and fostering high-quality industrial development. During the report period, the Company achieved fruitful R&D results,

winning numerous patent awards, leading the formulation of multiple standards, and implementing core technologies into practical applications, thereby continuously strengthening its core competitiveness.

### 3. Continuously paying high dividends and enhancing shareholder returns

The Company adheres to the philosophy of "rewarding shareholders and sharing development" and strictly implements the requirements of the "Double Improvement of Quality and Return" action plan. Since its listing, the Company's cumulative cash dividends have exceeded CNY147.6 billion, of which cumulative cash dividends since 2012 have exceeded CNY142.2 billion. Since 2020, the Company has repurchased approximately 617 million shares for a total amount of approximately CNY30 billion, and has cancelled approximately 414 million shares, accounting for 6.89% of the total share capital before cancellation.

### 4. Enhancing information disclosure quality and deepening investor communication

The Company strictly follows the information disclosure principles of "truthfulness, accuracy, completeness, timeliness, and fairness", continuously improving the effectiveness and transparency of information disclosure. At the same time, guided by investor needs, it presents the Company's operating results, development strategies, and core values to investors in a multi-level, multi-angle, and comprehensive manner through various channels such as performance briefings, investor hotlines, the Shenzhen Stock Exchange's Interactive Easy platform, and site visits.

For details, please refer to the Announcement on the Progress of the *Implementation of the Action Plan for Double Improvement of Quality and Return* (Announcement No.: 2026-017) disclosed by the Company on April 29, 2026, on designated information disclosure media and CNINFO (<http://www.cninfo.com.cn/new/index>).

## Section IV Corporate Governance, Environment, and Society

### I. Basic status of corporate governance

The Company, in strict accordance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, and other relevant national laws and regulations, as well as the *Self-regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No. 1 — Standardized Operation of Companies Listed on the Main Board*, has established a normative corporate governance structure and rules of procedure for the Shareholders' Meeting, Board of Directors, and the Board of Supervisors, clarified the responsibilities and authorities for decision-making, execution, and supervision to form an effective division of responsibilities and balance mechanism, and continuously promoted the standardized operation to safeguard the interests of investors and the Company.

Are there any significant differences between the actual state of corporate governance and the laws, administrative regulations, and regulations on governance of listed companies issued by the China Securities Regulatory Commission?

Yes  No

There are no significant differences between the actual state of corporate governance and the laws, administrative regulations, and regulations on governance of listed companies issued by the China Securities Regulatory Commission.

### II. Independence of the Company from the controlling shareholder and the actual controller in terms of assets, personnel, finance, organization, and business of the Company

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

### III. Horizontal competition

Applicable  Not Applicable

## IV. Directors, supervisors, and senior executives

### 1. Basic information

Name	Gender	Age	Position	Employment Status	Term Start Date	Term End Date	Number of Shares Held at the Beginning of the Period (Shares)	Number of Shares Increased in the Current Period (Shares)	Number of Shares Decreased in the Current Period (Shares)	Other Increase/Decrease (Shares)	Number of Shares Held at the End of the Period (Shares)	Reasons for Increase or Decrease of Shares
Dong Mingzhu	Female	71	Chairperson	Incumbent	2012/05/25	2028/04/21	100,798,492				100,798,492	
Dong Mingzhu	Female	71	President	Resigned	2001/04/24	2025/04/22	100,798,492				100,798,492	
Zhang Wei	Male	49	Director	Incumbent	2019/01/16	2028/04/21	483,328				483,328	
Zhang Wei	Male	49	President	Incumbent	2025/04/22	2028/04/21	483,328				483,328	
Zhang Jundu	Male	65	Director	Incumbent	2012/05/25	2028/04/21						
Shu Lizhi	Male	56	Director	Incumbent	2025/04/22	2028/04/21	214,719				214,719	
			Secretary of the party committee	Incumbent	2025/05/28							
Shu Lizhi	Male	56	Vice president	Resigned	2020/12/26	2025/04/22	214,719				214,719	
Zhong Chengbao	Male	40	Director	Incumbent	2025/04/22	2028/04/21	171,167				171,167	
Zhang Qiusheng	Male	58	Independent director	Incumbent	2022/02/28	2028/04/21						
Cheng Ming	Male	66	Independent director	Incumbent	2025/04/22	2028/04/21						
Li Hongqi	Male	63	Independent director	Incumbent	2025/04/22	2028/04/21						
Weng Guomin	Male	62	Independent director	Incumbent	2025/04/22	2028/04/21						
Shao Ligu	Male	47	Employee representative	Incumbent	2025/11/24	2028/04/21	202,287				202,287	

Name	Gender	Age	Position	Employment Status	Term Start Date	Term End Date	Number of Shares Held at the Beginning of the Period (Shares)	Number of Shares Increased in the Current Period (Shares)	Number of Shares Decreased in the Current Period (Shares)	Other Increase/Decrease (Shares)	Number of Shares Held at the End of the Period (Shares)	Reasons for Increase or Decrease of Shares
			director									
Fang Xiangjian	Male	48	Vice president	Incumbent	2021/11/19	2028/04/21	809,290				809,290	
			Executive vice president		2026/01/06							
Liu Hua	Male	49	Vice president	Incumbent	2025/04/22	2028/04/21	371,948				371,948	
Li Shaobin	Male	49	Vice president	Incumbent	2025/04/22	2028/04/21	388,434				388,434	
Hu Yusheng	Male	48	Vice president	Incumbent	2025/04/22	2028/04/21	496,033				496,033	
Wang Kai	Male	46	Vice president	Incumbent	2025/04/22	2028/04/21	767,149				767,149	
Liao Jianxiong	Male	52	Chief financial officer	Incumbent	2020/08/06	2028/04/21	307,663				307,663	
Zhang Zhouhu	Male	42	Secretary of the Board of Directors	Incumbent	2025/01/10	2028/04/21	46,081				46,081	
Guo Shuzhan	Male	69	Director	Resigned	2019/01/16	2025/04/22					Unknown	
Deng Xiaobo	Male	50	Director	Resigned	2022/02/28	2025/04/22	427,600					
Deng Xiaobo	Male	50	Vice president	Resigned	2020/12/26	2025/04/22	427,600					
Deng Xiaobo	Male	50	Secretary of the Board of Directors	Resigned	2020/12/26	2025/01/10	427,600					
Liu Shuwei	Female	73	Independent director	Resigned	2019/01/16	2025/04/22						
Wang Xiaohua	Male	64	Independent director	Resigned	2019/01/16	2025/04/22						
Xing Ziwen	Male	63	Independent director	Resigned	2019/01/16	2025/04/22						
Total	--	--	--	--	--	--	105,484,191	0	0	0	105,056,591	--

Whether there are cases of resignation of directors and senior executives during their term of office in the report period

Yes No

At the 25th Meeting of the 12th Board of Directors held on January 10, 2025, the Company deliberated and approved the Proposal on Changing the Secretary of the Board of Directors. Mr. Deng Xiaobo no longer serves as the Secretary of the Board of Directors of the Company due to job responsibility adjustments. For details, please refer to the Announcement on Changing the Secretary of the Board of Directors (Announcement No.: 2025-002) disclosed by the Company on January 14, 2025, on designated information disclosure media and CNINFO (<http://www.cninfo.com.cn/new/index>).

Changes in the Company's directors and senior executives

Applicable  Not applicable

Name	Position	Type	Date	Reason
Dong Mingzhu	President	Resigned upon the expiration of the term	2025/04/22	Leadership transition
Zhang Wei	President	Appointed	2025/04/22	Leadership transition
Deng Xiaobo	Director and vice president	Resigned upon the expiration of the term	2025/04/22	Leadership transition
	Secretary of the Board of Directors	Dismissal	2025/01/10	Job change
Guo Shuzhan	Director	Resigned upon the expiration of the term	2025/04/22	Leadership transition
Liu Shuwei	Independent director	Resigned upon the expiration of the term	2025/04/22	Leadership transition
Xing Ziwen	Independent director	Resigned upon the expiration of the term	2025/04/22	Leadership transition
Wang Xiaohua	Independent director	Resigned upon the expiration of the term	2025/04/22	Leadership transition
Shu Lizhi	Director	Elected	2025/04/22	Leadership transition
	Vice president	Resigned upon the expiration of the term	2025/04/22	Leadership transition
Zhong Chengbao	Director	Elected	2025/04/22	Leadership transition
Liu Hua	Vice president	Appointed	2025/04/22	Leadership transition
Li Shaobin	Vice president	Appointed	2025/04/22	Leadership transition
Hu Yusheng	Vice president	Appointed	2025/04/22	Leadership transition
Wang Kai	Vice president	Appointed	2025/04/22	Leadership transition
Zhang Zhouhu	Secretary of the Board of Directors	Appointed	2025/01/10	Job change
Li Hongqi	Independent director	Elected	2025/04/22	Leadership transition
Cheng Ming	Independent director	Elected	2025/04/22	Leadership transition
Weng Guomin	Independent director	Elected	2025/04/22	Leadership transition
Shao Liguao	Employee representative director	Elected	November 24, 2025	Elected

## 2. Employment situation

Professional background, main work experience, and current major responsibilities of the Company's current directors, and senior executives

**Ms. Dong Mingzhu**, with a master's degree, currently serves as the chairperson of Gree Electric Appliances, Inc. of Zhuhai and successively served as the salesperson, head of the Business Department, vice general manager, vice chairperson, and president of the Company.

She was successively elected as a member of the 10th, 11th, 12th, 13th, and 14th National People's Congress, a member of the 10th, 11th and 12th Executive Committee of the All-China Women's Federation, a member of the 13th Five-Year Plan Expert Committee of the National Development and Reform Commission, a member of the Advisory Committee of the All-China Federation of Industry and Commerce, a United Nations Ambassador for Sustainable Urban Development, and the first rotating chair of the UNDP Commission on Sustainable Development.

She was awarded the "National Model Worker", "National May 1 Labor Medal", "National March 8th Red Banner Pacesetter", "Expert Enjoying Special Allowance of the State Council", China Patent Gold Award, the Third China Quality Award, China Standard Innovation and Contribution Award, and other honors and titles, and has been selected by CCTV as "Economic Personality of the Year" for three times, and was listed in Forbes "2019 World's Most Influential Women" and "2024 Top 100 China's Outstanding Women in Business". Additionally, she has been included in Fortune's "World's Most Influential Women in Business" and "China's Most Influential Women in Business" for many consecutive years.

**Mr. Zhang Wei**, a senior economist with a bachelor's degree, currently serves as the director and president of the Company.

He joined Gree Electric Appliances, Inc. of Zhuhai in 1999 and successively served as the head of GREE Electric Appliances Pipeline Branch, Material Supply Department, Outsourcing and Purchasing Quality Management Department, Enterprise Management Department, and Assistant President, and served as Vice President of Zhuhai Gree Group Co., Ltd. from 2013 to 2020, served as a director of GREE Electric Appliances from January 2019 to now, and has been serving as the President of the Company since April 2025.

**Mr. Zhang Jundu**, with a junior college degree, currently serves as a director of Gree Electric Appliances, Inc. of Zhuhai.

He has served as the chairman of Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. since September 1999, the executive director and general manager of Zhejiang Shengshi Xinxing Gree Trading Co., Ltd. since August 2012, and a director of the Company since May 2012.

**Mr. Shu Lizhi**, with a master's degree, currently serves as a director and the Party Committee Secretary of the Company.

He previously served as the deputy director and director of the Wuhan Special Commission Office of the National Audit Office. He joined Gree Electric Appliances, Inc. of Zhuhai in December 2019 and served as the vice president of the Company from December 2020 to April 2025. He has served as a director of the Company since April 2025, and as the Party Committee Secretary of the Company since May 2025.

**Mr. Zhong Chengbao**, a senior electrical engineer with a master's degree, currently serves as a director.

He was a "Young Top-notch Talent of Guangdong Special Support Plan" and Executive Deputy Director of "Guangdong Provincial Key Laboratory of High-Performance Servo System Enterprises". He obtained a bachelor's degree in mechanical design, manufacturing, and automation from Harbin Institute of Technology in 2008 and a master's degree in computer science and technology from Beijing Institute of Technology in 2024. He joined the Company in 2008 and has successively served as a technician, the leader of the technical research group, the director of the research institute, the president of the research institute, assistant president, and chief engineer. He has served as a director of the Company since April 2025.

**Mr. Zhang Qiusheng**, with a doctoral degree, is a non-practicing member of the Chinese CPA. He currently serves as a professor at the School of Economics and Management, Beijing Jiaotong University, the President of the National Academy of Transportation Development, and the Director of the China Enterprise M&A and Restructuring Research Center. He is an independent director of the listed companies Gree Electric Appliances, Inc. of Zhuhai, CMST Development Co., Ltd., and Luoniushan Co., Ltd., and an independent director of the non-listed companies Tianjin Lishen Battery Joint-stock Co., Ltd. and China Foreign Economy and Trade Trust Co., Ltd.

He has undertaken various provincial and ministerial research projects from the National Natural Science Foundation of China, the National Social Science Fund of China, the National Soft Science Program, as well as the Ministry of Education, the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, and the China Securities Regulatory Commission. He has published more than 30 works (translations) including the monograph *A Framework for Mergers and Acquisitions* and more than 100 academic and professional papers and has won a second prize for national teaching achievements, four awards for provincial and ministerial research achievements, and two first prizes for teaching achievements in Beijing.

**Mr. Cheng Ming**, with a doctoral degree, currently serves as a Chief Professor at Southeast University, the Director of Jiangsu Provincial New Energy Vehicle Motor and Power System Engineering Laboratory, and an independent director of Gree Electric Appliances, Inc. of Zhuhai, Shandong Jindi Precision Machinery Technology Co., Ltd., and Suzhou LEOG Motors Technology Co., Ltd.

He has worked at Southeast University since 1987 and successively served as the Dean of the School of Electrical Engineering of Southeast University, a member of the 10th Academic Committee of Southeast University, and the Director of the Academic Committee of the School of Electrical Engineering. He served as an independent director of Wuxi Xinje Electric Co., Ltd. from January 2013 to December 2018, has served as an independent director of Shandong Jindi Precision Machinery Technology Co., Ltd. since January 2021, and has served as an independent director of Suzhou LEOG Motors Technology Co., Ltd. since November 2025. He won the Second Prize of the National Technological Invention Award in 2016 (ranked first), the First Prize of the Natural Science Award of the Ministry of Education in 2013 (ranked first), the First Prize of the Natural Science Award of the Ministry of Education in 2022 (ranked first), the First Prize of Jiangsu Science and Technology Award in 2019 (ranked first), the First Prize of Jiangsu Science and Technology Progress Award in 2026 (ranked first), and the Jiangsu Patent Inventor Award in 2019.

**Mr. Li Hongqi**, with a doctoral degree, currently serves as an independent director of Gree Electric Appliances, Inc. of Zhuhai.

He has been engaged in scientific research and teaching in refrigeration, air conditioning, and compressors, including energy conservation and environmental protection technologies of refrigeration and air conditioning equipment and its application. He has edited and co-edited 18 books, published over 160 papers, and participated in the formulation of more than 30 national energy efficiency standards and other national and industry standards. He previously served as a professor in the Department of Refrigeration and Cryogenic Engineering at Beijing University of Technology, a member of the Chinese Association of Refrigeration and its Academic Committee, a member of the Technical Committee of the China Refrigeration and Air Conditioning Industry Association and vice president of its Pump Branch, a member of SAC/TC238, a vice chairman of SAC/TC145, a member of SAC/TC119 and TC119/SC7, and a member of the Chinese expert group for the implementation of the *Montreal Protocol on Substances that Deplete the Ozone Layer*.

**Mr. Weng Guomin**, with a doctoral degree, currently serves as an independent director of Gree Electric Appliances, Inc. of Zhuhai, Ningbo United Group Co., Ltd., and Great Microwave Technology Co., Ltd.

He previously served as an assistant lecturer, lecturer, and associate professor at the Law Department of Hangzhou University, a professor at the Law School of Zhejiang University, and a professor at the Guanghua Law School of Zhejiang University and the School of Economics of Zhejiang University.

**Mr. Shao Ligu**, a senior engineer with a master's degree, currently serves as the employee representative director and assistant president of the Company.

He has successively served as a technician, supervisor, and assistant head of the Production Planning Department, assistant manager and manager of the 4th Air Conditioning Branch, general manager of Gree (Hefei) Electric Appliances Co., Ltd., head of the Equipment and Power Department, and head of the Enterprise Management Department of the Company. From April 2025 to November 2025, he served as the employee representative supervisor of the Company.

**Mr. Fang Xiangjian**, a senior engineer with a master's degree, currently serves as the executive vice president of the Company.

He served as an analyst and head of the department of the Incoming Materials Inspection Factory from July 2001 to June 2004, an assistant manager, vice manager, and manager of the Incoming Materials Inspection Factory, and head of the Quality Control Department from July 2004 to December 2016, an assistant president of the Company from December 2016 to November 2021, and has served as the vice president of the Company since November 2021, and as the Executive Vice President of the Company since January 2026.

He has won the Guangdong May 1 Labor Medal, the Liu Yuanzhang Quality and Technical Talent Award of the China Association for Quality, the Management Talent Award of the China Management Science Society, and has been recognized as a High-level Talent of Zhuhai. He concurrently serves as the Vice President of the China Association for Quality Inspection, the Vice Chairman of the 11th Board of Directors of the Chinese Association of Refrigeration, a member of the 5th Technical Committee of the China Refrigeration and Air Conditioning Industry Association, the Chairman of the 2nd Guangdong Provincial Standardization Technical Committee for Refrigeration and Air Conditioning, a member of the 7th Academic Committee and the Reliability Promotion Committee of the China Association for Quality, a professional member of the China Fire Protection Association, and the Vice President of the Guangdong Association for Quality, among other social positions.

**Mr. Liu Hua**, a professor-level senior engineer with a doctoral degree, currently serves as the vice president of Gree Electric Appliances, Inc. of Zhuhai.

He served as a designer, group leader, director, assistant head, and vice head of the Commercial Technology Department from March 2003 to February 2017, the assistant chief engineer of the Company from February 2017 to October 2017, the assistant president of the Company from October 2017 to April 2025, and has served as the deputy chief engineer of the Company since October 2017, and as the vice president of the Company since April 2025.

He presided over two projects/topics of the National Key Research and Development Program, won the Second Prize in the National Technological Invention Award, the Gold Award for Chinese Patent, the First Prize of Science and Technology Progress of Guangdong Province, and other scientific and technological awards, selected as a leading talent in scientific and technological innovation under the National "Ten Thousand Talents Program" and an expert enjoying the special government allowance of the State Council, and received honors such as the "Top Ten Outstanding Inventors of Guangdong Province", "Model Worker of Guangdong Province", and "Outstanding Communist Party Member of Guangdong Province". He concurrently serves as the vice president of the Building Environment and Energy Utilization Branch of the China Engineering & Consulting Association, vice director of the Professional Committee on Thermal Utilization of the China Renewable Energy Society, vice president of the Institute of Heating, Ventilation and Air Conditioning, China Association of Building Energy Efficiency, etc.

**Mr. Li Shaobin**, a senior engineer with a master's degree, currently serves as the vice president of Gree Electric Appliances, Inc. of Zhuhai.

He has successively served as the assistant head and minister of the Commercial Air Conditioning Design and Development Department of the company, and assistant to the president of the company. Has served as the assistant to the chief engineer of the company since February 2017. Has served as the vice president of the company since April 2025. He concurrently serves as the vice director of the National Engineering Research Center of Green Refrigeration Equipment, a review expert for the "Qiming Program" of the Ministry of Industry and Information Technology, and an expert (first batch) included in the expert database of the Department of Industry and Information Technology of Guangdong Province. He has also been awarded the Outstanding Inventor of Guangdong Province and High-level Talent of Zhuhai.

**Mr. Hu Yusheng**, with a doctoral degree from Harbin Institute of Technology, is a professor-level senior engineer and currently serves as the vice president of Gree Electric Appliances, Inc. of Zhuhai.

He has successively served as a technician and head of the Refrigeration Technology Institute, and as the head, assistant president, vice president, and president of the Mechanical and Electrical Technology Institute from July 2004 to December 2017, the assistant chief engineer of the Company since December 2017, the assistant president of the Company from April 2019 to April 2025, and the vice president of the Company since April 2025.

He has led 5 national and provincial/ministerial-level projects and has won scientific and technological awards including the Second Prize of the National Science and Technology Progress Award, the Special Prize of Guangdong Science and Technology Award, the First Prize of Guangdong Science and Technology Award, the Special Prize of the Technical Invention Award of the Chinese Association of Refrigeration, and the First Prize of the Technical Invention Award of China Machinery Industry Science and Technology. He has been rated as a Young and Middle-aged Leading Talent in Scientific and Technological Innovation under the National Ten Thousand Talents Plan, an expert enjoying the Special Allowance of the State Council, a recipient of the Outstanding Engineer Youth Award, and a recipient of the Top Ten Outstanding Inventors Award of Guangdong Province. He also serves as an Executive Director of the China Electrotechnical Society, Vice Chairman of the Maglev Technology and Vibration Control Professional Committee of the Chinese Society for Vibration Engineering, and Director of the Guangdong Provincial Key Laboratory of High-speed Energy-saving Motor Systems.

**Mr. Wang Kai**, with a master's degree from the Criminal Investigation Police University of China, currently serves as the vice president of the Company.

He has successively served as the assistant president of the Company from February 2019 to April 2025 and the vice president of the Company since April 2025. He once worked at the Public Security Bureau of Shenzhen Municipality, holding positions such as the head of the Intelligence Division of the Anti-Terrorism Detachment.

He has been awarded the Second-Class Merit once and the Third-Class Merit twice, and received multiple commendations. He has also been honored with the United Nations Peace Medal, the Ministry of Public Security Peacekeeping Medal, the Outstanding People's Police Officer of Guangdong Province, the Advanced Individual in Political Work of the Guangdong Provincial Public Security Department, the Advanced Individual in Anti-Terrorism Work of Shenzhen City, and the Gold Medal of the Public Security Bureau of Shenzhen Municipality.

**Mr. Liao Jianxiong**, with a bachelor's degree, currently serves as the chief financial officer and assistant president of the Company.

He joined GREE in May 1993 and successively served as the head of the Financial Department of Gree (Chongqing) Electric Appliances Co., Ltd. and the head of the Financial Department of Gree Electric Appliances, Inc. of Zhuhai. He has served as the chief financial officer and assistant president of the Company since August 2020.

**Mr. Zhang Zhouhu**, with a bachelor's degree, currently serves as the secretary of the Board of Directors of the Company.

He joined the Company in July 2007 and successively served as the head of the Financial Department of Gree (Wuhu) Electric Appliances Co., Ltd., the head of the Financial Department of Gree (Hefei) Electric Appliances Co., Ltd., the securities affairs representative and assistant head of the Investment Management Department of Gree Electric Appliances, Inc. of Zhuhai, and the vice president and secretary of the Board of Directors of Zhejiang DunAn Artificial Environment Co., Ltd. He has served as the secretary of the Board of Directors of the Company since January 2025.

Circumstances where the controlling shareholder and actual controller simultaneously serve as the Chairman and General Manager of the listed company

Applicable  Not Applicable

Employment in Shareholders

Applicable  Not applicable

Name of Incumbent	Name of Shareholder	Position Held at the Shareholder	Term Start Date	Term End Date	Remuneration and Allowance from the Shareholder (Yes/No)
Zhang Jundu	Jinghai Internet Technology Development Co., Ltd.	Director	2023/09/20		No
Description of incumbent in shareholders	N/A				

## Employment in other companies

 Applicable  Not applicable

Name of Incumbent	Name of Other Companies	Position Held in Other Companies	Term Start Date	Term End Date	Remuneration and Allowance from Other Companies (Yes/No)
Dong Mingzhu	Zhuhai Gezhen Investment Management Partnership (Limited Partnership)	Executive partner	2019/09/26		No
Dong Mingzhu	Kingdee International Software Group Co., Ltd.	Non-executive director	2012/08/21		Yes
Zhang Jundu	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	Chairperson	1999/09/01		Yes
Zhang Jundu	Ningbo Tongcheng Gree Electric Appliances Co., Ltd.	Director	2013/07/01		No
Zhang Jundu	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Executive director and general manager	2017/01/01		Yes
Zhang Jundu	Wenzhou Tongcheng Economic and Trade Co., Ltd.	Director	2012/04/01		No
Zhang Jundu	Huzhou Tongcheng Gree Electric Appliances Co., Ltd.	Director	2008/11/01		No
Zhang Jundu	Zhejiang Gree Hengxin Zhiyuan Trading Co., Ltd.	Manager	July 25, 2025		No
Zhang Qiusheng	Luoniushan Co., Ltd.	Independent director	October 21, 2022		Yes
Zhang Qiusheng	Tianjin Lishen Battery Joint-stock Co., Ltd.	Independent director	2021/12/25		Yes
Zhang Qiusheng	CMST Development Co., Ltd.	Independent director	2022/10/01		Yes
Zhang Qiusheng	China Foreign Economy and Trade Trust Co., Ltd.	Independent director	2023/06/28		Yes
Weng Guomin	Ningbo United Group Co., Ltd.	Independent director	May 10, 2022		Yes
Weng Guomin	Great Microwave Technology Co., Ltd.	Independent director	September 27, 2020		Yes
Cheng Ming	Shandong Jindi	Independent director	January 20, 2021		Yes

Name of Incumbent	Name of Other Companies	Position Held in Other Companies	Term Start Date	Term End Date	Remuneration and Allowance from Other Companies (Yes/No)
	Precision Machinery Technology Co., Ltd.				
Cheng Ming	Suzhou LEOG Motors Technology Co., Ltd.	Independent director	November 26, 2025		Yes
Description of incumbent in other companies	N/A				

Penalties imposed by securities regulators on incumbent and resigned directors and senior executives of the Company during the report period in the recent three years

Applicable  Not Applicable

### 3. Remuneration of directors, and senior executives

The remuneration plan for directors of the Company is determined by the shareholders' meeting. When the Board of Directors or the Remuneration and Appraisal Committee evaluates or discusses the remuneration of an individual director, that director should recuse themselves. The remuneration plan for senior executives of the Company is approved by the Board of Directors.

#### (I) Remuneration program for directors

##### 1. Remuneration program for non-independent directors

The remuneration of non-independent directors is differentiated based on whether they have an employment relationship with the Company and whether they participate in the actual operation and management of the Company. The details are as follows:

(1) Non-independent directors who have an employment relationship with the Company (hereinafter collectively referred to as "internal directors"): They receive remuneration based on their actual positions and work content in the Company, and no separate director allowance is paid. The remuneration of internal directors consists of base salary and performance pay, among which the proportion of performance pay should, in principle, not be less than 50% of the total of base salary and performance pay.

(2) Non-independent directors who do not have an employment relationship with the Company: They do not participate in the daily operation and management of the Company and do not receive any remuneration or director allowance from the Company.

##### 2. Remuneration program for independent directors

The remuneration of independent directors adopts a fixed allowance system, with an allowance standard of CNY250,000 per year per person (pre-tax).

#### (II) Remuneration program for senior executives

The remuneration of senior executives is aligned with market levels, matches the Company's operating performance and individual performance, and is coordinated with the Company's sustainable development. The remuneration of the Company's senior executives consists of base salary and performance pay, among which the proportion of performance pay should, in principle, not be less than 50% of the total of base salary and performance pay.

Remuneration of directors, and senior executives in the report period

Unit: CNY10,000

Name	Gender	Age	Position	Employment Status	Total Pre-tax Remuneration Received from the Company	Remuneration from Affiliated Parties of the Company (Yes/No)
Dong Mingzhu	Female	71	Chairperson	Incumbent	1,293.48	Yes
Zhang Wei	Male	49	Director & President	Incumbent	776.09	No

Name	Gender	Age	Position	Employment Status	Total Pre-tax Remuneration Received from the Company	Remuneration from Affiliated Parties of the Company (Yes/No)
Shu Lizhi	Male	56	Director and secretary of the party committee	Incumbent	323.37	No
Zhong Chengbao	Male	40	Director	Incumbent	142.61	No
Zhang Jundu	Male	65	Director	Incumbent	0	Yes
Zhang Qiusheng	Male	58	Independent director	Incumbent	23.39	No
Li Hongqi	Male	63	Independent director	Incumbent	16.94	No
Weng Guomin	Male	62	Independent director	Incumbent	16.94	No
Cheng Ming	Male	66	Independent director	Incumbent	16.94	No
Shao Ligu	Male	47	Employee representative director	Incumbent	126.77	No
Fang Xiangjian	Male	48	Vice president	Incumbent	646.74	No
Liu Hua	Male	49	Vice president	Incumbent	336.3	No
Li Shaobin	Male	49	Vice president	Incumbent	297.5	No
Hu Yusheng	Male	48	Vice president	Incumbent	336.3	No
Wang Kai	Male	46	Vice president	Incumbent	310.44	No
Liao Jianxiong	Male	52	Chief financial officer and assistant president	Incumbent	258.7	No
Zhang Zhouhu	Male	42	Secretary of the Board of Directors	Incumbent	67.51	No
Guo Shuzhan	Male	69	Director	Resigned	0	No
Deng Xiaobo	Male	50	Director, vice president, secretary of the Board of Directors	Resigned	16.73	No
Liu Shuwei	Female	73	Independent director	Resigned	6.51	No
Wang Xiaohua	Male	64	Independent director	Resigned	6.51	No
Xing Ziwen	Male	63	Independent director	Resigned	6.51	Yes
Total	--	--	--	--	5,026.25	--

Note:

1. The remuneration amount of newly appointed and resigned directors and senior executives during the report period is the remuneration amount they received during their tenure in the report period.
2. The total pre-tax remuneration received by Mr. Zhang Zhouhu, Secretary of the Board of Directors, from the Company includes the deferred executive remuneration paid to him by the subsidiary DunAn Environment.

Assessment basis for the remuneration actually received by all directors and senior executives at the end of the report period	Implemented in accordance with the Company's Remuneration Management System for Directors and Senior Executives and the Remuneration Plan for Directors, Supervisors, and Senior Executives.
Completion status of the assessment for the remuneration actually received by all directors and senior executives at the end of the report period	Completed
Deferred payment arrangements for the remuneration actually received by all directors and senior executives at the end of the report period	For directors and senior executives who receive remuneration from the Company, their 2025 remuneration consists of the 2025 base salary and the 2024 performance pay. Among which, the base salary is paid monthly during the year, while the performance pay is paid after the annual report is disclosed, based on a comprehensive assessment of operating data, other KPIs, and key performance events.
Clawback and stop-payment situations for the remuneration actually received by all directors and senior executives at the end of the report period	N/A

Explanation of other situations

Applicable  Not Applicable

## V. Performance of directors' duties during the report period

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

Attendance of directors at meetings of the Board of Directors and general meetings of shareholders							
Name of Director	Number of Meetings of the Board of Directors Requiring Attendance during the Report Period	Number of Attending Meetings of the Board of Directors in Person	Number of Attending Meetings of the Board of Directors via Communication Tools	Number of Attending Meetings of the Board of Directors by Entrusting	Number of Absences from Meetings of the Board of Directors	Failure to Attend the Meetings of the Board of Directors in Person for Consecutive Two Times (Yes/No)	Number of attendances at general meetings of shareholders
Dong Mingzhu	6	2	4	0	0	No	3
Zhang Wei	6	2	4	0	0	No	3
Zhang Jundu	6	1	5	0	0	No	2
Shu Lizhi	4	2	2	0	0	No	3
Zhong Chengbao	4	2	2	0	0	No	2
Zhang Qiusheng	6	1	5	0	0	No	3
Li Hongqi	4	1	3	0	0	No	2
Cheng Ming	4	1	3	0	0	No	2
Weng Guomin	4	1	3	0	0	No	2
Guo Shuzhan	2	0	2	0	0	No	0
Deng Xiaobo	2	0	2	0	0	No	1
Liu Shuwei	2	0	2	0	0	No	1
Wang Xiaohua	2	0	2	0	0	No	1
Xing Ziwen	2	0	2	0	0	No	1
Shao Ligu	0	0	0	0	0	No	2

### 2. Directors' objection to relevant matters of the Company

Do the directors raise any objections to relevant matters of the Company?

Yes  No

The directors don't raise any objections to relevant matters of the Company.

### 3. Other descriptions for performance of duties by directors

Are the directors' suggestions on the Company adopted?

Yes  No

Description of adoption or rejection of directors' suggestions on the Company

During the report period, the directors of the Company took the best interests of the Company and shareholders as their code of conduct, faithfully performed their duties according to relevant regulations, attended the meetings of the Board of Directors and

general meetings of shareholders, carefully deliberated the proposals, and made suggestions and comments on the management of the Company, which played a positive role in effectively making decisions by the Board of Directors, improving the management level, and standardizing the operation of the Company.

## VI. Specialized committees under the Board of Directors during the report period

Name of Committee	Member Status	Number of Meetings Held	Date of Convening	Content of Meeting	Important Comments and Suggestions Proposed	Other Performance of Duties	Details of Objection (if any)
Audit Committee	Zhang Qiusheng, Shu Lizhi, Weng Guomin	4	2025/04/22	Deliberated and approved the Proposal on Appointing the Chief Financial Officer of the Company			
Audit Committee	Zhang Qiusheng, Shu Lizhi, Weng Guomin	4	2025/04/25	Deliberation of the following proposals: 1. 2024 Annual Report and its Summary 2. 2024 Financial Statements 3. 2024 Internal Control Self-evaluation Report 4. Proposal on the Proposed Renewal of the Accounting Firm 5. 2025 First Quarter Report			
Audit Committee	Zhang Qiusheng, Shu Lizhi, Weng Guomin	4	2025/08/28	Deliberated and approved the 2025 Semi-annual Report and its Summary			
Audit Committee	Zhang Qiusheng, Shu Lizhi, Weng Guomin	4	2025/10/30	Deliberated and approved the 2025 Third Quarter Report			
Remuneration and Appraisal Committee	Cheng Ming, Li Hongqi, Zhang Wei	3	2025/04/25	Deliberated and approved the Remuneration Plan for Directors, Supervisors, and Senior Executives			
Remuneration and Appraisal Committee	Cheng Ming, Li Hongqi, Zhang Wei	3	2025/10/30	Deliberated and approved the Proposal on Formulating the Remuneration Management System for Directors and Senior Executives			
Remuneration and Appraisal Committee	Cheng Ming, Li Hongqi, Zhang Wei	3	2025/12/26	Deliberated and approved the Proposal on the 2024 Senior Executive Remuneration Plan			
Nominating Committee	Xing Ziwen, Zhang Qiusheng, Deng Xiaobo	2	2025/01/10	Deliberated and approved the Proposal on Appointing Mr. Zhang Zhouhu as the Secretary of the Board of Directors of the Company			
Nominating Committee	Xing Ziwen, Zhang Qiusheng, Deng Xiaobo	2	2025/02/24	Deliberation of the following proposals: 1. The Proposal on the Re-election of the Board of Directors and the Nomination of			

Name of Committee	Member Status	Number of Meetings Held	Date of Convening	Content of Meeting	Important Comments and Suggestions Proposed	Other Performance of Duties	Details of Objection (if any)
				Candidates for Non-independent Directors 2. The Proposal on the Re-election of the Board of Directors and the Nomination of Candidates for Independent Directors			
Nominating Committee	Weng Guomin, Li Hongqi, Zhang Wei	1	2025/04/22	Deliberated and approved the Proposal on Appointing the Company's Operation and Management Personnel			

## VII. Work of the audit committee

Whether the Audit Committee identified any risks in the Company through its supervision activities during the report period

Yes  No

The Audit Committee has no objection to the supervision matters during the report period.

## VIII. Company's staff

### 1. Number of employees, their specialties and education level

Number of on-the-job employees of the parent company at the end of the report period	18,638
Number of on-the-job employees of the main subsidiaries at the end of the report period	53,328
Total number of on-the-job employees at the end of the report period	71,966
Total number of employees receiving salaries for the current period	71,966
Number of retired employees for whom the parent company and main subsidiaries need to bear expenses	497
<b>Specialties</b>	
Category of specialties	Number of employees of specialties
Manufacturing personnel	49,684
Sales personnel	2,378
Technical personnel	15,947
Financial personnel	1,092
Administrative personnel	2,865
Total	71,966
<b>Educational background</b>	
Educational background	Number of employees
Bachelor's degree or above	16,735
College degree	14,014
Technical secondary school and below	41,217
Total	71,966

## 2. Remuneration policy

During the report period, the Company attached great importance to employee rights protection, optimized and adjusted remuneration programs, and continuously improved the position-based and performance-oriented remuneration mechanism. The Company simultaneously deepened the reform of its wage system, focused on enhancing the compensation competitiveness of core groups, built a multi-channel career development path based on professional grade assessment, promoted employee capability improvement and career development, and provided strong support for talent echelon construction and organizational effectiveness enhancement.

## 3. Training plan

### (1) Consolidating the talent cultivation system to empower talent development and organizational capability building

Deepening key thematic training to precisely empower talent development. Focusing on the four dimensions of strategy implementation, business development, talent cultivation, and cultural construction, and based on the four-level training system (company, department, section, and individual), the Company systematically carried out training such as company-wide open courses, company-wide safety compliance, and thematic training on key business areas. At the same time, tiered training was implemented focusing on key groups: the Company solidly implemented the class of 2025 university graduates induction training across the Group, organized high-standard university graduate induction ceremonies to help them quickly integrate into corporate culture and smoothly transition to the workplace; launched the "Cornerstone Plan" supervisor training camp and the "Spark Plan" team leader training camp, combining "online general training + offline targeted training" to enhance training effectiveness and help frontline managers achieve capability leapfrogging.

Systematically promoting employee quality improvement and cultivating a profound corporate humanistic culture. Following the thread of serialized thematic learning, the Company organized and carried out three major theme activity series: "GREE · Walking with the Times", "GREE · Light Chaser", and "GREE · Spiritual Harbor". By learning the spirit of role models, interpreting current political hotspots, and conducting physical and mental health lectures, employees were guided to improve their physical and mental health. The Company innovatively carried out the 2025 military training competition, implemented company-wide regular military training, strictly enforced discipline, and tempered work style, allowing military culture to truly transform into the organizational temperament and long-term competitiveness of the enterprise.

### (2) Solidifying the skilled talent development system, focusing on shortage occupations, and serving industrial upgrading

Leveraging policy advantages at all levels, a systematic and multi-level skilled talent cultivation platform was built. The Company obtained approval for the "Guangdong Province Artisan College" and key supporting projects of the All-China Federation of Trade Unions, and promoted the upgrading of training venues and equipment. For shortage occupations such as laboratory technicians and refrigeration workers, a distinctive training system was established, practical training was continuously conducted, and exchanges with the Guangdong Provincial Federation of Trade Unions and other units were deepened to achieve resource sharing. Focusing on the key construction project of Guangdong Province, the "Industry-Education-Evaluation Skill Ecological Chain", a curriculum system closely integrated with actual job requirements was developed, and the application for skill evaluation qualifications for professions such as compressor assembly and commissioning workers was completed.

Implementing the Group-wide skilled talent cultivation plan, the Company has continuously improved the skilled talent management system, supported by work permit/special certificate management, vocational skills competitions, and skilled worker grade assessment, thereby achieving information-based and digital management of critical positions across the Group. Throughout the year, the Company organized Group-level vocational skills competitions and, while fulfilling its social responsibilities, hosted the Guangdong Province Welder Vocational Skills Competition. In accordance with the national "New Eight-Level Worker" standard, the Company revised its internal skill grade assessment system and completed the first pilot, steadily advancing the assessment of skilled workers and continuously consolidating the construction of the skilled talent team.

### (3) Strengthening the cultivation of after-sales service skilled talents to support the Company's diversified and global business development

In line with the Company's product diversification trend, the Company built a core force of after-sales talents. First, the Company held after-sales technical exchange meetings for home appliances targeting after-sales backbone personnel of sales companies, systematically teaching technical courses for key product categories to enhance professional quality and practical ability. Second, the Company comprehensively carried out the certification of RAC after-sales technical instructors, consolidated the first- and second-level instructor system of sales companies, and promoted the unified output and localized implementation of training. Third, the Company organized specialized technical training camps for commercial air conditioners, conducting in-depth special training focusing on key models. A post-training transmission mechanism was established, where trained backbone personnel radiated and promoted the knowledge learned to frontline engineers, forming an efficient and synergistic empowerment model.

Aligning with the Company's global strategic deployment, the Company precisely empowered overseas business development. For new air conditioner models exported to North America and Europe, customized product training and empowerment were completed for multiple agents; centralized overseas after-sales technical training sessions were held for overseas technical personnel, featuring theoretical teaching and practical demonstrations focusing on key overseas models. Relying on the training model of "online live streaming + touring training delivery + factory intensive training", the Company deepened after-sales technical exchanges and brand value transmission, supporting the high-quality development of overseas business.

#### 4. Labor outsourcing

Applicable  Not Applicable

### IX. Profit distribution and conversion of capital reserves into share capital by the Company

Profit distribution policy during the report period, especially the formulation, implementation, or adjustment of the cash dividend policy

Applicable  Not applicable

On December 31, 2024, the 24th meeting of the 12th Board of Directors deliberated and approved the *Interim Profit Distribution Plan for 2024*. On April 22, 2025, this plan was deliberated and approved by the 1st Extraordinary General Meeting of Shareholders in 2025 as follows: With 5,585,138,741 shares (total share capital 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account) as the base for the implementation of equity distribution, a cash dividend of CNY10 per 10 shares (tax inclusive) was distributed to all shareholders, without bonus shares or conversion of capital reserves into share capital, totaling CNY5,585,138,741.00 distributed. This plan was completed on May 15, 2025.

On April 25, 2025, the 2nd Meeting of the 13th Board of Directors deliberated and approved the 2024 Annual Profit Distribution Plan. On June 30, 2025, this plan was deliberated and approved by the 2024 Annual General Meeting of Shareholders as follows: With 5,585,138,741 shares (total share capital 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account) as the base, a cash dividend of CNY20 per 10 shares (tax inclusive) was distributed to all shareholders, without bonus shares or conversion of capital reserves into share capital, totaling CNY11,170,277,482.00. This plan was completed on August 29, 2025.

On October 30, 2025, the 4th Meeting of the 13th Board of Directors deliberated and approved the 2025 Interim Profit Distribution Plan. On November 24, 2025, this plan was deliberated and approved by the 2nd Extraordinary General Meeting of Shareholders in 2025 as follows: With 5,585,138,741 shares (total share capital 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account) as the base, a cash dividend of CNY10 per 10 shares (tax inclusive) was distributed to all shareholders, without bonus shares or conversion of capital reserves into share capital, totaling CNY5,585,138,741. This plan was completed on January 23, 2026.

Since its listing, the Company's cumulative cash dividends have exceeded CNY147.6 billion, of which cumulative cash dividends since 2012 have exceeded CNY142.2 billion. The cash dividend distribution proportion of the Company is in line with the provisions of the Articles of Association of Gree Electric Appliances, Inc. of Zhuhai and the cash dividend distribution policy of the Company is

in line with the provisions of laws and regulations such as the Articles of Association of Gree Electric Appliances, Inc. of Zhuhai and the resolutions of the general meeting of shareholders. The dividend distribution criteria and the dividend distribution ratio are clear and distinct, the relevant decision-making procedures and mechanisms are complete, and the independent directors have performed their duties and responsibilities with due diligence and have played their roles. Minority shareholders have adequate opportunities to express their opinions and demands on profit distribution, and their legitimate rights and interests are fully protected.

Special description of cash dividend policy	
Are the provisions of the Articles of Association or the resolutions of the general meeting of shareholders observed?	Yes
Are the dividend distribution criteria and ratio clear and distinct?	Yes
Are the relevant decision-making procedures and mechanisms complete?	Yes
Do the independent directors perform their duties and play their due roles?	Yes
If the Company does not distribute cash dividends, please specify the reasons and the measures to be taken to enhance investor returns:	Not applicable
Do the minority shareholders have the opportunity to fully express their opinions and demands, and are their legitimate rights and interests adequately protected?	Yes
Are the conditions and procedures compliant and transparent if the cash dividend policy is adjusted or changed?	Not applicable

The Company is profitable during the report period and the parent company has positive profit available for distribution to shareholders, without the cash dividend distribution plan proposed

Applicable  Not Applicable

Profit distribution and conversion of capital reserves into share capital during the report period

Applicable  Not applicable

Number of bonus shares per ten shares (shares)	0
Dividends per 10 shares (CNY) (tax inclusive)	20
Share capital base for the distribution plan (shares)	5,585,138,741
Cash dividends (CNY) (tax inclusive)	11,170,277,482.00
Cash dividends by other means (e.g. share repurchase) (CNY)	0.00
Total cash dividends (including other means) (CNY)	11,170,277,482.00
Distributable profits (CNY)	88,942,600,059.64
Proportion of total cash dividends (including other means) to total profit distributed	100%

#### Current cash dividend

If the Company is in a maturity stage and there are no significant capital expenditure arrangements, the cash dividends in the current profit distribution shall account for at least 80% of the profit distribution.

#### Detailed description of plan for profit distribution or conversion of capital reserves into share capital

The Company's 2025 profit distribution plan is as follows: With the total share capital entitled to profit distribution rights at the time of disclosure of this profit distribution plan of 5,585,138,741 shares (total share capital of 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account) as the base, the Company plans to distribute a cash dividend of CNY20 per 10 shares to all shareholders (tax inclusive), without bonus shares or conversion of capital reserves into share capital, totaling CNY11,170,277,482.00 of cash dividends distributed, and the remaining undistributed profits will be carried forward for distribution in future years. If there is a change in the total share capital of the Company entitled to profit distribution from the date of disclosure of this distribution plan to the date of implementation of equity distribution registration, the Company will adjust the total dividend amount accordingly based on the principle of keeping the distribution ratio per share unchanged.

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

Applicable  Not applicable

### 1. Equity incentive

Not applicable

Equity incentives received by directors and senior executives of the Company

Applicable Not Applicable

Appraisal mechanism and incentives of senior executives

Not applicable

### 2. Implementation of employee stock ownership plan

Applicable  Not applicable

All valid employee stock ownership plans during the report period

Scope of Employees	Number of Employees	Total Number of Shares Held (Shares)	Changes	Proportion to the total share capital of listed companies	Source of funding for implementation of the plan
Phase III Employee Stock Ownership Plan	5,141	63,195,095	During the report period, due to the rescission or termination of labor relations between some holders and the Company, they no longer qualified for the employee stock ownership plan, resulting in changes in the total number of holders and the shares held by some holders.	1.13%	Legal remuneration of employees and self-financing funds obtained through other means as permitted by laws and administrative regulations.

Shareholdings of Directors and Senior Executives in the employee stock ownership plan during the report period

According to the Company's Phase III Employee Stock Ownership Plan (Draft), the share scale of the Phase III Employee Stock Ownership Plan does not exceed 79,462,095 shares, of which the subscription amount for the then directors, supervisors, and senior executives does not exceed 23,838,629 shares.

Changes in asset management institutions during the report period

Applicable Not Applicable

Changes in equity during the report period due to disposal of shares by holders, etc.

Applicable Not Applicable

Exercise of shareholders' rights during the report period

During the report period, the Phase III Employee Stock Ownership Plan participated in the voting of the Company's 1st Extraordinary General Meeting of Shareholders in 2025, the 2024 Annual General Meeting of Shareholders, and the 2nd Extraordinary General Meeting of Shareholders in 2025.

Other relevant circumstances and explanations of the employee stock ownership plan during the report period

Applicable  Not Applicable

Change in members of the Employee Stock Ownership Plan Management Committee

Applicable  Not applicable

On April 14, 2025, the Company held the first holders' meeting of the Phase III Employee Stock Ownership Plan by means of communication vote, deliberating and approving the Management Measures for the Phase III Employee Stock Ownership Plan of Gree Electric Appliances, Inc. of Zhuhai and the Proposal on Electing the First Management Committee Members of the Phase III Employee Stock Ownership Plan, electing Ms. Zhao Mengmeng, Ms. Shen Yu, and Ms. Liu Yanzi as the first management committee members of the Phase III Employee Stock Ownership Plan for a term of 3 years.

Financial impact of employee stock ownership plan on listed companies and related accounting treatment during the report period

Applicable  Not applicable

In accordance with the provisions of the Accounting Standards for Business Enterprises No. 11 — Share-based Payment, the total expenses recognized by the Company's Phase III Employee Stock Ownership Plan amounted to CNY1,446,182,575.49.

Termination of employee stock ownership plan during the report period

Applicable  Not Applicable

### 3. Other employee incentive measures

Applicable  Not Applicable

## XI. Establishment and implementation of the internal control system during the report period

### 1. Construction and implementation of internal control

During the report period, the Company established, improved, and effectively implemented internal control in accordance with the provisions of the internal control system. The Board of Directors of the Company is responsible for the formulation and effective implementation of the Company's internal control system, and the management is responsible for organizing and leading the daily operation of the enterprise's internal control. The Company has maintained effective internal control over financial reporting in all material respects in accordance with the requirements of the enterprise internal control standard system and relevant regulations, and there are no material weaknesses in internal control over financial reporting. The objective of internal control is to ensure the legality and compliance of operation and management, the safety of assets, and the authenticity and completeness of financial statements and related information, improve operational efficiency and effectiveness, and promote the realization of development strategies.

Yes  No

### 2. Details of significant deficiencies in internal control identified during the report period

Yes  No

## XII. Management and control of the subsidiaries during the report period

Applicable  Not Applicable

## XIII. Internal control evaluation report or internal control audit report

### 1. Internal control evaluation report

Date of disclosure of the full internal control evaluation report	April 29, 2026	
Index of disclosure of the full internal control evaluation report	For details, please refer to the <i>2025 Internal Control Evaluation Report</i> disclosed on CNINFO.	
Proportion of the total assets of companies included in the scope of evaluation to the total assets in the Company's consolidated financial statements	90.00%	
Proportion of the revenue of companies included in the scope of evaluation to the revenue in the Company's consolidated financial statements	90.00%	
Deficiency identification criteria		
Category	Financial statements	Non-financial statements
Qualitative criteria	For details, please refer to the <i>2025 Internal Control Evaluation Report of Gree Electric Appliances, Inc. of Zhuhai</i> disclosed by the Company on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) on April 29, 2026.	For details, please refer to the <i>2025 Internal Control Evaluation Report of Gree Electric Appliances, Inc. of Zhuhai</i> disclosed by the Company on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) on April 29, 2026.
Quantitative criteria	For details, please refer to the <i>2025 Internal Control Evaluation Report of Gree Electric Appliances, Inc. of Zhuhai</i> disclosed by the Company on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) on April 29, 2026.	For details, please refer to the <i>2025 Internal Control Evaluation Report of Gree Electric Appliances, Inc. of Zhuhai</i> disclosed by the Company on CNINFO ( <a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a> ) on April 29, 2026.
Number of significant deficiencies in the financial statements	0	
Number of significant deficiencies in the non-financial statements	0	
Number of material deficiencies in the financial statements	0	
Number of material deficiencies in the non-financial statements	0	

### 2. Internal control audit report

Applicable  Not applicable

Deliberation opinion in the internal control audit report
The internal control audit firm believes that Gree Electric Appliances, Inc. of Zhuhai has maintained effective internal control over financial reporting in all significant aspects as of December 31, 2025, in accordance with the Basic Standard for Enterprise Internal Control and relevant regulations.

Deliberation opinion in the internal control audit report	
Disclosure of internal control audit report	Disclosed on CNINFO
Date of disclosure of full internal control audit report	April 29, 2026
Index of disclosure of the full internal control audit report	For details, please refer to the <i>2025 Internal Control Audit Report</i> disclosed on CNINFO.
Type of internal control audit report opinions	Standard unqualified opinion
Are there any significant deficiencies in the non-financial statements?	No

Does the accounting firm issue an internal control audit report with non-standard opinions?

Yes  No

Are the opinions in the internal control audit report issued by the accounting firm consistent with those in the Board of Directors' self-evaluation report?

Yes  No

Whether a non-standard internal control audit opinion was issued during the report period or the previous year

Yes  No

#### XIV. Rectification of self-inspection issues in the special governance of listed companies

Not applicable

#### XV. Environmental information disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with the law

Yes  No

Number of enterprises included in the list of enterprises required to disclose environmental information in accordance with the law		9
S/N	Name of Enterprise	Query index for the Environmental Information Disclosure Report in accordance with the law
1	Gree Electric Appliances, Inc. of Zhuhai	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E6%A0%BC%E5%8A%9B%E7%94%B5%E5%99%A8&amp;reportType=&amp;areaCode=&amp;entType=&amp;reportDateStartStr=&amp;reportDateEndStr=">https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E6%A0%BC%E5%8A%9B%E7%94%B5%E5%99%A8&amp;reportType=&amp;areaCode=&amp;entType=&amp;reportDateStartStr=&amp;reportDateEndStr=</a>
2	Gree (Hefei) Electric Appliances Co., Ltd.	<a href="https://39.145.37.16:8081/zhhb/yfplpub_html/#/searchPage?keyWord=%E6%A0%BC%E5%8A%9B%E7%94%B5%E5%99%A8&amp;EF%BC%88%E5%90%88%E8%82%A5%EF%BC%89%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;hy=%5B%5D">https://39.145.37.16:8081/zhhb/yfplpub_html/#/searchPage?keyWord=%E6%A0%BC%E5%8A%9B%E7%94%B5%E5%99%A8&amp;EF%BC%88%E5%90%88%E8%82%A5%EF%BC%89%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;hy=%5B%5D</a>
3	Gree (Chongqing) Electric Appliances Co., Ltd.	<a href="http://219.152.238.198:20041/eps/index/enterprise-more?code=91500107709410891J&amp;uniqueCode=a2148efff4f01f7e&amp;date=2025&amp;type=true&amp;isSearch=true">http://219.152.238.198:20041/eps/index/enterprise-more?code=91500107709410891J&amp;uniqueCode=a2148efff4f01f7e&amp;date=2025&amp;type=true&amp;isSearch=true</a>
4	Gree (Wuhu) Electric Appliances Co., Ltd.	<a href="https://39.145.37.16:8081/zhhb/yfplpub_html/#/companyDetails?name=%E6%A0%BC%E5%8A%9B%E7%94%B5%E5%99%A8&amp;EF%BC%88%E8%8A%9C%E6%B9%96%EF%BC%89%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;entpId=20251744965055206&amp;type=1">https://39.145.37.16:8081/zhhb/yfplpub_html/#/companyDetails?name=%E6%A0%BC%E5%8A%9B%E7%94%B5%E5%99%A8&amp;EF%BC%88%E8%8A%9C%E6%B9%96%EF%BC%89%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;entpId=20251744965055206&amp;type=1</a>
5	Gree (Wuhan) Electric Appliances Co., Ltd.	<a href="http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=fa3849bd-a2c7-4376-9e88-1af8c0f7b84a&amp;XH=1677751295996009244672&amp;year=2025">http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=fa3849bd-a2c7-4376-9e88-1af8c0f7b84a&amp;XH=1677751295996009244672&amp;year=2025</a>
6	Gree (Zhengzhou) Electric	<a href="http://222.143.24.250:8247/enpInfo/enpOverview?enterId=914101005610233170">http://222.143.24.250:8247/enpInfo/enpOverview?enterId=914101005610233170</a>

	Appliances Co., Ltd.	002C
7	Gree (Shijiazhuang) Electric Appliances Co., Ltd.	<a href="http://121.29.48.71:8080/#/fill/detail?enpId=653D8B58-3825-4156-A906-342C7EBF37B4&amp;year=2025">http://121.29.48.71:8080/#/fill/detail?enpId=653D8B58-3825-4156-A906-342C7EBF37B4&amp;year=2025</a>
8	Gree Changsha HVAC Equipment Co., Ltd.	<a href="https://yfp1.sthjt.hunan.gov.cn:8181/hnyfp1/frontal/index.html#/home/enterpriseInfo?XTXH=f26a75b0-7e3c-4ceb-977a-d221dbb1d6a8&amp;XH=1714297449717082034688&amp;year=2025&amp;reportType=1">https://yfp1.sthjt.hunan.gov.cn:8181/hnyfp1/frontal/index.html#/home/enterpriseInfo?XTXH=f26a75b0-7e3c-4ceb-977a-d221dbb1d6a8&amp;XH=1714297449717082034688&amp;year=2025&amp;reportType=1</a>
9	Gree (Luoyang) Electric Appliances Co., Ltd.	<a href="http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410300MA451RM32P001Q">http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410300MA451RM32P001Q</a>

## XVI. Social responsibility

In 2025, the Company actively fulfilled its responsibilities in environmental protection, social responsibility, and corporate governance, especially in sustainable supply chains, addressing climate change, and safeguarding the rights and interests of stakeholders, continuously striving to fulfill the mission of promoting sustainable development in the industry. (For details, please refer to the *2025 Environmental, Social, and Governance (ESG) Report* published by the Company on CNINFO on April 29, 2026.)

## XVII. Consolidation and expansion of achievements in poverty alleviation and rural revitalization

N/A

## Section V Important Matters

### I. Fulfillment of commitments

#### 1. Commitments fulfilled by the actual controller(s), shareholders, related parties, acquirers, and the Company within the report period and commitments not yet fulfilled by the end of the report period

Applicable  Not applicable

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
Commitments in the acquisition report or equity change report	Zhuhai Mingjun Investment Partnership (Limited Partnership); Zhuhai Xianying Equity Investment Partnership (Limited Partnership); Zhuhai Yuxiu Investment Co., Ltd.	Maintaining the independence of listed companies	Letter of Commitment on Maintaining the Independence of the Listed Company: To ensure the independent operation of the listed company after this equity transfer, Zhuhai Mingjun, Zhuhai Xianying, and Zhuhai Yuxiu make the following commitments: (I) Ensuring asset independence and completeness of the listed company: 1. Gree Electric Appliances will possess the relevant production system, auxiliary production system, and supporting facilities for its business operations, have the right to own or use the land, workshop, machines, and facilities relating to its business operations as well as its trademarks, patent technologies, and know-how, and have an independent purchase system of raw materials and sales system of products. 2. GREE Electric Appliances will have independent and complete assets and all of its assets will be independently controlled, owned, and operated by GREE Electric Appliances. 3. Zhuhai Mingjun and other enterprises under its control will not illegally occupy or use the assets of GREE Electric Appliances in any way or provide a guarantee for the debts of Zhuhai Mingjun and other enterprises under its control with GREE Electric Appliances' assets. (II) To ensure the independence of the personnel of the listed company: 1. To ensure that the labor, personnel and remuneration management of GREE Electric Appliances is completely independent from its affiliated enterprises. 2. The recommendation of directors, supervisors, and senior executives by the enterprise to GREE Electric Appliances will be made through legal procedures, and the decisions on personnel appointment and removal will be made only upon approval by the meeting of the Board of Directors and the general meeting of	2019/12/02	Long-term effective	In progress

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
			<p>shareholders of GREE Electric Appliances. (III) To ensure the financial 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 will have a standardized and independent financial accounting system. 2. GREE Electric Appliances will open bank accounts independently and will not share bank accounts with its affiliated enterprises. 3. The financial personnel of GREE Electric Appliances will not work part-time in its affiliated enterprises. 4. GREE Electric Appliances will pay taxes independently in accordance with the law. 5. GREE Electric Appliances will make independent financial decisions, and the intended Transferee will not illegally interfere with GREE Electric Appliances's fund utilization and scheduling. (IV) To ensure the independence of units of the listed company: 1. To ensure that GREE Electric Appliances will establish a sound corporate governance structure and will have an independent and complete organizational structure. 2. The internal management bodies of GREE Electric Appliances will exercise their powers and functions independently in accordance with laws, regulations, and the Articles of Association of the Company. (V) To ensure the business independence of the listed company: 1. To ensure that GREE Electric Appliances will have the assets, personnel, qualification and ability to carry out business activities independently and will have the ability to operate independently and continuously in the market. 2. The enterprise will not interfere with the business activities of GREE Electric Appliances except through the exercise of shareholders' rights. 3. The enterprise and other enterprises under its control will avoid horizontal competition with GREE Electric Appliances. 4. When the enterprise and other enterprises under its control conduct necessary and unavoidable affiliated transactions with GREE Electric Appliances, the enterprise will conduct fair operations according to 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 bear all the liabilities arising therefrom and indemnify or hold harmless GREE Electric Appliances from all direct or indirect losses.</p>			
Commitments in the acquisition report or equity change report	Zhuhai Mingjun Investment Partnership (Limited)	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, the controlling shareholder and the actual controller of the enterprise will not engage in the same or similar business as GREE and its subsidiaries in a direct or indirect	2019/12/02	Long-term effective	In progress

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
	Partnership); Zhuhai Xianying Equity Investment Partnership (Limited Partnership); Zhuhai Yuxiu Investment Co., Ltd.		manner in the future, so as to avoid constituting direct or indirect business competition with the business of GREE and its subsidiaries. 2. If other enterprises under the control of the enterprise expand their business scope, they will take all possible measures to avoid horizontal competition with GREE Electric Appliances and its subsidiaries on the principle of giving priority to safeguarding the rights and interests of GREE Electric Appliances. 3. If GREE Electric Appliances and its subsidiaries or related regulatory authorities determine that the enterprise and other enterprises under its control are engaging in or will engage in any business that constitutes horizontal competition with GREE Electric Appliances and its subsidiaries, the enterprise will give up or urge the enterprise's direct or indirect holding company to give up any business or business opportunities that may result in horizontal competition or urge 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 bear all the liabilities arising therefrom and indemnify or hold harmless GREE Electric Appliances from all direct or indirect losses.			
Commitments in the acquisition report or equity change report	Zhuhai Mingjun Investment Partnership (Limited Partnership); Zhuhai Xianying Equity Investment Partnership (Limited Partnership); Zhuhai Yuxiu Investment Co., Ltd.	Standardizing the affiliated transactions	Letter of Commitment on Regulating Related Transactions: In order to protect the interests of public shareholders and maintain the sustainable and healthy development of the listed company, Zhuhai Mingjun, Zhuhai Xianying and Zhuhai Yuxiu make the following commitments: 1. To ensure the related transactions between the enterprise and other enterprises controlled by the enterprise and GREE Electric Appliances in the future will be conducted in fair and in accordance with the normal code of business conduct; the enterprise commits to further regulate the related transactions with GREE Electric Appliances and its subsidiaries. 2. The enterprise will perform its obligations as a shareholder of GREE Electric Appliances in good faith and goodwill, and for affiliated transactions that cannot be avoided or exist on reasonable grounds, it will sign a standard affiliated transaction agreement with GREE Electric Appliances in accordance with the law, and perform the approval procedures in accordance with relevant laws, regulations, rules, regulatory documents, and the Articles of Association; the price of affiliated transactions will be determined according to fair and reasonable market prices, and the price of affiliated transactions will be fair; it will perform the information disclosure obligations of affiliated transactions in accordance with relevant laws, regulations, and the Articles of Association; it will not illegally transfer the funds and profits of GREE Electric Appliances or damage the interests of GREE Electric Appliances and affiliated	2019/12/02	Long-term effective	In progress

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
			shareholders through affiliated transactions. 3. The enterprise and other enterprises under its control will, in accordance with the provisions of laws, regulations, and the Articles of Association, when deliberating affiliated transactions involving the enterprise and other enterprises under its control, strictly abide by the avoidance procedure during the voting on affiliated transactions at the meeting of the Board of Directors or the general meeting of shareholders of GREE Electric Appliances.			
Commitments in the acquisition report or equity change report	Dong Mingzhu	Maintaining the independence of listed companies	Letter of Commitment on Maintaining the Independence of the Listed Company: To ensure the independent operation of the listed company after this equity transfer, I make the following commitments: (I) Ensuring asset independence and completeness of the listed company: 1. GREE Electric Appliances will possess the relevant production system, auxiliary production system, and supporting facilities for its business operations, have the right to own or use the land, workshop, machines, and facilities relating to its business operations as well as its trademarks, patent technologies, and know-how, and have an independent purchase system of raw materials and sales system of products. 2. GREE Electric Appliances will have independent and complete assets and all of its assets will be independently controlled, owned, and operated by GREE Electric Appliances. 3. Zhuhai Mingjun and other enterprises under its control will not illegally occupy or use the assets of GREE Electric Appliances in any way or provide a guarantee for the debts of Zhuhai Mingjun and other enterprises under its control with GREE Electric Appliances' assets. (II) To ensure the independence of the personnel of the listed company: 1. To ensure that the labor, personnel and remuneration management of GREE Electric Appliances is completely independent from its affiliated enterprises. 2. The recommendation of senior executives to GREE Electric Appliances will be made through legal procedures. (III) To ensure the financial 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 will have a standardized and independent financial accounting system. 2. GREE Electric Appliances will open bank accounts independently and will not share bank accounts with its affiliated enterprises. 3. The financial personnel of GREE Electric Appliances will not work part-time in its affiliated enterprises. 4. GREE Electric Appliances will pay taxes independently in accordance with the law. 5. GREE Electric Appliances will make independent financial decisions, and the intended Transferee will not illegally interfere with GREE Electric Appliances's fund utilization and scheduling. (IV) To ensure the independence of units of the listed company: 1. To ensure that GREE	2019/12/02	Long-term effective	In progress

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
			Electric Appliances will establish a sound corporate governance structure and will have an independent and complete organizational structure. 2. The internal management bodies of GREE Electric Appliances will exercise their powers and functions independently in accordance with laws, regulations, and the Articles of Association of the Company. (V) To ensure the business independence of the listed company: 1. To ensure that GREE Electric Appliances will have the assets, personnel, qualification and ability to carry out business activities independently and will have the ability to operate independently and continuously in the market. 2. Except through the exercise of shareholders' rights and the performance of functions and duties of the Chairman/senior executive of the listed company, I will not interfere with the business activities of GREE Electric Appliances. 3. I and other enterprises under my control will avoid substantial horizontal competition with GREE Electric Appliances. 4. When conducting necessary and unavoidable affiliated transactions with GREE Electric Appliances, I and other enterprises under my control will conduct fair operations according to 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 bear all the liabilities arising therefrom, and indemnify or hold harmless GREE Electric Appliances from all direct or indirect losses.			
Commitments in the acquisition report or equity change report	Dong Mingzhu	Avoiding horizontal competition	Letter of Commitment on Avoiding Horizontal Competition: I make the following commitments: 1. I and other enterprises under my control 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 under my control expand their business scope, they will take all possible measures to avoid horizontal competition with GREE Electric Appliances and its subsidiaries on the principle of giving priority to safeguarding the rights and interests of GREE Electric Appliances. 3. If GREE Electric Appliances and its subsidiaries or related regulatory authorities determine that I and other enterprises under my control are engaging in or will engage in any business that constitutes horizontal competition with GREE Electric Appliances and its subsidiaries, I will give up or urge my direct or indirect holding company to give up any business or business opportunities that may result in horizontal competition or urge such business or business opportunities to be provided with a priority to GREE Electric Appliances or its wholly-owned and holding	2019/12/02	Long-term effective	In progress

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
			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 bear all the liabilities arising therefrom, and indemnify or hold harmless GREE Electric Appliances from all direct or indirect losses.			
Commitments in the acquisition report or equity change report	Dong Mingzhu	Standardizing affiliated transactions	Letter of Commitment on Standardizing the Affiliated Transactions: I make the following commitments: 1. To ensure that the future affiliated transactions between me and other enterprises under my control and GREE Electric Appliances will be fair and conducted in accordance with the normal code of business conduct; and that I commit to further standardize affiliated transactions with GREE Electric Appliances and its subsidiaries. 2. I will perform my obligations as a shareholder of GREE Electric Appliances in good faith and goodwill, and for affiliated transactions that cannot be avoided or exist on reasonable grounds, I will sign a standard affiliated transaction agreement with GREE Electric Appliances in accordance with the law, and perform the approval procedures in accordance with relevant laws, regulations, rules, regulatory documents, and the Articles of Association; the price of affiliated transactions will be determined according to fair and reasonable market prices, and the price of affiliated transactions will be fair; I will perform the information disclosure obligations of affiliated transactions in accordance with relevant laws, regulations, and the Articles of Association; I will not illegally transfer the funds and profits of GREE Electric Appliances or damage the interests of GREE Electric Appliances and affiliated shareholders through affiliated transactions. 3. I and other enterprises under my control will, in accordance with the provisions of laws, regulations, and the Articles of Association, when deliberating affiliated transactions involving me and other enterprises under my control, strictly abide by the avoidance procedure during the voting on affiliated transactions at the meeting of the Board of Directors or the general meeting of shareholders of GREE Electric Appliances.	2019/12/02	Long-term effective	In progress
Commitments in the acquisition report or equity change report	Zhuhai Mingjun Investment Partnership (Limited Partnership)	Other commitments	1. The Transferee commits that it will maintain the overall stability of the management team of GREE Electric Appliances within the scope of its authority upon completion of the transfer and that there will be no significant changes in the governance structure of GREE Electric Appliances. 2. The Transferee commits not to initiate any suggestion or proposal to relocate the headquarters and registered office of GREE Electric Appliances from Zhuhai during the period of direct or indirect shareholding of GREE Electric Appliances, and to actively urge all parties to ensure that the headquarters and registered office of GREE Electric Appliances will not be relocated from Zhuhai; and if any shareholder proposes any suggestion or proposal to	2019/12/02	Long-term effective	In progress

Reason for Commitment	Commitment Party	Commitment Type	Commitment Content	Commitment Date	Commitment Period	Fulfillment
			relocate the headquarters and registered office of GREE Electric Appliances from Zhuhai, the Transferee commits to attend the general meeting of shareholders and to vote against such proposal. 3. The Transferee commits to spare no effort to make effective industrial investment and strategic resource introduction for the economic development of Zhuhai and to promote GREE Electric Appliances to make new contributions to the sustainable and healthy economic development of Zhuhai. 4. Zhuhai Mingjun commits to actively exercise the shareholders' voting right in the general meeting of shareholders of the listed company involving dividend payment and to urge its nominated directors to vote in favor of the resolution of the Board of Directors on the dividend payment ratio of not less than 50% of the annual net profit of the listed company.			
Other commitments	Zhuhai Gree Group Co., Ltd.	Other commitments	During the period of holding shares of GREE Electric Appliances, the Company will fully assume all reasonable expenses and economic losses (if any) incurred by GREE Electric Appliance due to the Company's termination of the residual equity incentive plan.	2019/06/14	During the period of being a shareholder of GREE Electric Appliances	In progress
Are commitments fulfilled on time?	Yes					
If commitments are not fulfilled within the deadline, specify the reason for fulfillment failure and the work plan for the next step	Not applicable					

**2. Explanation of assets or projects that achieve the original earnings forecast and relevant reasons when the Company's assets or projects involve earnings forecast and the report period is still in the earnings forecast period**

Applicable  Not Applicable

**3. Company's performance commitments**

Applicable  Not Applicable

**II. Listed company's non-operating funds occupied by the controlling shareholders and their affiliated parties**

Applicable  Not Applicable

No controlling shareholder or its affiliated party occupied non-operating funds of the listed company during the report period of the Company.

**III. Violation of external guarantees**

Applicable  Not Applicable

The Company has no violation of external guarantees during the report period.

**IV. Statement by the Board of Directors on the latest *Non-standard Audit Report***

Applicable  Not Applicable

**V. Statement by the Board of Directors, and independent directors (if any) on the Non-standard Audit Report of the accounting firm during the report period**

Applicable  Not Applicable

**VI. Description of changes in accounting policies, accounting estimates, or corrections of significant accounting errors compared to the previous year's financial statements**

Applicable  Not Applicable

During the report period, the Company had no changes in accounting policies or accounting estimates, nor any corrections of significant accounting errors.

**VII. Description of changes in the consolidated statement scope compared to the previous year's financial statements**

Applicable  Not applicable

For changes in the scope of consolidation during the report period, please refer to Note VI, Change in the Consolidation Scope, in the Financial Statements in Section VIII.

**VIII. Appointment and dismissal of accounting firms**

Accounting firm currently appointed

Name of domestic accounting firm	Union Power Certified Public Accountants (Special General Partnership)
Remuneration for the domestic accounting firm (CNY10,000)	396
Consecutive years for the domestic accounting firm to render audit service	11 years
Name of certified public accountants of the domestic accounting firm	Qiu Yiwu, Wu Xiafei
Consecutive years for certified public accountants of the domestic accounting firm to render audit service	5 years and 1 year

Is the other accounting firm appointed for the current period?

 Yes  No

Appointment of an accounting firm for internal control audit, financial adviser, or sponsor

 Applicable  Not applicable

During the report period, the Company engaged Union Power Certified Public Accountants (Special General Partnership) as the internal control audit firm, and paid a total of CNY1 million in internal control audit fees.

**IX. Delisting after disclosure of the Annual Report** Applicable  Not Applicable**X. Matters related to bankruptcy reorganization** Applicable  Not Applicable

The Company was not involved in any matter related to bankruptcy reorganization during the report period.

**XI. Major legal action or arbitration** Applicable  Not Applicable

The Company was not involved in any major legal action or arbitration during the report period.

**XII. Punishment and rectification** Applicable  Not Applicable

The Company was not involved in any punishment or rectification during the report period.

**XIII. Integrity status of the Company and its controlling shareholder(s) and actual controller(s)** Applicable  Not Applicable

## XIV. Significant affiliated transactions

### 1. Affiliated transactions associated with day-to-day operation

Applicable  Not applicable

Parties to Affiliated Transactions	Association	Type of Affiliated Transactions	Content of Affiliated Transactions	Pricing Principles for Affiliated Transactions	Price of Affiliated Transactions	Amount of Affiliated Transactions (CNY10,000)	Proportion to Amount of Similar Transactions	Approved Transaction Amount (CNY10,000)	Approved Limit Exceeded (Yes/No)	Settlement Method of Affiliated Transactions	Available Market Price of Similar Transactions	Date of Disclosure	Disclosure Index
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Company where directors of the Company act as executive directors	Sale of goods	Sale of products	Determined through the negotiation between the two parties based on the market price	Market price	399,802.57	2.60%	800,000.00	No	Payment before delivery	Market price	2025/04/28	Disclosed in the Announcement on the Estimate of Daily Related Party Transactions (Announcement No.: 2025-021) on CNINFO
Total				--	--	399,802.57	--	800,000.00	--	--	--	--	--
Details of large-amount sales return				Not applicable									
Actual fulfillment (if any) during the report period when the total amount is estimated by category for the daily affiliated transaction that will incur in the current period				Transactions are conducted within the approved limit.									
Cause for the large difference between transaction price and market reference price (if applicable)				Not applicable									

**2. Affiliated transactions of acquisition or sales of assets or equity**

Applicable  Not Applicable

The Company was not involved in any affiliated transaction of acquisition or sales of assets or equities during the report period.

**3. Affiliated transactions of common foreign investment**

Applicable  Not Applicable

The Company was not involved in any affiliated transactions of joint foreign investment during the report period.

**4. Affiliated credits and liabilities**

Applicable  Not Applicable

The Company was not involved in any affiliated credits or debts during the report period.

**5. Transactions with finance companies with which the Company with association**

Applicable  Not Applicable

There was no deposit, loan, credit, or other financial business between the Company and its affiliated financial companies and affiliated parties.

**6. Transactions between the financial company under the Company's control and the affiliated parties**

Applicable  Not applicable

Deposit business

Affiliated Parties	Association	Daily Maximum Deposit Limit (CNY10,000)	Deposit Interest Rate	Beginning Balance (CNY10,000)	Amount Incurred in the Current Period		Ending Balance (CNY10,000)
					Total Amount Deposited in the Current Period (CNY10,000)	Total Amount Withdrawn in the Current Period (CNY10,000)	
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	Companies held by directors of the Company or where a director of the Company acts as board chairman			1.08	0.00	1.08	0.00

**7. Other significant affiliated transactions**

Applicable  Not Applicable

The Company was not involved in other significant affiliated transactions during the report period.

## **XV. Significant 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 during the report period.

#### **(3) Lease**

Applicable  Not Applicable

The Company was not involved in any lease during the report period.

## 2. Significant guarantee

Applicable  Not applicable

Unit: CNY10,000

External guarantees by the Company and its subsidiaries (excluding guarantees to subsidiaries)										
Object of Guarantee	Disclosure Date of the Announcement Related to the Guarantee Amount	Guarantee Amount	Actual Date of Incurrence	Actual Guarantee Amount	Guarantee Type	Collateral (if any)	Counter-guarantee (if any)	Guarantee Period	Fulfillment Completed (Yes/No)	Guarantee for Affiliated Parties (Yes/No)
Guarantee of the Company to its subsidiaries										
Object of Guarantee	Disclosure Date of the Announcement Related to the Guarantee Amount	Guarantee Amount	Actual Date of Incurrence	Actual Guarantee Amount	Guarantee Type	Collateral (if any)	Counter-guarantee (if any)	Guarantee Period	Fulfillment Completed (Yes/No)	Guarantee for Affiliated Parties (Yes/No)
Gree (Hefei) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		79,138.85	Pledged	Note pool	N/A			No
Zhuhai Gree Intelligent Equipment Co., Ltd.	2025/04/28	2,400,000		15,066.27	Pledged	Note pool	N/A			No
Gree CNC Machine Tool Research Institute Co., Ltd. of Zhuhai	2025/04/28	2,400,000		15,002.76	Pledged	Note pool	N/A			No
Gree (Ganzhou) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		11,778.97	Pledged	Note pool	N/A			No
Zhuhai Gree Mechanical and Electrical Engineering Co., Ltd.	2025/04/28	2,400,000		8,433.06	Pledged	Note pool	N/A			No
Gree (Hangzhou)	2025/04/28	2,400,000		2,189.29	Pledged	Note pool	N/A			No

Electric Appliances Co., Ltd.										
Gree (Wuhan) Precision Mold Co., Ltd.	2025/04/28	2,400,000		675.88	Pledged	Note pool	N/A			No
Gree (Luoyang) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		17,887.72	Pledged	Note pool	N/A			No
Gree Electric Enterprises (Nanjing) Ltd.	2025/04/28	2,400,000		1,596	Pledged	Note pool	N/A			No
Gree (Nanjing) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		30,059.31	Pledged	Note pool	N/A			No
Nanjing Walsin Metal Co., Ltd.	2025/04/28	2,400,000		230,349.79	Pledged	Note pool	N/A			No
Zhuhai Gree Energy Environment Technology Co., Ltd.	2025/04/28	2,400,000		26,343.4	Pledged	Note pool	N/A			No
Gree (Shijiazhuang) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		29,353.43	Pledged	Note pool	N/A			No
Tianjin Green Renewable Resources Utilization Co., Ltd.	2025/04/28	2,400,000		227.26	Pledged	Note pool	N/A			No
Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	2025/04/28	2,400,000		4,425.02	Pledged	Note pool	N/A			No
Gree (Wuhan) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		33,496.32	Pledged	Note pool	N/A			No
Gree Intelligent Equipment (Wuhan) Co., Ltd.	2025/04/28	2,400,000		5,080.19	Pledged	Note pool	N/A			No
Gree (Zhengzhou) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		83,715.98	Pledged	Note pool	N/A			No
Gree Changsha HVAC	2025/04/28	2,400,000		21,024.65	Pledged	Note pool	N/A			No

Equipment Co., Ltd.										
Changsha Kinghome Electric Appliances Co., Ltd.	2025/04/28	2,400,000		1,346.33	Pledged	Note pool	N/A			No
Gree TOSOT (Suqian) Home Appliances Co., Ltd.	2025/04/28	2,400,000		2,704.95	Pledged	Note pool	N/A			No
Zhuhai Gree New Material Co., Ltd.	2025/04/28	2,400,000		13,234.47	Pledged	Note pool	N/A			No
Zhuhai Landa Compressor Co., Ltd.	2025/04/28	2,400,000		27.8	Pledged	Note pool	N/A			No
Gree Electric Enterprises (Ma'anshan) Ltd.	2025/04/28	2,400,000		4,324	Pledged	Note pool	N/A			No
Zhuhai Edgeless Integrated Circuit Co., Ltd.	2025/04/28	2,400,000		5,620.77	Pledged	Note pool	N/A			No
Gree (Wuhu) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		13,562.47	Pledged	Note pool	N/A			No
Gree (Linyi) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		23,043.81	Pledged	Note pool	N/A			No
Zhuhai Gree Electronic Components Co., Ltd.	2025/04/28	2,400,000		40,418.45	Pledged	Note pool	N/A			No
Zhuhai Gree Electrical Co., Ltd	2025/04/28	2,400,000		860	Pledged	Note pool	N/A			No
Zhuhai Gree Daikin Precision Mold Co., Ltd.	2025/04/28	2,400,000		1,230.45	Pledged	Note pool	N/A			No
Gree New Material Technology (Ma'anshan) Co., Ltd.	2025/04/28	2,400,000		5,375.94	Pledged	Note pool	N/A			No
Zhuhai Gree Precision Mold Co., Ltd.	2025/04/28	2,400,000		30,995.71	Pledged	Note pool	N/A			No
Zhuhai Gree Prefabricated Vegetable	2025/04/28	2,400,000		7.83	Pledged	Note pool	N/A			No

Equipment Technology Development Co., Ltd.										
Hunan Green Resources Recycling Co., Ltd.	2025/04/28	2,400,000		362.6	Pledged	Note pool	N/A			No
Gree (Wuhan) HVAC Equipment Co., Ltd.	2025/04/28	2,400,000		16,781	Pledged	Note pool	N/A			No
Gree (Zhongshan) Small Home Appliances Co., Ltd.	2025/04/28	2,400,000		5,561.92	Pledged	Note pool	N/A			No
Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd.	2025/04/28	2,400,000		566.96	Pledged	Note pool	N/A			No
Gree (Chongqing) Electric Appliances Co., Ltd.	2025/04/28	2,400,000		25,003.5	Pledged	Note pool	N/A			No
Zhengzhou Gree Green Resources Recycling Co., Ltd.	2025/04/28	2,400,000		403.78	Pledged	Note pool	N/A			No
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	2025/04/28	2,400,000		61.64	Pledged	Note pool	N/A			No
Gree Green Control Technology Co., Ltd.	2025/04/28	2,400,000		190.36	Pledged	Note pool	N/A			No
Total amount of guarantees to subsidiaries approved during the report period (B1)			2,400,000	Total amount incurred of guarantees to subsidiaries during the report period (B2)			638,763.43			
Total amount of guarantees to subsidiaries approved at the end of the report period (B3)			2,400,000	Total actual guarantee balance to subsidiaries at the end of the report period (B4)			427,156.39			
Guarantee of subsidiaries to subsidiaries										
Object of Guarantee	Disclosure Date of the Announcement	Guarantee	Actual Date of	Actual Guarantee	Guarantee	Collateral	Counter-guarantee (if	Guarantee	Fulfillment	Guarantee for Affiliated

	Related to the Guarantee Amount	Amount	Incurrence	Amount	Type	(if any)	any)	Period	Completed (Yes/No)	Parties (Yes/No)
Gree Altairnano New Energy Inc.	2022/12/13	435,500	2023/01/13	50,000	Joint liability guarantee				Yes	No
Gree Altairnano New Energy Inc.			2023/11/13	31,900	Joint liability guarantee				Yes	No
Zhejiang DunAn Hetian Metals Co., Ltd.	2025/04/18	50,000	2025/04/29	5,000	Joint liability guarantee				No	No
Zhejiang DunAn Hetian Metals Co., Ltd.	2024/04/19		2024/09/26	5,000	Joint liability guarantee				Yes	No
Zhejiang DunAn Artificial Environment Co., Ltd.	2024/04/19	30,000	2024/08/30	25,000	Joint liability guarantee				No	No
Zhejiang DunAn Artificial Environment Co., Ltd.	2023/04/22	20,000	2023/10/31	20,000	Pledged				Yes	No
Zhejiang DunAn Artificial Environment Co., Ltd.	2023/10/27	30,000	2023/11/20	30,000	Joint liability guarantee				Yes	No
Total amount of guarantees to subsidiaries approved during the report period (C1)			50,000	Total amount incurred of guarantees to subsidiaries during the report period (C2)						86,900
Total amount of guarantees to subsidiaries approved at the end of the report period (C3)			50,000	Total actual guarantee balance to subsidiaries at the end of the report period (C4)						11,538
Total amount of company guarantee (i.e. total of the first three major items)										
Total amount of guarantee approved during the report period (A1+B1+C1)			2,450,000	Total amount of guarantee incurred during the report period (A2+B2+C2)						725,663.43
Total amount of guarantee approved at the end			2,450,000	Total actual guarantee balance at						438,694.39

of the report period (A3+B3+C3)		the end of the report period (A4+B4+C4)	
Proportion of total guarantee balance (i.e., A4+B4+C4) to the Company's net assets		3.01%	

### 3. Entrusting others to execute any cash asset management

#### (1) Entrusted financing

Applicable  Not applicable

Overview of entrusted financial management during the report period

Unit: CNY10,000

Product category	Risk characteristics	Balance of entrusted financial management during the report period	Overdue Uncollected Amount
Bank financial products	Medium-low risk	1,902,514.90	
Trust financial products	Medium-low risk	129,369.12	
Securities traders' financial products	Medium-low risk	1,201,395.58	
Total		3,233,279.60	

Details of the Company's entrustment of financial institutions for asset management as a single principal, or investment in high-risk entrusted financial products with lower security and poor liquidity

Applicable  Not Applicable

#### (2) Entrusted loan

Applicable  Not Applicable

The Company was not involved in any entrusted loan during the report period.

#### 4. Other significant contracts

Applicable  Not Applicable

The Company did not enter into any other significant contracts during the report period.

#### XVI. Use of raised funds

Applicable  Not Applicable

The Company had no use of placements during the report period.

#### XVII. Description of other significant matters

Applicable  Not applicable

Based on confidence in the Company's future development prospects and recognition of the Company's value, Jinghai Internet Technology Development Co., Ltd., a shareholder holding more than 5% of the Company's shares, increased its shareholding in the Company by 46,382,708 shares (accounting for 0.8281% of the Company's total share capital) through centralized bidding using its own funds and special loans for shareholding increase from financial institutions during the period from March 20, 2025 to September 2, 2025, with a total increase amount of CNY2,099,385,500.

#### XVIII. Significant matters of the Company's subsidiaries

Applicable  Not applicable

During the report period, 100% of the equity of Zhuhai Guangtong Automobile Co., Ltd. held by Gree Altairnano New Energy Inc. was frozen by the court. This judicial freeze originated from Wei Yincang, the former actual controller and legal representative of Zhuhai Yinlong New Energy Co., Ltd., the predecessor of Gree Altairnano New Energy Inc., who, without the review and approval of the board of directors and others in accordance with the articles of association of Zhuhai Yinlong New Energy Co., Ltd., illegally provided a guarantee for the valuation adjustment mechanism related to the capital increase of Sunshine Life Insurance Corporation Limited, and was ruled by the Shenzhen Court of International Arbitration to bear liability for compensatory damages. Currently, GREE Altairnano is actively negotiating with the court's enforcement bureau, Sunshine Life Insurance, and others to resolve the case.



## Section VI Changes in Shares and Shareholders

### I. Changes in shares

#### 1. Changes in share capital

Unit: share

	Before Change		Increase or Decrease (+, -)					After Change	
	Quantity	Percentage	New Issue	Bonus Issue	Shares Converted from Capital Reserves	Others	Subtotal	Quantity	Percentage
I. Shares with trading restrictions	86,250,184	1.54%				-6,853,917	-6,853,917	79,396,267	1.42%
1. Shares held by the State									
2. Shares held by state-owned legal person									
3. Shares held by other domestic capital	86,250,184	1.54%				-6,853,917	-6,853,917	79,396,267	1.42%
Including: Shares held by domestic legal person									
Shares held by domestic natural person	86,250,184	1.54%				-6,853,917	-6,853,917	79,396,267	1.42%
4. Shares held by foreign capital									
Including: Shares held by foreign legal person									
Shares held by foreign									

	Before Change		Increase or Decrease (+, -)					After Change	
	Quantity	Percentage	New Issue	Bonus Issue	Shares Converted from Capital Reserves	Others	Subtotal	Quantity	Percentage
natural person									
II. Shares without trading restrictions	5,515,155,557	98.46%				6,853,917	6,853,917	5,522,009,474	98.58%
1. CNY common share	5,515,155,557	98.46%				6,853,917	6,853,917	5,522,009,474	98.58%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	5,601,405,741	100.00%						5,601,405,741	100.00%

Causes for changes in shares

Applicable  Not applicable

The decrease in restricted shares this time was attributable to a decrease in shares locked by senior executives.

Approval of changes in shares

Applicable  Not Applicable

Transfer of share changes

Applicable  Not Applicable

Impact of share changes on financial indicators such as basic earnings per share, diluted earnings per share, and net assets per share attributable to common shareholders of the Company for the latest year and the latest period

Applicable  Not Applicable

Other information deemed necessary by the Company or required to be disclosed by the securities regulatory authority

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 Shares Lifted in the Current Period	Number of Restricted Shares at the End of the Period	Reasons for Restriction	Date of Lifting
Dong Mingzhu	75,598,869.00			75,598,869.00	Senior executive share lockup	-
Zhang Wei	362,496.00			362,496.00	Senior executive share lockup	-
Shu Lizhi	161,039.00			161,039.00	Senior executive share lockup	-
Duan Xiufeng	452,869.00	150,956.00		603,825.00	Senior executive share lockup	-
Fang Xiangjian	606,967.00			606,967.00	Senior executive share lockup	-
Liu Hua		278,961.00		278,961.00	Senior executive share lockup	-
Li Shaobin		291,325.00		291,325.00	Senior executive share lockup	-
Hu Yusheng		372,025.00		372,025.00	Senior executive share lockup	-
Wang Kai		575,362.00		575,362.00	Senior executive share lockup	-
Liao Jianxiong	230,747.00			230,747.00	Senior executive share lockup	-
Zhuang Pei	6,675,455.00		6,675,455.00		Senior executive share lockup	-
Tan Jianming	1,985,769.00		1,985,769.00		Senior executive share lockup	
Deng Xiaobo	320,700.00		320,700.00		Senior executive share lockup	
Others	61,016.00	314,651.00	61,016.00	314,651.00	Senior executive share lockup	
Total	86,455,927.00	1,983,280.00	9,042,940.00	79,396,267.00	--	--

**II. Securities issuance and listing****1. Securities issuance (excluding preferred shares) during the report period** Applicable  Not Applicable

**2. Description of changes in the Company's total number of shares and shareholder structure, and asset and liability structure**

Applicable  Not Applicable

**3. Existing internal employee shares**

Applicable  Not Applicable

### III. Shareholders and actual controllers

#### 1. Number of shareholders and their shareholding status

Unit: share

Total number of common shareholders at the end of the report period	568,403	Total number of common shareholders as of the end of the previous month before the disclosure date of the Annual Report	602,850	Total number of preferred shareholders with restored voting rights (if any) at the end of the report period (See Note 8)	0	Total number of preferred shareholders with restored voting rights (if any) at the end of the previous month before the disclosure date of the Annual Report (See Note 8)	0	
Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders (excluding shares lent through refinancing)								
Name of Shareholder	Nature of Shareholder	Shareholding Proportion	Number of Shares Held at the End of the report period	Increase/Decrease During the report period	Number of Shares With Trading Restrictions Held	Number of Shares Without Trading Restrictions Held	Pledge, Tag, or Freezing	
							Share status	Quantity
Zhuhai Mingjun Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	16.11%	902,359,632	0	0	902,359,632	Pledged	902,359,632
Jinghai Internet Technology Development Co., Ltd.	Domestic non-state-owned legal person	7.83%	438,825,662	46,382,708	0	438,825,662	Pledged	75,000,000
Zhuhai Gree Group Co., Ltd.	State-owned legal person	3.46%	193,895,992	0	0	193,895,992		0
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.42%	191,339,796	-241,251,219	0	191,339,796		0
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	3.21%	179,870,800	0	0	179,870,800		0
Dong Mingzhu	Domestic natural	1.80%	100,798,492	0	75,598,869	25,199,623		0

	person							
Industrial and Commercial Bank of China — Huatai-PineBridge CSI 300 ETF	Others	1.32%	73,816,942	-3,519,679	0	73,816,942		0
Gree Electric Appliances, Inc. of Zhuhai – Phase III Employee Stock Ownership Plan	Others	1.13%	63,195,095	63,195,095	0	63,195,095		0
China Construction Bank — E Fund CSI 300 Initiated ETF	Others	0.94%	52,788,027	-573,233	0	52,788,027		0
Industrial and Commercial Bank of China — China AMC CSI 300 ETF	Others	0.72%	40,285,181	4,814,600	0	40,285,181		0
Circumstances where a strategic investor or general legal person becomes one of the top 10 shareholders due to placement of new shares	N/A							
Description of association 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 association between the above shareholders or whether they are persons acting in concert.							
Description of the above-mentioned shareholders' involvement in entrusting/being entrusted with and waiving voting rights	N/A							
Special note on the existence of a repurchase account among the top 10 shareholders	N/A							
Shareholding of the top 10 shareholders of shares without trading restrictions (excluding shares lent through refinancing or lock-up shares of senior executives)								
Name of Shareholder	Number of Shares without Trading Restrictions Held at the End of the Report Period	Type of Shares						
		Type of Shares	Quantity					
Zhuhai Mingjun Investment Partnership (Limited Partnership)	902,359,632	RMB common share	902,359,632					
Jinghai Internet Technology Development Co., Ltd.	438,825,662	RMB common share	438,825,662					
Zhuhai Gree Group Co., Ltd.	193,895,992	RMB common share	193,895,992					

Hong Kong Securities Clearing Company Ltd.		191,339,796	RMB common share	191,339,796
China Securities Finance Corporation Limited		179,870,800	RMB common share	179,870,800
Industrial and Commercial Bank of China — Huatai-PineBridge CSI 300 ETF		73,816,942	RMB common share	73,816,942
Gree Electric Appliances, Inc. of Zhuhai – Phase III Employee Stock Ownership Plan		63,195,095	RMB common share	63,195,095
China Construction Bank — E Fund CSI 300 Initiated ETF		52,788,027	RMB common share	52,788,027
Industrial and Commercial Bank of China — China AMC CSI 300 ETF		40,285,181	RMB common share	40,285,181
Sunshine Life Insurance Corporation Limited - Traditional Insurance Products		36,637,729	RMB common share	36,637,729
Description of the association or concerted action between the top 10 shareholders of circulating shares without trading restrictions, as well as between the top 10 shareholders of circulating shares without trading restrictions 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 association between the above shareholders or whether they are persons acting in concert.			
Description of the top 10 common shareholders in securities margin trading (if any) (see Note 4)	N/A			

Description of shareholders holding more than 5% of the shares, the top 10 shareholders, and the top 10 shareholders of circulating shares without trading restrictions in lending shares through refinancing

Applicable  Not Applicable

Change compared with the previous period due to the lending/repayment through refinancing of the top 10 shareholders and the top 10 shareholders of circulating shares without trading restrictions

Applicable  Not Applicable

Do the top 10 common shareholders and top 10 common shareholders without trading restrictions of the Company conduct agreed repurchase transactions during the report period?

Yes  No

The top 10 common shareholders and top 10 common shareholders without trading restrictions of the Company didn't conduct agreed repurchase transactions during the report period.

## 2. The Company's controlling shareholder

Nature of controlling shareholder: No controlling entity

Type of controlling shareholder: No controlling shareholder

Description of no controlling shareholder for the Company

On December 2, 2019, Gree Group and Zhuhai Mingjun signed the Share Transfer Agreement Between Zhuhai Gree Group Co., Ltd. and Zhuhai Mingjun Investment Partnership (Limited Partnership) on 15% of the Shares of Gree Electric Appliances, Inc. of Zhuhai, to transfer 902,359,632 shares of the Company to Zhuhai Mingjun. After the transaction was completed, Zhuhai Mingjun, the single largest shareholder, and Dong Mingzhu, the person acting in concert, could not pass specific resolutions based on their actual voting rights of the listed company's shares, so they had no significant impact on the resolutions of the general meeting of shareholders of the listed company or a sole discretion for the election of more than half of the members of the Board of Directors of the listed company. Therefore, the listed company had no controlling shareholders and actual controllers. For details, please refer to the *Reply to the Inquiry Letter from Shenzhen Stock Exchange* disclosed by the Company on CNINFO (<http://www.cninfo.com.cn/new/index>) on January 18, 2020.

Change in controlling shareholder during the report period

Applicable  Not Applicable

There was no change in the controlling shareholder of the Company during the report period.

## 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 of no actual controller for the Company

On December 2, 2019, GGree Group and Zhuhai Mingjun signed the Share Transfer Agreement Between Zhuhai Gree Group Co., Ltd. and Zhuhai Mingjun Investment Partnership (Limited Partnership) on 15% of the Shares of Gree Electric Appliances, Inc. of Zhuhai, to transfer 902,359,632 shares of the listed company to Zhuhai Mingjun. After the transaction was completed, Zhuhai Mingjun, the single largest shareholder, and Dong Mingzhu, the person acting in concert, could not pass specific resolutions based on their actual voting rights of the listed company's shares, so they had no significant impact on the resolutions of the general meeting of shareholders of the listed company or a sole discretion for the election of more than half of the members of the Board of Directors of the listed company. Therefore, the listed company had no controlling shareholders and actual controllers. For details, please refer to the *Reply to the Inquiry Letter from Shenzhen Stock Exchange* disclosed by the Company on CNINFO (<http://www.cninfo.com.cn/new/index>) on January 18, 2020.

Are there shareholders with a shareholding ratio of more than 10% at the ultimate control level of the Company?

Yes  No

Legal person  Natural person

Shareholding at the ultimate control level

Name of Shareholder at the Ultimate Control Level	Legal Representative/ Head	Date of Establishment	Organization Code	Main Business
Zhuhai Mingjun Investment	Zhuhai Xianying	2017/05/11	91440400MA4WJBC R4W	General project: Equity investment, investment

Name of Shareholder at the Ultimate Control Level	Legal Representative/ Head	Date of Establishment	Organization Code	Main Business
Partnership (Limited Partnership)	Equity Investment Partnership (Limited Partnership)			management, asset management, and other businesses through privately offered funds (businesses can only be carried out after registration and filing with the Asset Management Association of China). (Except for projects that require approval by law, independent business operations are carried out with the business license in accordance with the law.)
Equity of other domestic and overseas listed companies controlled by the shareholder at the ultimate control level during the report period	N/A			

Change in the actual controller during the report period

Applicable  Not Applicable

The company has no controlling shareholders or actual controllers.

Control of the Company through a trust or other asset management methods by the actual controller

Applicable  Not Applicable

**4. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and its persons acting in concert reached 80% of the number of shares held by them in the Company.**

Applicable  Not applicable

Name	Type of Shareholder	Total Amount of Stock Pledge Financing (CNY10,000)	Purpose	Repayment Period	Source of Repayment Funds	Risk of Debt Repayment or Closing a Position (Yes/No)	Impact on the Stability of the Control of the Company (Yes/No)
Zhuhai Mingjun Investment Partnership (Limited Partnership)	The largest shareholder	1,238,200	Repayment of original loan	2027/04/30	Own and self-raised funds	No	No
Dong Mingzhu	Persons acting in concert with the largest						

Name	Type of Shareholder	Total Amount of Stock Pledge Financing (CNY10,000)	Purpose	Repayment Period	Source of Repayment Funds	Risk of Debt Repayment or Closing a Position (Yes/No)	Impact on the Stability of the Control of the Company (Yes/No)
	shareholder						
Total		1,238,200					

#### 5. Other corporate shareholders holding more than 10% of shares

Applicable  Not Applicable

#### 6. Restrictions on shareholding reduction by controlling shareholder(s), actual controller(s), restructuring parties and other committed entities

Applicable  Not Applicable

### IV. Implementation of share repurchase during the report period

Implementation progress of share repurchase

Applicable  Not Applicable

Implementation progress of reducing holdings of repurchased shares through centralized bidding

Applicable  Not Applicable

### V. Information on preferred shares

Applicable  Not Applicable

The Company did not have any preferred shares during the report period.

## Section VII Bond Information

Applicable  Not Applicable

## Section VIII Financial Statements

### I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	April 28, 2026
Name of audit institution	Union Power Certified Public Accountants (Special General Partnership)
Number of audit report	ZHSZ [2026] No. 0500452
Name of certified public accountant	Qiu Yiwu, Wu Xiafei

Audit report text

### Audit Report

ZHSZ [2026] No. 0500452

**All shareholders of Gree Electric Appliances, Inc. of Zhuhai:**

#### I. 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 Company's Balance Sheets as of December 31, 2025, and the 2025 Consolidated and Company's Income Statements, 2025 Consolidated and Company's Cash Flow Statements, and 2025 Consolidated and Company's Statements of Changes in Shareholders' Equity and Notes to Financial Statements.

In our opinion, the attached financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises and fairly reflected the consolidated and your company's financial position of your company as of December 31, 2025, and the consolidated and Company's operating results and cash flows in 2025.

#### II. Basis for forming audit opinions

We have conducted our audit work according to the provisions of the *Audit Standards for Certified Public Accountants of China*. The part of "CPA's responsibility for the audit of financial statements" in the audit report describes our responsibilities under these standards. In accordance with the independence standards for Chinese Certified Public Accountants and the Code of Ethics for Chinese Certified Public Accountants, we are independent of your company and have fulfilled our other ethical responsibilities. We have also complied with the independence requirements

applicable to public interest entities. We believe that the audit evidence obtained by us is sufficient and appropriate, providing a basis for expressing our audit opinion.

### III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. The response to these matters is based on the overall audit of the financial statements and the formation of audit opinions. We do not give separate opinions on these matters. We have determined the following matters to be key audit matters that need to be communicated in the audit report.

#### (I) Accrual of inventory falling price reserves

Key audit matters	Coping methods
<p>Refer to "Note III. 14," "Note V. 10," and "Note V. 65" in the financial statements.</p> <p>As of December 31, 2025, the book value of inventory in your company's consolidated balance sheet was CNY28,183,464,300, wherein the book balance of inventory was CNY31,450,131,100 and the inventory falling price reserves were CNY3,266,666,900.</p> <p>Recognition of the inventory falling price reserves depends on the estimation of the net realizable value of the inventory. For recognition of the net realizable value of the inventory, the management should estimate the future selling price of inventory, the costs (if related) to be incurred until completion, the sales expenses, and the related taxes and fees. In consideration of the importance of recognition of the inventory and inventory falling price reserves to the consolidated financial statements and the complicated calculation process of inventory falling price reserves, and significant judgments, assumptions, and estimates of the management involved during the</p>	<ol style="list-style-type: none"> <li>1. Understand, evaluate, and test the effectiveness of the design and execution of internal controls related to the recognition of inventory falling price reserves.</li> <li>2. Evaluate the significant judgments, assumptions, and estimates involved in management's calculation of net realizable value, and review the basis and documents on which management determines the future selling price of the inventory, the costs incurred until completion (if related), the sales expenses, and the related taxes and fees.</li> <li>3. Carry out audit procedures such as inspection and recalculation. Especially for the determination of the net realizable value of the inventory, recalculate according to relevant data.</li> <li>4. Analyze and review the inventory aging to determine whether the accrual of inventory falling price reserves is sufficient.</li> <li>5. Supervise the inventory-taking, and during</li> </ol>

Key audit matters	Coping methods
<p>determination of the net realizable value of the inventory, there may be error or potential management bias. Therefore, we identified it as a key audit matter for your company.</p>	<p>the supervising process, in addition to paying attention to the authenticity and accuracy of the inventory, focus on the usage status of the inventory to check whether there is inventory in a stagnant or defective condition and to evaluate the adequacy of the accrual of inventory falling price reserves.</p> <p>6. Review the adequacy of the disclosure of information related to inventory falling price reserves in "Note III. 14", "Note V. 10", and "Note V. 65" in the financial statements.</p>

**(II) Revenue recognition**

Key audit matters	Coping methods
<p>Please refer to Note III. 32 and Note V. 54 in the financial statements.</p> <p>In the 2025 and 2024 consolidated financial statements of your company, the revenue from selling goods was CNY170,447,058,500 and CNY189,163,654,100 respectively, a year-on-year decrease of 9.89%.</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"> <li>1. Understand, evaluate, and test the effectiveness of the design and execution of internal controls related to revenue recognition.</li> <li>2. Review sales contract samples, understand the delivery terms of the transaction, and evaluate whether the business model is consistent with revenue recognition, whether the sales contract terms comply with industry practices, and whether the revenue recognition accounting policies comply with the requirements of <i>Accounting Standards for Business Enterprises</i>.</li> <li>3. Check the original supporting documents related to revenue recognition, such as orders, delivery notes, and arrival receipts based on audit sampling, to evaluate</li> </ol>

Key audit matters	Coping methods
	<p>whether revenue has truly been incurred and whether it has been recognized according to accounting policies.</p> <ol style="list-style-type: none"> <li>4. Implement the letter verification procedure and check the original documents and payment status for discrepancies in the response letter to evaluate the accuracy and authenticity of the revenue amount incurred.</li> <li>5. Carry out an analysis program to analyze from different dimensions such as monthly fluctuations, sales regions, product categories, and product profit margins to verify the reasonableness of the transaction.</li> <li>6. Carry out cut-off test program and post-test program to check for any revenue intertemporal or sales return to address revenue intertemporal.</li> <li>7. Review the adequacy of the disclosure of information related to revenue recognition in Note III. 32 and Note V. 54 in the financial statements.</li> </ol>

#### IV. Other information

The management of your company is responsible for other information. Other information includes the information covered in the 2025 Annual Report of your company, excluding the financial statements and our audit reports.

Our audit opinions on financial statements do not cover any other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read 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, 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.

**V. Responsibilities of management and governance for financial statements**

The management of your company (hereinafter referred to as the "management") is responsible for preparing the financial statements in accordance with the requirements of *Accounting Standards for Business Enterprises* to achieve a fair presentation, and for 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.

When preparing financial statements, the management is responsible for evaluating your company's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the assumption of going concern, unless the management plans to liquidate your company, cease operations, or has no other realistic choice.

The governance is responsible for overseeing your company's financial reporting process.

**VI. CPA's responsibilities for the audit of the financial statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements caused by fraud or error and to issue an audit report containing an audit opinion. Reasonable assurance is a high-level 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 may 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 related to the audit in order to design appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the 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 might cast significant doubt on your company's ability to continue as a going concern. If we conclude that there was a significant uncertainty, we are required by audit standards to draw the attention of report users to the relevant disclosures in the financial statements in the audit report; if such disclosures are inadequate, we should express a non-unqualified opinion. Our conclusions are based on the information available as of the audit report date. 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, and evaluate whether the financial statements fairly reflect relevant transactions and events.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of your company's entity or business activities to express an opinion on the financial statements. We are responsible for guiding, supervising, and implementing group audits. We remain solely responsible for the audit opinions.

We communicate with the governance regarding, among other matters, the planned audit scope, schedule, and major audit findings, including any significant deficiencies in internal control that we identify during the audit.

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

From the matters discussed with the governance, we determine the matters that are of most significance in the audit of the financial statements of the current period, 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 rare cases, we determine that a matter should not be

communicated in the audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Union Power Certified Public Accountants Certified Public Accountant of China:  
(Special General Partnership)

(engagement partner):

Qiu Yiwu

Certified Public Accountant of China:

Wu Xiafei

Wuhan, China

April 28, 2026

**Consolidated Balance Sheet**

December 31, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	December 31, 2025	January 1, 2025
<b>Current assets:</b>			
Monetary funds	V. 1	110,553,006,650.89	113,900,461,797.94
Lending funds			
Trading financial assets	V. 2	31,336,448,103.06	16,548,258,632.49
Derivative financial assets			
Notes receivable	V. 3	883,500.00	
Accounts receivable	V. 4	15,987,180,598.76	16,831,887,388.06
Receivables financing	V. 6	6,496,151,873.03	9,600,726,284.77
Advance payments	V. 7	1,211,213,034.38	1,530,312,318.65
Other receivables	V. 8	327,529,462.48	869,731,224.40
Including: Interests receivable			
Dividends receivable			4,325,690.04
Buying back the sale of financial assets	V. 9	4,800,560,684.94	5,625,977,294.57
Inventory	V. 10	28,183,464,259.53	27,910,910,515.55
Contract assets	V. 5	399,828,954.57	592,399,551.89
Assets held for sale			
Non-current assets due within one year	V. 11	33,339,455,877.10	13,854,786,730.73
Other current assets	V. 12	18,307,828,898.69	17,537,456,912.83
<b>Total current assets</b>		<b>250,943,551,897.43</b>	<b>224,802,908,651.88</b>
<b>Non-current assets:</b>			
Disbursement of loans and advances	V. 13	2,298,410,033.80	431,208,935.61
Debt investment	V. 14		1,001,466,666.64
Other debt investments	V. 15	24,062,391,354.36	7,016,555,220.76
Long-term receivables	V. 16	4,834,731.36	9,483,113.92
Long-term equity investments	V. 17	4,235,017,009.65	4,355,712,251.54
Other equity instrument investments	V. 18	2,419,998,043.64	3,039,588,563.46
Other non-current financial assets	V. 19	89,060,694.31	
Investment real estate	V. 20	360,503,333.85	464,658,386.20
Fixed assets	V. 21	34,396,429,584.38	36,996,168,856.84
Construction in progress	V. 22	1,337,977,987.35	3,076,380,868.80
Usufruct assets	V. 23	675,889,598.70	789,763,790.64
Intangible assets	V. 24	9,864,783,740.00	10,438,873,258.01
Development expenditures			
Goodwill	V. 25	1,324,117,904.09	1,367,729,072.13
Long-term unamortized expenses	V. 26	36,863,120.95	37,344,681.11
Deferred income tax assets	V. 27	16,712,029,148.34	17,670,885,568.93
Other non-current assets	V. 28	42,610,141,637.28	56,532,976,636.39
<b>Total non-current assets</b>		<b>140,428,447,922.06</b>	<b>143,228,795,870.98</b>
<b>Total assets</b>		<b>391,371,999,819.49</b>	<b>368,031,704,522.86</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:

**Consolidated Balance Sheet (Continued)**

December 31, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	December 31, 2025	January 1, 2025
<b>Current liabilities:</b>			
Short-term borrowings	V. 30	67,956,629,538.51	39,009,527,273.22
Borrowings from the central bank			
Loans from other banks			
Trading financial liabilities			
Derivative financial liabilities	V. 31	65,094,952.36	170,740,734.87
Notes payable	V. 32	15,544,348,535.69	14,479,000,765.12
Accounts payable	V. 33	42,103,940,920.24	47,091,320,744.05
Advance receipts			
Contract liabilities	V. 34	15,206,576,385.44	12,491,059,928.53
Financial assets sold for repurchase			
Deposits from customers and interbank	V. 35	208,923,102.80	307,788,319.03
Payroll payable	V. 36	3,428,525,529.34	4,390,657,219.55
Taxes and dues payable	V. 37	1,931,908,540.48	2,713,045,051.02
Other payables	V. 38	11,240,989,639.29	4,556,911,705.22
Including: Interests payable			
Dividends payable		5,591,546,379.65	3,889,950.33
Liabilities held for sale			
Non-current liabilities due within one year	V. 39	13,668,113,331.54	15,577,179,285.89
Other current liabilities	V. 40	60,214,780,720.57	60,338,210,355.36
<b>Total current liabilities</b>		<b>231,569,831,196.26</b>	<b>201,125,441,381.86</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	V. 41	3,134,980,571.73	18,229,817,922.13
Bonds payable			
Including: Preferred share			
Perpetual bond			
Lease liabilities	V. 42	652,797,306.31	711,291,189.69
Long-term payables	V. 43		7,912,428.09
Long-term payroll payable	V. 44	211,772,286.06	232,702,529.58
Estimated liabilities			
Deferred income	V. 45	3,324,936,573.20	3,409,749,454.13
Deferred income tax liabilities	V. 27	2,686,401,211.23	2,801,094,669.41
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>10,010,887,948.53</b>	<b>25,392,568,193.03</b>
<b>Total liabilities</b>		<b>241,580,719,144.79</b>	<b>226,518,009,574.89</b>
<b>Shareholders' equity:</b>			
Share capital	V. 46	5,601,405,741.00	5,601,405,741.00
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserves	V. 47	1,680,630,216.62	472,179,369.50
Less: Treasury share	V. 48	1,703,501,506.10	2,616,565,976.68
Other comprehensive income	V. 49	125,657,726.14	182,018,285.77
Special reserves	V. 50	34,898,349.34	31,676,129.88
Surplus reserves	V. 51	1,234,137,135.52	1,789,443,715.25
General risk reserves	V. 52	512,918,996.50	509,245,480.58
Undistributed profits	V. 53	138,443,151,145.00	131,447,496,201.09
Total equity attributable to shareholders of the parent company		145,929,297,804.02	137,416,898,946.39
Minority equity		3,861,982,870.68	4,096,796,001.58
<b>Total shareholders' equity</b>		<b>149,791,280,674.70</b>	<b>141,513,694,947.97</b>
<b>Total liabilities and shareholders' equity</b>		<b>391,371,999,819.49</b>	<b>368,031,704,522.86</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:

## Consolidated Income Statement

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	2025	2024
<b>I. Total operating revenue</b>		<b>171,118,161,275.41</b>	<b>190,038,071,604.78</b>
Including: Operating revenue	V. 54	170,447,058,533.57	189,163,654,064.64
Interest income	V. 55	671,102,741.84	874,417,456.85
Service charge and commission income			83.29
<b>II. Total operating costs</b>		<b>137,548,893,694.33</b>	<b>154,868,311,110.52</b>
Including: Operating costs	V. 54	119,641,353,216.21	133,496,119,623.36
Interest expense	V. 55	26,783,481.38	158,700,589.03
Service charge and commission expenses		321,690.16	364,496.62
Taxes and surcharges	V. 56	1,912,423,134.47	1,798,827,795.44
Sales expenses	V. 57	8,410,739,569.54	9,753,022,469.17
Administrative expenses	V. 58	5,180,260,235.38	6,057,608,713.94
R&D expenses	V. 59	6,463,100,763.66	6,904,084,981.92
Financial expenses	V. 60	-4,086,088,396.47	-3,300,417,558.96
Including: Interest expenses		1,964,864,912.15	2,378,372,721.06
Interest income		5,885,051,089.40	5,999,412,762.36
Add: Other income	V. 61	1,338,729,614.54	2,724,657,818.37
Income from investments (losses expressed with	V. 62	402,248,047.83	560,281,846.36
Including: Income from investments in joint		36,369,594.25	14,219,875.64
Income from the derecognition of financial			
Income from net exposure hedging (losses			
Income from changes in fair value (losses expressed	V. 63	164,255,550.24	-273,975,504.34
Credit impairment losses (losses expressed with	V. 64	511,705,453.46	-522,432,617.72
Asset impairment losses (losses expressed with "--")	V. 65	-1,357,124,952.49	-686,819,202.27
Income from disposal of assets (losses expressed	V. 66	52,212,257.62	16,965,090.94
<b>III. Operating profits (losses expressed with "--")</b>		<b>34,681,293,552.28</b>	<b>36,988,437,925.60</b>
Add: Non-operating revenue	V. 67	79,301,701.30	72,190,967.82
Less: Non-operating expenses	V. 68	115,936,302.46	164,633,045.12
<b>IV. Total profits (total losses expressed with "--")</b>		<b>34,644,658,951.12</b>	<b>36,895,995,848.30</b>
Less: Income tax expenses	V. 69	5,781,912,934.96	4,524,926,560.95
<b>IV. Net profits (net losses expressed with "--")</b>		<b>28,862,746,016.16</b>	<b>32,371,069,287.35</b>
(I) Classification by business continuity:			
1. Net profits from continuing operations (net losses		28,884,734,398.13	32,311,066,123.10
2. Net profits from discontinuing operations (net losses		-21,988,381.97	60,003,164.25
(II) Classification by ownership:			
1. Net profits attributable to shareholders of the parent		29,003,103,411.66	32,184,570,372.28
2. Minority interest income (net losses expressed with "--")		-140,357,395.50	186,498,915.07
<b>VI. Net of tax of other comprehensive income</b>	V. 49	<b>343,477,882.27</b>	<b>180,264,674.95</b>
(I) Net of tax of other comprehensive income attributable to		318,547,901.41	175,599,320.20
1. Other comprehensive income that cannot be reclassified		371,538,525.37	141,296,779.55
(1) Changes arising from remeasurement of the defined		-4,552,141.00	-34,144,434.00
(2) Other comprehensive income that cannot be transferred to		-35,134,551.63	-147,457,182.75
(3) Changes in fair value of other equity instrument		411,225,218.00	322,898,396.30
(4) Changes in fair value of the Company's own credit risk			
(5) Others			
2. Other comprehensive income to be reclassified into profits		-52,990,623.96	34,302,540.65
(1) Other comprehensive income that can be transferred to		916,691.34	-82,393.76
(2) Changes in fair value of other debt investments		-7,261,274.28	16,578,380.61
(3) Amount of financial assets reclassified into and included			
(4) Reserves for credit impairment of other debt investments		6,469,154.30	1,291,886.08
(5) Cash flow hedging reserves		2,492,765.00	-4,944,143.75
(6) Differences arising from the translation of financial		-55,607,960.32	21,458,811.47
(7) Others			
(II) Net of tax of other comprehensive income attributable to		24,929,980.86	4,665,354.75
<b>VII. Total comprehensive income</b>		<b>29,206,223,898.43</b>	<b>32,551,333,962.30</b>
(I) Total comprehensive income attributable to shareholders of		29,321,651,313.07	32,360,169,692.48
(II) Total comprehensive income attributable to minority		-115,427,414.64	191,164,269.82
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (yuan/share)		5.20	5.83
(II) Diluted earnings per share (yuan/share)		5.20	5.83

Legal Representative:

Chief Accountant:

Head of Accounting Department:

# Consolidated Cash Flow Statement

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	2025	2024
<b>I. Cash flows from operating activities:</b>			
Cash received from the sale of goods or the rendering of services		180,152,594,833.80	171,937,113,993.38
Net increase in deposits from customers and interbank		-97,277,745.41	50,560,729.20
Net increase in borrowings from the central bank			
Net increase in loans from other banks			
Cash received for interests, service charges, and commissions		200,053,993.35	690,447,891.17
Net increase in loans from other banks			
Net increase in repurchase business capital			
Refund of taxes and levies		3,374,836,508.02	3,596,859,028.53
Other cash received related to operating activities	V. 70 (1)	18,284,568,266.19	3,249,319,163.59
<b>Subtotal of cash inflows from operating activities</b>		<b>201,914,775,855.95</b>	<b>179,524,300,805.87</b>
Cash paid for goods acquired and services received		117,300,948,888.33	108,253,725,552.93
Net increase in customer loans and advances		1,096,845,000.00	1,579,170,000.00
Net increase in deposits with central bank and interbank funds		35,123,619.38	485,197,013.98
Net increase in lending funds			
Cash paid for interests, service charges, and commissions		23,127,968.03	157,403,936.47
Cash paid to and on behalf of employees		11,967,701,115.43	11,779,145,121.58
Payment of taxes and levies		15,902,339,423.32	16,976,161,858.63
Other cash paid related to operating activities	V. 70 (1)	9,205,575,087.44	10,924,246,751.62
<b>Subtotal of cash outflows from operating activities</b>		<b>155,531,661,101.93</b>	<b>150,155,050,235.21</b>
<b>Net cash flows from operating activities</b>		<b>46,383,114,754.02</b>	<b>29,369,250,570.66</b>
<b>II. Cash flows from investment activities:</b>			
Cash received from the recovery of investment		29,499,539,681.50	28,787,096,787.35
Cash received from return of investment		546,108,703.90	618,087,953.81
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets		756,542,121.37	183,166,640.30
Net cash received from the disposal of subsidiaries and other business entities			100,813,456.40
Other cash received related to investment activities	V. 70 (2)	8,971,809,133.77	5,165,700,914.89
<b>Subtotal of cash inflows from investment activities</b>		<b>39,773,999,640.54</b>	<b>34,854,865,752.75</b>
Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets		1,717,311,068.10	3,299,787,341.22
Cash paid for investments		61,670,145,246.69	42,462,983,876.69
Net cash paid for the acquisition of subsidiaries and other business entities			209,444,845.48
Other cash paid related to investment activities	V. 70 (2)	24,986,042,930.47	4,440,559,304.93
<b>Subtotal of cash outflows from investment activities</b>		<b>88,373,499,245.26</b>	<b>50,412,775,368.32</b>
<b>Net cash flows from investment activities</b>		<b>-48,599,499,604.72</b>	<b>-15,557,909,615.57</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment		90,033,154.11	61,239,812.00
Including: Cash received from minority shareholders' investments in subsidiaries		19,004,404.11	61,239,812.00
Cash received from borrowings		72,504,157,963.57	69,114,070,361.03
Other cash received related to financing activities	V. 70 (3)	15,216,270,418.08	5,382,824,066.67
<b>Subtotal of cash inflows from financing activities</b>		<b>87,810,461,535.76</b>	<b>74,558,134,239.70</b>
Cash paid for debts		60,948,543,396.16	82,643,007,052.90
Cash paid for dividends and profits or interests		18,171,241,079.96	15,133,493,514.47
Including: Dividends and profits paid to minority shareholders by subsidiaries		45,284,966.10	35,819,000.00
Other cash paid related to financing activities	V. 70 (3)	85,090,969.80	484,846,580.49
<b>Subtotal of cash outflows from financing activities</b>		<b>79,204,875,445.92</b>	<b>98,261,347,147.86</b>
<b>Net cash flows from financing activities</b>		<b>8,605,586,089.84</b>	<b>-23,703,212,908.16</b>
<b>IV. Impact of foreign exchange rate changes on cash and cash equivalents</b>		<b>36,301,630.25</b>	<b>118,633,846.78</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>6,425,502,869.39</b>	<b>-9,773,238,106.29</b>
Add: Beginning balance of cash and cash equivalents		21,140,958,080.12	30,914,196,186.41
<b>VI. Ending balance of cash and cash equivalents</b>		<b>27,566,460,949.51</b>	<b>21,140,958,080.12</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:

## Consolidated Statement of Changes in Shareholders' Equity

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	2025														
	Equity attributable to shareholders of the parent company													Minority equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal		
Preferred share	Perpetual bond	Others													
<b>I. Ending balance of the previous year</b>	5,601,405,741.00				472,179,369.50	2,616,565,976.68	182,018,285.77	31,676,129.88	1,789,443,715.25	509,245,480.58	131,447,496,201.09		137,416,898,946.39	4,096,796,001.58	141,513,694,947.97
Add: Changes in accounting policies															
Early error correction															
Business combination under common control															
Others															
<b>II. Beginning balance of the current year</b>	5,601,405,741.00				472,179,369.50	2,616,565,976.68	182,018,285.77	31,676,129.88	1,789,443,715.25	509,245,480.58	131,447,496,201.09		137,416,898,946.39	4,096,796,001.58	141,513,694,947.97
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>					1,208,450,847.12	-913,064,470.58	-56,360,559.63	3,222,219.46	-555,306,579.73	3,673,515.92	6,995,654,943.91		8,512,398,857.63	-234,813,130.90	8,277,585,726.73
<b>(I) Total comprehensive income</b>							318,547,901.41				29,003,103,411.66		29,321,651,313.07	-115,427,414.64	29,206,223,898.43
<b>(II) Capital invested and reduced by shareholders</b>					1,208,450,847.12	-913,064,470.58			-570,954,146.72				1,550,561,170.98	-74,218,358.22	1,476,342,812.76
1. Common shares invested by shareholders														19,004,404.11	19,004,404.11
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in shareholders' equity					1,445,649,873.56								1,445,649,873.56	14,830,573.16	1,460,480,446.72
4. Others					-237,199,026.44	-913,064,470.58			-570,954,146.72				104,911,297.42	-108,053,335.49	-3,142,038.07
<b>(III) Profit distribution</b>										3,673,515.92	-22,344,228,479.92		-22,340,554,964.00	-47,802,654.42	-22,388,357,618.42
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves										3,673,515.92	-3,673,515.92				
3. Distribution to shareholders											-22,340,554,964.00		-22,340,554,964.00	-47,802,654.42	-22,388,357,618.42
4. Others															
<b>(IV) Internal carry-over of shareholders' equity</b>							-374,908,461.04		15,647,566.99		336,780,012.17		-22,480,881.88		-22,480,881.88
1. Transfer of capital reserves into capital (or share capital)															
2. Transfer of surplus reserves into capital (or share capital)															
3. Surplus reserves for making up losses															
4. Changes in the defined benefit plan carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings							-374,908,461.04		15,647,566.99		336,780,012.17		-22,480,881.88		-22,480,881.88
6. Others															
<b>(V) Special reserves</b>								3,222,219.46					3,222,219.46	2,635,296.38	5,857,515.84
1. Amount withdrawn in the current period													6,051,563.43	3,152,499.76	9,204,063.19
2. Amount used in the current period													2,829,343.97	517,203.38	3,346,547.35
<b>(VI) Others</b>															
<b>IV. Ending balance of this year</b>	5,601,405,741.00				1,680,630,216.62	1,703,501,506.10	125,657,726.14	34,898,349.34	1,234,137,135.52	512,918,996.50	138,443,151,145.00		145,929,297,804.02	3,861,982,870.68	149,791,280,674.70

Legal Representative:

Chief Accountant:

Head of Accounting Department:

## Consolidated Statement of Changes in Shareholders' Equity (Continued)

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	2024														Minority equity	Total shareholders' equity
	Equity attributable to shareholders of the parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others				
Preferred share	Perpetual bond	Others	Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal					
<b>I. Ending balance of the previous year</b>	5,631,405,741.00				1,352,522,393.67	-4,942,723,911.44	275,538,293.30	26,969,643.44	1,731,130,024.40	507,223,117.40	112,211,650,801.62		116,793,716,103.39	3,852,437,313.05	120,646,153,416.44	
Add: Changes in accounting policies																
Early error correction																
Business combination under common control																
Others																
<b>II. Beginning balance of the current year</b>	5,631,405,741.00				1,352,522,393.67	-4,942,723,911.44	275,538,293.30	26,969,643.44	1,731,130,024.40	507,223,117.40	112,211,650,801.62		116,793,716,103.39	3,852,437,313.05	120,646,153,416.44	
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>	-30,000,000.00				-880,343,024.17	-2,326,157,934.76	-93,520,007.53	4,706,486.44	58,313,690.85	2,022,363.18	19,235,845,399.47		20,623,182,843.00	244,358,688.53	20,867,541,531.53	
<b>(I) Total comprehensive income</b>							175,599,320.20				32,184,570,372.28		32,360,169,692.48	191,164,269.82	32,551,333,962.30	
<b>(II) Capital invested and reduced by shareholders</b>	-30,000,000.00				-880,343,024.17	-2,326,157,934.76							1,415,814,910.59	84,888,119.69	1,500,703,030.28	
1. Common shares invested by shareholders					19,006,782.78								19,006,782.78	3,162,968.80	22,169,751.58	
2. Capital invested by holders of other equity instruments																
3. Amount of share-based payments recognized in shareholders' equity					321,918,559.82								321,918,559.82	18,701,078.43	340,619,638.25	
4. Others	-30,000,000.00				-1,221,268,366.77	-2,326,157,934.76							1,074,889,567.99	63,024,072.46	1,137,913,640.45	
<b>(III) Profit distribution</b>									32,929,994.98	2,022,363.18	-13,177,178,235.64		-13,142,225,877.48	-35,819,000.00	-13,178,044,877.48	
1. Withdrawal of surplus reserves									32,929,994.98		-32,929,994.98					
2. Withdrawal of general risk reserves										2,022,363.18	-2,022,363.18					
3. Distribution to shareholders											-13,142,225,877.48		-13,142,225,877.48	-35,819,000.00	-13,178,044,877.48	
4. Others																
<b>(IV) Internal carry-over of shareholders' equity</b>							-269,119,327.73		25,383,695.87		228,453,262.83		-15,282,369.03		-15,282,369.03	
1. Transfer of capital reserves into capital (or share capital)																
2. Transfer of surplus reserves into capital (or share capital)																
3. Surplus reserves for making up losses																
4. Changes in the defined benefit plan carried forward to retained earnings																
5. Other comprehensive income carried forward to retained earnings							-269,119,327.73		25,383,695.87		228,453,262.83		-15,282,369.03		-15,282,369.03	
6. Others																
<b>(V) Special reserves</b>								4,706,486.44					4,706,486.44	4,125,299.02	8,831,785.46	
1. Amount withdrawn in the current period									10,069,964.53				10,069,964.53	5,366,906.56	15,436,871.09	
2. Amount used in the current period									5,363,478.09				5,363,478.09	1,241,607.54	6,605,085.63	
<b>(VI) Others</b>																
<b>IV. Ending balance of this year</b>	5,601,405,741.00				472,179,369.50	2,616,565,976.68	182,018,285.77	31,676,129.88	1,789,443,715.25	509,245,480.58	131,447,496,201.09		137,416,898,946.39	4,096,796,001.58	141,513,694,947.97	

Legal Representative:

Chief Accountant:

Head of Accounting Department:

**Balance Sheet of Company**

December 31, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	December 31, 2025	January 1, 2025
<b>Current assets:</b>			
Monetary funds		99,296,036,057.99	104,997,483,796.94
Trading financial assets		31,317,023,164.05	16,481,965,416.85
Derivative financial assets			14,619,878.74
Notes receivable			
Accounts receivable	XVI. 1	3,917,930,894.88	4,827,772,360.37
Receivables financing		3,644,375,633.59	7,006,718,140.32
Advance payments		28,078,988,222.58	28,545,633,730.59
Other receivables	XVI. 2	7,758,388,056.56	10,199,939,865.70
Including: Interests receivable			
Dividends receivable		2,620,451.11	
Inventory		7,320,249,183.02	7,313,135,268.12
Contract assets			
Assets held for sale			
Non-current assets due within one year		28,753,067,233.21	13,176,925,988.88
Other current assets		14,171,591,567.68	11,386,836,198.06
<b>Total current assets</b>		<b>224,257,650,013.56</b>	<b>203,951,030,644.57</b>
<b>Non-current assets:</b>			
Debt investment			1,001,466,666.64
Other debt investments		22,234,020,784.28	6,442,532,894.44
Long-term receivables			
Long-term equity investments	XVI. 3	27,294,476,600.07	27,043,957,920.42
Other equity instrument investments		2,342,262,153.81	2,907,274,549.45
Other non-current financial assets			
Investment real estate		10,662,981.02	15,549,713.49
Fixed assets		2,652,352,088.50	2,951,362,264.27
Construction in progress		40,595,047.98	3,570,152.59
Usufruct assets			
Intangible assets		510,961,203.23	524,093,498.81
Development expenditures			
Goodwill			
Long-term unamortized expenses			
Deferred income tax assets		12,601,129,174.96	12,754,641,796.88
Other non-current assets		42,089,924,177.41	51,848,066,215.46
<b>Total non-current assets</b>		<b>109,776,384,211.26</b>	<b>105,492,515,672.45</b>
<b>Total assets</b>		<b>334,034,034,224.82</b>	<b>309,443,546,317.02</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:

**Balance Sheet of Company (Continued)**

December 31, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	December 31, 2025	January 1, 2025
<b>Current liabilities:</b>			
Short-term borrowings		45,014,817,947.51	30,059,062,411.86
Trading financial liabilities			
Derivative financial liabilities		94,886,163.24	
Notes payable		14,877,879,814.49	12,704,510,651.54
Accounts payable		81,423,791,301.69	71,833,289,675.25
Advance receipts			
Contract liabilities		9,065,391,357.24	6,692,639,915.42
Payroll payable		1,091,714,792.45	1,567,284,063.01
Taxes and dues payable		1,147,788,346.01	1,123,991,382.95
Other payables		8,961,161,956.69	2,144,355,042.02
Including: Interests payable			
Dividends payable		5,585,741,622.87	602,881.87
Liabilities held for sale			
Non-current liabilities due within one year		13,456,607,476.00	14,951,202,185.14
Other current liabilities		58,269,373,589.45	58,357,673,721.64
<b>Total current liabilities</b>		<b>233,403,412,744.77</b>	<b>199,434,009,048.83</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		996,745,616.67	15,658,858,599.83
Bonds payable			
Including: Preferred share			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term payroll payable		211,187,166.00	232,102,639.00
Estimated liabilities			
Deferred income		161,760,682.51	159,859,570.92
Deferred income tax liabilities		1,568,517,432.95	1,664,135,892.22
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>2,938,210,898.13</b>	<b>17,714,956,701.97</b>
<b>Total liabilities</b>		<b>236,341,623,642.90</b>	<b>217,148,965,750.80</b>
<b>Shareholders' equity:</b>			
Share capital		5,601,405,741.00	5,601,405,741.00
Other equity instruments			
Including: Preferred share			
Perpetual bond			
Capital reserves		1,524,800,887.62	993,202,543.54
Less: Treasury share		1,663,939,377.18	2,594,171,175.58
Other comprehensive income		486,840,400.34	487,239,916.28
Special reserves			
Surplus reserves		2,800,702,870.50	2,800,702,870.50
Undistributed profits		88,942,600,059.64	85,006,200,670.48
<b>Total shareholders' equity</b>		<b>97,692,410,581.92</b>	<b>92,294,580,566.22</b>
<b>Total liabilities and shareholders' equity</b>		<b>334,034,034,224.82</b>	<b>309,443,546,317.02</b>

Legal Representative:

Chief Accountant:

Head of Accounting  
Department:

**Income Statement of Company**

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	2025	2024
<b>I. Operating revenue</b>	XVI. 4	<b>104,396,502,951.03</b>	<b>125,658,777,785.89</b>
Less: Operating costs	XVI. 4	70,502,153,179.59	85,603,970,749.18
Taxes and surcharges		813,725,731.52	731,260,431.00
Sales expenses		5,586,181,281.04	8,139,831,424.59
Administrative expenses		1,109,223,318.47	972,007,096.41
R&D expenses		4,670,323,575.09	5,000,866,640.04
Financial expenses		-4,580,217,923.38	-4,334,351,737.43
Including: Interest expenses		1,692,472,689.94	2,096,763,332.46
Interest income		6,046,140,579.87	6,397,403,785.49
Add: Other income		296,721,100.06	1,270,944,567.58
Income from investments (losses expressed with "-")	XVI. 5	3,530,276,232.52	3,138,996,739.42
Including: Income from investments in joint ventures or associates		-2,925,115.15	-5,779,979.32
Income from the derecognition of financial assets measured at amortized costs			
Income from net exposure hedging (losses expressed with "-")			
Income from changes in fair value (losses expressed with "-")		-31,895,919.38	-74,532,589.63
Credit impairment losses (losses expressed with "-")		-1,176,384,704.07	7,130,075.90
Asset impairment losses (losses expressed with "-")		419,449,661.03	-2,846,508,830.66
Income from disposal of assets (losses expressed with "-")		-59,129.97	596,794.64
<b>II. Operating profits (losses expressed with "-")</b>		<b>29,333,221,028.89</b>	<b>31,041,819,939.35</b>
Add: Non-operating revenue		40,551,150.88	11,718,837.26
Less: Non-operating expenses		30,362,999.89	8,325,418.48
<b>III. Total profits (total losses expressed with "-")</b>		<b>29,343,409,179.88</b>	<b>31,045,213,358.13</b>
Less: Income tax expenses		3,424,828,882.98	4,178,509,329.39
<b>IV. Net profits (net losses expressed with "-")</b>		<b>25,918,580,296.90</b>	<b>26,866,704,028.74</b>
1. Net profits from continuing operations (net losses expressed with "-")		25,918,580,296.90	26,866,704,028.74
2. Net profits from discontinuing operations (net losses expressed with "-")			
<b>V. Net of tax of other comprehensive income</b>		<b>396,102,989.19</b>	<b>170,387,139.66</b>
1. Other comprehensive income that cannot be reclassified into profits and losses		387,697,782.07	170,109,000.48
(1) Changes arising from remeasurement of the defined benefit plan		-4,552,141.00	-34,144,434.00
(2) Other comprehensive income that cannot be transferred to profits and losses under the equity method		-35,134,551.63	-147,457,182.75
(3) Changes in fair value of other equity instrument investments		427,384,474.70	351,710,617.23
(4) Changes in fair value of the Company's own credit risk			
(5) Others			
2. Other comprehensive income to be reclassified into profits and losses		8,405,207.12	278,139.18
(1) Other comprehensive income that can be transferred to profits and losses under the equity method			
(2) Changes in fair value of other debt investments		5,948,367.12	5,186,357.93
(3) Amount of financial assets reclassified into and included in other comprehensive income			
(4) Reserves for credit impairment of other debt investments			
(5) Cash flow hedging reserves		2,456,840.00	-4,908,218.75
(6) Differences arising from the translation of financial statements into foreign currency			
(7) Others			
<b>VI. Total comprehensive income</b>		<b>26,314,683,286.09</b>	<b>27,037,091,168.40</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:

**Cash Flow Statement of Company**

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai

Unit: CNY

Item	Note	2025	2024
<b>I. Cash flows from operating activities:</b>			
Cash received from the sale of goods or the rendering of services		109,705,361,961.06	107,522,648,166.15
Refund of taxes and levies		2,565,306,908.50	2,769,613,923.80
Other cash received related to operating activities		70,681,392,638.00	53,756,794,088.97
<b>Subtotal of cash inflows from operating activities</b>		<b>182,952,061,507.56</b>	<b>164,049,056,178.92</b>
Cash paid for goods acquired and services received		106,619,842,997.65	109,944,862,169.12
Cash paid to and on behalf of employees		3,133,323,200.72	3,142,711,537.37
Payment of taxes and levies		9,853,038,372.12	11,326,772,472.37
Other cash paid related to operating activities		7,084,686,459.05	11,769,241,239.58
<b>Subtotal of cash outflows from operating activities</b>		<b>126,690,891,029.54</b>	<b>136,183,587,418.44</b>
<b>Net cash flows from operating activities</b>		<b>56,261,170,478.02</b>	<b>27,865,468,760.48</b>
<b>II. Cash flows from investment activities:</b>			
Cash received from the recovery of investment		27,714,121,565.58	28,134,671,586.46
Cash received from return of investment		429,351,565.34	578,587,703.50
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets		419,102.55	116,110,338.40
Net cash received from the disposal of subsidiaries and other business entities			
Other cash received related to investment activities		11,675,392,064.23	6,514,304,287.02
<b>Subtotal of cash inflows from investment activities</b>		<b>39,819,284,297.70</b>	<b>35,343,673,915.38</b>
Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets		127,755,167.67	452,209,897.37
Cash paid for investments		61,804,872,541.90	38,329,525,774.69
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid related to investment activities		24,060,118,793.97	6,986,921,376.35
<b>Subtotal of cash outflows from investment activities</b>		<b>85,992,746,503.54</b>	<b>45,768,657,048.41</b>
<b>Net cash flows from investment activities</b>		<b>-46,173,462,205.84</b>	<b>-10,424,983,133.03</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment			
Cash received from borrowings		46,695,364,409.19	56,661,580,712.92
Other cash received related to financing activities		14,553,622,700.24	7,573,954,660.01
<b>Subtotal of cash inflows from financing activities</b>		<b>61,248,987,109.43</b>	<b>64,235,535,372.93</b>
Cash paid for debts		48,111,978,070.72	66,707,114,661.74
Cash paid for dividends and profits or interests		18,022,835,491.43	14,911,712,364.83
Other cash paid related to financing activities		3,000,000.00	15,433,050.00
<b>Subtotal of cash outflows from financing activities</b>		<b>66,137,813,562.15</b>	<b>81,634,260,076.57</b>
<b>Net cash flows from financing activities</b>		<b>-4,888,826,452.72</b>	<b>-17,398,724,703.64</b>
<b>IV. Impact of foreign exchange rate changes on cash and cash equivalents</b>		<b>204,598,330.27</b>	<b>210,045,712.95</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>5,403,480,149.73</b>	<b>251,806,636.76</b>
Add: Beginning balance of cash and cash equivalents		10,429,471,829.70	10,177,665,192.94
<b>VI. Ending balance of cash and cash equivalents</b>		<b>15,832,951,979.43</b>	<b>10,429,471,829.70</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:

## Statement of Changes in Shareholders' Equity of Company

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai Unit: CNY

Item	2025										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
		Preferred share	Perpetual bond	Others							
<b>I. Ending balance of the previous year</b>	5,601,405,741.00				993,202,543.54	2,594,171,175.58	487,239,916.28		2,800,702,870.50	85,006,200,670.48	92,294,580,566.22
Add: Changes in accounting policies											
Early error correction											
Others											
<b>II. Beginning balance of the current year</b>	5,601,405,741.00				993,202,543.54	2,594,171,175.58	487,239,916.28		2,800,702,870.50	85,006,200,670.48	92,294,580,566.22
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>					531,598,344.08	-930,231,798.40	-399,515.94			3,936,399,389.16	5,397,830,015.70
<b>(I) Total comprehensive income</b>							396,102,989.19			25,918,580,296.90	26,314,683,286.09
<b>(II) Capital invested and reduced by shareholders</b>					531,598,344.08	-930,231,798.40			-15,647,566.99		1,446,182,575.49
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payments recognized in shareholders' equity					1,446,182,575.49						1,446,182,575.49
4. Others					-914,584,231.41	-930,231,798.40			-15,647,566.99		
<b>(III) Profit distribution</b>										-22,340,554,964.00	-22,340,554,964.00
1. Withdrawal of surplus reserves											
2. Distribution to shareholders										-22,340,554,964.00	-22,340,554,964.00
3. Others											
<b>(IV) Internal carry-over of shareholders' equity</b>							-396,502,505.13		15,647,566.99	358,374,056.26	-22,480,881.88
1. Transfer of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves into capital (or share capital)											
3. Surplus reserves for making up losses											
4. Changes in the defined benefit plan carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings							-396,502,505.13		15,647,566.99	358,374,056.26	-22,480,881.88
6. Others											
<b>(V) Special reserves</b>											
1. Amount withdrawn in the current period											
2. Amount used in the current period											
<b>(VI) Others</b>											
<b>IV. Ending balance of this year</b>	5,601,405,741.00				1,524,800,887.62	1,663,939,377.18	486,840,400.34		2,800,702,870.50	88,942,600,059.64	97,692,410,581.92

Legal Representative:

Chief Accountant:

Head of Accounting Department:

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

January to December, 2025

Prepared by: Gree Electric Appliances, Inc. of Zhuhai Unit: CNY

Item	2024										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
		Preferred share	Perpetual bond	Others							
<b>I. Ending balance of the previous year</b>	5,631,405,741.00				1,893,049,118.18	4,942,723,911.44	585,972,104.35		2,742,389,179.65	71,086,199,251.37	76,996,291,483.11
Add: Changes in accounting policies											
Early error correction											
Others											
<b>II. Beginning balance of the current year</b>	5,631,405,741.00				1,893,049,118.18	4,942,723,911.44	585,972,104.35		2,742,389,179.65	71,086,199,251.37	76,996,291,483.11
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>	-30,000,000.00				-899,846,574.64	-2,348,552,735.86	-98,732,188.07		58,313,690.85	13,920,001,419.11	15,298,289,083.11
<b>(I) Total comprehensive income</b>							170,387,139.66			26,866,704,028.74	27,037,091,168.40
<b>(II) Capital invested and reduced by shareholders</b>	-30,000,000.00				-899,846,574.64	-2,348,552,735.86					1,418,706,161.22
1. Common shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payments recognized in shareholders' equity					310,632,844.42						310,632,844.42
4. Others	-30,000,000.00				-1,210,479,419.06	-2,348,552,735.86					1,108,073,316.80
<b>(III) Profit distribution</b>									32,929,994.98	-13,175,155,872.46	-13,142,225,877.48
1. Withdrawal of surplus reserves									32,929,994.98	-32,929,994.98	
2. Distribution to shareholders										-13,142,225,877.48	-13,142,225,877.48
3. Others											
<b>(IV) Internal carry-over of shareholders' equity</b>							-269,119,327.73		25,383,695.87	228,453,262.83	-15,282,369.03
1. Transfer of capital reserves into capital (or share capital)											
2. Transfer of surplus reserves into capital (or share capital)											
3. Surplus reserves for making up losses											
4. Changes in the defined benefit plan carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings							-269,119,327.73		25,383,695.87	228,453,262.83	-15,282,369.03
6. Others											
<b>(V) Special reserves</b>											
1. Amount withdrawn in the current period											
2. Amount used in the current period											
<b>(VI) Others</b>											
<b>IV. Ending balance of this year</b>	5,601,405,741.00				993,202,543.54	2,594,171,175.58	487,239,916.28		2,800,702,870.50	85,006,200,670.48	92,294,580,566.22

Legal Representative:

Chief Accountant:

Head of Accounting Department:

# Gree Electric Appliances, Inc. of Zhuhai

## Notes to 2025 Financial Statements

### I. Company profile

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

As of December 31, 2025, the registered capital and share capital of the Company were CNY5,601,405,741.00. Please refer to Note V. 46 Share capital for details.

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

Organizational form of the Company: company limited by shares

Registered address and headquarters address: Office 608,108 Huitong Third Road, Hengqin New Area, Zhuhai, Guangdong Province.

#### 2. Nature of business and main businesses of the Company

The Company is a manufacturing enterprise mainly engaged in the production and sales of household appliances and their accessories.

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

As of December 31, 2025, the Company had no parent company and no actual controller.

#### 4. Approved submitter and approved submission date of the financial statements

This financial report was approved and submitted by the Board of Directors of the Company on April 28, 2026.

### II. Preparation basis of financial statements

#### 1. Preparation basis

The Company prepares the financial statements on the basis of a going concern and according to the transactions and events 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 Interpretations of the Accounting Standards for Business Enterprises, and other applicable regulations promulgated and revised by the Ministry of Finance on and after February 15, 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 Statements (revised in 2023) promulgated by China Securities Regulatory Commission ("CSRC").

According to the relevant provisions of the *Accounting Standards for Business Enterprises*, the Company's accounting is based on an accrual basis. Except for certain financial instruments, the financial statements are measured based on historical cost. If an asset is impaired, the corresponding impairment reserves are accrued in accordance with relevant regulations.

## 2. Going concern

The financial statements were presented on a going-concern basis. The management carefully evaluated factors of the Company in the future 12 months since December 31, 2025 such as the macro policy risk, market operation risk, current and long-term profitability and solvency of the enterprise, financial flexibility, and the management's intention of changing the operation 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 estimates:

The Company and its subsidiaries are mainly engaged in the production and sales of household appliances and their accessories. The Company has prepared several accounting policies and accounting estimates for transactions and events such as revenue recognition based on the actual production and operation characteristics and according to provisions of the related *Accounting Standards for Business Enterprises*. For details, please refer to 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 December 31, 2025, and the related information such as operating results and cash flows in 2025. 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 Statements* revised by the China Securities Regulatory Commission, as revised in 2023.

### 2. Accounting period

The accounting period of the Company includes annual and interim periods. An interim period covers six months, a quarter, and a month. The accounting year of the Company commences on January 1 and ends on December 31 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 the realization 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

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

### 5. Determination method and selection basis of importance criteria

Item	Importance Criteria
Important receivables with bad debt reserves accrued by individual item	The amount of accrual by individual item accounts for more than 5% of the ending balance of various receivables and the amount is greater than CNY100 million

Item	Importance Criteria
Recovery or reversal of important receivables bad debt reserves	The single recovery or reversal amount accounts for more than 5% of the ending balance of various receivables and the amount is greater than CNY100 million
Actual write-off of important receivables	The write-off amount accounts for more than 5% of the ending balance of various receivables and the amount is greater than CNY100 million
Important advance payments aged over one year	Advance payments aged over 1 year account for more than 10% of the ending balance of advance payments and the amount is greater than CNY100 million
Important construction in progress	The ending balance of a single project is greater than CNY100 million
Important accounts payable and other payables aged over one year	Accounts payable/other payables aged over 1 year account for more than 10% of the ending balance of accounts payable/other payables and the amount is greater than CNY100 million
Important contractual liabilities aged over one year	Contractual liabilities aged over 1 year account for more than 10% of the ending balance of contractual liabilities and the amount is greater than CNY100 million
Important non-wholly-owned subsidiaries	Subsidiary's ending net assets/total ending assets/current net profit account for more than 10% of the Company's ending net assets/total ending assets/consolidated current net profit
Important joint ventures or associates	The ending book value of long-term equity investments in a single investee accounts for more than 5% of the Company's ending net assets, or the current investment profit and loss under the equity method accounts for more than 10% of the Company's consolidated net profit for the current period
Important investment activities	Individual investment activities account for more than 10% of the total cash inflows or outflows related to received or paid investments

## 6. Accounting treatment of business combinations under common control and business combinations not under common control

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

### (1) Business combinations under common control

A business combination under common control is a business combination in which the enterprises participating in the combination are ultimately controlled by the same party or parties before and after the combination, and the control is not temporary. For business combinations 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 obtains the right to control the combined party.

Where business combination under common control arises from one transaction or equities of investees 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 the combination according to the book value 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 book value of the consideration paid for the combination (or total par value of the issued shares) and the cost of the business combination 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, appraisal and consultation costs, and other related overhead expenses are charged to profits and losses in the period in which they are incurred. The transaction expenses directly attributable to the consideration paid for the combination through the 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 the issuance of debt instruments are recorded into the initially recognized amount of debt instruments. Where the equities of investees under common control are obtained step by step through multiple transactions to achieve a business combination, but these transactions do not belong to a package deal, the Company will recognize the cost of the combination according to the book value of net assets obtained for the combined party after the combination in the ultimate controlling party's consolidated financial statements on the combination date. The difference between the cost of the business combination and the sum of the book value of long-term equity investments before the combination plus the book value of the consideration newly paid for further acquisition of shares on the date of combination is adjusted to capital reserve (capital premium or share capital 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 for 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 investee to directly dispose of relevant assets or liabilities. For other changes in owners' equities other than the net profits and losses, other comprehensive income, and profit distribution in net assets of the investee that are recognized because of accounting using the equity method, accounting treatment is not conducted temporarily. They shall be transferred to the current profits and losses at the time of disposing of this investment.

## (2) Business combinations not under common control

A business combination not under common control is a business combination in which all combining enterprises are not ultimately controlled by the same party or parties both before and after the combination. For business combinations not 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 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 fair value.

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

In the individual financial statements, where the held shares are accounted using the equity method before the date of acquisition, the cost of business combination for the investment is the aggregate of the book value 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 the disposal of the investment using the basis the same as that used by the investee to directly dispose of relevant assets or liabilities. The owner's equity that is recognized due to changes in owners' equities other than the net profits and losses, other comprehensive income, and profit distribution of the investee is accordingly transferred to the current profits and losses 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 business combination for 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 shares and the book value 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 shares of the acquired party held before the date of acquisition shall be remeasured based on the fair value of such shares on the date of acquisition, and the difference between their fair value and book value shall be charged to the investment income of the current period. Where the shares of the acquired party held before the date of acquisition involve other comprehensive income under the accounting of the equity method and changes in owners' equities other than the net profits and 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 investee). The sum of the fair value of the shares 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, appraisal and consultation costs, and other related overhead expenses are charged to profits and losses in the period in which they are incurred. The transaction expenses directly attributable to the consideration paid for the combination through the 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 the issuance of debt instruments are recorded into the initially recognized amount of debt instruments.

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

## 7. Preparation of consolidated financial statements

### (1) Principles for determining the scope of consolidated financial statements

The scope of consolidated financial statements shall be determined based on control. Control means that the Company owns the power to the investee, enjoys variable return by participating in relevant activities of the investee, and uses the power to the investee 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 the 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 a business combination under common control during 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 a business combination not 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 owner's equity of the subsidiaries that aren't attributable to the Company shall be separately presented as the minority equity under the shareholders' equity in the consolidated balance sheet. The subsidiary's current net profits and losses attributable to minority equity are presented as "Minority profits and losses" in the consolidated income statement. The comprehensive income of the subsidiaries in the current period that is attributable to the minority equity shall be presented as the "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 owner's equities of this subsidiary at the beginning of the period, the balance shall be still adjusted against the minority shareholders' equity.

For the acquisition of the subsidiary's shares owned by minority shareholders thereof, in the consolidated financial statements, the difference between the long-term equity investment newly obtained because of the acquisition of minority shareholders' shares and the 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 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 share capital 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 the disposal of a part of an equity investment or other reasons, the residual shareholding shall be remeasured at 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 residual shareholding, minus the net assets of the original subsidiary that is enjoyed and 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 goodwill 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, before the loss of the control right, the difference between every disposal price and the 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 and 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 the 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 equity, or selling-out and buying-in turn.

## **8. Classification of joint arrangements and accounting treatment of joint operations**

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

### **(1) Joint arrangement classification**

Joint arrangement is classified into joint operation and joint venture. Joint operation refers to a 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 a joint arrangement where the parties to the venture only enjoy rights to the net assets of this arrangement.

### **(2) Accounting treatment of joint operations**

1) The Company recognizes the following items related to the quantum of interest in joint operations and performs accounting treatment in accordance with provisions of the *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 joint operations that is enjoyed by the Company;
- d. revenue generated by selling the output during joint operations and recognized according to the share of the Company;
- e. independently incurred expense, as well as the expense incurred by joint operations and recognized according to the share of the Company.

2) Where the Company puts assets into or sells assets to the parties to joint operations (except that the assets constitute business), before the said assets are sold to a third party by the parties to joint operations, the Company recognizes only the part in the profits and losses arising from this transaction that is attributable to other participants in the joint operations. In case the put or sold assets involve asset impairment losses complying with provisions in the *Accounting Standards for Business Enterprises No. 8 — Impairment of Assets*, the Company shall recognize the said loss in full.

Where the Company purchases assets from the parties to joint operations (except that the assets constitute business), before said assets are sold to a third party, the Company recognizes only the part in the profits and losses arising from this transaction that is attributable to other participants in the joint operations. In case the purchased assets involve asset impairment losses complying with provisions in the *Accounting Standards for Business Enterprises No. 8 — Impairment of Assets*, the Company shall recognize this part of loss according to the share to undertake.

### **9. Determination 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 that 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.

### **10. 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 CNY at the spot exchange rate of the transaction date (generally referring to the middle 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 the spot rate of the balance sheet date. The exchange difference generated from the difference between the spot rate of the current balance sheet date and that in the date of initial recognition of a foreign currency or the previous balance sheet date is charged to the current profits and losses 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 the spot rate of the transaction date without change in their amount in functional currency. Non-monetary items of foreign currencies such as shares and funds measured at 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 fluctuations in fair value (including fluctuation in exchange rates).

#### **(3) Translation of financial statements in foreign currency**

The Company translates the financial statements expressed in foreign currency into ones expressed in CNY

according to the following provisions.

The assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date, except for the "undistributed profits", other items of shareholders' equity are converted at the spot exchange rate at the time of occurrence. The asset and liability items in the income statements shall be translated at an average exchange rate. The difference arising from the translation of financial statements in foreign currency generated by the above method shall be separately presented under the shareholders' equity item in the balance sheet. The foreign currency cash flow statement shall be translated at the average exchange rate on the cash flow date. The affected amount of the exchange rate change on cash shall be presented separately under the adjusted item in the cash flow statement.

## **11. Financial instruments**

A financial asset or financial liability can be recognized when the Company becomes one party of a financial instrument contract.

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

According to the business mode for management of the financial assets and the characteristics of the contractual cash flows of the financial assets, the Company classifies the financial assets as: financial assets measured at amortized cost; financial assets measured at fair value with changes included in other comprehensive income; financial assets measured at fair value with changes included in the current profits and losses.

The financial assets initially recognized by the Company shall be measured at fair value. For the financial assets measured at fair value with changes included in the current profits and losses, the transaction expenses thereof are directly included in the current profits and losses; for other categories of financial assets, the transaction expenses thereof are included in the initially recognized amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of services, which do not include or consider significant financing components, the initial recognition amount is based on the expected amount of consideration that the Company is entitled to receive.

#### **1) Financial assets measured at amortized costs**

The Company's business model for managing financial assets measured at amortized 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 measurements based on amortized cost. The gains or losses arising from their amortization or impairment are included in the current profits and losses.

#### **2) Financial assets measured at fair value with changes included in other comprehensive income**

The Company's business model for managing such financial assets aims at collection of contractual cash flows and sales, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The company measures such financial assets at fair value and their changes are recognized in other comprehensive income, but impairment losses or gains, exchange profits and losses, and interest income calculated using the effective interest rate method are recognized in the current profits and losses. In addition, the Company designates some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company includes the relevant dividend income of such financial assets in the current profits and losses with changes in fair value

included in other comprehensive income. When the financial assets are derecognized, the cumulative gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, but will not be included in the current profits and losses.

### 3) Financial assets measured at fair value with changes in the current profits and losses

The Company classifies financial assets other than those measured at amortized cost and those measured at fair value with changes included in other comprehensive income as financial assets measured at fair value with changes included in the current profits and losses. In addition, in the initial recognition, to eliminate or significantly reduce the accounting mismatch, the Company designated some financial assets as financial assets measured at fair value with changes included in the current profits and losses. For such financial assets, the Company uses fair value for subsequent measurements, and the changes in 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 measured at fair value with changes included in the current profits and losses and other financial liabilities. For the financial liabilities measured at fair value with changes included in the current profits and losses, the transaction expenses thereof are directly included in the current profits and losses; for other financial liabilities, the transaction expenses thereof are included in the initially recognized amount.

### 1) Financial liabilities measured at fair value with changes included in the current profits and losses

Financial liabilities measured at fair value with changes included in the current profits and losses include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities measured at fair value with changes included in the current profits and losses at initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value with changes included in the current profits and losses, except for those related to hedge accounting.

For financial liabilities designated as measured at fair value with changes included in the current profits and 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 liabilities are derecognized, 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 and 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 profits and losses.

### 2) Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in the current profits and losses.

### 3) Recognition criteria and measurement methods for the transfer 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 degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

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 value apportioned will be included 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.

### (3) 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 and losses.

### (4) Offsetting financial assets with financial liabilities

When the Company has the legal right to offset the financial asset and the financial liability with the recognized amount, and such legal rights are currently enforceable, and the Company plans to settle in the 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.

(5) 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. regularly, and represents the price of market transactions that 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 valuation techniques. Valuation 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.

(6) 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 the 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.

## 12. Impairment of financial assets

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

(1) Recognition methods of impairment reserves

Based on the expected credit loss, the Company accrues impairment reserves 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 according to 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 reserves 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 reserves 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) Judgment criteria for whether the credit risks have increased significantly since the 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 date 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) Assessment methods of the expected credit risks based on portfolios

The Company assesses the credit risks of the financial assets with significantly different credit risks respectively, such as accounts receivable from disputes with the other party or litigation and arbitration, and receivables with obvious signs indicating that the debtor is likely to be unable to fulfill the repayment obligation, etc.

In addition to the financial assets whose credit risks are assessed respectively, the Company divides the financial assets into different portfolios based on their common risk characteristics, and assesses the credit risks based on portfolios.

(4) Accounting treatment methods for financial assets impairment

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 reserves, the difference is recognized as an impairment loss; if the estimated credit losses are smaller than the book value of the current impairment reserves, the difference is recognized as an impairment gain.

(5) Recognition methods of the credit losses of all kinds of financial assets

1) Notes receivable and receivables financing — notes receivable

For notes receivable and receivables financing — notes receivable, the Company measures the loss reserves according to the amount of the expected credit losses during the whole duration. Based on the credit risk characteristics of notes receivable and receivables financing — notes receivable, financial assets are divided into different portfolios:

Item	Basis for Recognition of Portfolios
Banker's acceptance bill	The acceptor is a banking institution
Financial company's acceptance bill	The acceptor is a financial company
Commercial acceptance bill	The acceptor is a company other than a banking institution or financial company

## 2) Accounts receivable, receivables financing — accounts receivable and contract assets

For accounts receivable that do not contain significant financing components, accounts receivable that contain significant financing components, receivables financing — accounts receivable, and contract assets, the Company measures loss reserves based on an expected credit loss amount equivalent to the entire duration. 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 portfolios based on their credit risk characteristics:

Item	Basis for Recognition of Portfolios
Portfolio 1: Account age portfolio	The portfolio takes the account age of accounts receivable as the basis for the portfolio
Portfolio 2: Low-risk portfolio	The portfolio takes the dismantling subsidy of waste electrical and electronic products receivable from government departments and new energy vehicle subsidies as the basis for the portfolio
Portfolio 3: Risk-free portfolio	The portfolio takes the receivables from related entities within the scope of consolidation as the basis for the portfolio

## 3) Disbursement of loans and advances

The Company measures impairment losses using an amount equivalent to 12-month or lifetime expected credit losses, based on whether the credit risk of disbursement of loans and advances has increased significantly since initial recognition.

## 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 portfolios based on their credit risk characteristics:

Item	Basis for Recognition of Portfolios
Portfolio 1: Account age portfolio	The portfolio takes the account age of other receivables as the basis for the portfolio
Portfolio 2: Low-risk portfolio	The portfolio takes the receivable government grain deposits as the basis for the portfolio
Portfolio 3: Risk-free portfolio	The portfolio takes the receivables from related entities within the scope of consolidation as the basis for the portfolio

## 5) Debt investment

Debt investment mainly accounts for bond investment measured at amortized 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 account for the debt instrument investments measured at fair value with changes included in 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.

## 7) Long-term receivables

The Company's long-term receivables are incomes from the sales of goods collected in installments. The Company measures the loss reserves according to the amount of the expected credit losses during the whole duration.

**13. Receivables financing**

For notes receivable and accounts receivable classified as measured at fair value with changes 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. 11 Financial instruments and Note III. 12 Impairment of financial assets.

**14. Inventory****(1) Inventory classification**

The Company's inventories mainly include raw materials, goods in process and contract performance costs, 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 method for delivered inventories**

The Company mainly adopts the planned cost method for inventory accounting, while some subsidiaries adopt the actual cost method for inventory accounting.

Inventories accounted for with the planned cost method are valued at planned cost upon shipment, and at the end of the month, the planned cost is adjusted to the actual cost based on the cost difference of the current month.

Inventories accounted for using the actual cost method mainly use the weighted average method at the end of each month to value the delivered inventory.

The development cost and development product 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 development. When carrying forward the cost for development products, the total cost is allocated between the sold and unsold properties in proportion to the construction area.

**(3) Basis for determining the net realizable value of inventory and accrual method for inventory falling price reserves**

At the balance sheet date, inventories are measured at the lower one of the cost and net realizable value. If the cost of inventories is higher than the net realizable value, the inventory falling price reserves shall be accrued and shall be recorded into the current profits and losses, where the inventory falling price reserves have been made, if the value of the said inventories is resumed later, the said value shall be transferred back from the accrued inventory falling price reserves. 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) Inventory system**

The Company's inventory adopts the perpetual inventory system.

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

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

**15. 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 according to the contract, and it 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. 12 Impairment of financial assets.

## **16. Contract costs**

### **(1) Determination of asset amount related to contract costs**

The Company's assets related to contract costs include contract acquisition costs and contract performance costs. 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 the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it will be included in current profits and losses when it is incurred.

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 — Revenues (Revised in 2017)*, it shall 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 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 obligations; and ③ the cost is expected to be recovered.

### **(2) Amortization of assets related to contract costs**

The Company's assets related to contract costs are amortized on the same basis as the recognition of goods income related to the asset and included in the current profits and losses.

### **(3) Impairment of assets related to contract costs**

When recognizing the impairment loss of assets related to the contract cost, the Company shall first recognize the impairment loss of other assets related to the contract and recognized in accordance with other relevant corporate accounting standards; then, based on the fact that the book value is higher than the difference between the residual consideration expected to be obtained by the Company due to the transfer of the goods related to the asset and the estimated cost to be incurred for the transfer of the relevant goods, the excess shall be withdrawn for impairment reserves and recognized as asset impairment losses.

If the depreciation factors in the previous period change later, causing the aforementioned difference to be higher than the book value of the asset, the Company will transfer back the previously accrued asset impairment reserves and include it in the current profits and losses, but the book value of the asset after transferring back can not exceed the book value of the asset at the date of transferring back under the assumption that no accrual is made for the impairment.

## **17. Assets held for sale**

### **(1) Recognition criteria**

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.

Selling is extremely likely to happen, that is, the Company has decided on a selling plan and has obtained a recognized purchase commitment, and selling is expected to be completed within one year. If it can be sold only after being approved by the relevant authority organization or supervision department of the Company according to relevant requirements, it should have been approved. Recognized purchase commitment refers to a purchase agreement with a legally binding force that the Company concludes with other parties, which includes important clauses of the transaction price, time, and enough strict default punishment, etc., with which, possibility to lead to major adjustment or cancellation of agreement is tiny.

The non-current asset or disposal group acquired by the Company for resale shall be classified as held for sale on the acquisition date if it meets the requirements of “expected to be sold within one year” on the acquisition date, and it is likely to meet the other classification conditions for holding for sale in the short term (usually three months).

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 goodwill obtained in the business combination is apportioned for the asset group or asset group combination to which the disposal group belongs according to *Accounting Standards for Enterprises No. 8 — Impairment of Assets*, this disposal group should contain the goodwill 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 lower one of the book value and the net value of the fair value minus 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 losses and included in the current profits and losses, and the impairment reserves of the assets held for sale are accrued at the same time. For the amount of assets impairment losses confirmed by the disposal group held for sale, the book value of the goodwill 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 the 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 transferred back in the amount of assets impairment loss after classification as the category held for sales is confirmed, and the amount transferred back shall be included in the current profits and losses. Asset impairment losses recognized before the classification are not transferred back.

Where the net value of the fair value of the 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 transferred back in the amount of asset impairment losses 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 amount transferred back shall be included in the current profits and losses.

For the deducted book value of goodwill and the non-current assets applicable to the measurement provisions of the category held for sale, the asset impairment losses confirmed before classification as the category held for

sales shall not be transferred back. For the amount subsequently transferred back for asset impairment losses recognized in 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 goodwill. The non-current assets held for sale or non-current assets in the disposal group are not accrued 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 employee benefits, 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 provisions of the category held for sale, the measurement method of the category held for sale applies to the whole disposal group. The related accounting standards apply to the 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 lower one of the following two:

- 1) in the case of the book value before being classified into the held for sale category, the amount adjusted according to the depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale category;
- 2) Recoverable amount.

## 18. Long-term equity investments

The long-term equity investments mainly include the equity investment held by the Company that can take control over the investee and have a significant impact, as well as the equity investment in its joint venture.

### (1) Judgment criteria of control and significant influence

Judgment criteria of control:

- 1) the Company owns the power to the investee;
- 2) the Company enjoys variable returns by participating in relevant activities of the investee;
- 3) the Company uses the power over the investee to influence the Company's return amount;
- 4) the Company acknowledges the control force for the investee that meets the above three conditions.

Judgment criteria of significant influence:

- 1) the Company has the power to participate in the decision-making of the investee's financial and operating policies, but does not control, or jointly control the formulation of these policies with other parties;
- 2) where the Company can exert a significant impact on the investee, it is the associated enterprise of the Company;
- 3) The investee 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 of this arrangement can prevent other participants or the combination of participants from independently controlling this arrangement.

### (2) Determination of the cost of the 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 a business combination under common control, the investment cost is the book value 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 methods of profits and losses recognition

The Company adopts the cost method to calculate the long-term equity investment that can control the investee, and the equity method to calculate the investment of associates and joint ventures.

The price of a long-term equity investment accounted for by employing the cost method shall be recorded 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 be distributed by the investee shall be recognized as investment income and charged to current profits and losses.

When the Company employs the equity method for accounting for the long-term equity investment, if the cost of a long-term equity investment is more than the fair value of the investee's identifiable net assets for the investment, the 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 fair value of the investee's identifiable net assets for the investment, the book value of the long-term equity investment shall be adjusted, and the difference shall be recorded into the current profits and losses.

When the Company employs the equity method for accounting for the long-term equity investment, the Company first adjusts the investee's net profits and losses and other comprehensive income in aspects such as the fair value of the investee's identifiable net assets at the time of investment acquisition, accounting policy and accounting period, and then recognizes the current investment profits and losses and other comprehensive income based on the net profits and losses and other comprehensive incomes of the investee that should be enjoyed or shared. For other changes in the shareholders' equities other than the net profits and losses, other comprehensive income, and profit distribution, the book value of the long-term equity investment shall be adjusted and recorded into the owner's equities.

For the unrealized internal transaction profits and 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 and losses shall be recognized based on offsetting.

For the long-term equity investments held already before January 1, 2007, for the associates and joint ventures, if there is any equity investment difference on the debit side, the investment profits and 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 investee

Common control is recognized as the control that does not exist unless the investors unanimously agree on sharing the control power over the relevant important financial and operating decisions of the investee 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 investee, 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% (inclusive) but less than 50.00% of voting shares of the investee directly or indirectly through a subsidiary, significant influences on the investee shall be recognized, unless there is clear evidence indicating that the Company cannot participate in production and operation decision-making of the investee in this situation and therefore cannot generate significant influences. If the Company holds less than 20.00% (exclusive) of voting shares of the investee, usually the Company is not deemed to have a significant influence on the investee, unless there is clear evidence indicating that the Company can participate in production and operation decision-making of the investee in this situation and therefore can generate significant influences.

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

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 investee, 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 book value of the originally held equity investment before the additional investment, and the cumulative fair value changes originally recorded into other comprehensive income shall be transferred to the current profits and 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 investee, if they are not able to be under common control with or have significant influences on the investee due to reason such as partial disposal, accounting treatment must be performed for residual equity investments according to the recognition and measurement standards for financial instruments, and the difference between the fair value and book value on the date on which the common control or significant influence is lost shall be charged to current profits and losses. When accounting based on the equity method is terminated for other comprehensive income originally subject to the accounting of equity method, the accounting treatment is performed using the basis the same as that used by the investee to directly dispose of relevant assets or liabilities. All the owner's equities that are recognized due to other changes in owner's equities other than the net profits and losses, other comprehensive income and profit distribution of the investee shall be transferred to the current profits and losses 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 book value of the acquired party's equity investment held before 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 before 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 investee to directly dispose of relevant assets or liabilities when such an investment is disposed of.

When the influencing capability of the investee 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 investee's identifiable net assets at the time of original investment, which is calculated according to the remaining shareholding proportion. For the goodwill part to be embodied in the investment evaluation, the book value 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 investee'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 investee's realized net profits and losses between acquisition of the original investment and conversion to accounting of the equity method due to investment disposal, the book value 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 investee's realized net profits and 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 profits and losses shall be adjusted for the share attributable to the Company in the investee's realized net profits and 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 investee's changes in other comprehensive income shall be recorded into other comprehensive income when the book value of the long-term equity investment is adjusted. The share attributable to the Company in the investee's other changes in the owner's equities arising from reasons other than the net profits and losses, other comprehensive income, and profit distribution shall be recorded into "Capital reserves — other capital reserves" when the book value 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 investee's realized net profits and losses, other comprehensive income, and other changes in owner's 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 can control the investee, 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 investee, 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 book value on the date of control loss shall be recorded in 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 the held equity of the investee in consideration of all aspects, the book value of the long-term equity investment corresponding to the sold equity shall be carried over accordingly, and the difference between the selling price and the book value of long-term equity investment for disposal shall be recognized as disposal profits and losses. 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 comprehensive income originally subject to the accounting of equity method, the accounting treatment is performed using the basis the same as that used by the investee to directly dispose of relevant assets or liabilities. All the owner's equities that are recognized due to changes in other owner's equities other than the net profits and losses, other comprehensive income, and profit distribution of the investee 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 residual equity is still accounted for using the equity method, other comprehensive income originally subject to the accounting of equity method shall be handled using the basis the same as that

used by the investee to directly dispose of relevant assets or liabilities and be carried over by proportion, and the owner's equities that are recognized due to other changes in owners' equities other than the net profits and 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.

### **19. 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 method 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.

Please refer to Note III. 25 Long-term asset impairment for the impairment test method and impairment reserve accrual method of investment real estate.

### **20. Fixed assets**

#### **(1) Recognition criteria of fixed assets**

The Company's fixed assets refer to tangible assets held for the production of commodities, provision of labor services, lease, or operation and management, with a service life exceeding one accounting year. Fixed assets cannot be recognized unless they simultaneously meet the conditions as follows:

- 1) The economic interests related to the fixed assets are likely to flow into the enterprise.
- 2) The cost of this fixed asset can be measured reliably.

#### **(2) Measurement of fixed assets**

The fixed assets are measured at cost.

- 1) The cost of a purchased fixed asset consists of the purchase price, 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 a 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 *Accounting Standards for Business Enterprises No. 17 — Borrowing Costs*.
- 3) The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the assets reach the predetermined usable state.
- 4) The cost invested in a fixed asset by the investor shall be recognized based on the value stipulated in the investment contract or agreement, other than those of unfair value stipulated in the contract or agreement.
- 5) The costs of fixed assets acquired through the exchange of non-monetary assets, debt restructuring, business combination, and lease shall be respectively recognized in accordance with *Accounting Standards for Business Enterprises No. 7 — Exchange of Non-monetary Assets*, *Accounting Standards for Enterprises No. 12 — Debt*

*Restructuring, Accounting Standards for Business Enterprises No. 20 — Business Combinations, and Accounting Standards for Business Enterprises No. 21 — Leases.*

(3) Classification of fixed assets

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

(4) Depreciation of fixed assets

1) Recognition of depreciation method, 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 and 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 the impairment reserves have been accrued: For a fixed asset of which the impairment reserves have been accrued, the depreciation of the fixed asset shall be made based on the amount of deducting its expected net salvage value, depreciation amount, and impairment reserves from the original price of the fixed asset and remaining service life of the fixed assets.

For the fixed assets that have reached the intended usable condition but have 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, 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, and depreciation method of a fixed asset, it shall be regarded as a change in 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 incurred in the course of the 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 book value 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 current profits and losses 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 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 leases shall be capitalized and reasonably amortized as long-term prepaid expenses.

(6) Impairment test method and accrual method for impairment reserves of fixed assets

Please refer to Note III. 25 Long-term asset impairment for the impairment test method and impairment reserve accrual method of fixed assets.

## 21. 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 direct project materials, direct payroll, 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 the construction project and valued at actual cost.

(2) Time when construction in progress is carried forward to fixed assets

When the construction in progress reaches the expected usable condition, they shall be transferred to fixed assets at their actual cost. For the fixed assets that have reached the expected usable condition but have 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.

Please refer to Note III. 25 Long-term asset impairment for the impairment test method and impairment reserve accrual method of construction in progress.

## 22. 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 that necessarily take a substantial period for acquisition, construction, or production to get ready for their intended use or sale.

(2) Period of capitalization of borrowing costs

## 1) Time of capitalization of borrowing costs:

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

- a. expenditures for the asset have been incurred;
- b. borrowing costs have been incurred;
- 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 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 in the current profits and losses.

## 3) Recognition of suspending capitalization of borrowing costs:

When an abnormal interruption occurs during the construction or production of an asset that 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) Computing method of capitalizing amount 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) If a specialized loan is borrowed for the purchase, construction, or production of assets that meet the capitalization conditions, the amount shall be determined based on the actual interest expenses incurred in the current period of the specialized loan, minus the interest income obtained from depositing unused loans in the bank or the investment income obtained from temporary investments.
- 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 interest in each period. During the period of capitalization, the amount of interest capitalized during each accounting period shall not exceed the amount of interest incurred to the relevant borrowings in the current period.

Ancillary costs in connection with special borrowings that are incurred before the qualifying assets acquired, constructed, or produced become ready for their intended use or sale shall be capitalized based on the incurred amount when they are incurred, and they shall be recorded into the cost of the qualifying asset; those incurred after the qualifying assets acquired, constructed, or produced become ready for its intended use or sale shall be recognized as expenses based on the incurred amount when they are incurred and shall be recorded in the current profits and losses. 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 in the current profits and losses.

**23. Usufruct assets**

For the determination method of right-of-use asset and accounting treatment method, please refer to Note III. 35 Lease.

## 24. 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;
- 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 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 an uncertain service life.

With regard to an intangible asset with limited service life, its amortization amount shall be amortized by the 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 an 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 the service life of other assets held by the Company, etc.

By category of intangible assets, land use rights are amortized on a straight-line basis over their useful lives of 30-50 years. If the purchase price of acquired land and buildings cannot be reasonably allocated between the land use rights and the buildings, the entire amount is recognized as fixed assets. Patents and others are

amortized on a straight-line basis over their estimated useful lives of 2-30 years.

(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 current profits and losses when they are incurred.

2) The expenditures for the development stage of internal R&D projects shall be recognized as intangible assets when the following conditions are met at the same time:

a. completed development of the intangible asset to make the use or sale of the intangible assets feasible technically;

b. an intent to complete the intangible assets and use or sell them;

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.

Where the expenditures at the research stage or at the development stage cannot be distinguished, all expenditures to research and development shall be included in the current profits and losses.

(5) Impairment test method and accrual method of impairment reserves for intangible assets

Please refer to Note III. 25 Long-term asset impairment for the impairment test method and impairment reserve accrual method of intangible assets.

## **25. 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 based on single assets. Where it is difficult to estimate the recoverable amount of the single assets, the recoverable amount of the assets shall be recognized based on 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 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 assets, asset group, or combination of asset groups.

Where the recoverable amount of the single assets is lower than their book value, the asset impairment reserve shall be accrued accordingly based on the difference between the book value of the single assets and their recoverable amount. Where the recoverable amount of an asset group or a combination of asset groups is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first be charged against the book value of goodwill which is apportioned to the asset group or combination of asset groups, then charged against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded. The charges against the book value of the assets above shall be treated as the impairment loss of the single assets (including the

goodwill), and the impairment reserves of the single assets shall be accrued accordingly.

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

## **26. Long-term unamortized 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 expenditure and shall be averagely amortized by their beneficial period, if long-term deferred expenses cannot benefit subsequent accounting periods, the unamortized value of the project shall be all transferred to the current profits and losses.

## **27. Contract 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 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.

## **28. Payroll**

### **(1) Accounting treatment of short-term payroll**

In the accounting period during which employees provide services to the Company, the Company recognizes the short-term payroll incurred as liabilities and charges them to the current profits and losses or relevant asset costs.

### **(2) Accounting treatment for post-employment benefits**

Post-employment benefits can be divided into the defined contribution plan and the defined benefit plan

1) In the accounting period during which employees provide services for the Company, the amount to be deposited calculated based on the defined contribution plan is recognized as liabilities and included in the current profits and losses or relevant asset costs.

2) The accounting treatment for the defined benefit plan generally includes the following steps:

a. According to the Expected Cumulative Benefit Unit (ECBU) method, unbiased and mutually consistent actuarial assumptions are used to estimate relevant demographic and financial variables, quantify the obligations arising from the defined benefit plan, and determine the period to which the obligations relate.

b. If there are assets in the defined benefit plan, the deficit or surplus formed by deducting the present value of the defined benefit plan obligation from the fair value of the defined benefit plan assets shall be recognized as net liabilities or net assets of the defined benefit plan. For the defined benefit plan with a surplus, the Company shall measure the net assets based on the surplus or asset ceiling of the benefit plan (whichever is lower). The asset ceiling refers to the present value of the economic interest that can be obtained by the Company from refunding or reducing future contributions to the defined benefit plan.

c. At the end of the period, the costs of payroll arising from the defined benefit plan are recognized as service costs, net interest on net liabilities or net assets of the defined benefit plan, and changes arising from the

remeasurement of net liabilities or net assets. The service costs and net interest on net liabilities or net assets of the defined benefit plan are included in the current profits and losses or relevant asset costs, while changes arising from the remeasurement of net liabilities or net assets are included in other comprehensive income and cannot be transferred back to profits and losses in subsequent accounting periods. However, the amount recognized in other comprehensive income can be transferred within the equity section.

d. A settlement gain or loss is recognized during the settlement of the defined benefit plan.

### (3) Accounting treatment for termination benefits

The payroll liabilities that arise from the termination benefits shall be recognized on the earlier one of the following two dates and included in the current profits and losses:

- 1) When the Company cannot unilaterally cancel the termination benefits provided as a result of a plan to terminate employment or a proposal to downsize.
- 2) When the Company recognizes the cost or expense related to reconstruction involving the payment of termination benefits.

### (4) Accounting treatment for other long-term employee benefits

For other long-term employee benefits provided by the Company to its employees that comply with the defined contribution plan, the accounting treatment shall be conducted according to the defined contribution plan. For benefits other than these, the accounting treatment shall be conducted according to the defined benefit plan. However, the portion of the relevant payroll costs that relate to "changes arising from the remeasurement of net liabilities or net assets of the defined benefit plan" shall be included in the current profits and losses or related asset costs.

## 29. Lease liabilities

For the methods of recognition and accounting treatment of lease liabilities, please refer to Note III. 35 Lease.

## 30. Estimated liabilities

### (1) Recognition criteria of estimated liabilities

When business related to contingencies such as external guarantee, pending litigation or arbitration, product quality assurance, staff reduction, loss contract, restructuring obligations, and fixed asset disposal obligations that meet the following conditions, it shall be recognized as liabilities:

- 1) the liabilities are current obligations undertaken 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 methods of estimated liabilities

Accrued liabilities shall be measured on the best estimate of the expenditures required to fulfill current obligations. If there is a continuous range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined by the midpoint of the range. In other cases, the best estimate shall be determined by the following methods:

- 1) when a contingency is related to a single item, the best estimate shall be determined based on the most probable amount;
- 2) when a contingency is related to multiple items, the best estimate shall be calculated and determined based on all possible amounts and their probabilities of occurrence.

If all or part of the expenditure required to settle the estimated liabilities of the Company is expected to be compensated by a third party or other parties, the amount of compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be obtained. The amount recognized for the compensation shall not exceed the book value of the recognized estimated liabilities.

### **31. Share-based payment**

#### **(1) Accounting treatment of share-based payment**

Share-based payment refers to the transaction of granting equity instruments or bearing liabilities recognized based on equity instruments for obtaining services from employees or other parties. The share-based payment is classified into equity-settled share-based payment and cash-settled share-based payment.

##### **1) Equity-settled share-based payment**

The equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees on the grant date. The fair value is calculated by the straight-line method and included in the relevant costs or expenses based on the best estimate of the number of vested equity instruments in the vesting period when it is vested only after the service in the vesting period is completed or the specified performance terms are met. When it is vested immediately after the grant, it is included in relevant costs or expenses on the grant date, and the capital reserve is increased accordingly.

On each balance sheet date during the vesting period, the Company makes the best estimate of subsequent information such as the latest change in the number of vesting employees to correct the estimated number of vested equity instruments. The aforementioned estimated influences are included in current relevant costs or expenses, and the capital reserves are adjusted correspondingly.

The equity-settled share-based payment in exchange for the services of other parties shall be measured at the fair value of the services of other parties on the obtaining date if the services of other parties can be measured reliably. The equity-settled share-based payment shall be measured at the fair value of the equity instruments on the obtaining date of the services of other parties if the fair value of the services of other parties cannot be measured reliably while the fair value of the equity instruments can be measured reliably, and be included in the relevant costs or expenses, and the shareholders' equity shall be increased correspondingly.

##### **2) Cash-settled share-based payment**

The cash-settled share-based payments are measured at the fair value of liabilities determined based on shares or other equity instruments undertaken by the Company. When it is vested immediately after the grant, it is included in relevant costs or expenses on the grant date, and the liabilities are increased correspondingly. If it is vested after completing the services in the vesting period or meets the specified performance terms, the current obtained services are included in costs or expenses based on the best estimate of vesting and at fair value of liabilities borne by the Company on each balance sheet date of the vesting period, and the liabilities are increased correspondingly.

On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is re-measured with the changes included in the current profits and losses.

#### **(2) Accounting treatment for amending and terminating share-based payment plan**

When the Company amends the share-based payment plan, if the fair value of equity instruments granted is increased due to the amendment, the increase of the services obtained will be recognized correspondingly by the increase of the fair value of equity instruments. The increase in the fair value of equity instruments refers to the

difference between the fair value of equity instruments before and after amendment on the amendment date. If the amendment reduces the total fair value of the share-based payment or adopts other unfavorable methods to the employees, the accounting treatment of the obtained services will be continued as if the modification has never occurred, unless the Company cancels part or all of the equity instruments granted.

During the vesting period, if the granted equity instrument is canceled, the Company will handle the cancellation as an accelerated vesting, the amount that shall be recognized during the remaining vesting period is immediately included in the current profits and losses with the capital reserves recognized at the same time. If an employee or other party can choose to meet the non-vesting conditions but fails to meet them during the vesting period, the Company shall treat that as a cancellation of the grant of equity instruments.

### **32. Revenue**

When the contract between the Company and the customer simultaneously meets the following conditions, the Company recognizes the revenue at the point when the customer obtains control over the relevant goods: 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 about 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 individual performance obligations in the contract and allocates the transaction price to individual performance obligations according to the relative proportion of the stand-alone selling price of the goods promised by individual performance obligations. When determining the transaction price, the Company considers the impact of 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 individual performance obligations 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 payments of the ownership of the goods to the customer, that is, the customer has obtained the main risks and payments 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 mainly sells household appliances and their accessories, which usually only include the performance obligations of the transferred goods.

#### **(1) Revenue from selling goods**

1) For the revenue from domestic sales of products, the Company mainly adopts the form of payment in advance. The Company recognizes the revenue when the product is delivered to the purchaser, the shipping document is issued or the customer's receipt is obtained, the amount of revenue from product sales is determined, the payment for goods is recovered, or the receipt certificate is obtained, and the relevant economic benefits are

likely to flow in.

2) In terms of the export sales income, the Company recognizes the revenue when the products are declared and departed according to the contract, the bill of lading is obtained, and the sales revenue is determined.

(2) Revenue from rendering labor services

1) For the revenue from warehousing services, the Company recognizes the revenue monthly by the working hours and standard wages of the services provided, facilities used, and related expenses when the amount of revenue is determined.

2) For the revenue from material processing services, the Company recognizes the revenue when the materials are processed according to the contract and delivered to the customer to obtain the customer's signed receipt, and the amount of revenue is determined.

3) The Company's service charge and commission income include the service charge income of acceptance business, service charge income of entrusted loan, etc.

For the service charge and commission income, the completion time 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 amount of revenue is recognized according to the terms and ratios stipulated in the business contract or agreement.

(3) Income from the transfer of the right to use assets

Income from the transfer of the right to use assets includes interest income, rental income, etc.

The Company recognizes the income from the transfer of 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 mainly includes the interest income from deposits in financial enterprises and loan interest income. Interest income from deposits in financial enterprises is recognized regularly based on the time of deposit and the effective interest rate. Loan interest refers to the income recognized by the Company for granting self-operated loans and accruing interest regularly. The loan interest income is recognized according to the effective interest rate method.

The effective interest rate method refers to the method of calculating the amortized cost and interest income or interest expense for each period based on the effective interest rate financial assets or financial liabilities. The effective interest rate refers to the interest rate used to discount the future cash flows of a financial asset or financial liability within the expected period of existence or an applicable shorter period into the current book value of the financial asset or financial liability. When determining the effective interest rate, the Company estimates future cash flow based on all contractual terms of financial assets or financial liabilities but does not consider the loss of future credits. All the charges, transaction fees, and premiums or discounts paid or collected by the Company as part of the effective interest rate shall be considered when determining the effective interest rate.

2) The recognition conditions for the rental income of the Company are as follows:

- a. a 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.

### 33. Government grants

Government grants refer to the Company's free acquisition of monetary and non-monetary from the government, excluding capital invested by the government as the owner. Government grants consist of asset-related government grants and income-related government grants.

Government grants obtained by the Company for the purchase, construction, or forming the long-term assets in other ways are defined as asset-related government grants, and all the other government grants are defined as income-related government grants. If the government document does not specify the grant object, the following mode is adopted to classify the subsidies into income-related government grants and asset-related government grants:

(1) If the government document specifies the item to which the grant aims, the allocation should be based on the relative proportion of the expenditure amount to form assets and the expenditure amount included in expenses in the budget of this specific item, and this allocation proportion needs to be reviewed on every balance sheet date and changed when necessary.

(2) If the government document provides only a general presentation of the purpose without specifying the specific item, the grants shall be regarded as income-related government grants.

The asset-related government grants are recognized as deferred income upon acquisition and are included in the profits and losses in reasonable and systematic installments over the useful life of the asset when the relevant asset reaches its intended usable state. Where the relevant assets are sold, transferred, scrapped, or damaged before the end of their useful lives, the undistributed deferred income balance is transferred to the current profits and losses of the asset disposal.

In terms of income-related government grants, those are used for compensating the related expenses or losses in the later period, are recognized as deferred income upon acquisition and included in the current profits and losses during the period when the relevant costs or losses are recognized; those are used for compensating the related cost expenses or losses incurred, are included in the current profits and losses directly upon acquisition.

Government grants related to daily activities are included in other income; government grants not related to daily activities are included in non-operating revenue and expenses.

(3) If policy preferential loans are obtained with interest discounts, accounting treatment should be carried out by distinguishing between the following two ways of obtaining them:

1) Where the financial department disburses the discount interest fund to the lending bank, the lending bank provides a loan to the Company at a policy preferential interest rate, the fair value of the loan is used as the entry value of the 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 the loan is recognized as deferred income. The deferred income is amortized using the effective interest rate method during the duration of the loan to offset the relevant borrowing cost.

2) Where the financial department disburses the discount interest fund to the Company directly, the corresponding discount is used to offset the relevant borrowing costs.

(4) Government grants that are monetary assets are measured at the amount received or receivable. Government grants that are non-monetary assets are measured at the fair value; if the fair value cannot be reliably acquired, they are measured at the nominal amount. The Company usually recognizes and measures government grants based on the actual amount received upon receipt. However, funds that have conclusive evidence at the end of the period, indicating that they meet the relevant conditions stipulated in the financial support policy and are expected to receive financial support, are measured at the amount receivable. Government grants measured at the

amount receivable shall simultaneously comply with the following conditions:

- 1) The amount of receivable grants has been confirmed by the authoritative government department by issuing a document or can be independently and reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and it is predicted that its amount is not subject to significant uncertainty.
- 2) The basis is the financially supported projects and their financial fund management measures that are officially released by the local Financial Department and actively disclosed according to the provisions of the *Regulation of the People's Republic of China on Disclosure of Government Information*, as well as its financial fund management measures, and the management measures should be inclusive (any enterprise meeting the defined conditions can apply for the grants), rather than specially formulated for specific enterprises.
- 3) Other conditions that shall be met according to specific conditions of the Company and this matter of grants.

#### **34. Deferred income tax assets/deferred income tax liabilities**

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference between the tax base of the assets and liabilities and their book values (temporary difference). For deductible losses that can be deducted from taxable income in subsequent years according to the provisions of the tax law, the corresponding deferred income tax assets are recognized. For temporary differences arising from the initial recognition of goodwill, 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 acquire 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 met: the Company can control the timing of the transferring back of the temporary differences; the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income tax assets are recognized for all deductible temporary differences associated with investments in subsidiaries, joint ventures, and associates if all the following conditions are met: the deductible temporary difference is likely to be transferred back in the foreseeable future, and the taxable profit in the future is likely to be available against which the deductible temporary difference can be utilized.

The deferred income tax assets and the deferred income tax liabilities that meet the following conditions are presented at the net amount after offsetting:

- 1) The deferred income tax assets and deferred income tax liabilities relate to the income taxes levied by the same taxation authority on the same taxpayer of the Company.
- 2) The taxpayer of the Company has a legal right to settle current income tax assets and current income tax liabilities on a net basis.

### 35. Lease

Lease refers to a contract in which the Company transferred or acquired the right to control the use of one or more identified assets for a certain period in exchange for or payment of consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease.

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

##### 1) Initial measurement

On the commencement date of the lease term, the Company will recognize the right to use the leased assets during the lease term as the right-of-use asset and recognize the current value of the unpaid lease amount as a lease liability, except for short-term leases and low-value asset leases. When calculating the current value of the lease amount, the Company uses the implied interest rate in lease as a discount rate. If the implied interest rate in the lease cannot be determined, the lessee's incremental borrowing interest rate is used as the discount rate.

Right-to-use assets should be initially measured at cost. The cost includes:

- a. the initially measured amount of the lease liabilities;
- b. the lease payments made on or before the commencement date of the lease term. If there is a lease incentive, the amount related to the lease incentive that has been enjoyed is deducted;
- c. the initial direct expenses incurred by the lessee;
- d. the estimated cost that the lessee will incur for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms.

##### 2) Subsequent measurement

The Company accrues depreciation by referring to fixed asset depreciation policies (refer to Note III. 20 Fixed assets). If the Company can reasonably determine the obtaining of the ownership of the leasing assets when the lease term expires, it will accrue depreciation within the remaining service life of the leasing asset. Where it is impossible to reasonably determine if the ownership of the leased assets can be acquired upon the expiration of the lease term, the Company will accrue depreciation within a shorter period between the lease term and the remaining useful life of the leased assets.

For lease liabilities, the Company calculates its interest expenses for each period of the lease term at a fixed periodic interest rate and includes them in the current profits and losses or the cost of related assets. The variable lease amount that is not included in the measurement of lease liabilities is included in the current profits and losses or cost of related assets when incurred.

After the lease term starts, in case of changes in the substantially fixed payment amount, the estimated amount payable of the guarantee residual value, the index or ratio used for determining the lease amount, change in the evaluation results, or actual vesting of the purchase option, renewal option, or termination option, the Company re-measures the lease liability based on the current value of the changed lease amount and adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company will include the remaining amount in the current profits and losses.

##### 3) Short-term leases and low-value asset leases

For short-term leases (with a lease term of no more than 12 months from the beginning of the lease) and low-value asset leases, the Company adopts a simplified treatment method to include the lease amount into the cost of relevant asset costs or the current profits and losses during the lease term by the straight-line method or other

systematic and reasonable methods instead of recognizing the right-of-use assets and lease liabilities.

(2) With the Company as the lessor

On the commencement date of the lease, the Company divides the lease into the financial lease and operating lease based on the essence of the transaction. Financial lease refers to a lease that transfers substantially almost all risks and rewards associated with the ownership of the assets. Operating lease refers to leases other than the financial lease.

1) Operating leases

The Company adopts the straight-line method to recognize the lease amount of the operating lease as the rental income during the lease term. Variable lease payments in connection with the operating lease that are not included in the lease payment are included in the current profits and losses when incurred.

2) Financial lease

On the commencement date of the lease term, the Company recognizes the financial lease receivables and derecognizes the financial lease assets. The financial lease receivables are initially measured by the net lease investment (the sum of the unguaranteed residual value and the present value of the lease payments that have not been received on the commencement date of the lease term discounted at the implied interest rate of the lease), and interest income during the lease term is calculated and recognized at a fixed periodic interest rate. The variable lease payments obtained by the Company that are not included in the measurement of net lease investment are included in the current profits and losses when incurred.

### **36. Discontinuing operation**

Discontinuing operation refers to a constituent part that meets one of the following conditions, can be distinguished separately, and has been disposed of or classified as held for sale:

- (1) this constituent part represents an independent main business or a separate main business area;
- (2) this constituent part is 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 presents the profits and losses from continuing operations and the profits and losses from discontinuing operations 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 discontinuing operations, its impairment loss and amount transferred back and profits and losses from disposal shall be presented as profits and losses from continuing operations. The impairment losses and amount transferred back from discontinuing operations and other operating profits and losses as well as profits and losses from disposal are presented as profits and losses from discontinuing operations.

For the discontinuing operations presented in the current period, the information previously presented as profits and losses from continuing operations is re-presented as profits and losses from discontinuing operations for comparable accounting periods in the current financial statements. Where the disposal group that is intended to be discontinued rather than sold meets the conditions for the relevant constituent part in the definition of discontinuing operations, it is presented as a discontinuing operation from the date of discontinuation of use. Where the control over a subsidiary is lost due to reasons such as selling the investment in the subsidiary and this subsidiary complies with the definition of discontinuing operations, the relevant profits and losses from discontinuing operations are presented in the consolidated income statement.

### **37. Segment report**

The Company determines the operating segments based on the internal organizational structure, management requirements, and internal reporting systems, determines the report segments based on the operating segments, and discloses segment information.

Operating segments refer to the constituent part of the Company that meets the following conditions at the same time:

- (1) this constituent part can generate revenue and expenses in daily activities;
- (2) the management of the Company can regularly evaluate the operating results of the constituent part to determine the allocation of resources 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 meet certain conditions, they can be merged into one operating segment.

### **38. Share repurchase**

If the Company's shares are acquired due to registered capital reduction or employee rewards, the amount paid shall be treated as treasury shares and registered at the same time for future reference. If the repurchased shares are canceled, the difference between the total face value of the canceled shares and the amount paid for the repurchase shall be offset against capital reserve. If the capital reserve is insufficient, the offset shall be made against retained earnings. If the repurchased shares are rewarded to employees of the Company as equity-settled share-based payments, refer to Note III. 31 Share-based payment for corresponding accounting treatment.

### **39. Hedging**

To avoid certain risks, the Company hedges certain financial instruments as hedging instruments. The hedge that meets the prescribed conditions will be handled by the Company using hedge accounting methods. The Company's hedging includes fair value hedging, cash flow hedging, and hedging 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 engaged in hedging. In addition, the Company will continue to assess the effectiveness of the hedging when and after the hedging begins.

#### **(1) Fair value hedging**

For eligible hedging instruments designated as fair value hedging, the gains or losses generated thereby are included in the current profits and losses. If a hedging instrument is used to hedge non-trading equity instrument investment (or its component) that is selected to be measured at fair value with changes included in other comprehensive income, the gains and losses generated by the hedging instrument are included in other comprehensive income. Gains or losses of a hedged item arising from the hedged risk exposure are included in the current profits and losses, while the book value of the hedged item is adjusted. If a hedged item is measured at fair value, the gains or losses incurred by the hedged item due to the hedged risk exposure are included in the current profits and losses or other comprehensive income, and there is no need to adjust the book value of the hedged item.

When the Company revokes the designation of the hedging relationship, the hedging instrument has expired or

been sold, the contract is terminated or exercised, or the conditions for the use of hedge accounting are no longer met, the use of hedge accounting is terminated.

## (2) Cash flow hedging

For eligible hedging instruments designated as cash flow hedging, 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 if 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 include it in the initial recognition amount of the asset or liability. For other cash flow hedging, the Company will, during the same period when the expected cash flow being hedged affects profits or losses, transfer out the amount of cash flow hedge reserve originally recognized in other comprehensive income and include it in the current profits and losses.

If it is expected that all or part of the net losses originally included in other comprehensive income cannot be compensated in the future accounting period, the portion that cannot be compensated out is transferred and included in the current profits and losses.

When the Company terminates the use of hedge accounting for cash flow hedging, the accumulated cash flow hedge reserves that have been included in other comprehensive income are retained when future cash flows are expected to continue to occur and are transferred out of other comprehensive income and included in the current profits and losses when future cash flows are expected to no longer occur.

## (3) Hedging of net investment in overseas operations

Hedging of net investment in overseas operations is accounted for using a method similar to cash flow hedging. Among the gains or losses of hedging instruments, the portion that is determined to be an effective hedging is included in other comprehensive income, while the portion that is determined to be an ineffective hedging is included in the current profits and losses.

Gains and losses that have been included in other comprehensive income are transferred out of other comprehensive income and included in the current profits and losses when disposing of overseas operations.

## 40. Safe production expenses

Some subsidiaries of the Company withdraw safe production expenses in accordance with national regulations and include them in the costs of related products or current profits and losses.

Where the expenses for safe production extracted are of a cost nature, the special reserves shall be directly written off. If the expenses for safe production extracted are used to form fixed assets, the expenses incurred by the account collection of "construction in progress" shall be recognized as fixed assets when the safety project is completed and reaches the expected serviceable state; at the same time, special reserves are written off based on the cost of fixed assets and accumulated depreciation of the same amount is recognized. The fixed asset will no longer be depreciated in the future.

## 41. Risk reserve

In accordance with regulations such as the *Administrative Measures for the Reserve Accrual of Financial Enterprises* ("Accrual Measures") (CJ [2012] No. 20) issued by the Ministry of Finance, the subsidiaries of the

Company in the financial industry, have established a general risk reserve based on withdrawing asset impairment reserves to compensate for potential losses related to risk assets that have not yet been identified. The general risk reserve will be treated as a distribution of profits. It is an integral part of the owner's equity. In principle, it should not be less than 1.5% of the ending balance of risk assets. According to the requirements of the Accrual Measures, if the proportion of the general reserve balance of financial enterprises in the ending balance of risk assets is difficult to reach 1.5% at one time, it can be in place in years. In principle, it should not exceed 5 years.

#### 42. Changes in major accounting policies and accounting estimate

##### (1) Changes in major accounting policies

None.

##### (2) Changes in major accounting estimates

None.

#### IV. Taxes

##### 1. Main tax categories and tax rates

Category	Tax Basis	Tax Rate
Value-added tax	Value-added amount from the sale of goods, services, intangible assets, and real estate	13.00%, 9.00%, 6.00%, etc.
Urban maintenance & construction tax	Turnover tax payable	7.00%, 5.00%
Education surcharge	Turnover tax payable	3.00%
Local education surcharge	Turnover tax payable	2.00%
Business income tax	Taxable income	34.00%, 25.00%, 20.00%, 16.50%, 15.00%, etc.

[Note 1] The Company's subsidiaries Hong Kong Gree Electric Appliances Sales Limited, Yinlong Electric Vehicle (Hong Kong) Group Co., Ltd., and Energy Storage Technology (China) Group Co., Ltd., operate in the Hong Kong Special Administrative Region, where the profit tax rate is 16.50%.

[Note 2] The Company's subsidiaries Gree Electric Appliances (Brazil) Co., Ltd. and Brazil United Electric Appliances Industry and Commerce Co., Ltd. operate in Brazil, where the federal business income tax rate is 34.00%.

[Note 3] The Company's subsidiaries, DunAn Precision Machinery (USA) Group Co., Ltd., DunAn Microstaq, Inc., and Altairnano, Inc., operate in the United States and are subject to paying federal taxes and state taxes. The federal tax rate is 21.00%, while the state tax rates for DunAn Precision and DunAn Microstaq are 0.50%–1.00% of gross profit on sales.

[Note 4] The Company's subsidiaries, DunAn Metal (Thailand) Co., Ltd., DunAn Thermal Engineering (Thailand) Co., Ltd., and DunAn Thermal Management (Thailand) Co., Ltd. operate in Thailand, and the corporate income tax rate in Thailand is 20.00%.

[Note 5] The Company's subsidiary Japan DunAn International Co., Ltd. operates in Japan, where the business income tax rate is 23.20%.

[Note 6] The Company's subsidiary DunAn Korea Co., Ltd. operates in South Korea, where the business income tax rate is 19.00%.

[Note 7] The Company's subsidiary DunAn International (Europe) GmbH operates in Frankfurt, Germany, where the business income tax rate is 15.00%.

[Note 8] Some subsidiaries of the Company are small and low-profit enterprises, subject to the Announcement No. 12 of 2023 issued by the Ministry of Finance and the State Taxation Administration of *Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses in Relevant Tax Policies*, where the taxable income is calculated at a reduced rate of 25.00%, and the business income tax is paid at a rate of 20.00%.

## 2. Tax preferences

(1) The Company was identified as a high-tech enterprise in 2023 with preferential policies for high-tech enterprises (High-tech Enterprise Certificate No.: GR202344009175). 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 2025.

No.	Name of Taxpayer	High-tech Enterprise Certificate No.	Date of Obtaining the High-tech Enterprise Certificate	Expiry Date
1	Zhuhai Landa Compressor Co., Ltd.	GR202344010890	2023/12	Three years
2	Zhuhai Gree Xinyuan Electronics Co., Ltd.	GR202544002452	2025/12	Three years
3	Zhuhai Kaibang Motor Manufacturing Co., Ltd.	GR202444011859	2024/12	Three years
4	Zhuhai Gree Daikin Precision Mold Co., Ltd.	GR202544011567	2025/12	Three years
5	Gree (Hefei) Electric Appliances Co., Ltd.	GR202334003315	2023/10	Three years
6	Zhuhai Gree Green Refrigeration Technology Research Center Co., Ltd.	GR202344006183	2023/12	Three years
7	Gree (Wuhan) Electric Appliances Co., Ltd.	GR202542001639	2025/12	Three years
8	Gree (Zhengzhou) Electric Appliances Co., Ltd.	GR202341000272	2023/11	Three years
9	Gree (Wuhu) Electric Appliances Co., Ltd.	GR202334001396	2023/10	Three years
10	Gree (Shijiazhuang) Electric Appliances Co., Ltd.	GR202513000029	2025/10	Three years
11	Zhuhai Ewpe Information Technology Inc.	GR202544006463	2025/12	Three years
12	Gree Changsha HVAC Equipment Co., Ltd.	GR202343003172	2023/10	Three years
13	Zhuhai Gree Precision Mold Co., Ltd.	GR202344006995	2023/12	Three years
14	Gree (Zhongshan) Small Home Appliances Co., Ltd.	GR202444004022	2024/11	Three years
15	Hefei Kinghome Electrical Co., Ltd.	GR202434000373	2024/10	Three years
16	Zhuhai Gree New Material Co., Ltd.	GR202544012622	2025/12	Three years
17	Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	GR202513000157	2025/10	Three years
18	Zhuhai Gree Daikin Device Co., Ltd.	GR202444005850	2024/11	Three years
19	Gree CNC Machine Tool Research Institute Co., Ltd. of Zhuhai	GR202344006963	2023/12	Three years

No.	Name of Taxpayer	High-tech Enterprise Certificate No.	Date of Obtaining the High-tech Enterprise Certificate	Expiry Date
20	Zhuhai Liyun Technology Co., Ltd.	GR202344010393	2023/12	Three years
21	Gree Tosot (Suqian) Home Appliances Co., Ltd.	GR202332019062	2023/12	Three years
22	Gree (Hangzhou) Electric Appliances Co., Ltd.	GR202333008152	2023/12	Three years
23	Gree (Luoyang) Electric Appliances Co., Ltd.	GR202541000624	2025/11	Three years
24	Gree (Wuhan) HVAC Equipment Co., Ltd.	GR202442001843	2024/11	Three years
25	Zhuhai Gree Green Resources Recycling Co., Ltd.	GR202544006429	2025/12	Three years
26	Zhuhai Edgeless Integrated Circuit Co., Ltd.	GR202444007876	2024/12	Three years
27	Gree Wuhu Precision Manufacturing Co., Ltd.	GR202534003337	2025/10	Three years
28	Gree (Nanjing) Electric Appliances Co., Ltd.	GR202532000957	2025/11	Three years
29	Gree Altairnano New Energy Inc.	GR202444004210	2024/11	Three years
30	Gree (Linyi) Electric Appliances Co., Ltd.	GR202537001484	2025/12	Three years
31	Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd.	GR202544006113	2025/12	Three years
32	Zhuhai Gree Lvkong Technology Co., Ltd.	GR202444006582	2024/11	Three years
33	Hefei Landa Compressor Co., Ltd.	GR202334001713	2023/10	Three years
34	Zhengzhou Landa Compressor Co., Ltd.	GR202341000260	2023/11	Three years
35	Wuhan Landa Compressor Co., Ltd.	GR202342000821	2023/10	Three years
36	Hefei Kaibang Motor Co., Ltd.	GR202334002919	2023/10	Three years
37	Henan Kaibang Motor Co., Ltd.	GR202341001262	2023/11	Three years
38	Jilin Songliang Seed Industry Technology Co., Ltd.	GR202522001142	2025/12	Three years
39	Zhuhai Guangtong Automobile Co., Ltd.	GR202344009746	2023/12	Three years
40	Northern Aotai Nanotechnologies Co., Ltd.	GR202413000621	2024/11	Three years
41	Zhejiang DunAn Thermal Technology Co., Ltd.	GR202333008719	2023/12	Three years
42	Zhuhai DunAn Thermal Technology Co., Ltd.	GR202444001315	2024/11	Three years
43	Hangzhou Safety Equipment Co., Ltd.	GR202333000665	2023/12	Three years
44	Zhejiang DunAn Hetian Metals Co., Ltd.	GR202433002455	2024/12	Three years
45	Zhuhai Huayu Metal Co., Ltd.	GR202444001742	2024/11	Three years
46	Chongqing Huachao Metal Co., Ltd.	GR202451102589	2024/11	Three years
47	Zhejiang DunAn Machinery Co., Ltd.	GR202433007625	2024/12	Three years
48	Zhejiang DunAn Electro-Mechanical Technology Co., Ltd.	GR202433003799	2024/12	Three years
49	Suzhou Huayue Metal Co., Ltd.	GR202332005590	2023/11	Three years
50	DunAn Automotive Thermal Management Technology Co., Ltd.	GR202333001123	2023/12	Three years
51	Jiangsu Tongsheng Heat Exchanger Co., Ltd.	GR202332010309	2023/12	Three years

No.	Name of Taxpayer	High-tech Enterprise Certificate No.	Date of Obtaining the High-tech Enterprise Certificate	Expiry Date
52	DunAn (Wuhu) Zhongyuan Automatic Control Co., Ltd.	GR202434005561	2024/11	Three years
53	Shanghai Datro Automotive Technology Co., Ltd.	GR202431002439	2024/12	Three years
54	Tianjin Datro Technology Co., Ltd.	GR202312002617	2023/12	Three years
55	Datro Automotive Systems (Nantong) Co., Ltd.	GR202432013506	2024/12	Three years

(3) The following subsidiaries of the Company enjoy the country's western development policy, with an income tax rate of 15.00%.

No.	Name of Taxpayer	Start time
1	Gree (Chongqing) Electric Appliances Co., Ltd.	2008/1/1
2	Chongqing Landa Compressor Co., Ltd.	2015/1/1
3	Chongqing Kaibang Motor Co., Ltd.	2013/1/1
4	Gree (Chengdu) Electric Appliances Co., Ltd.	2022/1/1
5	Gree (Ganzhou) Electric Appliances Co., Ltd.	2023/1/1
6	Chengdu Guangtong Automobile Co., Ltd.	2017/6/13

(4) The following subsidiaries of the Company are entitled to enjoy the preferential policy of business income tax in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, with an income tax rate of 15.00%.

No.	Name of Taxpayer	Start time
1	Zhuhai Mingruida Supply Chain Technology Co., Ltd.	2022/1/1

(5) According to the *Announcement on the Value-Added Tax Deduction Policy for Advanced Manufacturing Enterprises* (Announcement No. 43 of 2023 issued by the Ministry of Finance and the State Taxation Administration), from January 1, 2023, to December 31, 2027, advanced manufacturing enterprises are allowed to deduct the value-added tax payable by an additional 5% of the deductible input tax amount in the current period. The Company and some of its subsidiaries enjoy the above preferential policies.

(6) According to the Notice of the Ministry of Finance and the State Taxation Administration on Value-added Tax Policies for Software Products (CS [2011] No. 100), general value-added taxpayers who sell software products developed and produced by themselves will be subject to refund policy for the portion of their actual value-added tax burden exceeding 3%. The Company and some of its subsidiaries enjoy the above preferential policies.

## V. Notes to 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 end of the period" means December 31, 2025, "the beginning of the period" means January 1, 2025, "the end of the previous year" means December 31, 2024, "the current year" refers to 2025, and "the previous year" refers to 2024. Unless otherwise stated, the amount unit is CNY.

### 1. Monetary funds

Item	Ending Balance	Beginning Balance
Cash on hand	317,120.96	493,036.20
Bank deposit	69,784,065,697.11	53,207,652,730.66
Other monetary funds [Note 1]	9,253,823,481.13	35,080,968,670.38
Deposits in central bank [Note 2]	1,911,851,424.72	1,876,552,187.02
Deposits in other banks	25,562,769,444.63	18,624,283,224.90
Subtotal	106,512,827,168.55	108,789,949,849.16
Accrued interest	4,040,179,482.34	5,110,511,948.78
Total	110,553,006,650.89	113,900,461,797.94
Including: Total amount deposited outside mainland China	1,046,048,599.29	2,169,874,292.62

[Note 1] The ending balance of other monetary funds refers to banks' acceptance bill deposits, guarantee deposits, letters of credit deposits, etc., where the restricted fund was CNY8,675,252,384.99.

[Note 2] The statutory deposit reserve in the Company's deposits in central bank is CNY1,902,339,726.09, and its use is restricted;

[Note 3] Except the above cases, there are no other funds in the ending balance of monetary funds that are restricted in use or have potential recovery risks due to mortgage, pledge, or freezing.

## 2. Trading financial assets

Item	Ending Balance	Beginning Balance
Financial assets measured at fair value with changes included in other comprehensive income	31,336,448,103.06	16,548,258,632.49
Including: Debt instrument investment	31,332,796,002.06	16,532,341,817.49
Equity instrument investment	3,652,101.00	15,916,815.00
Total	31,336,448,103.06	16,548,258,632.49

## 3. Notes receivable

### (1) Notes receivable presentation by categories

Item	Ending Balance	Beginning Balance
Commercial acceptance bill	930,000.00	
Subtotal	930,000.00	
Less: Bad debt reserves	46,500.00	
Total	883,500.00	

### (2) Notes receivable that have been pledged at the end of the period

None.

### (3) Notes receivable that have been endorsed or discounted at the end of the period and have not yet due on the balance sheet date

None.

**4. Accounts receivable**

## (1) Accounts receivable disclosed by account age

Account Age	Ending Balance	Beginning Balance
<1 year	14,699,874,668.07	15,243,930,067.09
1–2 years	633,380,094.36	1,047,136,307.87
2–3 years	724,729,190.92	1,085,992,561.17
>3 years	3,008,514,780.45	3,179,790,154.64
Subtotal	19,066,498,733.80	20,556,849,090.77
Less: Bad debt reserves	3,079,318,135.04	3,724,961,702.71
Total	15,987,180,598.76	16,831,887,388.06

[Note] The Company's accounts receivable with an account age of over 1 year are mainly special funds receivables for disposing of waste electrical and electronic products and payments for new energy vehicles.

## (2) Presentation by categories of bad debt accrual method

Category	Ending Balance				
	Book balance		Bad debt reserves		Book Value
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt reserves accrued by individual item	1,189,620,476.76	6.24	1,189,620,476.76	100.00	
Accounts receivable with bad debt reserves accrued by portfolios	17,876,878,257.04	93.76	1,889,697,658.28	10.57	15,987,180,598.76
Including: Account age portfolio	16,351,828,184.04	85.76	1,736,412,869.29	10.62	14,615,415,314.75
Low risk portfolio	1,525,050,073.00	8.00	153,284,788.99	10.05	1,371,765,284.01
Total	19,066,498,733.80	100.00	3,079,318,135.04	16.15	15,987,180,598.76

(Continued)

Category	Beginning Balance				
	Book balance		Bad debt reserves		Book Value
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt reserves accrued by individual item	1,205,313,781.71	5.86	1,205,313,781.71	100.00	
Accounts receivable with bad debt reserves accrued by portfolios	19,351,535,309.06	94.14	2,519,647,921.00	13.02	16,831,887,388.06
Including: Account age portfolio	17,166,688,323.81	83.51	2,242,140,497.50	13.06	14,924,547,826.31
Low risk portfolio	2,184,846,985.25	10.63	277,507,423.50	12.70	1,907,339,561.75
Total	20,556,849,090.77	100.00	3,724,961,702.71	18.12	16,831,887,388.06

## 1) Accounts receivable with bad debt reserves accrued by individual item

Name	Ending Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing
60 units in total	1,189,620,476.76	1,189,620,476.76	100.00	It is difficult to recover
Total	1,189,620,476.76	1,189,620,476.76	100.00	

(Continued)

Name	Beginning Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing
64 companies in total	1,205,313,781.71	1,205,313,781.71	100.00	It is difficult to recover
Total	1,205,313,781.71	1,205,313,781.71	100.00	

## 2) Accounts receivable in the portfolio with bad debt reserves accrued by account age portfolio

Account Age	Ending Balance		
	Book balance	Bad debt reserves	Credit loss rate (%)
<1 year	14,447,732,182.70	483,182,050.99	3.34
1-2 years	625,529,308.94	115,638,423.24	18.49
2-3 years	203,189,505.40	85,790,313.84	42.22
>3 years	1,075,377,187.00	1,051,802,081.22	97.81
Total	16,351,828,184.04	1,736,412,869.29	10.62

## 3) Accounts receivable in the portfolio with bad debt reserves accrued by low risk portfolio

Name	Ending Balance		
	Book balance	Bad debt reserves	Credit loss rate (%)
Low risk portfolio	1,525,050,073.00	153,284,788.99	10.05
Total	1,525,050,073.00	153,284,788.99	10.05

## (3) Bad debt reserves accrued, recovered, or reversed in the current period

Category	Beginning Balance	Change in the Current Period		Ending Balance
		Accrual/recovery/reversal	Write-off	
Accrual by individual item	1,205,313,781.71	19,139,871.99	34,833,176.94	1,189,620,476.76
Account age portfolio	2,242,140,497.50	-498,845,851.24	6,881,776.97	1,736,412,869.29
Low risk portfolio	277,507,423.50	-124,222,634.51		153,284,788.99
Total	3,724,961,702.71	-603,928,613.76	41,714,953.91	3,079,318,135.04

[Note] There was no significant recovery or reversal of bad debt reserves during the current period.

## (4) Accounts receivable written off in the current period

Item	Written Off Amount
130 units in total	41,714,953.91

Item	Written Off Amount
Total	41,714,953.91

(5) Accounts receivable and contract assets of the top 5 debtors in terms of ending balance collected by debtors

The total amount of accounts receivable and contract assets of the top 5 debtors in terms of ending balance collected by debtors is CNY4,488,845,500.84, accounting for 22.83% of the ending balance of accounts receivable and contract assets, and the amount of bad debt provision is CNY253,522,902.34.

## 5. Contract assets

### (1) Contract assets

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment reserve	Book Value	Book balance	Impairment reserve	Book Value
Account age portfolio	589,850,904.89	197,219,223.20	392,631,681.69	793,112,642.68	243,289,401.68	549,823,241.00
Low risk portfolio	8,646,520.00	1,449,247.12	7,197,272.88	48,736,450.00	6,160,139.11	42,576,310.89
Total	598,497,424.89	198,668,470.32	399,828,954.57	841,849,092.68	249,449,540.79	592,399,551.89

### (2) Bad debt reserves accrued, recovered, or reversed in the current period

Item	Beginning Balance	Accrual/recovery/reversal in the current period	Ending Balance
Account age portfolio	243,289,401.68	-46,070,178.48	197,219,223.20
Low risk portfolio	6,160,139.11	-4,710,891.99	1,449,247.12
Total	249,449,540.79	-50,781,070.47	198,668,470.32

[Note] There was no significant recovery or reversal of bad debt reserves during the current period.

### (3) Contract assets written off in the current period

None.

## 6. Receivables financing

### (1) Receivables financing presentation by categories

Item	Ending Balance	Beginning Balance
Notes receivable measured at fair value	5,699,682,696.65	9,126,154,662.22
Including: Banker's acceptance bill	5,484,679,794.26	8,905,508,716.74
Financial company's acceptance bill	215,002,902.39	220,645,945.48
Accounts receivable measured at fair value	796,469,176.38	474,571,622.55
Including: Accounts receivable	796,469,176.38	474,571,622.55

Item	Ending Balance	Beginning Balance
Total	6,496,151,873.03	9,600,726,284.77

## (2) Receivables financing pledged by the Company at the end of the period

Item	Pledged Amount at the End of the Period
Banker's acceptance bill	3,298,768,689.49
Financial company's acceptance bill	215,002,902.39
Total	3,513,771,591.88

## (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 Derecognized at the End of the Period	Amount Recognized at the End of the Period
Banker's acceptance bill	23,547,459,735.09	
Financial company's acceptance bill	91,099,049.00	
Accounts receivable	465,197,555.84	
Total	24,103,756,339.93	

## (4) Receivables financing — credit impairment reserves of accounts receivable

## 1) Credit impairment reserves accrued by portfolios

Item	Ending Balance			Bad debt reserves
	Book balance	Change in fair value	Book Value	
Accounts receivable	796,469,176.38		796,469,176.38	39,823,458.83
Total	796,469,176.38		796,469,176.38	39,823,458.83

## 2) Changes in credit impairment reserves

Item	Beginning Balance	Accrual/recovery/reversal	Ending Balance
Accounts receivable	23,728,581.13	16,094,877.70	39,823,458.83
Total	23,728,581.13	16,094,877.70	39,823,458.83

## (5) Receivables financing written off in the current period

None.

**7. Advance payments**

## (1) Advance payment presentation by account age

Account Age	Ending Balance		Beginning Balance	
	Amount	Proportion (%)	Amount	Proportion (%)

Account Age	Ending Balance		Beginning Balance	
	Amount	Proportion (%)	Amount	Proportion (%)
<1 year	1,105,229,283.84	91.25	1,427,996,706.28	93.31
1-2 years	46,233,750.92	3.82	58,964,864.97	3.85
2-3 years	21,198,239.39	1.75	12,778,693.25	0.84
>3 years	38,551,760.23	3.18	30,572,054.15	2.00
Total	1,211,213,034.38	100.00	1,530,312,318.65	100.00

## (2) Significant advance payments aged over one year

None.

## (3) Prepayments of the top 5 prepayment objects in terms of ending balance collected by prepayment objects

The aggregate balance amount of prepayments of top 5 suppliers in the balance collected by the supplier was CNY474,879,897.45, accounting for 39.21% of the total balance of prepayments at the end of the period.

**8. Other receivables**

Item	Ending Balance	Beginning Balance
Dividends receivable		4,325,690.04
Other receivables [Note 1]	327,529,462.48	865,405,534.36
Total	327,529,462.48	869,731,224.40

[Note 1] Other receivables in the table above refer to other receivables after the deduction of interest receivable and dividends receivable.

[Note 2] The Company has no interest receivable balance at the end and the beginning of the period.

## (1) Dividends receivable

## 1) Dividends receivable

Item	Ending Balance	Beginning Balance
Dividends receivable		4,325,690.04
Total		4,325,690.04

## 2) Important dividends receivable aged over 1 year

None.

## (2) Other receivables

## 1) Disclosure by account age

Account Age	Ending Balance	Beginning Balance
<1 year	270,507,177.94	918,927,111.10
1-2 years	181,335,745.73	109,462,906.88

Account Age	Ending Balance	Beginning Balance
2-3 years	76,374,865.62	37,700,792.39
>3 years	455,531,288.01	434,126,013.28
Subtotal	983,749,077.30	1,500,216,823.65
Less: Bad debt reserves	656,219,614.82	634,811,289.29
Total	327,529,462.48	865,405,534.36

## 2) Classification by nature of payment

Nature of Payment	Ending Balance	Beginning Balance
Intercourse funds	885,730,613.92	1,406,601,684.90
Equity and asset transfer payments	98,018,463.38	93,615,138.75
Subtotal	983,749,077.30	1,500,216,823.65
Less: Bad debt reserves	656,219,614.82	634,811,289.29
Total	327,529,462.48	865,405,534.36

## 3) Disclosure by classification of bad debt reserves accrual methods

Category	Ending Balance				Book Value
	Book balance		Bad debt reserves		
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Other accounts receivable with bad debt reserves accrued by individual item	496,020,446.61	50.42	493,146,057.94	99.42	2,874,388.67
Other accounts receivable with bad debt reserves accrued by portfolios	487,728,630.69	49.58	163,073,556.88	33.44	324,655,073.81
Including: Account age portfolio	487,728,630.69	49.58	163,073,556.88	33.44	324,655,073.81
Total	983,749,077.30	100.00	656,219,614.82	66.71	327,529,462.48

(Continued)

Category	Beginning Balance				Book Value
	Book balance		Bad debt reserves		
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Other accounts receivable with bad debt reserves accrued by individual item	481,013,553.15	32.06	478,139,164.48	99.40	2,874,388.67
Other accounts receivable with bad debt reserves accrued by portfolios	1,019,203,270.50	67.94	156,672,124.81	15.37	862,531,145.69
Including: Account age portfolio	1,019,203,270.50	67.94	156,672,124.81	15.37	862,531,145.69
Total	1,500,216,823.65	100.00	634,811,289.29	42.31	865,405,534.36

## ① Other accounts receivable with bad debt reserves accrued by individual item

Name	Ending Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing

Name	Ending Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing
Company 1	170,732,737.89	170,732,737.89	100.00	It is expected to be difficult to recover
Company 2	121,063,353.05	121,063,353.05	100.00	It is expected to be difficult to recover
28 companies remaining	204,224,355.67	201,349,967.00	98.59	It is expected to be difficult to recover in full
Total	496,020,446.61	493,146,057.94	99.42	

(Continued)

Name	Beginning Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing
Company 1	170,791,178.69	170,791,178.69	100.00	It is difficult to recover
Company 2	121,063,353.05	121,063,353.05	100.00	It is difficult to recover
26 companies remaining	189,159,021.41	186,284,632.74	98.48	It is difficult to recover in full
Total	481,013,553.15	478,139,164.48	99.40	

## ② Other receivables in the portfolio with bad debt reserves accrued by account age portfolio

Account Age	Ending Balance		
	Book balance	Bad debt reserves	Credit loss rate (%)
<1 year	255,993,507.97	12,799,675.54	5.00
1–2 years	43,479,358.61	5,957,422.94	13.70
2–3 years	63,064,754.72	27,122,259.68	43.01
>3 years	125,191,009.39	117,194,198.72	93.61
Total	487,728,630.69	163,073,556.88	33.44

## 4) Accrual of bad debt reserves

Bad debt reserves	Phase I	Phase II	Phase III	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)	
Beginning Balance	39,054,856.80		595,756,432.49	634,811,289.29
Changes in the scope of consolidation	-48,631.98		-10,874.35	-59,506.33
Accrual/recovery/reversal in the current period	-26,206,549.28		56,772,547.57	30,565,998.29
Wrote-off in the current period			9,098,166.43	9,098,166.43
Ending Balance	12,799,675.54		643,419,939.28	656,219,614.82

## 5) Bad debt reserves accrued, recovered, or reversed in the current period

Category	Beginning Balance	Change in the Current Period			Ending Balance
		Changes in the scope of consolidation	Accrual/recovery /reversal	Write-off	

Category	Beginning Balance	Change in the Current Period			Ending Balance
		Changes in the scope of consolidation	Accrual/recovery /reversal	Write-off	
Accrual by individual item	478,139,164.48		23,888,615.44	8,881,721.98	493,146,057.94
Account age portfolio	156,672,124.81	-59,506.33	6,677,382.85	216,444.45	163,073,556.88
Total	634,811,289.29	-59,506.33	30,565,998.29	9,098,166.43	656,219,614.82

[Note] There was no significant recovery or reversal of bad debt reserves during the current period.

#### 6) Other receivables written off in the current period

Item	Written Off Amount
20 units in total	9,098,166.43

#### 7) Other receivables of top 5 debtors in terms of ending balance collected by debtors

Name of entity	Nature of payment	Ending Balance	Account Age	Proportion to the total balance of other receivables at the end of the period (%)	Ending Balance of Bad Debt Reserves
DunAn (Tianjin) Energy Saving System Co., Ltd.	Intercourse funds	170,732,737.89	>3 years	17.36	170,732,737.89
Huatai Huineng (Beijing) Energy Technology Co., Ltd.	Intercourse funds	121,063,353.05	1-2 years	12.31	121,063,353.05
Hongjiang City Public Bus Company	Intercourse funds	40,312,312.68	>3 years	4.10	40,312,312.68
Chengdu Xinjin Jincheng Industrial Investment Group Co., Ltd.	Equity and asset transfer payments	32,850,350.00	<1 year	3.34	1,642,517.50
Songyuan Economic and Technological Development Zone Management Committee	Intercourse funds	31,500,000.00	>3 years	3.20	31,500,000.00
Total		396,458,753.62		40.31	365,250,921.12

#### 8) Other receivables due to centralized fund management

None.

### 9. Buying back the sale of financial assets

Item	Ending Balance	Beginning Balance
Bonds	4,800,000,000.00	5,625,455,000.00
Accrued interest	560,684.94	522,294.57
Total	4,800,560,684.94	5,625,977,294.57

### 10. Inventory

## (1) Classification of inventories

Item	Ending Balance		
	Book balance	Inventory falling price reserves/impairment reserves of contract performance costs	Book Value
Raw materials	7,306,730,819.32	888,136,122.03	6,418,594,697.29
Goods in process and contract performance costs	1,152,606,715.91	176,757,553.64	975,849,162.27
Finished goods	18,047,138,988.70	2,167,294,482.10	15,879,844,506.60
Development costs	3,265,644,926.06	34,478,699.16	3,231,166,226.90
Development products	1,678,009,666.47		1,678,009,666.47
Total	31,450,131,116.46	3,266,666,856.93	28,183,464,259.53

(Continued)

Item	Beginning Balance		
	Book balance	Inventory falling price reserves/impairment reserves of contract performance costs	Book Value
Raw materials	7,698,541,352.85	979,460,215.35	6,719,081,137.50
Goods in process and contract performance costs	1,506,172,848.54	42,733,316.42	1,463,439,532.12
Finished goods	17,262,357,795.65	2,850,241,012.37	14,412,116,783.28
Development costs	4,404,475,514.84		4,404,475,514.84
Development products	911,797,547.81		911,797,547.81
Total	31,783,345,059.69	3,872,434,544.14	27,910,910,515.55

## (2) Inventory falling price reserves and impairment reserves of contract performance costs

Item	Beginning Balance	Change in the Current Period		Ending Balance
		Accrual	Reversal/Write-off	
Raw materials	979,460,215.35	111,102,643.15	202,426,736.47	888,136,122.03
Unfinished goods	42,733,316.42	134,328,769.98	304,532.76	176,757,553.64
Finished goods	2,850,241,012.37	196,432,775.31	879,379,305.58	2,167,294,482.10
Development costs		34,478,699.16		34,478,699.16
Total	3,872,434,544.14	476,342,887.60	1,082,110,574.81	3,266,666,856.93

Specific bases for accruing the inventory falling price reserves and reasons for reversing or writing off the inventory falling price reserves in the current period:

Item	Specific bases for accruing the inventory falling price reserves	Reversal/Write-off of inventory falling price reserves in the current period
Raw materials	Inventory cost or net realizable value, whichever is lower	Increase in net realizable value, or used or sold in the current period
Goods in process and contract performance costs	Inventory cost or net realizable value, whichever is lower	Increase in net realizable value, or used or sold in the current period

## (3) Capitalization amount of borrowing costs included in the ending balance of inventory

Item	Specific bases for accruing the inventory falling price reserves	Reversal/Write-off of inventory falling price reserves in the current period
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None.

(4) The amortization amount of contract performance costs in the current year was CNY330,155,788.45.

### 11. Non-current assets due within one year

Item	Ending Balance	Beginning Balance
Debt investments due within 1 year	1,000,000,000.00	1,149,000,000.00
Other debt investments due within 1 year	4,219,681,700.00	10,326,354,820.00
Monetary investment products due within 1 year [Note]	25,630,000,000.00	1,500,000,000.00
Long-term receivables due within 1 year	4,757,325.30	40,656,657.97
Subtotal	30,854,439,025.30	13,016,011,477.97
Add: Accrued interests	2,485,125,794.54	839,706,290.23
Less: Impairment reserves	108,942.74	931,037.47
Total	33,339,455,877.10	13,854,786,730.73

[Note] For monetary investment products due within 1 year, please refer to Note V. 28 Other non-current assets.

### 12. Other current assets

Item	Ending Balance	Beginning Balance
Input tax to be deducted and prepaid tax	4,909,293,540.47	2,221,574,559.51
Bond products		100,000,000.00
Monetary investment products [Note]	13,002,813,080.00	14,831,000,000.00
Others	243,417,739.96	252,317,985.96
Subtotal	18,155,524,360.43	17,404,892,545.47
Add: Accrued interests	198,515,519.25	175,539,773.57
Less: Impairment reserves	46,210,980.99	42,975,406.21
Total	18,307,828,898.69	17,537,456,912.83

[Note] Monetary investment products include the amount reclassified from other debt investments. For details, please refer to Note V. 15. Other debt investments.

### 13. Disbursement of loans and advances

#### (1) Distribution of enterprises and individuals

Item	Ending Balance	Beginning Balance
Loans and advances measured at amortized costs:		
Disbursement of corporate loans and advances	2,365,000,000.00	442,700,000.00
Including: Loans	2,365,000,000.00	442,700,000.00

Item	Ending Balance	Beginning Balance
Subtotal	2,365,000,000.00	442,700,000.00
Add: Accrued interests	937,486.12	467,970.70
Less: Impairment reserves	67,527,452.32	11,959,035.09
Book value of issued corporate loans and advances	2,298,410,033.80	431,208,935.61

## (2) Changes in loan loss reserves

Item	Ending Balance	Beginning Balance
Beginning Balance	11,959,035.09	14,944,828.26
Accrual/transferring back/recovery in the current period	55,568,417.23	-2,985,793.17
Ending Balance	67,527,452.32	11,959,035.09

**14. Debt investment**

## (1) Debt investments

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment reserve	Book Value	Book balance	Impairment reserve	Book Value
Debt investment	1,000,000,000.00		1,000,000,000.00	2,149,000,000.00		2,149,000,000.00
Accrued interest	1,466,666.66		1,466,666.66	3,211,148.67		3,211,148.67
Subtotal	1,001,466,666.66		1,001,466,666.66	2,152,211,148.67		2,152,211,148.67
Less: Debt investments due within 1 year	1,001,466,666.66		1,001,466,666.66	1,150,744,482.03		1,150,744,482.03
Total				1,001,466,666.64		1,001,466,666.64

## (2) Debt investment

Item	Ending Balance				Beginning Balance			
	Face value	Coupon rate	Effective interest rate	Date due	Face value	Coupon rate	Effective interest rate	Date due
Jinghua No.1 trust plan	1,000,000,000.00	5.10%	5.10%	2026/5/29	1,000,000,000.00	5.10%	5.10%	2026/5/29
Jinyu Guoshi trust plan					999,000,000.00	5.30%	5.30%	2025/9/30
(26th issue) Agricultural Bank treasury bonds					150,000,000.00	2.28%	2.28%	2025/11/25
Total	1,000,000,000.00				2,149,000,000.00			

[Note] Debt investments in the table above include debt investments due within 1 year.

(3) Accrual of impairment reserves

None.

**15. Other debt investments**

## (1) Other debt investments

Item	Ending Balance				Accumulated loss reserves recognized in other comprehensive income
	Cost	Accrued interest	Change in fair value	Book Value	
Treasury bonds	734,068,304.18	5,052,905.18	4,197,435.82	743,318,645.18	
Corporate bonds and financial bonds	200,000,000.00	671,232.86	8,440,400.00	209,111,632.86	
Negotiable certificate of deposit	28,544,813,080.00	813,865,074.94		29,358,678,154.94	
Subtotal	29,478,881,384.18	819,589,212.98	12,637,835.82	30,311,108,432.98	
Less: Other debt investments due within 1 year	4,216,319,567.51	353,203,106.60	3,362,132.49	4,572,884,806.60	
Less: Other current assets	1,652,813,080.00	23,019,192.02		1,675,832,272.02	
Total	23,609,748,736.67	443,366,914.36	9,275,703.33	24,062,391,354.36	

(Continued)

Item	Beginning Balance				Accumulated loss reserves recognized in other comprehensive income
	Cost	Accrued interest	Change in fair value	Book Value	
Treasury bonds	317,943,393.24	3,551,890.42	11,157,686.76	332,652,970.42	
Corporate bonds and financial bonds	819,887,584.56	12,451,534.21	18,527,435.44	850,866,554.21	
Negotiable certificate of deposit	21,529,497,581.58	1,216,044,331.79		22,745,541,913.37	

Item	Beginning Balance				Accumulated loss reserves recognized in other comprehensive income
	Cost	Accrued interest	Change in fair value	Book Value	
Subtotal	22,667,328,559.38	1,232,047,756.42	29,685,122.20	23,929,061,438.00	
Less: Other debt investments due within 1 year	10,319,887,584.56	804,908,383.54	6,467,235.44	11,131,263,203.54	
Less: Other current assets	5,700,000,000.00	81,243,013.70		5,781,243,013.70	
Total	6,647,440,974.82	345,896,359.18	23,217,886.76	7,016,555,220.76	

[Note] The other debt investments held by the Company are classified as financial assets measured at fair value with changes included in other comprehensive income based on the intentions of the management and the contractual cash flows. According to the product term, they are presented respectively in other debt investments and other current assets, and detailed in other debt investments and non-current assets due within 1 year based on the liquidity of other debt investments. On December 31, 2025, there was no significant difference between the cost of the Company's negotiable certificate of deposit and its fair value.

(2) Other debt investments

Other debt items	Ending Balance				Beginning Balance			
	Face value	Coupon rate (%)	Effective interest rate (%)	Date due	Face value	Coupon rate (%)	Effective interest rate (%)	Date due
Negotiable certificate of deposit	21,529,497,581.58	1.45-4.00	1.45-4.00	2026/1/13-2028/12/31	21,517,000,000.00	1.80-4.00	1.80-4.00	2025/1/12-2027/10/21
24 coupon-bearing bond 11	300,000,000.00	2.27	1.75-1.84	2034/5/25				
16 coupon-bearing bond 17	300,000,000.00	2.74	3.10-3.44	2026/8/4	300,000,000.00	2.74	3.10-3.44	2026/8/4
23 CZBank Tier 2 Capital Note 02	200,000,000.00	3.50	3.50	2033/11/27	200,000,000.00	3.50	3.50	2033/11/27
24 coupon-bearing bond 04	100,000,000.00	2.35	1.83-1.85	2034/2/25				
22 coupon-bearing bond 19	20,000,000.00	2.60	2.61	2032/9/1	20,000,000.00	2.60	2.61	2032/9/1

Other debt items	Ending Balance				Beginning Balance			
	Face value	Coupon rate (%)	Effective interest rate (%)	Date due	Face value	Coupon rate (%)	Effective interest rate (%)	Date due
20 Nongfa 08					200,000,000.00	3.45	3.54	2025/9/23
22 Huafa Group MTN006					180,000,000.00	4.20	4.20	2025/4/25
22 Huafa Group MTN009B					180,000,000.00	4.00	4.00	2025/6/20
22 Huafa Group MTN012B					60,000,000.00	3.75	3.75	2025/8/16
Total	22,449,497,581.58				22,657,000,000.00			

[Note] The other debt investments in the above table include those presented under non-current assets due within 1 year and other current assets.

**16. Long-term receivables****(1) Long-term receivables**

Item	Ending Balance		
	Book balance	Bad debt reserves	Book Value
Goods of installment sales	72,859,395.11	32,327,982.77	40,531,412.34
Less: Unrealized financing income	9,338,115.19		9,338,115.19
Less: Long-term accounts receivable due within 1 year	4,757,325.30	108,942.74	4,648,382.56
Less: Other current assets	53,815,913.11	32,105,729.88	21,710,183.23
Total	4,948,041.51	113,310.15	4,834,731.36

(Continued)

Item	Beginning Balance		
	Book balance	Bad debt reserves	Book Value
Goods of installment sales	105,430,191.48	30,023,445.46	75,406,746.02
Less: Unrealized financing income	11,422,062.22		11,422,062.22
Less: Long-term accounts receivable due within 1 year	40,656,657.97	931,037.47	39,725,620.50
Less: Other current assets	43,646,104.48	28,870,155.10	14,775,949.38
Total	9,705,366.81	222,252.89	9,483,113.92

[Note] The Company reclassifies long-term receivables due within 1 year to non-current assets due within 1 year and reclassifies overdue long-term receivables to other current assets.

**(2) Disclosure by classification of bad debt reserves accrual methods**

Category	Ending Balance				
	Book balance		Bad debt reserves		Book Value
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Long-term accounts receivable with bad debt reserves accrued by individual item					
Long-term accounts receivable with bad debt reserves accrued by portfolios	4,948,041.51	100.00	113,310.15	2.29	4,834,731.36
Including: Account age portfolio	4,948,041.51	100.00	113,310.15	2.29	4,834,731.36
Total	4,948,041.51	100.00	113,310.15	2.29	4,834,731.36

(Continued)

Category	Beginning Balance				
	Book balance		Bad debt reserves		Book Value
	Amount	Proportion (%)	Amount	Credit loss rate (%)	

Category	Beginning Balance				
	Book balance		Bad debt reserves		Book Value
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Long-term accounts receivable with bad debt reserves accrued by individual item					
Long-term accounts receivable with bad debt reserves accrued by portfolios	9,705,366.81	100.00	222,252.89	2.29	9,483,113.92
Including: Account age portfolio	9,705,366.81	100.00	222,252.89	2.29	9,483,113.92
Total	9,705,366.81	100.00	222,252.89	2.29	9,483,113.92

Long-term accounts receivable with bad debt reserves accrued by account age portfolios

Category	Ending Balance		
	Book balance	Bad debt reserves	Credit loss rate (%)
Goods of installment sales	4,948,041.51	113,310.15	2.29
Total	4,948,041.51	113,310.15	2.29

(3) Bad debt reserves accrued, recovered, or reversed in the current period

Category	Beginning Balance	Accrual/recovery/reversal	Ending Balance
Goods of installment sales	222,252.89	-108,942.74	113,310.15
Total	222,252.89	-108,942.74	113,310.15

(4) Long-term accounts receivable written off in the current period

None.

## 17. Long-term equity investments

Investee	Beginning Balance		Increase/Decrease in the Current Period								Ending Balance	
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Profits and losses on investment recognized by equity method	Adjustment of other comprehensive income	Declared distribution of cash dividends or profits	Other changes in equity	Accrual of impairment reserves	Others	Original value	Impairment reserve
I. Joint ventures												
SL Group Jiangwan Rice Industry Co., Ltd.	1,146,314.44				-14,041.12						1,132,273.32	
Subtotal	1,146,314.44				-14,041.12						1,132,273.32	
II. Associates												
Gree (Vietnam) Electric Appliances, Inc.	1,940,009.35	1,940,009.35									1,940,009.35	1,940,009.35
Outlook All Media Co., Ltd.	28,931,364.74				-4,802,205.86						24,129,158.88	
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	15,736,715.70				395,965.60						16,132,681.30	
Coresing Semiconductor Technology Co., Ltd.	20,732,688.82			10,000,000.00	53,092.78		722,215.35				10,063,566.25	
Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)	2,647,273,059.03				-106,544.69	-41,334,766.63					2,605,831,747.71	
Zhuhai Jiayao Food Technology Co., Ltd.	1,022,984.98				-25,121.71						997,863.27	
Henan Yuze Finance Leasing Co., Ltd.	53,023,787.47				1,534,577.02		1,672,569.34				52,885,795.15	
Zhuhai Hanling Equity Investment Partnership (Limited Partnership)	763,676,509.58				4,174,629.14		120,850,000.00				647,001,138.72	
Shanghai Gree Green Energy Technology Co., Ltd.			7,014,870.30		-3,406,740.00						3,608,130.30	
Zhejiang Gree New Energy Co., Ltd.			3,000,000.00		-1,784,206.65						1,215,793.35	

Investee	Beginning Balance		Increase/Decrease in the Current Period							Ending Balance		
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Profits and losses on investment recognized by equity method	Adjustment of other comprehensive income	Declared distribution of cash dividends or profits	Other changes in equity	Accrual of impairment reserves	Others	Original value	Impairment reserve
Lanzhou Guangtong New Energy Automobile Co., Ltd.	84,316,937.33				-2,198,480.16	2,741,312.00					84,859,769.17	
Guizhou Qianzhixing New Energy Co., Ltd.	575,562.47				-575,562.47							
Beijing Liyin Automobile Technology Co., Ltd.	4,605,056.55										4,605,056.55	
Sichuan Jinshi Leasing Co., Ltd.	326,352,154.19				23,016,830.57	-1,074,800.45					348,294,184.31	
Zhuji Rushan Huiying Venture Investment Partnership (Limited Partnership)	32,671,596.10			1,166,666.67	-20,103.11						31,484,826.32	
DunAn (Tianjin) Energy Saving System Co., Ltd.	375,647,520.14				20,127,504.91			7,000,000.00			402,775,025.05	
Subtotal	4,356,505,946.45	1,940,009.35	10,014,870.30	11,166,666.67	36,383,635.37	-39,668,255.08	123,244,784.69	7,000,000.00			4,235,824,745.68	1,940,009.35
Total	4,357,652,260.89	1,940,009.35	10,014,870.30	11,166,666.67	36,369,594.25	-39,668,255.08	123,244,784.69	7,000,000.00			4,236,957,019.00	1,940,009.35

[Note 1] The change in other comprehensive income in the current period of the joint venture of the Company, Zhuhai Ronglin Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Zhuhai Ronglin"), is due to the fluctuation of the share price of Wingtech Technology Co., Ltd. held by it.

[Note 2] According to the partnership agreement of Zhuhai Ronglin Equity Investment Partnership (Limited Partnership), the Company invested in Zhuhai Ronglin as a limited partner. Upon the decision of all partners, the general partner is entrusted to perform partnership affairs. For matters related to the partnership submitted by the general partner to all partners for discussion, the voting method of one partner, one vote, and unanimously approved by all partners is implemented to make resolutions. The Company has no control over Zhuhai Ronglin, and Zhuhai Ronglin is not included in the scope of consolidation of the Company's statements during the report period.

## 18. Other equity instrument investments

### (1) Other equity instrument investments

Item	Ending Balance	Beginning Balance
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Item	Ending Balance	Beginning Balance
San'an Optoelectronics Co., Ltd.	1,618,556,697.81	1,394,043,525.29
Wingtech Technology Co., Ltd.	723,705,456.00	1,193,148,603.36
Shanghai Highly (Group) Co., Ltd.		339,586,352.90
RSMACALLINE-HSHS	70,735,889.83	105,810,081.91
COFCO Trading (Suibin) Agricultural Development Co., Ltd.	7,000,000.00	7,000,000.00
Total	2,419,998,043.64	3,039,588,563.46

## (2) Non-trading equity instrument investments

Item	Dividend income recognized	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Accumulated gains included in other comprehensive income at the end of current period	Accumulated losses included in other comprehensive income at the end of current period	Amount transferred from other comprehensive income to retained earnings	Reason for the amount measured at fair value with changes included in other comprehensive income	Reason for the amount transferred from other comprehensive income to retained earnings
San'an Optoelectronics Co., Ltd.	2,290,950.74	224,513,172.52			381,443,302.19		Based on the management's intention and contractual cash flow	
RSMACALLINE-HSHS			17,226,141.81		636,297,399.92		Based on the management's intention and contractual cash flow	
Shanghai Highly (Group) Co., Ltd.	416,076.05	149,142,803.59				125,447,058.81	Based on the management's intention and contractual cash flow	Sold all shares
COFCO Trading (Suibin) Agricultural Development Co., Ltd.	300,000.00						Based on the management's intention and	

Item	Dividend income recognized	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Accumulated gains included in other comprehensive income at the end of current period	Accumulated losses included in other comprehensive income at the end of current period	Amount transferred from other comprehensive income to retained earnings	Reason for the amount measured at fair value with changes included in other comprehensive income	Reason for the amount transferred from other comprehensive income to retained earnings
							contractual cash flow	
Wingtech Technology Co., Ltd.		60,245,143.03		244,600,020.00		249,461,402.23	Based on the management's intention and contractual cash flow	Sales of some shares
Total	3,007,026.79	433,901,119.14	17,226,141.81	244,600,020.00	1,017,740,702.11	374,908,461.04		

**19. Other non-current financial assets**

Item	Ending Balance	Beginning Balance
Financial assets measured at fair value with changes included in other comprehensive income	89,060,694.31	
Total	89,060,694.31	

**20. Investment real estate**

Investment real estate using cost measurement model

Item	Houses and buildings	Land use rights	Total
I. Original book value			
1. Beginning balance	934,589,863.77	55,487,121.75	990,076,985.52
2. Increased amount in the current period	104,731,511.83	1,622,668.51	106,354,180.34
Including: (1) Transfer-in from construction in progress	208,431.98		208,431.98
(2) Transfer-in from fixed assets	104,523,079.85		104,523,079.85
(3) Transfer-in from intangible assets		1,622,668.51	1,622,668.51
3. Decreased amount in the current period	191,502,554.51	5,238,315.77	196,740,870.28
Including: (1) Transfer to fixed assets	191,502,554.51		191,502,554.51
(2) Transfer to intangible assets		5,238,315.77	5,238,315.77
4. Ending balance	847,818,821.09	51,871,474.49	899,690,295.58
II. Accumulated depreciation and accumulated amortization			
1. Beginning balance	510,430,663.20	14,987,936.12	525,418,599.32
2. Increased amount in the current period	111,682,334.85	1,271,263.27	112,953,598.12
Including: (1) Accrual or amortization	57,565,123.73	1,087,360.84	58,652,484.57
(2) Transfer-in from fixed assets	54,117,211.12		54,117,211.12
(3) Transfer-in from intangible assets		183,902.43	183,902.43
3. Decreased amount in the current period	97,882,809.57	1,302,426.14	99,185,235.71
Including: (1) Transfer to fixed assets	97,882,809.57		97,882,809.57
(2) Transfer to intangible assets		1,302,426.14	1,302,426.14
4. Ending balance	524,230,188.48	14,956,773.25	539,186,961.73
III. Impairment reserves			
IV. Book value			
1. Book value at the end of the period	323,588,632.61	36,914,701.24	360,503,333.85
2. Book value at the beginning of the period	424,159,200.57	40,499,185.63	464,658,386.20

[Note] As of December 31, 2025, the book value of investment real estate – houses and buildings of which the Company has not obtained the property ownership certificates was CNY22,432,142.08.

**21. Fixed assets**

Item	Ending Balance	Beginning Balance
Fixed assets [Note]	34,384,945,761.50	36,986,760,728.25
Fixed assets in liquidation	11,483,822.88	9,408,128.59
Total	34,396,429,584.38	36,996,168,856.84

[Note] The fixed assets in the table above refer to the fixed assets after the deduction of the fixed assets in liquidation.

**(1) Fixed assets**

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	Total
I. Original book value						
1. Beginning balance	38,914,719,360.90	32,049,258,018.05	1,656,535,452.47	2,720,033,975.21	925,012,805.26	76,265,559,611.89
2. Increased amount in the current period	1,482,414,819.71	1,133,969,524.75	27,639,847.28	141,131,072.39	88,230,151.56	2,873,385,415.69
Including: (1) Purchase		581,934,010.25	27,639,847.28	141,131,072.39	88,230,151.56	838,935,081.48
(2) Transfer-in from investment real estate	191,502,554.51					191,502,554.51
(3) Transfer-in from construction in progress	1,290,912,265.20	552,035,514.50				1,842,947,779.70
3. Decreased amount in the current period	773,276,555.47	285,761,569.52	27,579,733.57	51,245,551.79	22,469,463.06	1,160,332,873.41
Including: (1) Disposal or scrapping	668,753,475.62	285,761,569.52	27,579,733.57	51,245,551.79	22,469,463.06	1,055,809,793.56
(2) Transfer to investment real estate	104,523,079.85					104,523,079.85
4. Foreign currency financial statement translation	10,898,598.18	9,639,074.66	244,021.06	906,856.76	166,840.45	21,855,391.11
5. Ending balance	39,634,756,223.32	32,907,105,047.94	1,656,839,587.24	2,810,826,352.57	990,940,334.21	78,000,467,545.28

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	Total
II. Accumulated depreciation						
1. Beginning balance	12,615,894,802.39	21,384,582,002.14	1,414,721,245.74	2,534,581,799.17	836,452,974.20	38,786,232,823.64
2. Increased amount in the current period	2,040,235,381.65	2,231,713,446.13	93,626,855.71	166,420,924.93	53,723,618.83	4,585,720,227.25
Including: (1) Accrual	1,942,352,572.08	2,231,713,446.13	93,626,855.71	166,420,924.93	53,723,618.83	4,487,837,417.68
(2) Transfer-in from investment real estate	97,882,809.57					97,882,809.57
3. Decreased amount in the current period	271,083,986.43	240,740,388.36	25,794,199.12	47,802,188.89	19,346,380.61	604,767,143.41
Including: (1) Disposal or scrapping	216,966,775.31	240,740,388.36	25,794,199.12	47,802,188.89	19,346,380.61	550,649,932.29
(2) Transfer to investment real estate	54,117,211.12					54,117,211.12
4. Foreign currency financial statement translation	3,482,425.08	5,023,037.85	223,190.92	642,845.12	85,463.02	9,456,961.99
5. Ending balance	14,388,528,622.69	23,380,578,097.76	1,482,777,093.25	2,653,843,380.33	870,915,675.44	42,776,642,869.47
III. Impairment reserves						
1. Beginning balance	62,574,284.00	424,940,959.29	1,296,999.74	1,648,914.63	2,104,902.34	492,566,060.00
2. Increased amount in the current period	8,095,244.67	343,703,480.27	2,599,959.01	455,139.83	374,026.14	355,227,849.92
Including: (1) Accrual	8,095,244.67	341,044,270.22	2,599,959.01	455,139.83	374,026.14	352,568,639.87
(2) Transfer-in from construction in progress		2,659,210.05				2,659,210.05
3. Decreased amount in the current period	882,790.50	7,921,086.88	32,776.48	9,477.79	276,177.02	9,122,308.67
Including: Disposal or scrapping	882,790.50	7,921,086.88	32,776.48	9,477.79	276,177.02	9,122,308.67
4. Foreign currency financial statement translation		66,512.83	6,928.81	130,901.88	2,969.54	207,313.06

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	Total
5. Ending balance	69,786,738.17	760,789,865.51	3,871,111.08	2,225,478.55	2,205,721.00	838,878,914.31
IV. Book value						
1. Book value at the end of the period	25,176,440,862.46	8,765,737,084.67	170,191,382.91	154,757,493.69	117,818,937.77	34,384,945,761.50
2. Book value at the beginning of the period	26,236,250,274.51	10,239,735,056.62	240,517,206.99	183,803,261.41	86,454,928.72	36,986,760,728.25

[Note] As of December 31, 2025, the book value of the Company's fixed assets – houses and buildings of which the Company has not obtained the certificate of title was CNY10,417,601,558.90. The acquisition of certificate of title is mainly affected by the progress of project final acceptance, and the Company is still processing according to the schedule.

(2) Temporary idle fixed assets

The Company has no significant temporary idle fixed assets.

(3) Fixed assets leased out through operating leases

The Company has no significant fixed assets leased out through operating leases.

(4) Fixed assets in liquidation

Item	Ending Balance	Beginning Balance
Fixed assets in liquidation	11,483,822.88	9,408,128.59
Total	11,483,822.88	9,408,128.59

**22. Construction in progress**

Item	Ending Balance	Beginning Balance
Construction in progress [Note]	1,337,977,987.35	3,076,380,868.80
Total	1,337,977,987.35	3,076,380,868.80

[Note] The construction in progress in the above table refers to the construction in progress after the deduction of construction materials.

## (1) Construction in progress

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment reserve	Book Value	Book balance	Impairment reserve	Book Value
Gree Altairnano Project	1,425,543,675.40	1,142,165,303.19	283,378,372.21	1,444,064,370.64	148,185,180.76	1,295,879,189.88
Wuhan Mold Project	458,771,086.80		458,771,086.80	419,342,296.60		419,342,296.60
Zhuhai Electronic Component Project	137,213,742.13		137,213,742.13	271,412,147.03		271,412,147.03
Others	470,985,077.20	12,370,290.99	458,614,786.21	1,102,832,696.34	13,085,461.05	1,089,747,235.29
Total	2,492,513,581.53	1,154,535,594.18	1,337,977,987.35	3,237,651,510.61	161,270,641.81	3,076,380,868.80

## (2) Current changes in important construction in progress

Item	Beginning Balance	Increased amount in the current period	Amount transferred to fixed assets in the current period	Transfer to investment real estate in this period	Disposal in the current period	Ending Balance	Including: Capitalization amount of interest in the current period
Gree Altairnano Project	1,444,064,370.64	44,051,088.51	62,114,585.63		457,198.12	1,425,543,675.40	
Wuhan Mold Project	419,342,296.60	39,428,790.20				458,771,086.80	2,169,591.66
Zhuhai Electronic Component Project	271,412,147.03	252,605,303.99	386,803,708.89			137,213,742.13	
Others	1,102,832,696.34	762,390,298.02	1,394,029,485.18	208,431.98		470,985,077.20	8,997,510.36
Total	3,237,651,510.61	1,098,475,480.72	1,842,947,779.70	208,431.98	457,198.12	2,492,513,581.53	11,167,102.02

[Note] The capitalization amount of interest for the current period includes government grants for loan interest discounts.

## (3) Accrual of impairment provision of construction in progress in the current period

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period		Ending Balance
			Amount transferred to fixed assets	Disposal	

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period		Ending Balance
Gree Altairnano Project [Note]	148,185,180.76	995,970,112.10	1,780,670.23	209,319.44	1,142,165,303.19
Others	13,085,461.05	163,369.76	878,539.82		12,370,290.99
Total	161,270,641.81	996,133,481.86	2,659,210.05	209,319.44	1,154,535,594.18

[Note] According to the Company's plan, some of Gree Altairnano's construction in progress will not be continued, and the related assets can no longer bring expected economic benefits to the enterprise. Accordingly, an impairment provision was made in accordance with the accounting standards.

(4) Impairment testing of construction in progress

Item	Book Value	Recoverable Amount	Impairment amount	Determination of Fair Value and Disposal Expenses	Key Parameters	Basis for Determining Key Parameters
Gree Altairnano Project	1,425,543,675.40	283,378,372.21	1,142,165,303.19	Recoverable amount determined based on estimated residual realizable value	Asset recoverable residual value rate	Reference to historical disposal experience and estimated scrap recovery value

**23. Usufruct assets**

Item	Houses and buildings	Other equipment	Total
I. Original book value			
1. Beginning balance	1,062,675,772.54		1,062,675,772.54
2. Increased amount in the current period	21,427,229.01	384,955.76	21,812,184.77
Including: Lease	21,427,229.01	384,955.76	21,812,184.77
3. Decreased amount in the current period	236,294,559.72		236,294,559.72
Including: Due	236,294,559.72		236,294,559.72
4. Ending balance	847,808,441.83	384,955.76	848,193,397.59
II. Accumulated depreciation			
1. Beginning balance	272,911,981.90		272,911,981.90
2. Increased amount in the current period	60,420,900.22	128,318.64	60,549,218.86
Including: Accrual	60,420,900.22	128,318.64	60,549,218.86
3. Decreased amount in the current period	161,157,401.87		161,157,401.87
Including: Due	161,157,401.87		161,157,401.87
4. Ending balance	172,175,480.25	128,318.64	172,303,798.89
III. Impairment reserves			
IV. Book value			
1. Book value at the end of the period	675,632,961.58	256,637.12	675,889,598.70
2. Book value at the beginning of the period	789,763,790.64		789,763,790.64

**24. Intangible assets**

Item	Land use rights	Patent rights and others	Total
I. Original book value			
1. Beginning balance	10,859,093,460.70	3,627,722,996.45	14,486,816,457.15
2. Increased amount in the current period	42,738,550.57	13,185,516.63	55,924,067.20
Including: (1) Purchase	37,500,234.80	13,185,516.63	50,685,751.43
(2) Transfer-in from investment real estate	5,238,315.77		5,238,315.77
3. Decreased amount in the current period	210,476,499.26	2,802,915.22	213,279,414.48
Including: (1) Disposal	208,853,830.75	681,675.22	209,535,505.97
(2) Write-off		2,121,240.00	2,121,240.00
(3) Transfer to investment real estate	1,622,668.51		1,622,668.51
4. Ending balance	10,691,355,512.01	3,638,105,597.86	14,329,461,109.87
II. Accumulated amortization			

Item	Land use rights	Patent rights and others	Total
1. Beginning balance	1,840,350,365.39	1,477,845,162.27	3,318,195,527.66
2. Increased amount in the current period	224,311,090.97	233,062,170.21	457,373,261.18
Including: (1) Amortization	223,008,664.83	233,062,170.21	456,070,835.04
(2) Transfer-in from investment real estate	1,302,426.14		1,302,426.14
3. Decreased amount in the current period	38,339,850.44	268,441.97	38,608,292.41
Including: (1) Disposal	38,155,948.01	178,000.01	38,333,948.02
(2) Write-off		90,441.96	90,441.96
(3) Transfer to investment real estate	183,902.43		183,902.43
4. Ending balance	2,026,321,605.92	1,710,638,890.51	3,736,960,496.43
III. Impairment reserves			
1. Beginning balance	9,637,873.85	720,109,797.63	729,747,671.48
2. Increased amount in the current period			
3. Decreased amount in the current period		2,030,798.04	2,030,798.04
Including: write-off		2,030,798.04	2,030,798.04
4. Ending balance	9,637,873.85	718,078,999.59	727,716,873.44
IV. Book value			
1. Book value at the end of the period	8,655,396,032.24	1,209,387,707.76	9,864,783,740.00
2. Book value at the beginning of the period	9,009,105,221.46	1,429,768,036.55	10,438,873,258.01

[Note 1] Write-off amount of intangible assets — patent rights and others in the current period were the used quota licensing rights.

[Note 2] As of December 31, 2025, the book value of intangible assets of which the Company has not obtained the certificate of title was CNY4,062,100.06;

[Note 3] No intangible assets were formed through the Company's internal research and development in the current period.

## 25. Goodwill

### (1) Original book value of goodwill

Name of Investee or Matters Forming Goodwill	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
		Formed by business combination	Disposal	
Zhejiang DunAn Artificial Environment Co., Ltd.	1,198,301,590.22			1,198,301,590.22
Gree Altairnano New Energy Inc.	612,777,583.92			612,777,583.92
Nanjing Walsin Metal Co., Ltd.	274,115,040.11			274,115,040.11
Hefei Kinghome Electrical Co., Ltd.	51,804,350.47			51,804,350.47

Name of Investee or Matters Forming Goodwill	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
		Formed by business combination	Disposal	
Shanghai Datro Automotive Technology Co., Ltd.	181,930,623.08			181,930,623.08
Total	2,318,929,187.80			2,318,929,187.80

## (2) Goodwill impairment reserves

Name of Investee or Matters Forming Goodwill	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Gree Altairnano New Energy Inc.	612,777,583.92			612,777,583.92
Nanjing Walsin Metal Co., Ltd.	274,115,040.11			274,115,040.11
Hefei Kinghome Electrical Co., Ltd.	51,804,350.47			51,804,350.47
Shanghai Datro Automotive Technology Co., Ltd.	12,503,141.17	43,611,168.04		56,114,309.21
Total	951,200,115.67	43,611,168.04		994,811,283.71

## (3) Information about the asset group or asset group combination in which the goodwill is located

Name	Composition and Basis of the Asset Group or Combination	Operating Segments and Basis	Consistency with Previous Years (Yes/No)
Asset group of DunAn Environment refrigeration accessories	Including fixed assets, construction in progress, right-of-use assets, intangible assets, long-term unamortized expenses, and other long-term assets, based on the asset group that can generate independent cash flows	DunAn Hetian and Zhuhai Huayu, classified by company management requirements and business modules	Yes
Asset group of DunAn Environment equipment	Including fixed assets, construction in progress, right-of-use assets, intangible assets, long-term unamortized expenses, and other long-term assets, based on the asset group that can generate independent cash flows	DunAn Electro-Mechanical, classified by company management requirements and business modules	Yes
Asset group of DunAn Environment thermal	Including fixed assets, construction in progress, right-of-use assets, intangible assets, long-term unamortized expenses, and other long-term assets, based on the asset group that can generate independent cash flows	DunAn Thermal and Zhuhai Thermal, classified by company management requirements and business modules	Yes
Asset group of DunAn Environment thermal management	Including fixed assets, construction in progress, right-of-use assets, intangible assets, long-term unamortized expenses, and other long-term assets, based on the asset group that can generate independent cash flows	DunAn thermal management, classified by company management requirements and business modules	Yes
Asset group of Shanghai Datro	Including fixed assets, construction in progress, right-of-use assets, intangible assets, long-term unamortized expenses, and other non-current assets, based on the asset group that can generate independent cash flows	Shanghai Datro, classified by company management requirements and business modules	Yes

## (4) Specific determination method of recoverable amount

## 1) Determined based on the net amount after deducting disposal expenses from fair value

Item	Book Value	Recoverable Amount	Impairment Amount of Goodwill Attributable to Shareholders of the Parent Company	Determination of Fair Value and Disposal Expenses	Key Parameters	Basis for Determining Key Parameters
Asset group of Shanghai Datro	345,953,507.29	260,864,400.00	56,114,309.21	The fair value of the Shanghai Datro asset group was estimated using the income approach. The future income of the asset group is based on the future annual free cash flow of Shanghai Datro. The disposal costs are determined according to the principle of orderly realization and include appraisal, audit, legal fees and related taxes and fees associated with the asset disposal.	Revenue growth rate, expense rate, post-tax weighted average cost of capital discount rate	1) The revenue growth rate is based on the Company's past operating performance, growth rate, industry level, and management's expectations for market development; 2) The post-tax weighted average cost of capital discount rate is 10.25%.
Total	345,953,507.29	260,864,400.00	56,114,309.21			

[Note] According to the Asset Evaluation Report on the Recoverable Amount of the Asset Group of Shanghai Datro Automotive Technology Co., Ltd. Involved in the Goodwill Impairment Test of Zhejiang DunAn Artificial Environment Co., Ltd. for the Goodwill Formed from the Merger of Shanghai Datro Automotive Technology Co., Ltd. (BFYSPBZ [2026] No. 01-0238) issued by North Asia Assets Assessment Co., Ltd., the goodwill impairment amount attributable to the parent company in the current period is CNY56,114,309.21. After subtracting the goodwill impairment of CNY12,503,141.17 provided in previous years, the goodwill impairment amount attributable to the parent company's shareholders to be provided in the current period is CNY43,611,168.04.

## 2) Determine based on the present value of expected future cash flows

Item	Book Value	Recoverable Amount	Impairment amount	Years in the forecast period	Key parameters for the forecast period (growth rate and profit rate)	Key parameters for the stable period (growth rate, profit rate, and discount rate)	Basis for determining key parameters during the stable period
Asset group of DunAn Environment refrigeration accessories	4,478,285,341.84	4,589,170,000.00		5 years + perpetual period	Revenue growth rate: 7.98%-19.49%; Gross profit margin: 16.50%-16.80%; Discount rate: 12.72% (pre-tax)	Revenue growth rate: 0.00%; Gross profit margin: 16.40%; Discount rate: 12.72%	Pre-tax wacc calculated from industry data

Item	Book Value	Recoverable Amount	Impairment amount	Years in the forecast period	Key parameters for the forecast period (growth rate and profit rate)	Key parameters for the stable period (growth rate, profit rate, and discount rate)	Basis for determining key parameters during the stable period
						(pre-tax)	
Asset group of DunAn Environment equipment	257,489,026.16	2,249,310,000.00		5 years + perpetual period	Revenue growth rate: 8.28%-31.40%; Gross profit margin: 23.02%-25.00%; Discount rate: 12.72% (pre-tax)	Revenue growth rate: 0.00%; Gross profit margin: 24.80%; Discount rate: 12.72% (pre-tax)	Pre-tax wacc calculated from industry data
Asset group of DunAn Environment thermal	719,659,831.47	2,887,630,000.00		5 years + perpetual period	Revenue growth rate: 8.31%-20.07%; Gross profit margin: 26.20%-26.65%; Discount rate: 12.72% (pre-tax)	Revenue growth rate: 0.00%; Gross profit margin: 26.02%; Discount rate: 12.72% (pre-tax)	Pre-tax wacc calculated from industry data
Asset group of DunAn Environment thermal management	480,819,115.24	3,087,460,000.00		5 years + perpetual period	Revenue growth rate: 16.07%-31.07%; Gross profit margin: 25.33%-27.00%; Discount rate: 12.72% (pre-tax)	Revenue growth rate: 0.00%; Gross profit margin: 27.68%; Discount rate: 12.72% (pre-tax)	Pre-tax wacc calculated from industry data
Total	5,936,253,314.71	12,813,570,000.00					

[Note] According to the Asset Evaluation Report on the Recoverable Amount of the Asset Group (Including Goodwill) of Zhejiang DunAn Artificial Environment Co., Ltd. Involved in the Goodwill Impairment Test of Gree Electric Appliances, Inc. of Zhuhai for the Preparation of Financial Statements (ZLPBZ [2026] No. 1118) issued by Hubei Zhonglian Asset Appraisal Co., Ltd., there is no impairment of goodwill of Zhejiang DunAn Artificial Environment Co., Ltd., and the recoverable amount of the asset group is calculated by using the method of the present value of expected future cash flows in the evaluation report.

**26. Long-term unamortized expenses**

Item	Beginning Balance	Changes in the scope of consolidation	Increased amount in the current period	Amortization amount in the current period	Ending Balance
Renovation costs and others	37,344,681.11	-360,733.94	20,506,658.79	20,627,485.01	36,863,120.95
Total	37,344,681.11	-360,733.94	20,506,658.79	20,627,485.01	36,863,120.95

**27. Deferred income tax assets/deferred income tax liabilities**

## (1) Deferred income tax assets not offset

Item	Ending Balance		Beginning Balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Accrued expenses	79,596,109,842.46	11,929,513,254.64	82,929,725,894.70	12,452,334,218.46
Assets impairment reserves	10,967,131,324.43	2,079,092,020.21	12,080,308,125.20	2,282,447,345.97
Deductible losses	8,836,595,091.72	1,611,141,178.66	10,248,473,115.97	1,937,363,228.67
Payroll payable	2,051,765,861.45	309,969,211.62	1,325,704,081.21	198,725,660.01
Lease liabilities	739,685,610.43	182,141,929.54	792,895,907.54	194,177,199.77
Asset amortization/depreciation	180,396,155.95	32,924,574.83	352,912,616.75	53,620,582.42
Changes in the fair value of other equity instrument investments	136,843,282.19	20,526,492.33	173,175,011.09	25,976,251.66
Others	2,722,015,684.13	546,720,486.51	2,627,593,974.97	526,241,081.97
Total	105,230,542,852.76	16,712,029,148.34	110,530,788,727.43	17,670,885,568.93

## (2) Deferred income tax liabilities not offset

Item	Ending Balance		Beginning Balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accrued interest	9,154,034,078.71	1,402,300,601.50	8,750,997,039.28	1,330,400,316.88
Appraised appreciation of assets from business combination not under the common control	2,182,410,708.57	449,959,068.86	2,490,738,639.45	518,926,980.90
Usufruct assets	662,984,549.74	162,710,614.70	771,912,726.22	189,038,125.98
Assets amortization	788,644,804.60	120,265,140.91	1,012,426,068.01	169,418,314.12
Changes in the fair value of derivative financial assets	74,198,783.18	17,326,832.47	94,743,412.42	16,933,857.86
Long-term equity investments	866,060,671.88	129,909,100.78	907,395,438.51	136,109,315.78
Others	1,724,972,329.57	403,929,852.01	1,836,332,243.87	440,267,757.89
Total	15,453,305,926.25	2,686,401,211.23	15,864,545,567.76	2,801,094,669.41

## (3) Details of deferred income tax assets not recognized

Item	Ending Balance	Beginning Balance
Deductible losses	9,169,103,939.83	7,118,650,296.65
Deductible temporary differences	6,550,242,593.89	3,726,336,705.57
Total	15,719,346,533.72	10,844,987,002.22

## (4) Deductible losses of deferred income tax assets not recognized due in the following years

Year	Ending Amount	Beginning Amount
2025		1,014,209,976.41
2026	1,175,367,496.82	1,196,016,171.98
2027	678,621,528.09	382,295,484.77
2028	1,149,999,642.47	584,010,870.63
2029	1,126,069,571.11	573,567,215.78
2030 and thereafter	4,270,254,411.37	2,641,494,576.37
Open-ended	768,791,289.97	727,056,000.71
Total	9,169,103,939.83	7,118,650,296.65

**28. Other non-current assets**

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment reserve	Book Value	Book balance	Impairment reserve	Book Value
Monetary investment products and accrued interest	70,138,315,450.50		70,138,315,450.50	57,706,146,160.20		57,706,146,160.20
Others	362,201,708.87	129,919,500.81	232,282,208.06	481,496,403.29	121,612,502.44	359,883,900.85
Subtotal	70,500,517,159.37	129,919,500.81	70,370,597,658.56	58,187,642,563.49	121,612,502.44	58,066,030,061.05
Less: Monetary investment products due within 1 year	27,760,456,021.28		27,760,456,021.28	1,533,053,424.66		1,533,053,424.66
Total	42,740,061,138.09	129,919,500.81	42,610,141,637.28	56,654,589,138.83	121,612,502.44	56,532,976,636.39

**29. Assets with restricted ownership or right-to-use**

Item	End of Period	
	Book Value	Reason for Restriction
Monetary funds	10,577,592,111.08	Required deposit reserve, earnest money, etc.
Accounts receivable	5,994,524.68	Pledged
Receivables financing	3,513,771,591.88	Pledged

Item	End of Period	
	Book Value	Reason for Restriction
Contract assets	120,750.00	Pledged
Non-current assets due within one year	10,470,000,000.00	Pledged
Other debt investments	7,900,000,000.00	Pledged
Investment real estate	3,977,570.92	Mortgaged
Fixed assets	1,515,985,697.50	Mortgaged
Intangible assets	675,956,994.18	Mortgaged
Other non-current assets	13,300,000,000.00	Pledged
Total	47,963,399,240.24	

(Continued)

Item	Beginning of Period	
	Book Value	Reason for Restriction
Monetary funds	36,145,202,061.32	Required deposit reserve, earnest money, etc.
Accounts receivable	18,433,952.94	Pledged
Receivables financing	3,723,514,867.14	Pledged
Contract assets	1,725,716.05	Pledged
Other current assets	3,170,000,000.00	Pledged
Non-current assets due within one year	8,000,000,000.00	Pledged
Other debt investments	2,290,000,000.00	Pledged
Long-term equity investments	326,352,154.19	Pledged
Investment real estate	3,985,469.17	Mortgaged
Fixed assets	2,927,927,740.11	Mortgaged
Construction in progress	4,169,396.70	Mortgaged
Intangible assets	920,002,049.00	Mortgaged
Other non-current assets	13,710,000,000.00	Pledged
Total	71,241,313,406.62	

### 30. Short-term borrowings

#### (1) Classification of short-term borrowings

Item	Ending Balance	Beginning Balance
Pledge borrowings	12,946,180,129.39	9,617,880,311.88
Credit borrowings	54,761,152,316.76	28,422,207,506.52
Other borrowings	159,000,000.00	791,500,000.00

Item	Ending Balance	Beginning Balance
Subtotal	67,866,332,446.15	38,831,587,818.40
Accrued interest	90,297,092.36	177,939,454.82
Total	67,956,629,538.51	39,009,527,273.22

## (2) Overdue and unpaid short-term borrowings

None.

**31. Derivative financial liabilities**

Item	Ending Balance	Beginning Balance
Foreign exchange derivatives	65,094,952.36	170,740,734.87
Total	65,094,952.36	170,740,734.87

**32. Notes payable**

Type	Ending Balance	Beginning Balance
Banker's acceptance bill	15,544,348,535.69	14,479,000,765.12
Total	15,544,348,535.69	14,479,000,765.12

[Note] As of December 31, 2025, the Company had no notes payable that were due and unpaid.

**33. Accounts payable**

## (1) List of accounts payable

Item	Ending Balance	Beginning Balance
Payment for goods and services	39,522,566,838.08	43,413,420,251.59
Others	2,581,374,082.16	3,677,900,492.46
Total	42,103,940,920.24	47,091,320,744.05

## (2) Important payables aged over 1 year

None.

**34. Contract liabilities**

Item	Ending Balance	Beginning Balance
Payment for goods and pre-sale housing	15,206,576,385.44	12,491,059,928.53
Total	15,206,576,385.44	12,491,059,928.53

[Note] Contract liabilities mainly consist of advance payments from distributors for goods.

**35. Deposits from customers and interbank**

Item	Ending Balance	Beginning Balance
Time deposits	199,227,239.98	285,233,783.98

Item	Ending Balance	Beginning Balance
Current deposits	2,488,025.25	13,758,901.35
Subtotal	201,715,265.23	298,992,685.33
Accrued interest	7,207,837.57	8,795,633.70
Total	208,923,102.80	307,788,319.03

### 36. Payroll payable

#### (1) List of payroll payable

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
I. Short-term payroll	4,362,967,729.98	10,478,707,054.87	11,441,320,675.47	3,400,354,109.38
II. Post-employment benefits — defined contribution plan	27,689,489.57	986,416,812.68	985,934,882.29	28,171,419.96
Total	4,390,657,219.55	11,465,123,867.55	12,427,255,557.76	3,428,525,529.34

#### (2) List of short-term payroll

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
1. Wages, bonuses, subsidies, and allowances	3,033,363,640.55	8,596,219,341.07	9,666,339,365.84	1,963,243,615.78
2. Employee benefits	1,620,357.85	789,331,544.04	787,245,353.54	3,706,548.35
3. Social insurance premiums	7,357,856.80	376,966,048.15	377,289,889.41	7,034,015.54
Including: Medical insurance premiums	6,648,207.31	327,896,293.18	328,117,643.20	6,426,857.29
Work-related injury insurance premiums	674,900.03	42,014,712.52	42,087,886.72	601,725.83
Maternity insurance premiums	34,749.46	7,055,042.45	7,084,359.49	5,432.42
4. Housing provident funds	5,207,188.69	450,518,766.18	449,469,410.83	6,256,544.04
5. Labor union expenditures and employee education funds	1,315,418,686.09	265,671,355.43	160,976,655.85	1,420,113,385.67
Total	4,362,967,729.98	10,478,707,054.87	11,441,320,675.47	3,400,354,109.38

#### (3) List of post-employment benefits — defined contribution plan

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
1. Basic endowment insurance premiums	26,103,454.57	940,921,281.08	941,008,479.64	26,016,256.01
2. Unemployment insurance premiums	1,586,035.00	45,495,531.60	44,926,402.65	2,155,163.95
Total	27,689,489.57	986,416,812.68	985,934,882.29	28,171,419.96

### 37. Taxes and dues payable

Item	Ending Balance	Beginning Balance
Business income tax	861,819,033.06	1,942,399,837.72
Value-added tax	801,751,158.76	582,794,381.59
Others	268,338,348.66	187,850,831.71

Item	Ending Balance	Beginning Balance
Total	1,931,908,540.48	2,713,045,051.02

**38. Other payables**

Item	Ending Balance	Beginning Balance
Dividends payable	5,591,546,379.65	3,889,950.33
Other payables [Note 1]	5,649,443,259.64	4,553,021,754.89
Total	11,240,989,639.29	4,556,911,705.22

[Note 1] Other payables in the table above refer to other payables deducting the interest payable and dividends payable.

[Note 2] The Company has no interest payable at the end and the beginning of the period.

**(1) Dividends payable**

Item	Ending Balance	Beginning Balance
Common share dividends	5,585,741,622.87	602,881.87
Others	5,804,756.78	3,287,068.46
Total	5,591,546,379.65	3,889,950.33

[Note] The Company has no important dividends payable aged over 1 year.

**(2) Other payables****1) Other payables listed by nature of payment**

Item	Ending Balance	Beginning Balance
Intercourse funds	2,698,315,049.65	1,626,920,031.91
Enterprise borrowing and interest	1,547,471,401.00	1,503,105,131.31
Cash pledge and deposit	1,403,656,808.99	1,422,996,591.67
Total	5,649,443,259.64	4,553,021,754.89

**2) Other important payables aged over 1 year**

Item	Ending Balance	Reasons for Failing to Repay or Carry-over
Company 1	1,072,646,600.02	Unsatisfied repayment conditions
Total	1,072,646,600.02	

**39. Non-current liabilities due within one year**

Item	Ending Balance	Beginning Balance
Long-term borrowings due within 1 year	13,573,121,799.56	15,479,259,752.69
Long-term payables due within 1 year	7,910,485.23	11,983,224.42
Lease liabilities due within 1 year	87,081,046.75	85,936,308.78
Total	13,668,113,331.54	15,577,179,285.89

**40. Other current liabilities**

Item	Ending Balance	Beginning Balance
Sales rebate	48,571,252,011.64	49,056,364,849.24
Others	11,643,528,708.93	11,281,845,506.12
Total	60,214,780,720.57	60,338,210,355.36

**41. Long-term borrowings**

Item	Ending Balance	Beginning Balance
Pledge borrowings	5,929,940,000.00	9,438,920,000.00
Credit borrowings	9,433,881,438.65	22,688,108,497.49
Mortgaged borrowings	1,325,646,702.88	1,546,869,354.24
Guaranteed borrowings	6,000,000.00	8,000,000.00
Subtotal	16,695,468,141.53	33,681,897,851.73
Add: Accrued interests	12,634,229.76	27,179,823.09
Less: Long-term borrowings due within 1 year	13,573,121,799.56	15,479,259,752.69
Total	3,134,980,571.73	18,229,817,922.13

**42. Lease liabilities**

Item	Ending Balance	Beginning Balance
Lease liabilities	739,878,353.06	797,227,498.47
Less: Lease liabilities due within 1 year	87,081,046.75	85,936,308.78
Total	652,797,306.31	711,291,189.69

**43. Long-term payables**

Item	Ending Balance	Beginning Balance
Financial liabilities formed after sale and leaseback	7,910,485.23	19,895,652.51
Subtotal	7,910,485.23	19,895,652.51
Less: Long-term payables due within 1 year	7,910,485.23	11,983,224.42
Total		7,912,428.09

**44. Long-term payroll payable**

## (1) Table of long-term payroll payable

Item	Ending Balance	Beginning Balance
Net liabilities of post-employment benefits — defined benefit plan	211,187,166.00	232,102,639.00
Others	585,120.06	599,890.58

Item	Ending Balance	Beginning Balance
Total	211,772,286.06	232,702,529.58

## (2) Changes in the defined benefit plan

## 1) Present value of obligations under the defined benefit plan

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
I. Beginning balance	232,102,639.00	195,057,663.00
II. Defined benefit cost included in the current profits and losses	-18,046,670.00	9,765,880.00
1. Service costs in the current period	4,249,870.00	3,487,947.00
2. Net interest	4,565,668.00	5,267,560.00
3. Impact of adding new personnel	1,895,571.00	1,010,373.00
4. Past service cost - plan changes	-28,757,779.00	
III. Defined benefit cost included in other comprehensive income	4,552,141.00	34,144,434.00
Including: actuarial gains (losses expressed with "-")	4,552,141.00	34,144,434.00
IV. Other changes	-7,420,944.00	-6,865,338.00
Including: Paid benefits	-7,420,944.00	-6,865,338.00
V. Ending balance	211,187,166.00	232,102,639.00

## 2) Net liabilities (net assets) of the defined benefit plan

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
I. Beginning balance	232,102,639.00	195,057,663.00
II. Defined benefit cost included in the current profits and losses	-18,046,670.00	9,765,880.00
III. Defined benefit cost included in other comprehensive income	4,552,141.00	34,144,434.00
IV. Other changes	-7,420,944.00	-6,865,338.00
V. Ending balance	211,187,166.00	232,102,639.00

(3) The descriptions of contents and associated risks of the defined benefit plan, and its influences on the Company's future cash flow, time, and uncertainty are as follows:

## 1) Descriptions of 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 benefit plan for some retirees, early retirees, and serving officers after normal retirement. Given that the amount involved in the defined benefit plan is not significant, it cannot have a significant impact on the Company's future cash flow.

## 2) Descriptions of significant actuarial assumptions and sensitivity analysis results of the defined benefit plan

*Under the requirements of the Accounting Standards for Business Enterprises No. 9 — Employee benefits, 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 turnover rates of all benefits are based on the actual measurement data of the Company, and the mortality rate is recognized by referring to the experience life table for the insurance business of China Life Insurance (Group) Company.

公司根据《企业会计准则第9号—职工薪酬》的要求，折现时所采用的折现率根据资产负债表日与设定受益计划义务期限和币种相匹配的国债或活跃市场上的高质量公司债券的市场收益率确定；所有福利年增长率和年离职率根据公司实际测算数据为准；死亡率参照中国人寿保险业务经验生命表确定。

#### 45. Deferred income

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance	Cause of Formation
Government grants	3,407,481,223.77	333,722,941.64	417,615,730.73	3,323,588,434.68	Related to assets/incomes
Others	2,268,230.36	512,474.40	1,432,566.24	1,348,138.52	Unconfirmed profit and loss from sale and leaseback
Total	3,409,749,454.13	334,235,416.04	419,048,296.97	3,324,936,573.20	

#### 46. Share capital

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Total number of stocks	5,601,405,741.00			5,601,405,741.00
Total	5,601,405,741.00			5,601,405,741.00

#### 47. Capital reserves

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Share capital premium	361,662,160.37	128,323,803.21	361,662,160.37	128,323,803.21
Other capital reserves	110,517,209.13	1,448,342,073.56	6,552,869.28	1,552,306,413.41
Total	472,179,369.50	1,576,665,876.77	368,215,029.65	1,680,630,216.62

[Note 1] The share of equity incentive – employee stock ownership plan expenses in the current period increased the capital reserves – other capital reserves by CNY1,445,649,873.56;

[Note 2] Equity transactions occurred in the subsidiary in the current period, resulting in an increase of CNY121,770,933.93 in the capital reserves - share capital premium.

[Note 3] The transfer of treasury shares of the Phase III Employee Stock Ownership Plan to the employee stock ownership plan platform resulted in a decrease of CNY361,662,160.37 in the capital reserves - share capital premium.

[Note 4] In the current period, the conditions for the first release period of the subsidiary's restricted share incentive plan were met, resulting in an increase of CNY6,552,869.28 in capital reserves - share capital premium and a decrease of CNY6,552,869.28 in capital reserves - other capital reserves.

[Note 5] In the current period, the controlling subsidiary recognized capital reserves of CNY2,692,200.00 from changes in the capital reserves of an associate.

#### 48. Treasury share

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Repurchased share	2,616,565,976.68	1,160,171,315.73	2,073,235,786.31	1,703,501,506.10
Total	2,616,565,976.68	1,160,171,315.73	2,073,235,786.31	1,703,501,506.10

[Note 1] On January 21, 2025, the Company transferred 63,195,095 shares from the Company's special securities account for repurchase to the special account of "Gree Electric Appliances, Inc. of Zhuhai – Phase III Employee Stock Ownership Plan" through non-trading transfer, and the treasury shares decreased by CNY2,063,319,851.75, and the transferred shares accounted for 1.13% of the Company's total share capital at that time. At the same time, the confirmation of stock repurchase obligations in this period increased the treasury shares by CNY1,133,088,053.35;

[Note 2] In the current period, the controlling subsidiary's confirmation of equity incentive repurchase obligations resulted in a total increase of CNY27,083,262.38 in treasury shares. The conditions for the first release period of the 2024 restricted share incentive plan were met, and the equity incentive repurchase obligations were terminated, resulting in a decrease of CNY7,813,818.42 in treasury shares. For those who no longer met the relevant incentive conditions due to incomplete satisfaction of individual-level performance appraisal requirements or unlocking conditions, the restricted shares were repurchased and cancelled, resulting in a decrease of CNY2,102,116.14 in treasury shares.

**49. Other comprehensive income**

Item	Beginning Balance	Amount Incurred in the Current Period						Ending Balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period but transferred to the profits and losses in the current period	Less: Amount included in other comprehensive income in the previous period but 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	
I. Other comprehensive income cannot be reclassified into profits and losses	-141,139,433.95	370,788,069.70		374,908,461.04	-750,455.67	-3,369,935.67		-144,509,369.62
Changes arising from remeasurement of the defined benefit plan	-121,990,126.00	-4,552,141.00				-4,552,141.00		-126,542,267.00
Other comprehensive income that cannot be transferred to profits and losses under the equity method	769,781,638.79	-41,334,766.63			-6,200,215.00	-35,134,551.63		734,647,087.16
Changes in the fair value of other equity instrument investments	-788,930,946.74	416,674,977.33		374,908,461.04	5,449,759.33	36,316,756.96		-752,614,189.78
II. Other comprehensive income to be reclassified into profits and losses	323,157,719.72	-5,082,424.25	21,081,781.12		1,896,437.73	-52,990,623.96	24,929,980.86	270,167,095.76
Other comprehensive income that can be transferred to profits and losses under the equity method	-130,561.02	1,666,511.55				916,691.34	749,820.21	786,130.32
Changes in the fair value of other debt investments	14,164,310.61	-10,619,951.93			-3,339,830.68	-7,261,274.28	-18,846.97	6,903,036.33
Reserves for credit impairment of other debt investments	377,675.26	39,823,458.82	23,728,581.12		4,790,733.41	6,469,154.30	4,834,989.99	6,846,829.56
Cash flow hedging reserves	-2,219,839.96	291,500.00	-2,646,800.00		445,535.00	2,492,765.00		272,925.04

Item	Beginning Balance	Amount Incurred in the Current Period						Ending Balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period but transferred to the profits and losses in the current period	Less: Amount included in other comprehensive income in the previous period but 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	
Difference arising from translation of financial statements in foreign currency	310,966,134.83	-36,243,942.69				-55,607,960.32	19,364,017.63	255,358,174.51
Total	182,018,285.77	365,705,645.45	21,081,781.12	374,908,461.04	1,145,982.06	-56,360,559.63	24,929,980.86	125,657,726.14

**50. Special reserves**

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Safe production expenses	31,676,129.88	6,051,563.43	2,829,343.97	34,898,349.34
Total	31,676,129.88	6,051,563.43	2,829,343.97	34,898,349.34

**51. Surplus reserves**

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
Statutory surplus reserves	1,789,443,715.25	15,647,566.99	570,954,146.72	1,234,137,135.52
Total	1,789,443,715.25	15,647,566.99	570,954,146.72	1,234,137,135.52

[Note 1] The carry-over of other comprehensive income to retained earnings increased the surplus reserve by CNY15,647,566.99;

[Note 2] In the current period, the transfer of treasury shares of the Company's Phase III Employee Stock Ownership Plan and the acquisition of minority equity interests in subsidiaries resulted in a decrease of CNY570,954,146.72 in the surplus reserve.

**52. General risk reserves**

Item	Beginning Balance	Increase in the Current Period	Decrease in the Current Period	Ending Balance
General risk reserves	509,245,480.58	3,673,515.92		512,918,996.50
Total	509,245,480.58	3,673,515.92		512,918,996.50

**53. Undistributed profits**

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Undistributed profits at the end of the previous period before adjustment	131,447,496,201.09	112,211,650,801.62
Total adjustment of undistributed profits at the beginning of the period (+ for increase, - for decrease)		
Undistributed profit at the beginning of the period after adjustment	131,447,496,201.09	112,211,650,801.62
Add: Net profit attributable to owners of the parent company for the current period	29,003,103,411.66	32,184,570,372.28
Less: Withdrawal of statutory surplus reserves		32,929,994.98
Withdrawal of general risk reserves	3,673,515.92	2,022,363.18
Common share dividends payable [Note]	22,340,554,964.00	13,142,225,877.48
Add: Amount transferred from other comprehensive income to retained earnings	336,780,012.17	228,453,262.83
Undistributed profit at the end of the period	138,443,151,145.00	131,447,496,201.09

[Note 1] Under the resolution of the 1st Extraordinary General Meeting of Shareholders in 2025 on April 22, 2025, the Company distributed cash dividends to all shareholders at a rate of CNY10.00 (tax inclusive) per 10

shares. Based on the total share capital of 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account, a total cash dividend of CNY5,585,138,741.00 should be distributed;

[Note 2] Under the resolution of the 2024 Annual General Meeting of Shareholders on June 30, 2025, the Company distributed cash dividends to all shareholders at a rate of CNY20.00 (tax inclusive) per 10 shares. Based on the total share capital of 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account, a total cash dividend of CNY11,170,277,482.00 should be distributed;

[Note 3] Under the resolution of the 2nd Extraordinary General Meeting of Shareholders in 2025 on November 24, 2025, the Company distributed cash dividends to all shareholders at a rate of CNY10.00 (tax inclusive) per 10 shares. Based on the total share capital of 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account, a total cash dividend of CNY5,585,138,741.00 should be distributed.

#### 54. Operating revenues and costs

Item	Amount Incurred in the Current Period		Amount Incurred in the Previous Period	
	Revenue	Cost	Revenue	Cost
Main business	153,781,972,343.46	103,423,626,894.66	169,715,353,002.47	114,476,752,530.27
Other business	16,665,086,190.11	16,217,726,321.55	19,448,301,062.17	19,019,367,093.09
Total	170,447,058,533.57	119,641,353,216.21	189,163,654,064.64	133,496,119,623.36

Information related to the revenues from main businesses:

Item	Amount Incurred in the Current Period		Amount Incurred in the Previous Period	
	Revenue	Cost	Revenue	Cost
Classified by industry				
Manufacturing industry	153,781,972,343.46	103,423,626,894.66	169,715,353,002.47	114,476,752,530.27
Total	153,781,972,343.46	103,423,626,894.66	169,715,353,002.47	114,476,752,530.27
Classified by product type				
Including: Household appliances	133,055,208,627.13	86,112,528,829.42	148,559,931,838.58	96,691,946,304.39
Industrial products and green energy	17,380,701,260.95	14,680,898,286.93	17,246,185,690.02	14,537,492,029.56
Smart device	680,790,474.57	540,329,948.40	424,131,758.64	313,649,678.84
Others	2,665,271,980.81	2,089,869,829.91	3,485,103,715.23	2,933,664,517.48
Total	153,781,972,343.46	103,423,626,894.66	169,715,353,002.47	114,476,752,530.27
Classified by region				
Including: Domestic sales	126,407,077,425.42	82,766,067,955.42	141,512,822,056.59	93,045,292,807.84
Export sales	27,374,894,918.04	20,657,558,939.24	28,202,530,945.88	21,431,459,722.43
Total	153,781,972,343.46	103,423,626,894.66	169,715,353,002.47	114,476,752,530.27

#### 55. Interest income and interest expenses

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
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Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Interest income	671,102,741.84	874,417,456.85
Including: Interest income from deposits in other banks and central banks	431,576,611.83	573,713,739.27
Interest income from the disbursement of loans and advances	32,460,003.17	146,194,865.10
Others	207,066,126.84	154,508,852.48
Interest expense	26,783,481.38	158,700,589.03
Including: Expenses from transactions with financial institutions	14,659,245.60	144,920,539.03
Others	12,124,235.78	13,780,050.00
Net interest income	644,319,260.46	715,716,867.82

### 56. Taxes and surcharges

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Urban maintenance & construction tax	539,826,060.47	509,067,607.82
Education surcharge	390,386,155.27	367,982,324.72
Building tax	347,376,077.23	316,450,996.41
Land use tax	153,827,167.19	148,331,976.12
Others	481,007,674.31	456,994,890.37
Total	1,912,423,134.47	1,798,827,795.44

### 57. Sales expenses

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Sales expenses	8,410,739,569.54	9,753,022,469.17
Total	8,410,739,569.54	9,753,022,469.17

[Note] In 2025, the sales expenses mainly included installation expenses, warehousing expenses, loading and unloading fees, promotion expenses, and employee benefits, totally accounting for more than 80% of the total sales expenses.

### 58. Administrative expenses

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Administrative expenses	5,180,260,235.38	6,057,608,713.94
Total	5,180,260,235.38	6,057,608,713.94

[Note] In 2025, the administrative expenses included the employee benefits, material consumption, depreciation, and amortization, totally accounting for more than 80% of the total overhead expenses.

### 59. R&D expenses

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
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Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
R&D expenses	6,463,100,763.66	6,904,084,981.92
Total	6,463,100,763.66	6,904,084,981.92

[Note] In 2025, the R&D expenses mainly included the employees' labor cost and direct investment cost, accounting for more than 80% of the total R&D expenses.

## 60. Financial expenses

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Interest expenses	1,964,864,912.15	2,378,372,721.06
Less: Interest income [Note]	5,885,051,089.40	5,999,412,762.36
Add: Exchange profits and losses	-251,325,953.52	250,076,580.51
Commissions	79,715,636.03	66,617,496.60
Interest expenses for defined benefit obligation	4,567,311.07	5,267,560.00
Others	1,140,787.20	-1,339,154.77
Total	-4,086,088,396.47	-3,300,417,558.96

[Note] Both the above interest income and the interest income in Note V. 55 Interest income and interest expenses are capital income.

## 61. Other income

Sources of Other Income	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Government grants	980,642,616.63	1,916,950,375.04
Value-added tax additional deduction and others	358,086,997.91	807,707,443.33
Total	1,338,729,614.54	2,724,657,818.37

## 62. Income from investment

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Investment income obtained from trading financial instruments	279,328,777.75	460,296,091.05
Long-term equity investment income measured by the equity method	36,369,594.25	14,219,875.64
Investment income from derivative financial instruments	-37,033,030.37	150,970,608.40
Others	123,582,706.20	-65,204,728.73
Total	402,248,047.83	560,281,846.36

## 63. Income from changes in fair value

Sources of Income from Changes in Fair Value	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Derivative financial instruments	103,864,069.41	-273,556,968.51
Trading financial instruments	117,689,555.83	-5,658,203.37

Sources of Income from Changes in Fair Value	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Others	-57,298,075.00	5,239,667.54
Total	164,255,550.24	-273,975,504.34

**64. Credit impairment losses**

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Bad debt losses	567,273,870.69	-528,495,906.55
Impairment losses of loans and advances	-55,568,417.23	2,985,793.17
Impairment losses of buying back the sale		3,077,495.66
Total	511,705,453.46	-522,432,617.72

**65. Asset impairment losses**

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Inventory falling price losses	553,793.70	-144,034,693.43
Goodwill impairment losses	-43,611,168.04	-266,698,403.06
Contract asset impairment losses	50,781,070.47	243,583,872.94
Fixed asset impairment losses	-352,568,639.87	-333,067,391.82
Impairment losses of the construction in progress	-996,133,481.86	-139,998,209.31
Other asset impairment losses	-16,146,526.89	-46,604,377.59
Total	-1,357,124,952.49	-686,819,202.27

**66. Income from disposal of assets**

Source of Income from Disposal of Assets	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Gains from disposal of non-current assets (losses expressed with "-")	52,212,257.62	16,965,090.94
Total	52,212,257.62	16,965,090.94

**67. Non-operating revenues**

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period	Amount included in non-recurring profits and losses in the current period
Net profit from destruction scrap of non-current assets	3,083,817.41	2,062,553.28	3,083,817.41
Non-operating government subsidies	22,840.00	3,781,050.00	22,840.00
Others	76,195,043.89	66,347,364.54	76,195,043.89
Total	79,301,701.30	72,190,967.82	79,301,701.30

**68. Non-operating expenses**

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period	Amount included in non-recurring profits and losses in the current period
Net losses from destruction scrap of non-current assets	15,662,709.53	117,645,205.80	15,662,709.53
Others	100,273,592.93	46,987,839.32	100,273,592.93
Total	115,936,302.46	164,633,045.12	115,936,302.46

## 69. Income tax expenses

### (1) Table of income tax expenses

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Income tax expenses in the current period	4,938,057,705.47	5,695,658,290.98
Deferred income tax expenses	843,855,229.49	-1,170,731,730.03
Total	5,781,912,934.96	4,524,926,560.95

### (2) Adjustment of accounting profits and income tax expenses

Item	Amount Incurred in the Current Period
Total profits	34,644,658,951.12
Income tax expenses calculated at the statutory/applicable tax rate	5,196,698,842.67
Impact by different tax rates applicable to subsidiaries	123,745,930.62
Impact by non-deductible costs, expenses, and losses	56,089,475.77
Impact of deductible temporary differences or deductible losses on unrecognized deferred income tax assets at the end of the period	1,156,414,876.08
Others	-751,036,190.18
Income tax expenses	5,781,912,934.96

## 70. Items of cash flow statement

### (1) Cash flows related to operating activities

#### 1) Other cash received related to operating activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Government grants	868,886,645.06	1,799,273,956.24
Interest income	526,443,161.94	315,360,111.29
Net decrease in restricted funds related to operating activities such as bills and guarantee deposits	15,667,164,024.70	
Cash pledges, deposits, and others	1,222,074,434.49	1,134,685,096.06
Total	18,284,568,266.19	3,249,319,163.59

#### 2) Other cash payments related to operating activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Cash payments for sales expenses	6,778,770,943.20	7,185,012,975.87
Cash payments for overhead expenses and R&D expenses	1,567,955,758.34	1,648,760,232.90
Net increase in restricted funds related to operating activities such as bills, guarantees, and margin deposits		950,809,072.53
Return of advance project funds		21,684,919.23
Payment of performance, bid security, and others	858,848,385.90	1,117,979,551.09
Total	9,205,575,087.44	10,924,246,751.62

## (2) Cash related to investment activities

## 1) Cash received related to investment activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Redemption of monetary investment products, large certificates of deposit, debt instrument investments, and other products	28,454,978,293.91	27,116,400,779.20
Total	28,454,978,293.91	27,116,400,779.20

## 2) Cash payment related to investment activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Payment of monetary investment products, large certificates of deposit, debt instrument investments, and other products	61,660,810,246.69	42,427,405,328.01
Total	61,660,810,246.69	42,427,405,328.01

## 3) Other cash received related to investment activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Net inflow of forward foreign exchange settlement and purchase		165,860,138.00
Time deposit interest income	5,246,873,262.88	4,951,508,980.79
Others	3,724,935,870.89	48,331,796.10
Total	8,971,809,133.77	5,165,700,914.89

## 4) Other cash payment related to investment activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Net outflow of forward foreign exchange settlement and purchase	49,825,873.25	
Net increase in time deposits	24,911,877,903.12	715,596,870.46
Others	24,339,154.10	3,724,962,434.47
Total	24,986,042,930.47	4,440,559,304.93

## (3) Cash related to financing activities

## 1) Other cash related to financing activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Net decrease in pledge deposits on borrowings	14,083,182,364.73	5,382,824,066.67
Collection of employee stock ownership plan funds	1,133,088,053.35	
Total	15,216,270,418.08	5,382,824,066.67

## 2) Other cash payments related to financing activities

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Payments for lease liabilities	56,802,915.10	131,898,004.16
Others	28,288,054.70	352,948,576.33
Total	85,090,969.80	484,846,580.49

## 3) Changes in liabilities arising from financing activities

Item	Beginning Balance	Increase in the Current Period		Decrease in the Current Period		Ending Balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Bank loans and others	74,241,605,731.86	72,504,157,963.57	1,806,135,524.69	62,331,785,424.09		86,220,113,796.03
Dividends payable	3,889,950.33		22,388,357,618.42	16,800,701,189.10		5,591,546,379.65
Lease liabilities (including lease liabilities due within 1 year)	797,227,498.47			56,802,915.10	546,230.31	739,878,353.06
Total	75,042,723,180.66	72,504,157,963.57	24,194,493,143.11	79,189,289,528.29	546,230.31	92,551,538,528.74

## 71. Supplementary for cash flow statement

## (1) Supplementary for cash flow statement

Supplementary	Amount in the Current Period	Amount in the Previous Period
1. Adjusting net profit to cash flow from operating activities:		
Net profits	28,862,746,016.16	32,371,069,287.35
Add: Assets and credit impairment reverses	845,419,499.03	1,209,251,819.99
Depreciation of fixed assets, depreciation of investment real estate, and amortization of right-to-use assets	4,607,039,121.11	4,811,341,434.60
Amortization of intangible assets	447,545,365.86	445,567,650.39
Losses on disposal of fixed assets, intangible assets, and other long-term assets (income expressed with “-”)	-52,212,257.62	-16,965,090.94
Loss from scrapping fixed assets (income expressed with “-”)	12,578,892.12	115,582,652.52
Losses from changes in fair value (income expressed with “-”)	-164,255,550.24	273,975,504.34
Financial expenses (income expressed with “-”)	-3,996,527,158.49	-3,108,257,855.15
Investment losses (income expressed with “-”)	-571,766,852.77	-765,303,511.76
Decrease in deferred income tax assets (increase expressed with “-”)	951,718,361.61	-1,100,364,408.99
Increase in deferred income tax liabilities (decrease expressed with	-104,275,146.59	-68,885,485.14

Supplementary “—”)	Amount in the Current Period	Amount in the Previous Period
Decrease of inventories (increase expressed with “—”)	-274,322,702.38	4,545,947,126.79
Decrease in operating receivables (increase expressed with “—”)	1,983,909,648.55	-512,406,905.95
Increase in operating payables (decrease expressed with “—”)	-3,256,224,732.45	-7,735,915,199.13
Others [Note]	17,091,742,250.12	-1,095,386,448.26
Net cash flows from operating activities	46,383,114,754.02	29,369,250,570.66
2. Major investment and financing activities not involving cash receipts and payment:		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	27,566,460,949.51	21,140,958,080.12
Less: Beginning balance of cash	21,140,958,080.12	30,914,196,186.41
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	6,425,502,869.39	-9,773,238,106.29

[Note] "Others" includes the net increase in statutory deposit reserves of CNY35,123,619.38, the net decrease in bill deposits and others of CNY15,667,164,024.70, and the expenses recognized for equity-settled share-based payments in the current period of CNY1,459,701,844.80.

(2) Net cash payment for the acquisition of subsidiaries in the current period

None.

(3) Net cash from the disposal of subsidiaries this year

None.

(4) Composition of cash and cash equivalents

Item	Ending Balance	Beginning Balance
I. Monetary funds	110,553,006,650.89	113,900,461,797.94
Including: Cash on hand	317,120.96	493,036.20
Bank deposits for payment at any time	13,916,698,082.57	14,705,329,427.85
Other monetary funds for payment at any time	578,571,096.14	802,982,715.77
Deposits in the central bank for payment at any time	9,511,698.63	9,336,080.31
Deposits in other banks for payment at any time	13,061,362,951.21	5,622,816,819.99
Time deposits and accrued interest not in the category of cash and cash equivalents	72,408,953,590.30	56,614,301,656.50
Deposits with restricted use	10,577,592,111.08	36,145,202,061.32

Item	Ending Balance	Beginning Balance
II. Cash equivalents		
III. Ending balance of monetary funds and cash equivalents	110,553,006,650.89	113,900,461,797.94
Less: Time deposits and accrued interest not in the category of cash and cash equivalents	72,408,953,590.30	56,614,301,656.50
Less: Deposits with restricted use	10,577,592,111.08	36,145,202,061.32
Including: Statutory deposit reserves	1,902,339,726.09	1,867,216,106.71
Bill, letter of credit, and other deposits	8,675,252,384.99	34,277,985,954.61
IV. Ending balance of cash and cash equivalents	27,566,460,949.51	21,140,958,080.12

(5) Restricted usage scope but still listed as cash and cash equivalents

None.

**72. Annotations to items in the statement of changes in owner's equity**

None.

**73. Monetary items in foreign currencies**

## (1) Monetary items in foreign currencies

Item	USD converted into CNY	HKD converted into CNY	EUR converted into CNY	BRL converted into CNY	THB converted into CNY	Others	Total in CNY
Exchange rate as of December 31, 2025	7.0288	0.9032	8.2355	1.2776	0.2225	Not applicable	Not applicable
Monetary funds	2,492,540,614.18	4,173,213,352.09	2,712,067,757.55	506,917,291.88	65,720,476.57	31,561,730.85	9,982,021,223.12
Accounts receivable	3,397,144,955.19	37,231,918.34	41,152,491.83	1,120,471,365.47	141,421,660.08	20,950,264.07	4,758,372,654.98
Contract assets			628,147.69				628,147.69
Other receivables	5,790,241.31	281,804.56	344,681.53	642,796.18	2,213,300.94	5,848,555.34	15,121,379.86
Other non-current assets		496,967.72		695,012.38			1,191,980.10
Short-term borrowings	4,771,671,319.60						4,771,671,319.60
Accounts payable	198,242,593.65	8,408,218.60	10,427,677.03	102,306,040.23	51,005,926.35	12,297,283.46	382,687,739.32
Other payables	193,557,141.45	2,840,072.77	14,822,706.02	2,978,481.58	1,890,316.89	298,542.84	216,387,261.55

## (2) Description of overseas operating entities

The company's main business locations outside the Chinese mainland include Hong Kong, Brazil, Thailand, the United States, etc. Each business entity takes its main business currency as the functional currency. As of December 31, 2025, the financial statements of the subsidiaries from countries and regions outside the Chinese mainland, such as the Hong Kong subsidiary, the Brazil subsidiary, the Thailand subsidiary, and the US subsidiary, which are included in the consolidated financial statements, have all been converted into CNY for presentation. The conversion exchange rates for the balance sheet items are the exchange rates in Note V. 73 (1). The conversion exchange rates for the income statement and cash flow statement items adopt the average exchange rate for 2025.

**74. Lease**

1) The simplified short-term lease or low-value asset lease expenses are CNY83,023,428.97.

2) Sale-leaseback transaction

Some subsidiaries of the Company transferred some machinery equipment to financial lease companies and leased them back. In the sale-leaseback transaction, the financial lease company cannot dominate the use of the goods and obtain almost all economic benefits from it. The Company can dominate the use of the leased assets, and has not transferred the control of them. Therefore, the sale-leaseback transaction does not meet the requirements of sales. The Company continues to recognize the transferred assets and recognizes long-term payables at the same time.

3) With the Company as a lessor

Item	Rental incomes	Including: Income related to variable lease payments not included in lease payments
Operating lease as a lessor	208,002,741.20	
Total	208,002,741.20	

**VI. Change in the consolidation scope****1. Business combinations not under common control**

None.

**2. Business combination under common control**

None.

**3. Reverse acquisitions**

None.

#### 4. Disposal of subsidiaries

Name of Subsidiary	Time Point of Losing Control	Disposal Price of the Time Point of Losing Control	Disposal Ratio of the Time Point of Losing Control (%)	Disposal Methods of the Time Point of Losing Control	Basis for Determining the Time Point of Losing Control	The Difference Between the Disposal Price and the Share of the Subsidiaries' Net Assets at the Level of Consolidated Statements Corresponding to the Disposal Investment	Proportion of Remaining Equity on the Date of Losing Control (%)	Book Value of the Remaining Equity at the Consolidated Financial Statement Level on the Date of Losing Control	Fair Value of the Remaining Equity at the Consolidated Financial Statement Level on the Date of Losing Control	Gains or Losses Arising from Remeasurement of Remaining Equity at Fair Value	Determination Methods and Main Assumptions of the Fair Value of the Remaining Equity on the Date of Losing Control at the Consolidated Financial Statement Level	Amount of Other Comprehensive Income Related to Equity Investment of the Original Subsidiary Transferred into Investment Profits and Losses or Retained Earnings
Tieling Fengyu Agricultural Technology Co., Ltd.	2025/4/16	291,000.00	51.00	Sale	Business registration	-516,005.66						
Shanghai Gree Green Energy Technology Co., Ltd.	2025/6/25		20.00	Passive dilution of equity	Business registration	-507,435.14	40.00	1,024,870.30	1,024,870.30		Reverse calculation method based on capital increase price	
Bayan Nur Huatai Technology Development Co., Ltd.	2025/12/19		100.00	Cancelled	Business registration							

#### 5. Change of consolidation scope for other reasons

## (1) Newly established entity in the current period:

Name	Date of Establishment	Net Assets at the End of the Period	Net Profit from the Combination Date to the End of the Period
Gree Digital Technology (Xuzhou) Co., Ltd.	2025/1/2	2,881,665.90	-118,334.10
Gree Digital Technology (Shanxi) Co., Ltd.	2025/1/2	2,625,977.15	1,625,977.15
Gree Digital Technology (Shandong) Co., Ltd.	2025/1/6	3,271,427.45	271,427.45
Gree Digital Technology (Shenzhen) Co., Ltd.	2025/1/7	348,860.15	-651,139.85
Gree Digital Technology (Foshan) Co., Ltd.	2025/1/7	822,221.57	-177,778.43
Gree Digital Technology (Guangzhou) Co., Ltd.	2025/1/7	655,804.86	-344,195.14
Gree Digital Technology (Fuzhou) Co., Ltd.	2025/1/9	1,201,859.94	201,859.94
Gree Digital Technology (Shanghai) Co., Ltd.	2025/1/13	5,032,177.58	32,177.58
Gree Digital Technology (Ganzhou) Co., Ltd.	2025/1/13	1,096,419.61	96,419.61
Gree Digital Technology (Hubei) Co., Ltd.	2025/1/13	1,242,615.28	242,615.28
Gree Digital Technology (Nanchang) Co., Ltd.	2025/1/13	6,300,848.40	5,300,848.40
Gree Digital Technology (Anhui) Co., Ltd.	2025/1/13	9,427,114.64	4,427,114.64
Gree Digital Technology (Yunnan) Co., Ltd.	2025/1/14	4,947,295.06	-52,704.94
Gree Digital Technology (Dongguan) Co., Ltd.	2025/1/14	1,003,206.58	3,206.58
Gree Digital Technology (Guizhou) Co., Ltd.	2025/1/16	5,012,446.55	12,446.55
Gree Digital Technology (Xiamen) Co., Ltd.	2025/1/16	1,000,203.16	203.16
Gree Digital Technology (Liaoning) Co., Ltd.	2025/1/17	2,952,039.64	-47,960.36
Gree Digital Technology (Guangxi) Co., Ltd.	2025/1/20	2,237,897.53	1,237,897.53
Gree Digital Marketing (Zhuhai) Co., Ltd.	2025/1/20	3,592,140.99	2,592,140.99

Name	Date of Establishment	Net Assets at the End of the Period	Net Profit from the Combination Date to the End of the Period
Gree Digital Technology (Hainan) Co., Ltd.	2025/1/20	2,486,804.66	1,486,804.66
Gree Digital Technology (Beijing) Co., Ltd.	2025/1/20	1,002,830.25	2,830.25
Gree Digital Technology (Shaanxi) Co., Ltd.	2025/1/21	5,010,313.94	10,313.94
Gree Digital Technology (Chongqing) Co., Ltd.	2025/1/21	1,678,635.52	678,635.52
Gree Digital Technology (Tianjin) Co., Ltd.	2025/1/22	1,504,306.07	504,306.07
Gree Digital Technology (Zhejiang) Co., Ltd.	2025/3/17	-5,022.90	-5,022.90
Gree Electric Enterprises (Baotou) Ltd.	2025/9/16	-15,327.69	-15,327.69
DunAn Automotive Thermal Management Technology (Thailand) Co., Ltd.	2025/11/11	21,695,594.13	

(2) Entities decreased in the current period are as follows:

As of the end of 2025, Gree Information Technology Co., Ltd. of Zhuhai was transferred to the liquidation group, and the Company no longer controls this entity.

## VII. Equity in other entities

### 1. Equity in subsidiaries

(1) Composition of the enterprise group

S/N	Name of Subsidiary	Registered Capital	Main Business Location	Place of Registration	Nature of Business	Shareholding Ratio (%)		Voting Right Proportion (%)	Acquisition Method
						Direct	Indirect		
1	Gree (Chongqing) Electric Appliances Co., Ltd.	230,000,000.00	Chongqing City	Chongqing City	Industrial manufacture	97.00		97.00	Establishment
2	Zhuhai Landa Compressor Co., Ltd.	93,030,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination under common control
3	Zhuhai Gree Electrical Co., Ltd.	1,669,315,586.15	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination under common control
4	Zhuhai Gree Xinyuan Electronics Co., Ltd.	126,180,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination under common control

S/N	Name of Subsidiary	Registered Capital	Main Business Location	Place of Registration	Nature of Business	Shareholding Ratio (%)		Voting Right Proportion (%)	Acquisition Method
						Direct	Indirect		
5	Zhuhai Kaibang Motor Manufacturing Co., Ltd.	82,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combinations not under common control
6	Gree (Hefei) Electric Appliances Co., Ltd.	150,000,000.00	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Establishment
7	Gree (Zhongshan) Small Home Appliances Co., Ltd.	30,000,000.00	Zhongshan City	Zhongshan City	Industrial manufacture	100.00		100.00	Establishment
8	Zhuhai Gree Group Finance Company Limited	3,000,000,000.00	Zhuhai City	Zhuhai City	Finance	99.54	0.46	100.00	Business combination under common control
9	Gree Electric Appliances (Brazil) Co., Ltd.	659,342,914.36	Manaus, Brazil	Manaus, Brazil	Industrial manufacture	100.00		100.00	Establishment
10	Hong Kong Gree Electric Appliances Sales Limited	106,490.00	Kowloon, Hong Kong	Kowloon, Hong Kong	Sales	100.00		100.00	Business combinations not under common control
11	Shanghai Gree Air Conditioners Sales Co., Ltd.	2,000,000.00	Shanghai City	Shanghai City	Sales	90.00	9.70	99.70	Establishment
12	Zhuhai Gree Daikin Precision Mold Co., Ltd.	395,881,113.76	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
13	Zhuhai Gree Daikin Device Co., Ltd.	555,233,063.00	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
14	Zhuhai Gree Green Refrigeration Technology Research Center Co., Ltd.	116,040,000.00	Zhuhai City	Zhuhai City	Technical research and development	100.00		100.00	Establishment
15	Gree (Zhengzhou) Electric Appliances Co., Ltd.	20,000,000.00	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
16	Gree (Wuhan) Electric Appliances Co., Ltd.	100,000,000.00	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
17	Zhengzhou Gree Green Resources Recycling Co., Ltd.	50,000,000.00	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
18	Hunan Green Resources Recycling Co., Ltd.	50,000,000.00	Ningxiang County	Ningxiang County	Industrial manufacture	100.00		100.00	Establishment
19	Gree (Wuhu) Electric Appliances Co., Ltd.	20,000,000.00	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
20	Wuhu Green Resources Recycling Co., Ltd.	50,000,000.00	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
21	Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	10,000,000.00	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Establishment
22	Shijiazhuang Green Resources Recycling Co., Ltd.	50,000,000.00	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Establishment
23	Gree (Shijiazhuang) Electric Appliances Co., Ltd.	100,000,000.00	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Business combinations not under common control

S/N	Name of Subsidiary	Registered Capital	Main Business Location	Place of Registration	Nature of Business	Shareholding Ratio (%)		Voting Right Proportion (%)	Acquisition Method
						Direct	Indirect		
24	Zhuhai Gree HVAC Equipment Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
25	Tianjin Green Renewable Resources Utilization Co., Ltd.	50,000,000.00	Tianjin City	Tianjin City	Industrial manufacture	100.00		100.00	Establishment
26	Zhuhai Gree Tosot Home Appliances Co., Ltd.	30,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
27	Zhuhai Ewpe Information Technology Inc.	100,000,000.00	Zhuhai City	Zhuhai City	Information technologies	100.00		100.00	Establishment
28	Gree Changsha HVAC Equipment Co., Ltd.	50,000,000.00	Changsha City	Changsha City	Industrial manufacture	100.00		100.00	Establishment
29	Gree Tosot (Suqian) Home Appliances Co., Ltd.	140,000,000.00	Suqian City	Suqian City	Industrial manufacture	100.00		100.00	Establishment
30	Gree Wuhu Precision Manufacturing Co., Ltd.	30,000,000.00	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
31	Zhuhai Gree Intelligent Equipment Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
32	Zhuhai Hengqin Gree Business Factoring Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Finance	100.00		100.00	Establishment
33	Gree CNC Machine Tool Research Institute Co., Ltd. of Zhuhai	50,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
34	Gree (Wuhan) HVAC Equipment Co., Ltd.	100,000,000.00	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
35	Gree (Wuhan) Precision Mold Co., Ltd.	100,000,000.00	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
36	Zhuhai Gree Precision Mold Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
37	Zhuhai Gree New Material Co., Ltd.	30,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
38	Zhuhai Gree Energy Environment Technology Co., Ltd.	200,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
39	Gree (Hangzhou) Electric Appliances Co., Ltd.	800,000,000.00	Hangzhou City	Hangzhou City	Industrial manufacture	100.00		100.00	Establishment
40	Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	600,000,000.00	Wu'an County	Wu'an County	Industrial manufacture	70.00		70.00	Establishment
41	Zhuhai Gree Transportation Co., Ltd.	50,000,000.00	Zhuhai City	Zhuhai City	Transportation	100.00		100.00	Establishment
42	Gree (Luoyang) Electric Appliances Co., Ltd.	50,000,000.00	Luoyang City	Luoyang City	Industrial manufacture	100.00		100.00	Establishment

S/N	Name of Subsidiary	Registered Capital	Main Business Location	Place of Registration	Nature of Business	Shareholding Ratio (%)		Voting Right Proportion (%)	Acquisition Method
						Direct	Indirect		
43	Gree (Nanjing) Electric Appliances Co., Ltd.	1,000,000,000.00	Nanjing City	Nanjing City	Industrial manufacture	100.00		100.00	Establishment
44	Zhuhai Lianyun Technology Co., Ltd.	50,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
45	Zhuhai Edgeless Integrated Circuit Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
46	Gree (Chengdu) Electric Appliances Co., Ltd.	400,000,000.00	Chengdu City	Chengdu City	Industrial manufacture	100.00		100.00	Establishment
47	Gree Material Supply Co., Ltd. of Zhuhai	150,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
48	Zhuhai Gree Lvkong Technology Co., Ltd.	550,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
49	Hefei Kinghome Electrical Co., Ltd.	200,000,000.00	Hefei City	Hefei City	Industrial manufacture	100.00		100.00	Business combinations not under common control
50	Zhuhai Gree Mechanical and Electrical Engineering Co., Ltd.	150,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination under common control
51	Gree (Luoyang) Washing Machine Co., Ltd.	50,000,000.00	Luoyang City	Luoyang City	Industrial manufacture	100.00		100.00	Establishment
52	Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Information technologies	75.00	2.75	77.75	Establishment
53	Gree (Anji) Precision Mold Co., Ltd.	150,000,000.00	Anji County	Anji County	Industrial manufacture	100.00		100.00	Establishment
54	Zhuhai Gree Green Resources Recycling Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
55	Gree E-commerce Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Wholesales and retails	100.00		100.00	Establishment
56	Zhuhai Gejian Health Medical Technology Co., Ltd.	20,000,000.00	Zhuhai City	Zhuhai City	Medical device	100.00		100.00	Establishment
57	Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd.	1,000,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
58	Chengdu Gree Xinhui Medical Equipment Co., Ltd.	100,000,000.00	Chengdu City	Chengdu City	Medical device	75.00	2.75	77.75	Establishment
59	Gree (Ganzhou) Electric Appliances Co., Ltd.	100,000,000.00	Ganzhou City	Ganzhou City	Industrial manufacture	100.00		100.00	Establishment
60	SL Group Co., Ltd.	300,000,000.00	Songyuan City	Songyuan City	Agriculture	75.00		75.00	Business combinations not under common control
61	Gree (Linyi) Electric Appliances Co., Ltd.	600,000,000.00	Linyi City	Linyi City	Industrial manufacture	100.00		100.00	Establishment

S/N	Name of Subsidiary	Registered Capital	Main Business Location	Place of Registration	Nature of Business	Shareholding Ratio (%)		Voting Right Proportion (%)	Acquisition Method
						Direct	Indirect		
62	Gree (Zhuhai Hengqin) Development Co., Ltd.	1,000,000,000.00	Zhuhai City	Zhuhai City	Real estate industry	100.00		100.00	Establishment
63	Changsha Kinghome Electric Appliances Co., Ltd.	50,000,000.00	Changsha City	Changsha City	Industrial manufacture	100.00		100.00	Establishment
64	Gree Altairnano New Energy Inc.	1,103,335,385.00	Zhuhai City	Zhuhai City	Industrial manufacture	55.01		72.47	Business combinations not under common control
65	Zhuhai Mingruida Supply Chain Technology Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Transportation	70.00		70.00	Establishment
66	Zhejiang DunAn Artificial Environment Co., Ltd.	1,074,677,139.00	Zhuji City	Zhuji City	Industrial manufacture	38.13		38.13	Business combinations not under common control
67	Zhuhai Gree Electronic Components Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
68	Zhuhai Gree Digital Technology Co., Ltd.	50,000,000.00	Zhuhai City	Zhuhai City	Wholesales and retails	100.00		100.00	Establishment
69	Zhuhai Gree Prefabricated Vegetable Equipment Technology Development Co., Ltd.	50,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
70	Gree Lintanyuan (Shanghai) Technology Co., Ltd.	10,000,000.00	Shanghai City	Shanghai City	Electrical machinery and equipment manufacturing industry	40.00	15.55	55.55	Establishment
71	Zhuhai Gree Technology Management Co., Ltd.	50,000,000.00	Zhuhai City	Zhuhai City	Science and technology popularization and application	60.00		60.00	Establishment
72	Zhuhai Hengqin Gree Materials Supply Co., Ltd.	100,000,000.00	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment

[Note] The Company directly holds 38.13% of the equity of DunAn Environment, becomes the largest shareholder of DunAn Environment, and has the power to restructure the board of directors of DunAn Environment and nominate more than half of the directors. The Company has completed the reorganization of the board of directors of DunAn Environment, and occupies more than half of the seats on the board of directors. It can control DunAn Environment, and include DunAn Environment in the scope of company consolidation.

(2) Important non-wholly-owned subsidiaries

None.

## 2. Transactions in which the share of owner's equity in the subsidiary changes and still controls the subsidiary

Jiangxi Jinrun Real Estate Co., Ltd., a controlling subsidiary of the Company, acquired 10.00% of the equity of its subsidiary Ganzhou Qianjin Real Estate Co., Ltd. (hereinafter referred to as "Ganzhou Qianjin") on March 31, 2025, for a transaction price of CNY28,606,000.00. After the acquisition, the Company held a total of 100.00% of the equity of Ganzhou Qianjin.

Gree (Nanjing) Electric Appliances Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100.00% of the equity of Nanjing Gree Altairnano New Energy Inc. through a business combination under common control on September 29, 2025.

DunAn Environment, a controlling subsidiary of the Company, issued 10,075,000 A-shares in a private placement on December 17, 2025, and repurchased and cancelled 834,000 restricted A-shares that had been granted but not yet unlocked to the grantees under the first phase restricted share incentive plan on November 18, 2025. After the above equity changes, the Company's shareholding in DunAn Environment changed from 38.46% to 38.13%.

## 3. Equities in joint ventures or associates

### (1) Important joint ventures or associates

None.

### (2) Main financial information of important joint ventures

None.

### (3) Main financial information of important associates

None.

### (4) Summary financial information of unimportant joint ventures and associates

Item	Ending Balance/Current Amount Incurred	Beginning Balance/Amount Incurred in the Previous Period
Joint ventures:		
Total investment book value	1,132,273.32	1,146,314.44
Total number of the following items calculated based on the shareholding ratio		
– Net profits	-14,041.12	-12,620.24
– Total comprehensive income	-14,041.12	-12,620.24
Associates:		
Total investment book value	4,233,884,736.34	4,354,565,937.10
Total number of the following items calculated based on the shareholding ratio		
– Net profits	36,383,635.37	14,232,495.88

Item	Ending Balance/Current Amount Incurred	Beginning Balance/Amount Incurred in the Previous Period
– Other comprehensive income	-39,668,255.07	-173,628,827.39
– Total comprehensive income	-3,284,619.70	-159,396,331.51

(5) Significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

None.

(6) Excess losses incurred by joint ventures or associates

Name of joint venture or associates	Accumulated unrecognized losses accumulated in the previous period	Unrecognized losses in the current period (or net profit shared in the current period)	Accumulated unrecognized losses at the end of current period
Beijing Gree Technology Co., Ltd.	-1,146,725.39	-10,958.58	-1,157,683.97
Guizhou Qianzhixing New Energy Co., Ltd.		-269,782.09	-269,782.09
Eocell Limited	-8,567,118.22		-8,567,118.22
Ningxia Nenggu New Energy Technology Co., Ltd.	-146,625.62	-231,086.16	-377,711.78

(7) Unrecognized commitments related to investment in joint ventures

None.

(8) Contingent liabilities related to investment in joint ventures or associates

None.

#### 4. Important co-management

None.

#### 5. Equity in structured entities not included in the Consolidated Financial Statements

None.

### VIII. Government grants

#### 1. Government grants recognized at the end of the period based on the amount receivable

There are no government grants recognized at the end of the period based on the amount receivable.

#### 2. Debt projects involved government grants

Items in Financial Statements	Beginning Balance	Newly Added Grant Amount in the Current Period	Other Income Transferred in the Current Period	Ending Balance	Related to assets/incomes
Deferred income	3,208,713,071.20	159,566,841.64	351,439,050.25	3,016,840,862.59	Related to assets
Deferred income	198,768,152.57	174,156,100.00	66,176,680.48	306,747,572.09	Related to incomes
Total	3,407,481,223.77	333,722,941.64	417,615,730.73	3,323,588,434.68	

#### 3. Government subsidies included in the profits and losses in this year

Items in Financial Statements	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Other income	980,642,616.63	1,916,950,375.04
Non-operating revenues	22,840.00	3,781,050.00
Financial expenses	9,713,660.99	36,658,146.30
Total	990,379,117.62	1,957,389,571.34

## IX. Risks associated with financial instruments

The main financial instruments of the Company include monetary funds, trading financial assets, notes receivable, receivables financing, receivables, loans and advances, buying back the sale of financial assets, debt investments, other debt investments, other equity instrument investments, and other financial liabilities arising from operation (e.g., payables). These financial instruments aim to provide funds for the operations of the Company.

The main risks caused by the Company's financial instruments are credit risk, liquidity risk, and market risk.

### 1. Risks of financial instruments

#### (1) Classification of financial instruments

The book values of various financial instruments on the balance sheet date:

##### 1) Ending Balance

Item	Classification of financial assets			
	Financial assets measured at amortized costs	Financial assets measured at fair value with changes included in other comprehensive income	Financial assets measured at fair value with changes included in profit or loss	Total
1. Measured at amortized costs				
Monetary funds	110,553,006,650.89			110,553,006,650.89
Notes receivable	883,500.00			883,500.00
Accounts receivable	15,987,180,598.76			15,987,180,598.76
Other receivables	327,529,462.48			327,529,462.48
Buying back the sale of financial assets	4,800,560,684.94			4,800,560,684.94
Non-current assets due within one year	28,766,571,070.50			28,766,571,070.50
Other current financial assets	11,662,547,986.20			11,662,547,986.20
Loans issued and advances	2,298,410,033.80			2,298,410,033.80
Long-term receivables	4,834,731.36			4,834,731.36
Other non-current financial assets	42,423,887,631.47			42,423,887,631.47
Subtotal	216,825,412,350.40			216,825,412,350.40
2. Measured at fair values				

Item	Classification of financial assets			
	Financial assets measured at amortized costs	Financial assets measured at fair value with changes included in other comprehensive income	Financial assets measured at fair value with changes included in profit or loss	Total
Trading financial assets			31,336,448,103.06	31,336,448,103.06
Receivables financing		6,496,151,873.03		6,496,151,873.03
Non-current assets due within one year		4,572,884,806.60		4,572,884,806.60
Other current financial assets		1,676,123,772.02	59,863,600.00	1,735,987,372.02
Other debt investments		24,062,391,354.36		24,062,391,354.36
Other equity instrument investments		2,419,998,043.64		2,419,998,043.64
Other non-current financial assets			89,060,694.31	89,060,694.31
Subtotal		39,227,549,849.65	31,485,372,397.37	70,712,922,247.02
Total	216,825,412,350.40	39,227,549,849.65	31,485,372,397.37	287,538,334,597.42

(Continued)

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value with changes included in the current profits and losses	Other financial liabilities	Total
1. Measured at amortized costs			
Short-term borrowings		67,956,629,538.51	67,956,629,538.51
Notes payable		15,544,348,535.69	15,544,348,535.69
Accounts payable		42,103,940,920.24	42,103,940,920.24
Deposits from customers and interbank		208,923,102.80	208,923,102.80
Other payables		11,240,989,639.29	11,240,989,639.29
Non-current liabilities due within one year		13,668,113,331.54	13,668,113,331.54
Other current financial liabilities		9,829,552,679.74	9,829,552,679.74
Long-term borrowings		3,134,980,571.73	3,134,980,571.73
Lease liabilities		652,797,306.31	652,797,306.31
Subtotal		164,340,275,625.85	164,340,275,625.85
2. Measured at fair values			
Derivative financial liabilities	65,094,952.36		65,094,952.36
Subtotal	65,094,952.36		65,094,952.36
Total	65,094,952.36	164,340,275,625.85	164,405,370,578.21

2) Beginning Balance

Item	Classification of financial assets			Total
	Financial assets measured at amortized costs	Financial assets measured at fair value with changes included in other comprehensive income	Financial assets measured at fair value with changes included in other comprehensive income	
1. Measured at amortized costs				
Monetary funds	113,900,461,797.94			113,900,461,797.94
Accounts receivable	16,831,887,388.06			16,831,887,388.06
Other receivables	869,731,224.40			869,731,224.40
Buying back the sale of financial assets	5,625,977,294.57			5,625,977,294.57
Non-current assets due within one year	2,723,523,527.19			2,723,523,527.19
Other current financial assets	9,508,720,109.73			9,508,720,109.73
Disbursement of loans and advances	431,208,935.61			431,208,935.61
Debt investment	1,001,466,666.64			1,001,466,666.64
Long-term receivables	9,483,113.92			9,483,113.92
Other non-current financial assets	56,225,114,705.67			56,225,114,705.67
Subtotal	207,127,574,763.73			207,127,574,763.73
2. Measured at fair values				
Trading financial assets			16,548,258,632.49	16,548,258,632.49
Receivables financing		9,600,726,284.77		9,600,726,284.77
Non-current assets due within one year		11,131,263,203.54		11,131,263,203.54
Other current financial assets		5,781,243,013.70	27,356,960.00	5,808,599,973.70
Other debt investments		7,016,555,220.76		7,016,555,220.76
Other equity instrument investments		3,039,588,563.46		3,039,588,563.46
Subtotal		36,569,376,286.23	16,575,615,592.49	53,144,991,878.72
Total	207,127,574,763.73	36,569,376,286.23	16,575,615,592.49	260,272,566,642.45

(Continued)

Item	Classification of financial liabilities		Total
	Financial liabilities measured at fair value with changes included in the current profits and losses	Other financial liabilities	
1. Measured at amortized costs			
Short-term borrowings		39,009,527,273.22	39,009,527,273.22
Notes payable		14,479,000,765.12	14,479,000,765.12
Accounts payable		47,091,320,744.05	47,091,320,744.05

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value with changes included in the current profits and losses	Other financial liabilities	Total
Deposits from customers and interbank		307,788,319.03	307,788,319.03
Other payables		4,556,911,705.22	4,556,911,705.22
Non-current liabilities due within one year		15,577,179,285.89	15,577,179,285.89
Other current financial liabilities		9,817,844,355.19	9,817,844,355.19
Long-term borrowings		18,229,817,922.13	18,229,817,922.13
Lease liabilities		711,291,189.69	711,291,189.69
Long-term payables		7,912,428.09	7,912,428.09
Subtotal		149,788,593,987.63	149,788,593,987.63
2. Measured at fair values			
Derivative financial liabilities	170,740,734.87		170,740,734.87
Subtotal	170,740,734.87		170,740,734.87
Total	170,740,734.87	149,788,593,987.63	149,959,334,722.50

## (2) Credit risks

Credit risk refers to a risk of financial losses suffered by one party due to the non-performance of obligations by the other party of the financial instrument.

The Company only has transactions with recognized customers with a good reputation. Under the policies of the Company, all the customers who require the credit form for transactions shall undergo credit review. Besides, the Company continuously monitors the balance of accounts receivable to ensure that the Company is not confronted with the major risk of bad debts.

The financial assets of the Company include monetary funds and receivables financing. The credit risks of these financial assets come from the nonperformance of the transaction counterparty, and the maximum risk exposure is equal to the book value of these instruments.

The monetary funds are deposited in state-owned financial institutions with high credit ratings, minimizing the risk; the receivables financing is mainly banker's acceptance bills, and the risk exposure is rather small. The book values of notes receivable, receivables financing, accounts receivable, other receivables, contract assets, loans and advances, and long-term receivables in the consolidated balance sheet are the highest credit risk with which the Company may be confronted.

As of the end of the report period, the Company's notes receivables, accounts receivable, receivables financing, other receivables, contract assets, loans and advances, and long-term receivables account for 6.53% of the total assets (the beginning balance is 7.71%), and the above amounts are mainly due within 1 year, so the Company has no significant credit risk. For the Company's credit risk exposures arising from the above financial assets, please refer to the disclosed information in Note V. 3 Notes receivable, Note V. 4 Accounts receivable, Note V. 6 Receivables financing, Note V. 8 Other receivables, Note V. 5 Contract assets, Note V. 13 Loans and advances, and Note V. 16 Long-term receivables.

### (3) Liquidity risks

Liquidity risk refers to a risk of fund shortage generated when the enterprise performs the obligation to settle accounts by cash payment or other financial assets.

Each subsidiary of the Company is responsible for its own cash flow forecast. Based on the aggregated cash flow forecasts of its subsidiaries, the Company continuously monitors short-term and long-term funding needs to ensure sufficient cash reserves. At the same time, it continuously monitors compliance with borrowing agreements and, considering financing conditions such as interest rates, borrowing terms, and credit enhancement measures, selects different financial institutions to meet operational liquidity needs.

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 1.75 (which was 1.74 at the beginning of the period), showing that the Company has adequate liquidity and the risk of shortage of liquidity is low.

### (4) Market risks

Market risk refers to a risk of fluctuation in the fair value or future cash flow of financial instruments due to changes in the market price, including fair value fluctuation risk, exchange rate risk, and interest rate risk.

#### 1) Fair value fluctuation risk

The Company's financial investments mainly involve products such as stocks, wealth management products, asset management plans, bonds, negotiable certificates of deposit, and forward foreign exchange settlement and purchase. Except for the significant fluctuations in the fair value of stocks, the fair value of products such as wealth management products, bonds, negotiable certificates of deposit, and forward foreign exchange settlement and purchase does not fluctuate significantly. The stocks held by the Company are mainly stocks traded on the open market, and the quality of the invested companies is relatively good.

As of the end of the report period, the Company's wealth management products, asset management plans, bonds, negotiable certificates of deposit, and forward foreign exchange settlement and purchase account for 18.07% of the total assets (the beginning balance is 14.44%), which are measured at fair value. For the fair value risk exposure of the Company arising from the above-mentioned financial assets, please refer to Note V. 2. Trading financial assets, Note V. 6. Receivables financing, Note V. 11. Non-current assets due within 1 year, Note V. 12. Other current assets, Note V. 15. Other debt investments, Note V. 18. Other equity instrument investments, and Note V. 19 Other non-current financial assets.

#### 2) Exchange rate risk

Exchange rate risk refers to the risk of fluctuation in the fair value or future cash flow of financial instruments due to changes in the foreign exchange rate.

As of December 31, 2025, the amounts of foreign currency financial assets and liabilities held by the Company converted into CNY are presented in Note V. 73. (1) Foreign currency monetary items.

The Company minimizes the exchange rate 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.

#### 3) Interest rate risks

Interest rate risk refers to the risk of fluctuation in the fair value or future cash flow of financial instruments due to changes in the market interest rate.

As of December 31, 2025, the Company's liabilities with interests are as follows:

Statement Item	Amount	Interest Rate Range
Short-term borrowings	67,956,629,538.51	0.65%-4.54%
Deposits from customers and interbank	208,923,102.80	0.25%-3.30%
Other payables	1,547,471,401.00	4.35%
Non-current liabilities due within one year	13,581,032,284.79	2.00%-4.85%
Long-term borrowings	3,134,980,571.73	2.45%-4.39%
Total	86,429,036,898.83	

## X. Fair value disclosure

### 1. Ending fair value of assets and liabilities measured at fair value

Item	Ending Fair Value			
	Measurement of Level 1 fair value	Measurement of Level 2 fair value	Measurement of Level 3 fair value	Total
Continuous fair value measurement				
Trading financial assets	22,931,952,811.55	8,404,495,291.51		31,336,448,103.06
Receivables financing		6,496,151,873.03		6,496,151,873.03
Non-current assets due within one year	306,059,782.20	4,266,825,024.40		4,572,884,806.60
Other current financial assets	60,155,100.00	1,675,832,272.02		1,735,987,372.02
Other debt investments	646,370,495.84	23,416,020,858.52		24,062,391,354.36
Other equity instrument investments	2,412,998,043.64		7,000,000.00	2,419,998,043.64
Other non-current financial assets			89,060,694.31	89,060,694.31
Total of assets measured at fair value continuously	26,357,536,233.23	44,259,325,319.48	96,060,694.31	70,712,922,247.02
Derivative financial liabilities		65,094,952.36		65,094,952.36
Total of liabilities measured at fair value continuously		65,094,952.36		65,094,952.36

### 2. Basis for determining market prices of items measured within the level 1 of fair value hierarchy continuously and not continuously

Trading financial assets, non-current assets — bonds due within one year, other current assets, other debt investments — bonds, and other equity instrument investments held by the Company at the level 1 fair value 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 for items measured within Level 2 of fair value continuously and not continuously

Assets held by the Company measured within Level 2 fair value are determined using the market approach and income approach.

Receivables financing held by the Company measured within Level 2 fair value are the banker's acceptance bills

and accounts receivable held by the Company, and their corresponding transfer and discounted amounts are used as the basis for determining their market prices.

Trading financial assets and derivative financial liabilities held by the Company measured within Level 2 fair value are mainly forward hedging instruments and asset management plans, and the determination of fair value is based on the fair value confirmation letter issued by the trading institution at the end of the period;

Non-current assets, other current assets, and other debt investments held by the Company measured within Level 2 fair value within one year are mainly negotiable certificates of deposit, and the fair value is determined based on the prices of the same or similar assets in the inactive market.

#### **4. Qualitative and quantitative information on valuation techniques and important parameters for items measured within Level 3 fair value continuously and not continuously**

Other non-current financial assets and non-trading equity instrument investments designated to be measured at fair value with their changes included in other comprehensive income held by the Company and measured within Level 3 fair value are mainly items that have no observable data validation in the active market and use their data to make financial predictions.

#### **5. For continuous fair value measurement items, in case of conversion among different levels during the current period, the reasons for conversion and the policy for determining the timing for conversion**

None.

#### **6. Changes in valuation techniques and reasons for changes occurred during the current period**

None.

#### **7. Fair values of financial assets and liabilities not measured at fair value**

None.

### **XI. Affiliated parties and affiliated transaction**

#### **1. Information on the Company's parent company**

The Company has no controlling shareholders or substantial controllers.

#### **2. Information on the Company's subsidiaries**

For details, please refer to Note VII. 1 Equity in subsidiaries.

#### **3. Joint ventures and associates of the Company**

For details of other joint ventures or associates that have affiliated transactions with the Company in the current period or form balances from affiliated transactions with the Company in the previous period, please refer to Note V. 17. Long-term equity investment and Note VII. 3 (6) Excess losses incurred by joint ventures or associates.

#### **4. Other affiliated parties**

Name of Other Affiliated Parties	Relationship Between Other Affiliated Parties and the Company
Henan Shengshi Xinxing Gree Trade Co., Ltd.	Company where a former director of the Company acts as an executive director
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Company where directors of the Company act as executive directors and general managers
Zhejiang Gree Hengxin Zhiyuan Trading Co., Ltd.	Company where a director of the Company acts as manager
Henan Blue Hanjiang Liquor Co., Ltd.	Company where the son of a former director of the Company acts as an executive director
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	Companies held by directors of the Company or where a director of the Company acts as board chairman
Huzhou Tongcheng Gree Electric Appliances Co., Ltd.	Company where a director of the Company serves as a director
Wenzhou Tongcheng Economic and Trade Co., Ltd.	Company where a director of the Company serves as a director
Ningbo Tongcheng Gree Electric Appliances Co., Ltd.	Company where a director of the Company serves as a director
Henan Gree Installation Engineering Co., Ltd.	Company controlled by a former director of the Company
ETR Law Firm	Company where a former independent director of the Company acts as a senior partner.
Henan Kaige Trading Co., Ltd.	Company where the son of a former director of the Company acts as an executive director
Henan Huizhong Yifeng E-commerce Co., Ltd.	Company where the son of a former director of the Company acts as an executive director
Wuhu Green Renewable Resources Recycling Co., Ltd.	Company in which the Company has a significant impact on it
Hunan Green Renewable Resources Recycling Co., Ltd.	Company in which the Company has a significant impact on it
Shandong Jierui Logistics Co., Ltd.	Company held by the Company's supervisor

[Note 1] According to the shareholders' resolution of Shanghai Gree Green Energy Technology Co., Ltd. (hereinafter referred to as "Shanghai Green Energy"), a new shareholder was introduced, and the Company's shareholding ratio in it changed from 60.00% to 40.00%. The relevant industrial and commercial change registration was completed on June 25, 2025. Shanghai Green Energy became an associate of the Company, so only the amount of related party transactions from July to December and the related party receivables and payables as of the end of December are disclosed.

[Note 2] From November 2025, Shanghai Highly (Group) Co., Ltd. is no longer an other related party of the Company, so only the amount of related party transactions from January to November 2025 is disclosed.

## 5. Affiliated transaction

### (1) Affiliated transactions of purchase and sale of commodities, provision and receiving labor services

#### 1) Purchase of commodities/receiving labor services

Affiliated Parties	Type of Affiliated Transactions	Content of Affiliated Transactions	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries	Material procurement	Raw materials	716,522,325.17	1,104,632,383.40
Beijing Gree Technology Co., Ltd.	Material procurement	Accessories	7,952,468.85	21,467,551.41
Outlook All Media Co., Ltd.	Service procurement	Advertising expenses	3,301,886.79	
Sichuan Jinshi Leasing Co., Ltd. and its holding companies	Service procurement	Interest expenses and consulting services	2,295,179.25	5,307,435.43

Affiliated Parties	Type of Affiliated Transactions	Content of Affiliated Transactions	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Henan Shengshi Xinxing Gree Trade Co., Ltd.	Service procurement	After-sales services	1,530,721.70	
Henan Yuze Finance Leasing Co., Ltd.	Service procurement	Interest expense	685,026.40	3,276,594.49
Henan Gree Installation Engineering Co., Ltd.	Service procurement	After-sales services	307,713.86	
Henan Shengshi Xinxing Gree Trade Co., Ltd.	Material procurement	Raw materials	131,546.87	
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Material procurement	Raw materials	111,611.25	
Henan Blue Hanjiang Liquor Co., Ltd.	Material procurement	Miscellaneous materials	21,451.33	
Henan Kaige Trading Co., Ltd.	Material procurement	Miscellaneous materials	15,946.90	
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	Accept money deposits	Interest expense	19.74	38.53
Henan Shengshi Xinxing Gree Trade Co., Ltd.	Accept money deposits	Interest expense		33.38
Total			732,875,898.11	1,134,684,036.64

## 2) Schedule of commodity sold/services provided

Affiliated Parties	Type of Affiliated Transactions	Content of Affiliated Transactions	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Sale of goods	Sales revenue	3,998,025,672.70	5,377,436,945.43
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Sales services	Sales revenue	1,570,807.54	
Henan Gree Installation Engineering Co., Ltd.	Sale of goods	Sales revenue	766,594,578.91	325,036,112.31
Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries	Sale of goods	Sales revenue	687,761,060.43	904,181,035.33
Zhejiang Gree Hengxin Zhiyuan Trading Co., Ltd.	Sale of goods	Sales revenue	3,225,455.73	
Shanghai Gree Green Energy Technology Co., Ltd.	Sale of goods	Sales revenue	173,149,092.90	
Henan Shengshi Xinxing Gree Trade Co., Ltd.	Sale of goods	Sales revenue	6,032,445.15	1,535,857,617.10
Beijing Gree Technology Co., Ltd.	Sale of goods	Sales revenue	1,214,813.06	457,782.58
Beijing Gree Technology Co., Ltd.	Loan	Interest income	152,067.88	666,055.04
ETR Law Firm	Sale of goods	Sales revenue	15,295.31	2,114.16
Henan Kaige Trading Co., Ltd.	Sale of goods	Sales revenue		23,500,508.19
Henan Huizhong Yifeng E-commerce Co., Ltd.	Sale of goods	Sales revenue		1,823,972.55
Zhuhai Jiayao Food Technology Co., Ltd.	Sale of goods	Sales revenue		876,969.82
Total			5,637,741,289.61	8,169,839,112.51

## (2) Associated trusteeship management/contracting or entrusted management/contract awarding

None.

## (3) Associated lease

## 1) The Company as the lessor:

Affiliated Parties	Type of Leased Assets	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Zhuhai Jiayao Food Technology Co., Ltd.	House lease		125,612.75

2) The Company as the lessee:

None.

(4) Associated guarantee

None.

(5) Fund lending among affiliated parties

None.

(6) Asset transfer and debt restructuring of affiliated parties

None.

(7) Remunerations for key management personnel

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Remunerations for key management personnel	50,262,497.91	45,051,813.97

(8) Other affiliated transactions

None.

## 6. Receivables and payables of affiliated parties

(1) Receivables

Item	Affiliated Parties	Ending Balance		Beginning Balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Accounts receivable	Wuhu Green Renewable Resources Recycling Co., Ltd.	2,263,529.62	2,263,529.62	2,263,529.62	2,263,529.62
Accounts receivable	Lanzhou Guangtong New Energy Automobile Co., Ltd.	167,167,904.76	167,167,904.76	167,167,904.76	167,059,470.15
Accounts receivable	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries			268,347,372.19	13,438,523.28
Receivables financing	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	274,573,110.89		139,952,191.77	
Receivables financing	Henan Gree Installation Engineering Co., Ltd.	44,256,855.07		235,896,253.91	
Receivables financing	Shanghai Gree Green Energy Technology Co., Ltd.	35,661,978.07			
Receivables financing	Wenzhou Tongcheng Economic and Trade Co., Ltd.	2,843,845.28		15,471,173.28	
Receivables financing	Huzhou Tongcheng Gree Electric	5,631,384.52		16,090,020.22	

Item	Affiliated Parties	Ending Balance		Beginning Balance	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
	Appliances Co., Ltd.				
Receivables financing	Ningbo Tongcheng Gree Electric Appliances Co., Ltd.	420,935.66			
Receivables financing	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries			23,632,611.04	
Advance payments	Sichuan Jinshi Leasing Co., Ltd. and its holding companies			2,432,890.00	
Advance payments	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries			10,000.00	
Other receivables	DunAn (Tianjin) Energy Saving System Co., Ltd. and its holding companies	170,732,737.89	170,732,737.89	170,791,178.69	170,791,178.69
Other receivables	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries			142,612.34	11,880.62
Other receivables	Zhuhai Jiayao Food Technology Co., Ltd.			140,224.70	7,011.24
Contract assets	Zhuhai Jiayao Food Technology Co., Ltd.			29,550.52	1,477.53
Total		703,552,281.76	340,164,172.27	1,042,367,513.04	353,573,071.13

## (2) Payables

Item	Affiliated Parties	Ending Balance	Beginning Balance
Accept money deposits	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	0.07	10,762.35
Accounts payable	Beijing Gree Technology Co., Ltd.	8,628,133.65	7,739,610.01
Accounts payable	Hunan Green Renewable Resources Recycling Co., Ltd.	2,437,065.09	2,437,065.09
Accounts payable	Henan Shengshi Xinxing Gree Trade Co., Ltd.	1,872,553.68	249,988.68
Accounts payable	DunAn (Tianjin) Energy Saving System Co., Ltd. and its holding companies	4,716.98	4,716.98
Accounts payable	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries		334,434,585.61
Accounts payable	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.		33,668.86
Other payables	Zhejiang Gree New Energy Co., Ltd.	30,000.00	
Other payables	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	21,617.37	33,037.37
Other payables	Shandong Jierui Logistics Co., Ltd.	0.26	0.26
Other payables	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries		512,200.00
Other payables	Henan Shengshi Xinxing Gree Trade Co., Ltd.		500,001.00
Other payables	Henan Kaige Trading Co., Ltd.		2,001.00
Contract liabilities	Henan Shengshi Xinxing Gree Trade Co., Ltd.	417,714,821.44	526,513,385.57

Item	Affiliated Parties	Ending Balance	Beginning Balance
Contract liabilities	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	456,163,966.54	368,879,902.30
Contract liabilities	Henan Gree Installation Engineering Co., Ltd.	4,322,731.48	71,901,435.75
Contract liabilities	Eocell Limited	42,382.22	
Contract liabilities	Shanghai Gree Green Energy Technology Co., Ltd.	448,028.60	
Contract liabilities	Zhejiang Gree Hengxin Zhiyuan Trading Co., Ltd.	523.89	
Contract liabilities	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries		1,310,162.68
Contract liabilities	Henan Kaige Trading Co., Ltd.		0.65
Other current liabilities — value-added tax	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	59,301,315.64	47,954,387.31
Other current liabilities — value-added tax	Henan Shengshi Xinxing Gree Trade Co., Ltd.	54,302,926.78	68,446,740.13
Other current liabilities — value-added tax	Henan Gree Installation Engineering Co., Ltd.	561,955.09	9,347,186.65
Other current liabilities — value-added tax	Shanghai Gree Green Energy Technology Co., Ltd.	58,243.72	
Other current liabilities — value-added tax	Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries		170,321.16
Other current liabilities — value-added tax	Henan Kaige Trading Co., Ltd.		0.09
Other current liabilities — value-added tax	Zhejiang Gree Hengxin Zhiyuan Trading Co., Ltd.	68.11	
Non-current liabilities due within one year	Henan Yuze Finance Leasing Co., Ltd.	7,910,485.23	10,115,279.84
Long-term payables	Henan Yuze Finance Leasing Co., Ltd.		7,912,428.09
Total		1,013,821,535.84	1,458,508,867.43

## 7. Commitment of affiliated parties

None.

## XII. Share-based payment

### 1. Overall situation of share-based payment

#### (1) Employee stock ownership plan

On August 2, 2024, the Company held the 19th Meeting of the 12th Board of Directors and the 16th Meeting of the 12th Board of Supervisors to deliberate and approve the Proposal on the Phase III Employee Stock Ownership Plan (Draft) of Gree Electric Appliances, Inc. of Zhuhai. Additionally, on August 19, 2024, it held the 1st Extraordinary General Meeting of Shareholders in 2024 to deliberate and approve the Proposal on the Phase III Employee Stock Ownership Plan (Draft) of Gree Electric Appliances, Inc. of Zhuhai. According to the regulations on the implementation of the 2023 annual equity distribution plan and the Phase III employee stock ownership plan, the Company held the 21st meeting of the 12th Board of Directors and the 18th meeting of the 12th Board of Supervisors on September 20, 2024, to deliberate and approve the *Proposal on Adjusting the Purchase Price in the Phase III Employee Stock Ownership Plan Due to the Distribution of Dividends during the Execution Period*.

On January 21, 2025, the Company's special securities account for repurchase transferred 63,195,095 shares to

the special account of "Gree Electric Appliances, Inc. of Zhuhai - Phase III Employee Stock Ownership Plan" through non-trading transfer, accounting for 1.13% of the Company's total share capital at that time. The purchase price of the Phase III Employee Stock Ownership Plan was CNY17.93 per share, with a total purchase amount of CNY1,133,088,053.35.

## (2) Restricted share plan

Pursuant to the authorization of the 4th Extraordinary General Meeting of Shareholders in 2025 of DunAn Environment, a controlling subsidiary of the Company, DunAn Environment held the 7th Meeting of the 9th Board of Directors, deliberating and approving the Proposal on Adjusting the List of Incentive Recipients and the Number of Grants for the First Grant of the 2025 Restricted Share and Share Option Incentive Plan and the Proposal on Granting Restricted Shares and Share Options to Incentive Recipients. It determined November 25, 2025 as the first grant date for the restricted shares and the first grant date for the share options under this incentive plan, granting a total of 10,075,000 restricted shares to 365 incentive recipients who met the grant conditions at a grant price of CNY7.05 per share, and granting a total of 4,770,000 share options to 44 incentive recipients who met the grant conditions at an exercise price of CNY14.10 per share.

Category of grant object	Granted in the current year		Exercised in the current year		Unlocked in the current year		Forfeited in the current year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Senior executives of the Company	1,515,000	10,680,750.00			438,813	2,900,553.93	37,187	245,806.07
Middle-level managers, core technical (business) personnel	8,560,000	60,348,000.00			2,634,824	17,416,186.64	796,856	5,267,218.16
Total	10,075,000	71,028,750.00			3,073,637	20,316,740.57	834,043	5,513,024.23

### Share options outstanding at the end of the period

Category of grant object	Share options outstanding at the end of the period		Restricted shares outstanding at the end of the period	
	Exercise price	Remaining term of the contract	Exercise price	Remaining term of the contract
Senior executive of the holding subsidiary, DunAn Environment	The grant price of the first phase share options granted in 2024 was CNY13.21; The grant price of the second phase restricted shares granted in 2025 was CNY14.10.	From the first trading day 12, 24, and 36 months after the first grant of the share option to the last trading day within 24, 36, and 48 months from the first grant of the share option	The grant price of the first phase restricted shares granted in 2024 was CNY6.61; The grant price of the second phase restricted shares granted in 2025 was CNY7.05.	From the first trading day 12, 24, and 36 months after the completion of registration of the first grant of the restricted shares to the last trading day within 24, 36, and 48 months after the completion of registration of the first grant of the restricted shares.
Middle-level managers and core technical (business) personnel of the holding	The grant price of the first phase share options granted in 2024 was CNY13.21; The grant price of the second phase restricted	From the first trading day 12, 24, and 36 months after the first grant of the share option to the last trading day within 24,	The grant price of the first phase restricted shares granted in 2024 was CNY6.61; The grant price of the second phase restricted	From the first trading day 12, 24, and 36 months after the completion of registration of the first grant of the restricted

Category of grant object	Share options outstanding at the end of the period		Restricted shares outstanding at the end of the period	
	Exercise price	Remaining term of the contract	Exercise price	Remaining term of the contract
subsidiary, DunAn Environment	shares granted in 2025 was CNY14.10.	36, and 48 months from the first grant of the share option.	shares granted in 2025 was CNY7.05.	shares to the last trading day within 24, 36, and 48 months after the completion of registration of the first grant of the restricted shares.

## 2. Equity-settled share-based payments

Item	Content
Method for determining the fair value of equity instruments on the grant date	Employee Stock Ownership Plan: Calculated based on the stock market price on the grant date minus the grant price; Restricted Shares: Calculated based on the stock market price on the grant date minus the grant price; Share Options: Using the Black-Scholes option pricing model (B-S model).
Key parameters of the fair value of equity instruments on the grant date	Stock price, risk-free rate of return, historical volatility Employee Stock Ownership Plan: Market price of the stock on the grant date Restricted Shares: Market price of the stock on the grant date Share Options: The risk-free interest rate adopts the 1-year, 2-year, and 3-year benchmark deposit rates for financial institutions set by the People's Bank of China; the historical volatility adopts the historical volatility of the Shenzhen Composite Index (399106.SZ).
Basis for determining the number of exercisable equity instruments	By assessing the company's performance and individual performance per year, the Company takes the number of equity instruments held by incentive targets achieving the assessment goals as the basis. On each balance sheet date during the vesting period, the Company makes the best estimate of subsequent information such as the latest change in number of vesting employees to correct the estimated number of vested equity instruments. On the vesting date, the final estimated number of exercisable equity instruments is consistent with their actual number.
Reasons for significant differences between estimates in the current year and the previous period	N/A
Accumulated amount of equity settled share-based payments recognized in capital reserves	1,450,616,910.33
Total expenses recognized for equity settled share-based payments this period	1,459,701,844.80

## 3. Cash settled share-based payments

None.

## 4. Amendment and termination of share-based payment

None.

## XIII. Commitments and contingencies

### 1. Important commitments

None.

### 2. Contingencies

(1) In accordance with the *Equity Transfer Agreement* entered into between Zhejiang DunAn Energy Saving Technology Co., Ltd. (hereinafter referred to as "Zhejiang Energy Saving"), a holding subsidiary of the

Company, and Shuifa Energy Group Co., Ltd. (hereinafter referred to as "Shuifa Energy") on November 21, 2019, the transfer of other debts or payment obligations (hereinafter referred to as "contingent liabilities") of the target company DunAn (Tianjin) Energy Saving System Co., Ltd. (hereinafter referred to as "Tianjin Energy Saving") before the audit base date (May 31, 2019), including but not limited to contingent debts, and debts or liabilities arising after the base date due to the fault of Zhejiang Energy Saving before the base date, shall be borne by Zhejiang Energy Saving. If the above debts are borne by Tianjin Energy Saving in advance or Tianjin Energy Saving is punished as a result, Tianjin Energy Saving has the right to recover from Zhejiang Energy Saving. If Shuifa Energy has money payable to Zhejiang Energy Saving, Zhejiang Energy Saving agrees that Shuifa Energy will directly deduct the compensation to Tianjin Energy Saving. Tianjin Energy Saving has the right to continue to recover from the Company for the insufficient part. The aforementioned responsibilities of Zhejiang Energy Saving can be directly deducted from the equity transaction price payable by Shuifa Energy or the dividends of Zhejiang Energy Saving in Tianjin Energy Saving, and the shortfall will be compensated by Zhejiang Energy Saving.

(2) The Company provides guarantees for mortgage loans for homebuyers in accordance with industry practices, mainly in the form of interim guarantees. The guarantee period starts from the effective date of the guarantee contract and ends on the date when the real estate certificate and mortgage registration procedures for the products purchased by the customer are completed and delivered to the bank for management. As of December 31, 2025, the outstanding guarantee amount is CNY1,604,944,000.

### **3. Others**

None.

## **XIV. Matters after the balance sheet date**

### **1. Important non-adjustment matters**

None.

### **2. Distribution of profits**

Under the resolution at the 5th Meeting of the 13th Board of Directors, the Company's profit distribution plan for 2025 is as follows: Since the total shares entitled to profit distribution as of April 28, 2026, totaling 5,585,138,741 shares (share capital of 5,601,405,741 shares less 16,267,000 shares held in the Company's repurchase account), is proposed as the base temporarily, the Company plans to distribute a cash dividend of CNY20 (tax inclusive) per 10 shares to all shareholders, totaling CNY11,170,277,482.00. This distribution plan still requires approval of the General Meeting of Shareholders.

### **3. Sales return**

No important sales return occurred after the balance sheet date.

### **4. Divided as held for sale after the balance sheet date**

None.

### **5. Other important non-adjustment matters after the balance sheet date**

None.

**XV. Other important matters****1. Correction of accounting errors in the previous period**

None.

**2. Important debt restructuring**

None.

**3. Asset replacement****(1) Exchange of non-monetary assets**

None.

**(2) Replacement of other assets**

None.

**4. Annuity plan**

None.

**5. Discontinuing operation**

Item	Revenue	Expense	Credit impairment losses	Total profits	Income tax expenses	Net profits	Profit from discontinuing operation attributable to shareholders of parent company
Gree (USA) Sales Co., Ltd.		38,494.63	-21,944,177.58	-21,982,672.21	5,709.76	-21,988,381.97	-21,988,381.97

(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.	133,369.50		

## 6. Segment report

### (1) Determination basis and accounting policies for reporting segments

The Company determines the operating segments based on the internal organizational structure, management requirements, and internal reporting systems, determines the report segments based on the operating segments, and discloses segment information. The Company is divided into four segments: household appliances, industrial products and green energy, intelligent equipment, and others. Assets and liabilities commonly used among segments are allocated in proportion to their scale.

### (2) Financial information of reporting segments

Item	Household appliances	Industrial products and green energy	Smart device	Others	Offset among segments	Total
External transaction income	133,055,208,627.13	17,380,701,260.95	680,790,474.57	20,001,460,912.76		171,118,161,275.41
External transaction costs	86,112,528,829.42	14,680,898,286.93	540,329,948.40	18,334,701,323.00		119,668,458,387.75
Total assets	447,631,068,837.44	55,118,118,284.58	6,270,384,570.85	66,067,955,859.34	183,715,527,732.72	391,371,999,819.49
Total liabilities	304,416,286,768.72	43,632,580,252.83	6,287,568,308.97	54,131,999,666.70	166,887,715,852.43	241,580,719,144.79

## 7. Other important matters affecting investor decisions

### (1) Company guarantee

As of December 31, 2025, the total amount of guarantees provided to companies outside the consolidated financial statements was CNY551,667,300 (which are the existing guarantees provided by Gree Altairnano for the finance lease and vehicle purchase business of its customers, such as bus companies).

### (2) Financial support

1) Gree Altairnano provided financial loans of CNY94,200, CNY681,400, CNY23,019,800, and CNY17,200 respectively to its original shareholder and its affiliated parties Wei Yincang, Sun Guohua, Zhuhai Yinlong Investment Holding Group Co., Ltd. As of the date of this Annual Report, the aforesaid loans have not been recovered.

2) On November 21, 2019, Zhejiang Energy Saving signed an equity transfer agreement with Shuifa Energy. Zhejiang Energy Saving agreed to transfer its 65.00% equity and related rights of creditor of Tianjin Energy Saving (and its subsidiaries and branches) to Shuifa Energy (hereinafter referred to as "Tianjin Energy Saving Equity Transfer"), with an equity transfer price of CNY390 million, a payment for rights of creditor transfer of CNY390 million, totaling CNY780 million; after the completion of the Tianjin Energy Saving Equity Transfer, the shareholding ratio of Zhejiang Energy Saving in Tianjin Energy Saving decreased from 100.00% to 35.00%, and Tianjin Energy Saving became an investee company of the Company. Zhejiang Energy Saving's credit of CNY600 million to Tianjin Energy Saving thereby formed passive financial support. Before Shuifa Energy paid for the rights of creditor transfer, Zhejiang Energy Saving had a credit of CNY600 million to Tianjin Energy Saving, forming financial support of CNY600 million; After Shuifa Energy paid CNY390 million for the rights of creditor transfer under the Equity Transfer Agreement, Zhejiang Energy Saving had a remaining credit of CNY210 million to Tianjin Energy Saving, forming financial support of CNY210 million. As of December 31, 2025, there was still CNY170,732,700 that had not been recovered, and the corresponding impairment reserves were CNY170,732,700.

## XVI. Notes to main items of financial statements of the parent company

### 1. Accounts receivable

#### (1) Accounts receivable disclosed by account age

Account Age	Ending Balance	Beginning Balance
<1 year	3,707,093,693.20	4,924,371,165.01
1–2 years	318,389,295.36	49,013,594.09
2–3 years	20,081,125.50	57,105,362.09
>3 years	78,813,084.50	55,325,630.66
Subtotal	4,124,377,198.56	5,085,815,751.85
Less: Bad debt reserves	206,446,303.68	258,043,391.48

Account Age	Ending Balance	Beginning Balance
Total	3,917,930,894.88	4,827,772,360.37

## (2) Presentation by categories of bad debt accrual method

Category	Ending Balance				Book Value
	Book balance		Bad debt reserves		
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt reserves accrued by individual item	4,714,882.36	0.11	4,714,882.36	100.00	
Accounts receivable with bad debt reserves accrued by portfolios	4,119,662,316.20	99.89	201,731,421.32	4.90	3,917,930,894.88
Including: Account age portfolio	2,149,532,912.36	52.12	201,731,421.32	9.38	1,947,801,491.04
Free-risk portfolios	1,970,129,403.84	47.77			1,970,129,403.84
Total	4,124,377,198.56	100.00	206,446,303.68	5.01	3,917,930,894.88

(Continued)

Category	Beginning Balance				Book Value
	Book balance		Bad debt reserves		
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt reserves accrued by individual item	4,714,882.36	0.09	4,714,882.36	100.00	
Accounts receivable with bad debt reserves accrued by portfolios	5,081,100,869.49	99.91	253,328,509.12	4.99	4,827,772,360.37
Including: Account age portfolio	3,443,976,923.61	67.72	253,328,509.12	7.36	3,190,648,414.49
Free-risk portfolios	1,637,123,945.88	32.19			1,637,123,945.88
Total	5,085,815,751.85	100.00	258,043,391.48	5.07	4,827,772,360.37

## 1) Accounts receivable with bad debt reserves accrued by individual item

Name	Ending Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing
Company 1	4,714,882.36	4,714,882.36	100.00	It is difficult to recover
Total	4,714,882.36	4,714,882.36	100.00	

(Continued)

Name	Beginning Balance			
	Book balance	Bad debt reserves	Credit loss rate (%)	Reason for accruing
Company 1	4,714,882.36	4,714,882.36	100.00	It is difficult to recover
Total	4,714,882.36	4,714,882.36	100.00	

## 2) Accounts receivable in the portfolio with bad debt reserves accrued by account age portfolio

Account Age	Book balance	Bad debt reserves	Credit loss rate (%)
<1 year	1,736,964,289.36	53,914,797.36	3.10
1–2 years	318,389,295.36	63,677,859.07	20.00
2–3 years	20,081,125.50	10,040,562.75	50.00
>3 years	74,098,202.14	74,098,202.14	100.00
Total	2,149,532,912.36	201,731,421.32	9.38

## (3) Bad debt reserves accrued, recovered, or reversed in the current period

Category	Beginning Balance	Accrual/recovery/reversal in the current period	Ending Balance
Accrual by individual item	4,714,882.36		4,714,882.36
Account age portfolio	253,328,509.12	-51,597,087.80	201,731,421.32
Total	258,043,391.48	-51,597,087.80	206,446,303.68

[Note] There was no significant recovery or reversal of bad debt reserves during the current period.

## (4) Accounts receivable written off in the current period

None.

## (5) Accounts receivable of the top 5 debtors in terms of ending balance collected by debtors

The total amount of accounts receivable and contract assets of the top 5 debtors in terms of ending balance collected by debtors is CNY2,372,628,661.52, accounting for 57.53% of the ending balance of accounts receivable and contract assets, and the amount of bad debt reserves is CNY39,719,636.10.

**2. Other receivables**

Item	Ending Balance	Beginning Balance
Other receivables [Note 1]	7,755,767,605.45	10,199,939,865.70
Dividends receivable	2,620,451.11	
Total	7,758,388,056.56	10,199,939,865.70

[Note 1] Other receivables in the table above refer to other receivables after the deduction of interest receivable and dividends receivable.

[Note 2] The Company has no interest receivable balance at the end and the beginning of the period.

## (1) Other receivables

## 1) Disclosure by account age

Account Age	Ending Balance	Beginning Balance
<1 year	2,901,597,231.96	6,122,500,607.02
1–2 years	2,185,490,266.56	4,109,389,281.66
2–3 years	3,932,704,130.64	4,200,093.90

Account Age	Ending Balance	Beginning Balance
>3 years	5,002,340.91	4,714,891.92
Subtotal	9,024,793,970.07	10,240,804,874.50
Less: Bad debt reserves	1,269,026,364.62	40,865,008.80
Total	7,755,767,605.45	10,199,939,865.70

## 2) Classification by nature of payment

Nature of Payment	Ending Balance	Beginning Balance
Intercourse and free-risk funds	9,003,422,155.87	10,219,433,060.30
Asset transfer payments	21,371,814.20	21,371,814.20
Subtotal	9,024,793,970.07	10,240,804,874.50
Less: Bad debt reserves	1,269,026,364.62	40,865,008.80
Total	7,755,767,605.45	10,199,939,865.70

## 3) Disclosure by classification of bad debt reserves accrual methods

Category	Ending Balance				Book Value
	Book balance		Bad debt reserves		
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Other accounts receivable with bad debt reserves accrued by individual item	6,253,841,614.25	69.30	1,250,283,320.56	19.99	5,003,558,293.69
Other accounts receivable with bad debt reserves accrued by portfolios	2,770,952,355.82	30.70	18,743,044.06	0.68	2,752,209,311.76
Including: Account age portfolio	61,262,220.16	0.68	18,743,044.06	30.59	42,519,176.10
Free-risk portfolios	2,709,690,135.66	30.02			2,709,690,135.66
Total	9,024,793,970.07	100.00	1,269,026,364.62	14.06	7,755,767,605.45

(Continued)

Category	Beginning Balance				Book Value
	Book balance		Bad debt reserves		
	Amount	Proportion (%)	Amount	Credit loss rate (%)	
Other accounts receivable with bad debt reserves accrued by individual item					
Other accounts receivable with bad debt reserves accrued by portfolios	10,240,804,874.50	100.00	40,865,008.80	0.40	10,199,939,865.70
Including: Account age portfolio	616,817,914.45	6.02	40,865,008.80	6.63	575,952,905.65
Free-risk portfolios	9,623,986,960.05	93.98			9,623,986,960.05
Total	10,240,804,874.50	100.00	40,865,008.80	0.40	10,199,939,865.70

Other receivables in the portfolio with bad debt reserves accrued by account age portfolio

Account Age	Ending Balance		
	Book balance	Bad debt reserves	Credit loss rate (%)
<1 year	27,990,495.94	1,399,524.80	5.00
1–2 years	5,978,377.67	1,195,675.53	20.00
2–3 years	22,291,005.64	11,145,502.82	50.00
>3 years	5,002,340.91	5,002,340.91	100.00
Total	61,262,220.16	18,743,044.06	30.59

## 4) Accrual of bad debt reserves

Bad debt reserves	Phase I	Phase II	Phase III	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)	
Beginning Balance	29,176,838.60		11,688,170.20	40,865,008.80
Accrual/recovery/reversal in the current period	-27,777,313.80		1,255,938,669.62	1,228,161,355.82
Ending Balance	1,399,524.80		1,267,626,839.82	1,269,026,364.62

## 5) Other receivables written off in the current period

None.

## 6) Other receivables of top 5 debtors in terms of ending balance collected by debtors

The total amount of other receivables of the top 5 debtors in terms of ending balance collected by debtors is CNY6,467,408,410.25, all of which are current accounts with subsidiaries within the consolidation scope, accounting for 71.66% of the total ending balance of other receivables, with a bad debt provision amount of CNY1,250,283,320.56.

## 7) Other receivables due to centralized fund management

None.

### 3. Long-term equity investments

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment reserve	Book Value	Book balance	Impairment reserve	Book Value
Investments to subsidiaries	27,431,811,554.63	2,846,377,903.85	24,585,433,650.78	27,122,807,455.57	2,844,547,150.91	24,278,260,304.66
Investments to associates and joint ventures	2,710,982,958.64	1,940,009.35	2,709,042,949.29	2,767,637,625.11	1,940,009.35	2,765,697,615.76
Total	30,142,794,513.27	2,848,317,913.20	27,294,476,600.07	29,890,445,080.68	2,846,487,160.26	27,043,957,920.42

#### (1) Investments to subsidiaries

Investee	Beginning Balance		Increase/Decrease in the Current Period				Ending Balance	
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Accrual of impairment reserves	Others	Original value	Impairment reserve
Gree (Chongqing) Electric Appliances Co., Ltd.	232,679,426.20					9,016,458.24	241,695,884.44	
Zhuhai Landa Compressor Co., Ltd.	997,867,212.27					28,857,243.24	1,026,724,455.51	
Zhuhai Gree Electrical Co., Ltd.	1,691,329,280.44					14,302,757.35	1,705,632,037.79	
Zhuhai Gree Xinyuan Electronics Co., Ltd.	159,534,275.16					4,782,842.06	164,317,117.22	
Zhuhai Kaibang Motor Manufacturing Co., Ltd.	93,879,438.41					12,151,622.65	106,031,061.06	
Gree (Hefei) Electric Appliances Co., Ltd.	512,175,910.66					10,240,774.26	522,416,684.92	
Gree (Zhongshan) Small Home Appliances Co., Ltd.	33,292,855.78					3,478,430.59	36,771,286.37	
Zhuhai Gree Group Finance Company Limited	4,440,720,113.19					1,350,180.29	4,442,070,293.48	
Gree Electric Appliances (Brazil) Co., Ltd.	661,898,109.90					2,425,747.65	664,323,857.55	
Hong Kong Gree Electric Appliances Sales Limited	472,879.08						472,879.08	
Shanghai Gree Air Conditioners Sales Co., Ltd.	1,800,000.00						1,800,000.00	

Investee	Beginning Balance		Increase/Decrease in the Current Period				Ending Balance	
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Accrual of impairment reserves	Others	Original value	Impairment reserve
Zhuhai Gree Daikin Precision Mold Co., Ltd.	203,310,670.44					411,919.41	203,722,589.85	
Zhuhai Gree Daikin Device Co., Ltd.	283,727,774.47					4,119,194.12	287,846,968.59	
Zhuhai Gree Green Refrigeration Technology Research Center Co., Ltd.	676,040,000.00						676,040,000.00	
Gree (Zhengzhou) Electric Appliances Co., Ltd.	728,265,516.60					7,506,087.06	735,771,603.66	
Gree (Wuhan) Electric Appliances Co., Ltd.	606,681,089.12					5,492,258.82	612,173,347.94	
Zhengzhou Gree Green Resources Recycling Co., Ltd.	50,012,929.37					22,884.41	50,035,813.78	
Hunan Green Resources Recycling Co., Ltd.	50,130,325.23					389,035.00	50,519,360.23	
Wuhu Green Resources Recycling Co., Ltd.	50,345,355.52					274,612.94	50,619,968.46	
Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	12,555,453.35					4,325,153.82	16,880,607.17	
Gree (Wuhu) Electric Appliances Co., Ltd.	25,327,672.57					4,599,766.76	29,927,439.33	
Shijiazhuang Green Resources Recycling Co., Ltd.	50,012,929.37					228,844.12	50,241,773.49	
Gree (Shijiazhuang) Electric Appliances Co., Ltd.	107,980,519.96					14,394,295.00	122,374,814.96	
Tianjin Green Renewable Resources Utilization Co., Ltd.	50,000,000.00					68,653.24	50,068,653.24	
Zhuhai Gree HVAC Equipment Co., Ltd.	100,000,000.00						100,000,000.00	
Zhuhai Gree Tosot Home Appliances Co., Ltd.	30,000,000.00						30,000,000.00	
Zhuhai Ewpe Information Technology Inc.	100,000,000.00						100,000,000.00	
Gree Changsha HVAC Equipment Co., Ltd.	56,784,870.17					8,112,523.97	64,897,394.14	
Gree Tosot (Suqian) Home Appliances Co., Ltd.	142,233,779.37					1,624,793.24	143,858,572.61	
Gree Wuhu Precision Manufacturing Co., Ltd.	31,247,558.02					3,135,164.41	34,382,722.43	
Zhuhai Gree Intelligent Equipment Co., Ltd.	111,999,042.21					12,458,273.76	124,457,315.97	

Investee	Beginning Balance		Increase/Decrease in the Current Period				Ending Balance	
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Accrual of impairment reserves	Others	Original value	Impairment reserve
Zhuhai Hengqin Gree Business Factoring Co., Ltd.	100,467,820.01					114,422.06	100,582,242.07	
Zhuhai Gree Precision Mold Co., Ltd.	127,503,974.97					28,136,315.61	155,640,290.58	
Gree (Wuhan) HVAC Equipment Co., Ltd.	100,555,499.96					640,763.53	101,196,263.49	
Gree CNC Machine Tool Research Institute Co., Ltd. of Zhuhai	50,760,858.11					1,556,140.00	52,316,998.11	
Gree Altairnano New Energy Inc.	2,844,547,150.91	2,844,547,150.91			1,830,752.94	1,830,752.94	2,846,377,903.85	2,846,377,903.85
Zhuhai Gree New Material Co., Ltd.	33,831,884.29					4,073,425.29	37,905,309.58	
Gree (Wuhan) Precision Mold Co., Ltd.	101,894,744.56					3,226,702.06	105,121,446.62	
Zhuhai Gree Energy Environment Technology Co., Ltd.	204,041,383.69					3,386,892.94	207,428,276.63	
Gree (Hangzhou) Electric Appliances Co., Ltd.	551,351,177.53					2,734,687.21	554,085,864.74	
Gree Information Technology Co., Ltd. of Zhuhai	510,000.00			510,000.00				
Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	210,644,796.71					1,235,758.24	211,880,554.95	
Zhuhai Gree Transportation Co., Ltd.	51,681,046.82					1,945,175.00	53,626,221.82	
Gree (Nanjing) Electric Appliances Co., Ltd.	701,769,898.87					2,631,707.35	704,401,606.22	
Gree (Luoyang) Electric Appliances Co., Ltd.	52,067,236.60					2,151,134.71	54,218,371.31	
Zhuhai Edgeless Integrated Circuit Co., Ltd.	50,000,000.00						50,000,000.00	
Zhuhai Lianyun Technology Co., Ltd.	52,394,651.96					2,997,857.94	55,392,509.90	
Gree (Chengdu) Electric Appliances Co., Ltd.	400,571,937.45		20,000,000.00			1,968,059.41	422,539,996.86	
Gree Material Supply Co., Ltd. of Zhuhai	150,000,000.00						150,000,000.00	
Zhuhai Gree Lvkong Technology Co., Ltd.	550,000,000.00						550,000,000.00	
Hefei Kinghome Electrical Co., Ltd.	1,250,319,910.45					2,036,712.65	1,252,356,623.10	

Investee	Beginning Balance		Increase/Decrease in the Current Period				Ending Balance	
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Accrual of impairment reserves	Others	Original value	Impairment reserve
Zhuhai Gree Mechanical and Electrical Engineering Co., Ltd.	153,814,648.59					9,107,995.88	162,922,644.47	
Gree (Luoyang) Washing Machine Co., Ltd.	50,000,000.00						50,000,000.00	
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	75,000,000.00					137,306.47	75,137,306.47	
Gree (Anji) Precision Mold Co., Ltd.	123,000,000.00		24,000,000.00			205,959.71	147,205,959.71	
Zhuhai Gree Green Resources Recycling Co., Ltd.	101,845,663.97					4,348,038.24	106,193,702.21	
Gree E-commerce Co., Ltd.	102,148,245.79					13,364,496.47	115,512,742.26	
Zhuhai Gejian Health Medical Technology Co., Ltd.	20,024,835.89					297,497.35	20,322,333.24	
Gree Electric Appliances (Zhuhai Jinwan) Co., Ltd.	1,003,934,841.78					5,927,062.65	1,009,861,904.43	
Chengdu Gree Xinhui Medical Equipment Co., Ltd.	76,613,823.77					114,422.06	76,728,245.83	
SL Group Co., Ltd.	230,223,945.05					114,422.06	230,338,367.11	
Gree (Ganzhou) Electric Appliances Co., Ltd.	100,853,939.93					2,791,898.24	103,645,838.17	
Gree (Linyi) Electric Appliances Co., Ltd.	600,737,632.84					869,607.65	601,607,240.49	
Gree (Zhuhai Hengqin) Development Co., Ltd.	1,000,000,000.00						1,000,000,000.00	
Changsha Kinghome Electric Appliances Co., Ltd.	50,528,840.00					1,784,984.12	52,313,824.12	
Zhuhai Mingruida Supply Chain Technology Co., Ltd.	35,000,000.00						35,000,000.00	
Zhejiang DunAn Artificial Environment Co., Ltd.	3,236,995,422.29						3,236,995,422.29	
Zhuhai Gree Electronic Components Co., Ltd.	101,909,731.23					7,311,638.21	109,221,369.44	
Zhuhai Gree Digital Technology Co., Ltd.	51,423,800.00						51,423,800.00	
Zhuhai Gree Prefabricated Vegetable Equipment Technology Development Co., Ltd.	31,533,124.69					125,864.26	31,658,988.95	

Investee	Beginning Balance		Increase/Decrease in the Current Period				Ending Balance	
	Original value	Impairment reserve	Additional Investment	Decreased Investment	Accrual of impairment reserves	Others	Original value	Impairment reserve
Zhuhai Hengqin Gree Materials Supply Co., Ltd.	100,000,000.00						100,000,000.00	
Zhuhai Gree Technology Management Co., Ltd.						4,576,882.34	4,576,882.34	
Total	27,122,807,455.57	2,844,547,150.91	44,000,000.00	510,000.00	1,830,752.94	265,514,099.06	27,431,811,554.63	2,846,377,903.85

[Note] Changes in others are the expenses allocated by the parent company for the subsidiaries, involving the employee equity incentive — employee stock ownership plan.

(2) Investments to associates and joint ventures

Investee	Beginning Balance		Increase/Decrease in the Current Period						Ending Balance	
	Original value	Impairment reserve	Additional investment/disinvestment	Profits and losses on investment recognized by equity method	Adjustment of other comprehensive income	Other changes in equity	Declared distribution of cash dividends or profits	Others	Original value	Impairment reserve
Associated enterprise										
Gree (Vietnam) Electric Appliances, Inc.	1,940,009.35	1,940,009.35							1,940,009.35	1,940,009.35
Outlook All Media Co., Ltd.	28,931,364.74			-4,802,205.86					24,129,158.88	
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	15,736,715.70			395,965.60					16,132,681.30	
Coresing Semiconductor Technology Co., Ltd.	20,732,688.82		-10,000,000.00	53,092.78			722,215.35		10,063,566.25	
Zhuhai Ronglin Equity Investment Partnership	2,647,273,059.03			-106,544.69	-41,334,766.63				2,605,831,747.71	

Investee	Beginning Balance		Increase/Decrease in the Current Period						Ending Balance	
	Original value	Impairment reserve	Additional investment/disinvestment	Profits and losses on investment recognized by equity method	Adjustment of other comprehensive income	Other changes in equity	Declared distribution of cash dividends or profits	Others	Original value	Impairment reserve
(Limited Partnership)										
Henan Yuze Finance Leasing Co., Ltd.	53,023,787.47			1,534,577.02			1,672,569.34		52,885,795.15	
Total	2,767,637,625.11	1,940,009.35	-10,000,000.00	-2,925,115.15	-41,334,766.63		2,394,784.69		2,710,982,958.64	1,940,009.35

**4. Operating revenues and costs**

Item	Amount Incurred in the Current Period		Amount Incurred in the Previous Period	
	Revenue	Cost	Revenue	Cost
Main business	97,706,154,814.87	64,420,213,755.78	120,955,394,069.62	81,167,248,844.88
Other business	6,690,348,136.16	6,081,939,423.81	4,703,383,716.27	4,436,721,904.30
Total	104,396,502,951.03	70,502,153,179.59	125,658,777,785.89	85,603,970,749.18

**5. Income from investment**

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Dividend shares recognized for long-term equity investment measured in the cost method	3,485,297,621.00	2,573,612,709.98
Investment income obtained from trading financial assets	274,756,182.40	453,971,214.49
Investment income from derivative financial instruments	-174,812,007.72	200,042,366.84
Long-term equity investment income measured by the equity method	-2,925,115.15	-5,779,979.32
Others	-52,040,448.01	-82,849,572.57
Total	3,530,276,232.52	3,138,996,739.42

**XVII. Supplementary****1. Detailed statement of non-recurring profits and losses in the current period**

Item	Amount
Profits and losses from disposal of non-current assets (including the write-off of accrued asset impairment reserves)	34,701,819.37
Governmental subsidies included in the current profits and losses (but excluding the governmental subsidies closely relating to the normal business operations of the Company, conforming to national policies and regulations, and enjoyed by a fixed quota or a fixed amount according to applicable standards)	960,981,376.60
Profits and losses from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises, and profits and losses from disposal of financial assets and financial liabilities, except for the effective hedging business related to the Company's normal business operations	701,577,328.10
Reversal of impairment reserves for the receivables under independent impairment test	8,689,545.95
Non-operating revenues and expenditures other than the above items	-24,078,549.04
Other profit and loss items conforming to the definition of non-recurring profits and losses	31,293,265.01
Subtotal	1,713,164,785.99
Less: Amount affecting income tax	263,250,661.17
Amount affecting minority equity (after tax)	153,103,150.10
Total	1,296,810,974.72

[Note] The "+" for the non-recurring profit and loss item means income or gain, and "-" means loss or expenditure.

The recognition of the Company's non-recurring profit and loss items is implemented in accordance with the provisions of the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Profit and Loss* (Revised in 2023) (CSRC Announcement [2023] No. 65).

## 2. Return on equity and earnings per share

Profits for the report period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	20.30	5.20	5.20
Net profit deducting non-recurring profits and losses attributable to common shareholders	19.39	4.96	4.96

Gree Electric Appliances, Inc. of Zhuhai

April 29, 2026