

Braving the Waves

2023 ANNUAL REPORT
MIDEA GROUP CO., LTD.

Letter to Shareholders

Amidst the profound changes in the market environment and formidable challenges in 2023, Midea remained steadfast in implementing the annual business principle of "Stabilize Profitability & Drive Growth". Our focus on certainties over the long cycle has ultimately resulted in our best-ever business results. In 2023, Midea recorded total revenue of RMB373.7 billion, with a net profit reaching RMB33.7 billion. Our net operating cash flow surpassed RMB57.9 billion. Additionally, Midea ranked No. 278 on the *Fortune Global 500* list and was included on the *Fortune China ESG Impact* list and the *Fortune Most Admired Chinese Companies* list in 2023. We were also lauded by Forbes as an *Industry Benchmark for Sustainable Development Industrial Enterprises in China*. We extend our heartfelt gratitude to all Mideans for your going ever onwards. With determination and calmness, we have been pushing our way through the thick mud of all the difficulties. Extraordinary dedication even in the most ordinary positions and a deep-rooted entrepreneurial spirit have been the cornerstone of Midea's continuing vitality for generations, warming every corner of Midea like sunshine every single day. Appreciation also goes to all of our shareholders for your steadfast support through thick and thin. Your trust has been the driving force and bedrock of our unremitting pursuit of long-term growth and sustained shareholder returns.

We stand at a new juncture, where we can view the vast world from a fresh perspective. In the past, our business journey resembled a mountaineering expedition, relying solely on our capabilities for success. However, running a business today is more akin to surfing the waves, navigating through rippling uncertainties. We are often caught off guard by the sudden decline of once glorious corporations and rapid falls of new-money. Even industry giants are adapting swiftly. Corporate succession has accelerated, with reshuffles and phaseouts happening every day. The rules of the game are being rewritten, and business paradigms are shifting, leaving every sector and individual facing similar challenges, as we find ourselves in uncharted territory. It's time to bid farewell to illusions and the past

cycle, breaking free from outdated thinking and embarking on a journey of reflecting on and challenging ourselves. In this process, resilience and determination are crucial.

In the face of sluggish global growth, how does Midea secure its growth? How does Midea cultivate new competitive strengths amidst waves of technological advancements and shifting business models? With formidable challenges overseas, how do we expedite our global business distribution? In the face of anxieties over economic restructuring and shifts in growth models, how do we navigate through the cycles?

These challenges test our corporate governance, compliance, operational systems, and agility. In this world, there's no room for pessimism or optimism; only realism. As *Game of Thrones*, a popular TV drama, aptly put, "Chaos isn't a pit. Chaos is a ladder". Our choices, not fate, determine our path. In this ever-evolving era, our success depends solely on how we define ourselves. What is certainty? To be certain is to ascend beyond time and space, and to summarize common sense knowledge and methods. To achieve industrial upgrades from basic to premium offerings and from low to high added value, it is essential to harness the cost-efficiency strengths and the force of technological advancement. In essence, innovation and creativity play a pivotal role in this process. The greatness of a company lies in taking common sense to the utmost level, doing the right things, upholding principles, and weathering any storm with resilience. It's not time or circumstances that trap us, but our mindset. We must reflect on ourselves, confront challenges head-on, and brave the waves. Guided by our common sense knowledge and courage as a compass, we are ready to confront storms and sail into uncharted territory.

In 2024, Midea will focus on enhancing value chain-wide efficiency alongside structural growth through upgrades. Several economic crises occurred in the world's history. Maintaining ample liquidity, high-performance operations with low cost and high efficiency, and competitiveness of core business operations is key to navigating economic crises and market downturns. Hence, Midea must stay committed to business model upgrades, structural upgrades, and industrial upgrades and navigate the ever-evolving environment and changes with strategic certainty.

Business model upgrades: Midea will adhere to the “Chinese Market DTC (Direct To Customer), Overseas OBM Priority” strategy. The essence of the DTC strategy is customer-oriented retailing. Meanwhile, global breakthroughs are critical at this time. A truly globalized company is localized. With an internationalized headquarters, we aim to make ourselves at home across the world. To this end, we will resolutely strengthen overseas infrastructure for after-sales services, logistics, branding, etc.

Structural upgrades: Upholding a customer-oriented principle, we will redouble our efforts to enhance our "Three Generations" capabilities across research, reserves, and development. We will recruit high-calibre professionals worldwide, including top global talent, experts, and scientists, to drive technological advancement and innovation. Seizing opportunities brought by structural upgrades, Midea aims to establish itself in this era as a pioneering enterprise.

Industrial upgrades: We will continue to balance ToC and ToB business development. We are fully aware that the development of ToB business involves longer cycles and additional time. To that end, we will exhibit strategic patience and persistence and continue to invest, gradually laying the groundwork for developing capabilities of overcoming challenges.

There are no friends of times, only friends of trends. The end of an era inevitably heralds the dawn of another. In the ebb and flow of industries and in every economic crisis, only a select few enterprises emerge victorious. This is a constant process where new businesses rise and old ones fall. To be a friend of trends in this era full of uncertainties, we must surmount confusion and foster courage. Over the past 55 years, Midea has adeptly navigated changing times, remaining steadfast in the face of challenges. What has propelled Midea forward amidst these ever-shifting tides? It's the entrepreneurial spirit deeply ingrained in our core, driving vitality for generations and fostering sustained growth and progress. This spirit is Midea's legacy. We are dedicated to fostering an environment where every individual is valued, irrespective of their background, and where the entrepreneurial spirit thrives for generations to come. We will seek out those bold sailors bound for all ports in the world. With an extensive business portfolio comprising the smart

home business and the commercial and industrial solutions, Midea boldly embraces evolution, braving the waves to explore broader business prospects.

While no one can precisely predict Midea's future, just as in 2014, we couldn't foresee our development in 2024, nor anticipate the profound changes in 2023 when we were at the end of 2022. Yet, Midea's future lies ahead, filled with unexplored markets, regions, and countries, as well as with undeveloped business, waiting for us to deliver better and better business results. Together, they constitute the unwritten chapters of Midea's future. As stated in *Blossom Shanghai*, a blockbuster TV series in China, running a business is like navigating an ocean; we must row steadfastly until we reach our destination. Midea must brave the waves and forge ahead towards our goal. When the horizon widens and the water turns azure in front of us, we will know that we've arrived at the ocean of endless possibilities.

We look forward to continuing this journey with our shareholders. Let's witness Midea's power to flourish!

Board of Directors, Midea Group

March 2024

Section I Important Statements, Contents and Definitions

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management of Midea Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this report is free of any misrepresentations, misleading statements or material omissions, and shall together be wholly liable for the truthfulness, accuracy and completeness of its contents.

Mr. Fang Hongbo, Chairman of the Board and CEO of the Company, Ms. Zhong Zheng, Vice President, CFO and Director of Finance of the Company, and Ms. Chen Lihong, head of the accounting department (equivalent to accounting manager) of the Company, have represented and warranted that the financial statements in this report are true, accurate and complete.

All directors of the Company attended the Board meeting to review this report.

The future plans and other forward-looking statements mentioned in this report shall not be considered as promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.

The Board has considered and approved the following dividend payout plan: based on the 6,920,391,836 shares at the disclosure date of this report (the total share capital of 6,968,950,724 shares minus the repurchased 48,558,888 shares in the repurchased share account at that date), it is proposed that the Company should distribute a cash dividend of RMB30 (tax inclusive) per 10 shares to all the shareholders and should not carry out any bonus issue or convert capital surplus into share capital. When the profit distribution plan is implemented, if any change occurs to the total shares eligible for profit distribution, the profit distribution plan shall be based on the total shares eligible for profit distribution at the record date of the profit distribution, and the total dividend amount shall be adjusted under an unchanged dividend per share.

This report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Documents Available for Reference

- 1. The original of The 2023 Annual Report of Midea Group Co., Ltd. signed by the legal representative;**
- 2. The financial statements signed and stamped by the legal representative, the CFO & Director of Finance and the head of the accounting department;**
- 3. The original of the auditor's report with the seal of the accounting firm, and signed and stamped by CPAs;**
- 4. The originals of all company documents and announcements that are disclosed to the public via newspaper designated for information disclosure during the Reporting Period; and**
- 5. The electronic version of The 2023 Annual Report that is released on <http://www.cninfo.com.cn>.**

Definitions

Term	Definition
The “Company”, “Midea”, “Midea Group” or the “Group”	Midea Group Co., Ltd.
Midea Holding	Midea Holding Co., Ltd.
KUKA	KUKA Aktiengesellschaft
TLSC	Toshiba Lifestyle Products & Services Corporation
Hiconics	Hiconics Eco-energy Technology Co., Ltd.
WDM	Beijing Wandong Medical Technology Co., Ltd.
CLOU Electronics	ShenZhen CLOU Electronics Co., Ltd.
Swisslog	Swisslog Holding AG
Servotronix	Servotronix Motion Control Ltd.
WINONE	WINONE Elevator Company Limited
Reporting Period	1 January 2023 to 31 December 2023

Section II Company Profile and Key Financial Results

1. Corporate Information

Stock name	Midea Group	Stock code	000333
Stock exchange where the shares of the Company are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	美的集团股份有限公司		
Abbr. of the Company name in Chinese	美的集团		
Name of the Company in English (if any)	Midea Group Co., Ltd.		
Abbr. of the Company name in English (if any)	Midea Group		
Legal representative	Fang Hongbo		
Registered address	Midea Headquarters Building, No. 6 Midea Avenue, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China		
Postal code	528311		
Past changes of registered address	N/A		
Business address	Midea Headquarters Building, No. 6 Midea Avenue, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China		
Postal code	528311		
Company website	http://www.midea.com		
E-mail	IR@midea.com		

2. Contact Us

	Board Secretary	Representative for Securities Affairs
Name	Jiang Peng	You Mingyang
Address	Midea Headquarters Building, No. 6 Midea Avenue, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China	Midea Headquarters Building, No. 6 Midea Avenue, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China
Tel.	0757-22607708	0757-26637438
Fax	0757-26605456	0757-26605456
E-mail	IR@midea.com	IR@midea.com

3. Information Disclosure and Place Where this Report Is Kept

Stock exchange website where this Report is disclosed	The website of the Shenzhen Stock Exchange (http://www.szse.cn)
Media and website where this Report is disclosed	China Securities Journal, Securities Times and Shanghai Securities News, as well as http://www.cninfo.com.cn

Place where this Report is kept	Company Investor Relations Department
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4. Company Registration and Alteration

Unified social credit code	91440606722473344C
Changes in main business activities since the Company was listed (if any)	None
Changes of controlling shareholder of the Company (if any)	None

5. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	PricewaterhouseCoopers Zhong Tian LLP
Business address of the accounting firm	11/F., PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, PRC
Name of accountants writing signatures	Yao Wenping and Wu Fangfang

Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period

Applicable N/A

Financial advisor engaged by the Company to continuously perform its supervisory function during the Reporting Period

Applicable N/A

6. Key Accounting Data and Financial Indicators

Whether the Company performed a retroactive adjustment to or restatement of accounting data

Yes No

	2023	2022	2023-over-2022 change (%)	2021
Operating revenue (RMB'000)	372,037,280	343,917,531	8.18%	341,233,208
Net profit attributable to shareholders of the Company (RMB'000)	33,719,935	29,553,507	14.10%	28,573,650
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	32,974,908	28,607,973	15.26%	25,929,086
Net cash flows from operating activities (RMB'000)	57,902,611	34,657,828	67.07%	35,091,704
Basic earnings per share (RMB/share)	4.93	4.34	13.59%	4.17
Diluted earnings per share	4.92	4.33	13.63%	4.14

(RMB/share)				
Weighted average ROE (%)	22.23%	22.21%	0.02%	24.09%
	31 December 2023	31 December 2022	Change of 31 December 2023 over 31 December 2022	31 December 2021
Total assets (RMB'000)	486,038,184	422,555,267	15.02%	387,946,104
Net assets attributable to shareholders of the Company (RMB'000)	162,878,825	142,935,236	13.95%	124,868,124

Indicate whether the lower of the net profit before and after non-recurring gains and losses was negative for the last three accounting years, and the latest auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate whether the lower of the net profit before and after non-recurring gains and losses was negative.

Yes No

7. Differences in Accounting Data under Domestic and Overseas Accounting Standards

7.1 Differences in the net profit and net assets disclosed in the financial reports prepared under China Accounting Standards (CAS) and International Financial Reporting Standards (IFRS)

Applicable N/A

No such differences for the Reporting Period.

7.2 Differences in the net profit and net assets disclosed in the financial reports prepared under CAS and foreign accounting standards

Applicable N/A

No such differences for the Reporting Period.

8. Key Financial Results by Quarter

RMB'000

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Operating revenue	96,262,922	100,725,480	94,122,108	80,926,770

Net profit attributable to shareholders of the Company	8,041,853	10,190,438	9,485,190	6,002,454
Net profit attributable to shareholders of the Company before non-recurring gains and losses	7,672,681	9,979,172	9,188,736	6,134,319
Net cash flows from operating activities	9,272,312	20,512,362	15,002,382	13,115,555

Whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in the Company's quarterly or semi-annual reports

Yes No

9. Non-recurring Gains and Losses

Applicable N/A

RMB'000

Item	2023	2022	2021	Note
Gain or loss from disposal of non-current assets	-233,657	-59,854	77,527	
Except for effectively hedging business related to normal business operations of the Company, gain or loss arising from the change in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and other non-current financial assets, as well as investment income or loss produced from the disposal of the aforesaid financial assets and liabilities	-345,146	-604,446	995,824	
Other non-operating income and expenses except above-mentioned items (mainly government grants, reversed impairment provisions for receivables that are tested individually for impairment, compensation income, fine income, etc.)	1,345,521	1,777,103	2,352,849	
Less: Corporate income tax	143,692	103,624	668,578	
Minority interests (after tax)	-122,001	63,645	113,058	
Total	745,027	945,534	2,644,564	--

Particulars about other items that meet the definition of non-recurring gain/loss:

Applicable N/A

Explain the reasons if the Company classifies an item as a recurring gain/loss item, which is enumerated as a non-recurring gain/loss in the <Explanatory Announcement No. 1 on Information

Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gains and Losses>.

Applicable N/A

Section III Management Discussion and Analysis

1. Industry Overview for the Reporting Period

1.1 Summary of the business scope

Midea is a leading global technology group comprising the Smart Home, Energy Solutions and Industrial Technology, Intelligent Building Technology, Robotics & Automation, and Other Innovation businesses. With a business portfolio that is focused on the coordinated development of the ToC and ToB businesses, Midea offers various smart home products and services to individual consumers, as well as provides diversified commercial and industrial solutions for corporate clients. To be specific, Midea Smart Home primarily covers smart appliances, smart home and related peripheral industries and ecological chains, undertakes the construction of intelligent scenarios for end users, user operations and data value discovery, and is committed to providing end users with the best experience of entire-house smart home appliances and service. Midea Energy Solutions and Industrial Technology, with technology as the core driver, commands key technologies in “green energy” and “key industrial components”. It operates many brands including GMCC, Welling, CLOU Electronics, HICONICS, SERVOTRONIX, MR, MOTINOVA, MSCT, TOSHIBA, SUNYE, etc., with its products covering high-precision core components such as compressors, motors, chips, valves, reducers, auto parts, motion control and automation, high- and low-voltage variable frequency drive, energy storage and cooling modules. It provides green, efficient and intelligent products and technology solutions for pan-industrial customers across the world. Midea Intelligent Building Technology is principally engaged in products and services in relation to buildings, as well as the relevant operations. With iBUILDING, Midea’s digital building service platform, as the core, its business covers HVAC, elevators, energy, building control, etc. Its primary products include VRF units, large chillers, unitary units, machine room air conditioners, escalators, passenger elevators, freight elevators, etc., as well as building automation software and building weak electricity integrated solutions. Supported by “Building Equipment and Facilities + Digital Technology + Industrial Ecosystem”, it facilitates logistics, information, feeling and energy flows of buildings to empower buildings with digital and low-carbon technologies and build sustainable smart space. Midea Robotics & Automation primarily focuses on providing solutions of industrial robotics,

automatic logistics systems, and transmission systems for future factory-related fields, as well as solutions for health care, entertainment, new consumption, etc. The Other Innovation Business mainly includes Annto, which provides customers with end-to-end digital and intelligent supply chain solutions; Midea Cloud, which provides industrial software and digitalisation consulting services for intelligent manufacturing and industrial interconnectivity through its industrial internet platform M-IoT; Midea Lighting, which focuses on the R&D, production, and sales of lighting and intelligent pre-decoration electrical products; and WDM, which is committed to innovation in medical imaging technology, providing high-quality medical imaging products and services for clinical use.

With “Bring Great Innovations to Life” as its corporate vision, “Integrate with the World, to Inspire Your Future” as its mission, “Embrace what’s next - Aspiration、Customer First、Innovation、Collaboration、Dedication” as its values, “High-quality Development and High-performance Operations” as its management and operation standard, Midea integrates global resources and promotes technological innovation to create a better life for over 400 million users, major customers and strategic partners in different areas worldwide every year with satisfying products and services. In face of higher requirements for products and services in the digital Internet era, Midea continues to promote its strategic focus of “Technology Leadership, Direct to Users, Digitization & Intelligence Driven, and Global Impact”, so as to build Midea in the new era. To be specific, it strives to achieve Technology Leadership by building scale advantages in R&D and strengthening the efforts and investment in core and cutting-edge technologies; be Direct to Users through direct contact and interaction with users and reinventing product service and business models; be Digitization & Intelligence Driven through “Comprehensive Digitalization and Comprehensive Intellectualization”, as well as improving efficiency internally and focusing on users externally; and achieve Global Impact by seeking breakthroughs in key regions in terms of market, channel and business model dimensions and serving global users.

Midea, a global operating company, has now established a global platform with around 200 subsidiaries, 33 R&D centers, 40 major manufacturing bases, and more than 190,000 employees. Its business covers more than 200 countries and regions. Overseas, Midea has 17 R&D centers and 21 major manufacturing bases in more than ten countries.

1.2 Position in the home appliance industry

Midea Group ranks No. 278 on the *Fortune Global 500* list unveiled in August 2023, marking its eighth consecutive year on the list. Meanwhile, Midea has also been named to the 2023 *Fortune China ESG Impact* list for its high-value practices in environmental management and social contribution, in addition to being included in the 2023 *Fortune Most Admired Chinese Companies* list for its outstanding performance in business resilience, sustainability, social responsibility and the like. In June 2023, the Forbes magazine released its 2023 *Global 2000* list and Midea ranks No. 199, up 18 places from last year. Also, Midea Group has been named as one of the *Forbes 2023 World's Top Companies for Women* and the 2022 *Forbes World's Best Employers*, among others. In the “2022 Forbes China Sustainable Development Industrial Enterprises Top 50 Selection” held in February 2023, Midea was selected as an *Industry Benchmark for Sustainable Development Industrial Enterprises* by virtue of its solid performance in green manufacturing, carbon neutrality, sustainable development and ESG practices. As shown on the “*TIME World's Best Companies 2023*” list jointly released in September 2023 by America’s *TIME* magazine and Statista, the world's top business data platform, Midea Group earned itself a spot and was rated “very high” in terms of “Growth Rate”. Midea Group was successfully selected and performed very high in the Growth Rate dimension of the list. In July 2023, the Summit Forum of Top Enterprises in China Light Industry released the 2022 list of “*Top 200 Enterprises in China Light Industry*”, and Midea Group once again topped the list with an outstanding score of 98.07. In March 2023, Midea won the *China Industrial Grand Prize* at the Seventh China Industrial Grand Prize Ceremony jointly organized by the China Federation of Industrial Economics and 13 national industry associations for its excellent performance in technology innovation, quality management and branding, among others. By the end of 2023, five of Midea’s factories had been included in the “Global Lighthouse Network” initiated by the World Economic Forum, covering air conditioners, refrigerators, laundry appliances, microwave ovens, dishwashers, etc., which demonstrates Midea’s leading position in intelligent manufacturing and digital development among manufacturers worldwide. Meanwhile, Midea takes the lead among domestic home appliance makers by ranking No. 39 and No. 36 respectively on the 2023 *China 500* list and the 2023 *Tech 100* list released by Brand Finance, a British brand assessment institution. Midea has been given excellent credit ratings by the three major international credit rating agencies, Standard & Poor’s, Fitch Ratings and Moody’s. The ratings are in a leading position among home appliance manufacturers worldwide as well as among Chinese non-state-owned enterprises. Particularly, Standard & Poor’s has raised the credit rating on Midea to “A”,

making it the highest-rated private manufacturer in China.

In 2023, Midea has successfully retained the "Number One Engine" of ToC business on the domestic market. According to data provider AVC, Midea ranks first in the industry with respect to both the online and offline domestic market share for eight home appliance categories, namely, residential air conditioners, countertop pan-microwave ovens, countertop electric ovens, electric radiators, electric fans, induction cookers, electric kettles, and air fryers.

Offline market shares and rankings of the Company's primary home appliance products (by value of retail sales) in 2023		
Product category	Market share	Ranking
Residential air conditioners	34.9%	1
Laundry appliances	26.9%	2
Clothes dryers	23.8%	2
Refrigerators	15.2%	2
Countertop pan-microwave ovens	61.5%	1
Countertop electric ovens	48.7%	1
Induction cookers	46.9%	1
Electric radiators	43.9%	1
Electric fans	43.7%	1
Electric kettles	41.9%	1
Rice cookers	39.4%	1
Air fryers	32.0%	1
Water dispensers	26.2%	1
Electric pressure cookers	40.5%	2
Electric baking pans	32.5%	2
Blenders	28.7%	2
Water purifiers	17.8%	2
Electric water heaters	22.3%	3
Freezers	11.5%	3

Online market shares and rankings of the Company's primary home appliance products (by value of retail sales) in 2023		
Product category	Market share	Ranking
Residential air conditioners	34.5%	1
Laundry appliances	38.1%	2
Clothes dryers	40.5%	1
Refrigerators	19.0%	2
Countertop pan-microwave ovens	51.6%	1
Countertop electric ovens	25.9%	1
Induction cookers	55.2%	1
Electric kettles	26.4%	1
Electric radiators	23.0%	1
Electric fans	22.8%	1
Air fryers	20.6%	1
Water purifiers	18.3%	1
Electric pressure cookers	38.9%	2
Rice cookers	26.9%	2
Electric water heaters	29.5%	2
Electric baking pans	28.1%	2
Freezers	12.5%	2
Water dispensers	14.2%	3
Blenders	13.3%	3

* Air conditioners refer to floor-standing and wall-mounted ones only.

1.3 Industry Overview

A. Home Appliance Industry

In 2023, as the external environment continued to improve, the economy saw an ongoing upward trend, and domestic demand steadily expanded, the gross domestic product ("GDP") grew by 5.2% year on year. Meanwhile, the domestic home appliance industry experienced growth in both export and domestic sales. According to the statistics released by the General Administration of Customs, China's

total export value of home appliances reached RMB617.42 billion in 2023, marking a 9.9% increase compared to the previous year. According to the data from AVC, the domestic home appliance retail market hit a size of RMB849.8 billion in 2023, showing a 3.6% year-on-year increase. In terms of categories, different categories exhibited different development trends. Products such as air conditioners, refrigerators, laundry appliances, and major kitchen appliances, due to their high visibility, exhibited a structural upgrade trend driven by the demand for newer and more advanced models. Meanwhile, categories such as dishwashers, built-in microwave-steamer-ovens, cleaning appliances, and water purifiers were experiencing a steady increase in their market penetration rates. In terms of consumers, consumers showed a "K-shaped" differentiation pattern. While rapid growth was seen in the high-end home appliance market, there was also notable demand for highly cost-effective home appliances. In terms of products, industry focus was still placed on green, healthy, and smart home appliances. Regarding retail, there was a notable shift towards whole-process services, with a heightened emphasis among retailers on the shopping experience, convenience, and the quality of post-sale services. In 2024, policies will be focused on green, smart, and elderly-friendly home appliances. Local governments and home appliance enterprises will be encouraged to introduce more practical subsidy policies, thus expanding green consumption and continually enhancing the sustainability of consumption.

According to the data from AVC, the domestic retail sales of air conditioners were RMB211.7 billion in 2023, up by 7.5% year on year. Due to the improved macroeconomic landscape and the favourable consumer environment, 2023 was the first year of growth recovery for the air conditioning sector after three years of subdued performance. In terms of products, an upgrade continued in the horsepower ("HP") structure. Particularly, both online and offline sales of 2-HP wall-mounted air conditioners surged by 30.2% and 32.1%, respectively, compared to the previous year. In terms of price, the strategy of boosting sales using favourable prices was adopted for the large-capacity wall-mounted air conditioners, while the pricing structure for floor-standing air conditioners continued its upward trend. In the offline market, products in the RMB5,000 to RMB6,000 range accounted for nearly 27% of 2-HP wall-mounted air conditioners, while those priced within a range of RMB9,000 to RMB10,999 represented more than 19% of 3-HP floor-standing air conditioners. From a functionality perspective, the sales share of new Energy Efficiency Grade 1 products grew continuously, surpassing 84% in the

offline market. Furthermore, health, comfort, and intelligence-related functions played a significant role in fueling growth across the industry.

According to the data from AVC, the domestic retail sales of laundry appliances were RMB93.4 billion in 2023, up 5.8% year on year, and the retail sales of clothes dryers reached RMB12.9 billion, up 23.8% year on year. The wash and care segment enjoys a large market, diverse demand scenarios, and highly inelastic demand. As a major driving force, the washer-dryer suites captured more than 15% of the retail sales in the wash and care industry in 2023. Moreover, they experienced steady and robust upgrading of the product structure. According to the projection by AVC, the average price of clothes dryers will increase by 8.5% year on year, and products priced at RMB8,000 and above will constitute over 70% of the washer-dryer suites.

According to the data from AVC, the domestic retail sales of refrigerators were RMB133.3 billion in 2023, up by 7.0% year on year. The product structure of refrigerators was significantly optimised. In terms of price, the average online product price saw a year-on-year increase of 9.2%, whereas offline products witnessed a 5.7% rise. In the offline market, the retail sales share of refrigerators priced at RMB8,000 and above approximated 55%. In terms of products, cross-four-door and French-style multi-door refrigerators emerged as the main growth drivers of high-end refrigerators. Their combined retail sales share in the offline market exceeded 71%. Meanwhile, driven by renovation scenarios, the trend towards the "compact yet spacious" feature became more prominent, with attention also given to a high ratio of freezer capacity. With the integration of home appliances and home scenarios, the penetration rate of built-in refrigerators has been steadily rising. In 2023, the retail sales shares of built-in refrigerators in the online and offline markets reached 17.6% and 36.7%, respectively.

According to the data from AVC, the domestic retail sales of major kitchen appliances were RMB167 billion in 2023, up by 5.3% year on year. Overall, the market exhibited features such as steady demand for inelastic categories and a growing preference for high-quality products. In 2023, performance disparities were seen among categories. The retail sales of inelastic categories such as range hoods, stoves and water heaters reached RMB99.8 billion, marking a 6.5% year-on-year increase. Meanwhile, quality-living categories, including dishwashers, water purifiers, and sterilising cabinets, saw retail sales totaling RMB42.3 billion, reflecting an 8.6% year-on-year growth. However, integrated stoves

experienced a 4.0% decline. By categories, the retail sales of water heaters hit RMB50.5 billion, rising by 7.4% year on year. Due to the accelerated replacement and upgrade, the retail sales share of gas water heaters increased to 41.3%. Smart features, health-related functions, and increased capacity of water heaters contributed to their structural upgrades. Water purifiers achieved a total of RMB20.5 billion in retail sales, marking an 11% increase year on year, driven by significant and rapid capacity iteration in the online market. The sales of water purifiers with a capacity of 1,000 G accounted for more than 33% of online market sales, representing a nearly 10% increase from the previous year. The retail sales of dishwashers reached RMB11.2 billion, up by 9.6% year on year, driven by large built-in sets. Full-size built-in dishwashers accounted for 74% of retail sales in the offline market. Function upgrading continued. In terms of functions, functions such as the integration of functions of washing, sterilisation, drying and storage, layered and separate washing, and automatic recognition and program matching have become mainstream.

According to the data from AVC, the total retail sales of small kitchen appliances in 2023 amounted to RMB54.93 billion, representing a 9.6% year-on-year decrease. Despite an overall decline in this category, certain products, such as soy milk makers, electric steamers, and coffee machines, saw significant increases in retail sales, up by 18.8%, 17.5%, and 13.0%, respectively, compared to the previous year. Moreover, inelastic and big single core items such as rice cookers and electric pressure cookers experienced notable price increases due to growing consumer demand for quality. Additionally, the further development of the "single economy" and "silver economy" has driven the demand for small-capacity single products and appliances with elderly-friendly designs.

According to the data from AVC, the domestic retail sales of cleaning appliances reached RMB34.4 billion in 2023, showing a 6.8% year-on-year increase. By categories, cleaning appliances achieved a boost in both performance and product experience thanks to technological advancement. Specifically, floor scrubbers remained the top performer, experiencing the fastest growth in the cleaning appliance industry. The retail sales of floor scrubbers amounted to RMB12.2 billion, marking a remarkable 22% year-on-year increase. Additionally, constant innovations, such as high-temperature drying and deep sterilisation technology of floor scrubbers, have contributed to the enhanced product functionality.

B. Robotics and Automation Industry

World Robotics 2023 Industrial Robotics released by the International Federation of Robotics (“IFR”) showed that robotics technology has been rapidly advancing. For example, collaborative robotics, utilising sensors and visual recognition technology, can respond in real-time to changes in their environment. With improved safety performance, their range of applications is rapidly expanding. Intelligent robot grippers, leveraging sensors and visual recognition technology, can identify materials and apply appropriate force to manipulate workpieces, making them more responsive. Through software technology and open platform communication architectures, the integration and plug-and-play convenience of robots have been further optimised. By providing more intuitive and user-friendly interfaces and enabling natural language or graphical programming, robot programming has become easier. Sensors, vision systems, and 5G technology assist robots in adjusting parameters based on real-time conditions, achieving self-optimisation capabilities. By integrating cloud computing technology, cloud robotics has discovered a broader array of applications, significantly reducing the maintenance costs of using robots. Additionally, robotics technology is also contributing to sustainability in many fields. According to IFR data, the global industrial robot installations reached a record high of 553,052 units in 2022, marking a 5% growth over the high base of 2021. In terms of regions, Americas achieved a year-on-year growth of 8%, Europe achieved a year-on-year growth of 3%, and Asia achieved a year-on-year growth of 5%. Among the newly installed robots, 73% were installed in Asia. Domestic robot installations in China increased by 5% year-on-year, reaching 290,258 units in 2022, accounting for 52% of the global installations. IFR also predicted that the compound annual growth rate from 2023 to 2026 will reach 7%, with the global industrial robot installations expected to reach 718,000 units by 2026. According to the latest statistics of IFR, in terms of industrial robotic density (the average number of industrial robotics per 10,000 workers), South Korea ranks No.1 in the world with 1,012 robotics, while the robotic density of China has increased from 25 to 392 robotics (close to Japan’s 397 robotics) during the decade from 2013 to 2022, ranking No. 5 across the world. Since 2016, China has been the fastest growing and largest industrial robotics market in the world. Supported by diverse factors such as flexible demands of the manufacturing sector, declining demographic dividend, emerging markets and the development of innovative technologies, industrial robotics will be applied to more and more areas, with great potential and prospects.

According to MIR analysis, in 2023, China’s industrial robot industry entered a period of adjustment,

transitioning from a phase of market growth explosion to a new cycle featuring existing market share capture and position securing in the segmented incremental markets. Under this circumstance, the demand side becomes the focal point of the industrial chain. In the second half of 2023, industrial robot manufacturers implemented measures such as product promotions, enhanced channel expansion, and other incentives to accelerate inventory clearance, and these efforts have proven to be effective. The industrial robot market showed improvement in the second half of the year compared to the first half, demonstrating increased resilience. From the perspective of downstream industry demand, the demand in the photovoltaic industry cooled off towards the end of the year but still maintained rapid growth. The automotive, consumer electronics, and general industry sectors experienced some recovery but fell short of expectations. The demand in the lithium battery industry showed significant divergence, with strong investment in energy storage batteries while the demand for power batteries experienced destocking and investment slowdown. According to MIR data, the shipment volume of industrial robots in China in 2023 was 283,154 units, representing a year-on-year growth of 0.4%. Looking at specific models, collaborative robotics and lightweight vertical multi-joint robots have shown a growth trend, while other models such as planar multi-joint robots, heavy-duty vertical multi-joint robots, and delta robotics have experienced some decline in shipment volume. According to MIR predictions, by the end of 2023, the “destocking” phase in the market had nearly concluded, and market demand will gradually pick up. The year-on-year growth rate of industrial robot shipments in China in 2024 is expected to be between 5% and 10%.

C. Intelligent Building Technology Industry

In the intelligent building technology industry, Midea focuses on products, services and related businesses with respect to buildings. It aims to provide users with comprehensive, intelligent and sustainable building solutions based on the digital building platform and by facilitating the logistics, information, feeling and energy flows. The smart building ecosystem mainly includes HVAC, elevator, intelligent building (building automation) and integrated energy management. From the perspective of the industry competition pattern, domestic HVAC, elevator and building control have the same pattern and two major characteristics. The first is the high proportion of foreign and joint venture brands; the second is the low market concentration. According to the data from HVAC, ChinaIOL.com and

Changjiang Securities Research Institute, the proportion of foreign brands of commercial air conditioner in 2023 was about 43%, and the long tail effect was obvious as only four manufacturers have a share of more than 10%. For elevators, the data from the Business Yearbook of Elevator Industry in China indicate that the proportion of foreign and joint venture brands in the elevator market is as high as 70%, while the revenue scale and market share of the top domestic brands are still low. In 2023, the four major brands of Kone, Mitsubishi, Hitachi and OTIS's revenues exceeded RMB20 billion in China. The building control market is also dominated by Honeywell, Siemens, Johnson Controls, Schneider and other foreign brands. From the perspective of the market size and development prospects, according to the data from ChinaIOL.com, the sales revenue (excluding tax) of domestic commercial air conditioners in 2023 was RMB142.9 billion, up 11% year on year, of which domestic sales accounted for about 88%; the compound growth rate in the past three years was 13%. The application field of commercial air conditioner is mainly divided into residential, commercial, industrial and public building. By business type, the sales of ToB business accounted for more than 70%, and the revenue surpassed RMB100 billion in 2023. In industrial development, the periodicity of the non-residential part of commercial air conditioner was smaller than that of residential part, which was more related to infrastructure investment. For example, government public construction, transportation, data center, culture, education and entertainment, medicine and other downstream segmentation still maintained a good growth trend, and a long-term high growth rate. According to the data from the National Bureau of Statistics, in 2023, the domestic output of elevators, escalators and lifts was 1.557 million units, maintaining a solid year-on-year growth of approximately 4%, the majority of which were sold domestically. Judging from the operating data of major manufacturers, the output value of a single elevator was about RMB200,000, considering the average factory price of a single elevator equipment and the maintenance business; the annual market size of domestic elevator equipment was RMB250-300 billion, and the scale of the elevator industry was even larger. The data from EqualOcean Intelligence shows that the current market size of intelligent building, which was about RMB7.1 billion in 2021, is relatively small. The equipment-based businesses such as commercial air conditioner and elevator are "organs" in building construction, whereas building control is the "nervous system" which controls various equipments for the high-efficiency and low-carbon operation of buildings, and determines the overall quality of building solutions. Overall, the domestic revenue of the smart building industry alone is approximately RMB400 billion, and the compound annual growth rate of the industry is

between 5% and 10% (revenue caliber). Meanwhile, the rollout of the Action Programme to Promote Large-Scale Equipment Renewal and Consumer Goods Replacement by the State Council may bring stronger demand.

As indicated in a report released by the Changjiang Securities Research Institute, new opportunities are ushered into the smart building industry, which are "carbon emission peak and carbon neutrality", "digital and intelligent transformation" and "domestic replacement". With the establishment of the dual-carbon strategy, the intelligent and low-carbon process of building construction is expected to accelerate. Buildings account for a relatively high proportion of energy consumption and carbon emissions in China. According to data from the Building Energy Efficiency Research Centre of Tsinghua University, the carbon emissions of building operation accounted for about 22% of the total domestic carbon emissions in 2021, and the proportion will further increase for the growing newly started buildings and the decreasing inventory buildings. Therefore, as one of the major sources of carbon emissions in the whole society, the low-carbon or even zero-carbon process in the construction field will undoubtedly be propelled. In the recent years, a series of "carbon emissions peaking and carbon neutrality" policies were successively issued, such as the Opinions on Implementing the New Development Concept to Achieve Peak Carbon Emissions and Carbon Neutrality in a Complete, Accurate and Comprehensive Manner, the Opinions on Advancing the Green Development of Urban and Rural Development, the Action Plan for Peak Carbon Emissions by 2030, and the 14th Five-Year Plan for Comprehensive Work on Energy Conservation and Emission Reduction. China's local governments have issued their action plans for peaking carbon emissions while the ministries and committees of the central government rolled out documents for the same purpose, such as the Opinion on Fiscal Support for Peaking Carbon Emissions and Achieving Carbon Neutrality issued by the Ministry of Finance, the 14th Five-Year Plan for Building Energy Efficiency and Green Buildings issued by the Ministry of Housing and Urban-Rural Development, and the Advanced, Energy-saving and Accessible Levels of Energy Efficiency for Key Energy Consuming Products and Equipment (2024 Edition) unveiled by the National Development and Reform Commission. All these policies mention buildings, HVAC, etc., with a view to improving the building energy consumption management system, enhancing the building energy consumption monitoring capacity, building energy saving management capacity, and building energy efficiency level, and promoting the large-scale development of ultra-low

energy consumption, near-zero energy consumption, and low-carbon buildings. With stronger policy incentives and constraints, the building energy-saving upgrading, intelligent operation, and cooperative energy management are bound to become the main measures for the targets in addition to the construction of low-carbon building standards and administrative supervision. As to the market side, the electricity price reform, "power rationing" and other measures have raised the cost and the input-output ratio in building energy saving renovation, energy management, and digital operation, and thus more and more market entities begin to positively carry out the "dual carbon" strategy and energy saving renovation. Taken as a whole, under the background of "dual carbon", the building construction, as one of the main sources of energy consumption and carbon emissions in the whole society, accelerates the process of energy conservation and carbon reduction, and catalyzes the outbreak of demand for efficient low-carbon building solutions. The demand for digital intelligent building will also increase significantly, as the development level of buildings is a key link in "smart city" and still lagging behind under the trend of digital economy. At the same time, with continuous progress of communication, computing power and algorithms, the system-level control such as HVAC and elevators will move to the building-level control - the first is the space expansion brought by changes from "control" to "service"; the second is the narrowing gap to foreign enterprises with first mover advantage. Additionally, the more positive and clear signal comes from the transformation and upgrading of the elevator industry driven by digital intelligence. In 2018, the General Office of the State Council issued the Opinions on Strengthening the Quality and Safety of Elevators for the purpose of promoting the elevator installation on existing residences and the maintenance of old elevators. Specifically, the maintenance should press for quality, and resources should be allocated on the basis of fully grasping the operation of elevators, hence the application of information technology such as big data and IoT is getting more important. In 2020, the State Administration for Market Regulation divided the maintenance methods of different elevators according to the standard of "whether there is a remote monitoring system based on IoT". The domestic replacement of commercial air conditioner has undergone three processes: single unit, multi-split unit, and large chiller. The share of homegrown brands was approximately 57% in 2023, and that of the homegrown brands of large chillers, where the barriers are relatively high, is also increasing. The commercial air conditioner industry has entered the stage of domestic replacement in all aspects, and thus there is a large space for future growth. Compared with air conditioner, the domestic replacement process of elevator is relatively slow, but the relevant market pattern will be

optimized with the gradually weakened real estate dividend, the changes in maintenance mode, and the application of IoT. In the medium and long term, there will be more opportunities and increasing competition in the smart building industry with the market structure of "high proportion of foreign investment & low market concentration". On the one hand, the policy of "double carbon" is fostering the energy-saving upgrading and smart operation under the context of high proportion of carbon emissions and energy consumption by buildings. On the other hand, with the improvement of digital intelligence, the input-output effect of smart buildings is changing qualitatively.

2. Business Scope in the Reporting Period

In 2023, despite the gradual recovery of domestic market demand and the overall rebound of the economy, the global political and economic environment remained complex and the business environment remained challenging due to fluctuations in overseas economies, currency movements and the deterioration of geopolitical conflicts overseas. Against this backdrop, Midea Group held firm to its operating philosophies, effectively implemented its annual operating principle of "Stabilize Profit & Drive Growth", and continued to focus on its core businesses and products. As a result, Midea delivered the best business results in its entire history, as well as various remarkable advancements, with better key indicators such as profitability and cash flow, demonstrating its operational resilience and long-term, high-quality growth. For 2023, Midea achieved, on a consolidated basis, total revenue of RMB373.7 billion, up 8% YoY; and a net profit attributable to its shareholders of RMB33.7 billion, up 14% YoY.

A. Focused on users and scene-based product planning, and continuously refined the whole value chain leveraging Midea's multi-category advantages and digital technologies, so as to upgrade business scenes, products and services

In order to carry on with the "customer-oriented" strategic reform, the Company creates more user value in business scenes, products and services which are in direct contact with users. Based on users' yearning and pursuit for a better life, Midea pursues higher goals such as originality, sustainable selling points and technology explicitness, and continues to empower itself with the tool of big data, so as to achieve the vision of "Bring Great Innovations to Life". In addition, based on user needs and

consumption trends, Midea offers its own products and ecosystem products. It provides users with differentiated entire-house smart solutions with the deep integration of “smart home appliances + smart home”; and launches homegrown core terminals, such as smart central control and household smart host which deeply integrate home appliances and smart home systems, making life at home more efficient, convenient, healthy and comfortable. By doing so, it aims to lead the way in the innovation of smart household appliances.

Residential air conditioners:

Based on three major directions of carbon neutrality, air value, and smart home, Midea has focused on its technological strategy of “cooling, heating, energy conservation, intelligence, health, and comfort”, and rebuilt the “Three Generations”, exploring disruptive and differentiated product technologies to enhance product competitiveness. In 2023, Midea’s R290 technology for air conditioners achieved another breakthrough. The new Efficlima product achieved a seasonal coefficient of performance (SCOP) of 6.3 and a seasonal energy efficiency ratio (SEER) of 12.17. Compared to R32 refrigerant, which was mainly sold in 9000BTU models of the same power range, R290 Efficlima refrigerant achieved a reduction of approximately 447kg CO₂ equivalent emissions. In recognition of Midea’s contributions to the implementation of the HCFCs Phase-out Management Plan (HPMP) and ozone layer protection in the room air conditioner industry, the Foreign Environmental Corporation Centre of the Ministry of Ecology and Environment, the United Nations Industrial Development Organisation, and the China Household Electrical Appliances Association jointly awarded Midea Air Conditioner the first-phase HPMP certification for the room air conditioner industry. Additionally, Midea’s R290 air conditioning products are TÜV-certified, surpassing the highest level of energy efficiency in the European Union. Targeting entire-house air solutions, Midea has taken the lead in launching the 1:1 Freshness Air Machine, which truly achieves a comprehensive health air system with professional-grade sterilisation, purification, fresh air, and dehumidification. It is equipped with a 2000-fold high-energy pulse sterilisation system, achieving an air purification efficiency of up to 400m³/h and a fresh air volume of up to 210m³/h. By utilising high cooling capacity and breezeless technology, it achieves rapid cooling and a golden comfort sensation of 0.1m/s, while also incorporating linked temperature and humidity control technologies to provide a comfortable experience throughout the seasons. Midea

"Cool Kitchen" Series Kitchen Air Conditioner provides a solution to address core pain points in Chinese kitchens. This series is characterized by "large cooling capacity", "cooking smoke resistance", and "easy-to-install design", effectively meeting users' demand for a comfortable and cool kitchen. Moreover, it employs a new system design equipped with technologies such as the graphene thermal conductivity coating, copper pipe sprayed with anti-corrosion coating, black magic box for oil filtration of the outdoor unit, and water misting, achieving advantages in new scenes, such as high heat transfer performance, corrosion resistance, and zero water discharge. The All-Season III Commercial Air Conditioner relies on the industry's first entire-house intelligent air solution that meets the criteria of "whole-space, full intelligence, good air, and customisation." It utilises continuous enhanced vapor injection technology to achieve robust operation even in environments as low as -2°C. Equipped with a T3-level ultra-high-temperature compressor and employing full liquid cooling zone heat management technology, it achieves robust cooling at temperatures as high as 58°C, maintains high-performance cooling at 43°C, and operates efficiently at 35°C. Integrated with a "multi-system multi-module central control core," it can connect to "entire-house floor heating, entire-house fresh air, entire-house humidity control, and entire-house health," allowing customizable entire-house air management.

Laundry appliances and refrigerators:

In view of the four demand directions of cleanness, health, efficiency and care, Midea comprehensively builds its core competitiveness in the global laundry and care industry. It has launched the Washer-Scrubber, the first solution in the industry that integrates the functions of a washing machine and a floor scrubber. Specifically, this product is equipped with a shared water system for its base and washer, demonstrating Midea's novel integrated design in the waterway, air path, dust collection, and circuit. Moreover, it employs the internationally advanced AI-powered Light Dry Cleaning technology. The hot-water-flushing floor scrubber enables potent airflow, penetration, and efficient drying while boasting a cleaning ratio of the mop as high as 1.10. Additionally, the AUTO-PROTECT chlorine dioxide slow-release anti-bacterial technology is employed to enable food-level sterilization, safe and environmentally friendly. This product adopts AI technology to accurately judge the stain scene and achieve precision mopping through reverse torque. Furthermore, patented technologies, such as the Auto-Dos dual-chamber self-dispensing system and the Auto-Cut automatic hair-cutting technology,

are used for this product. To be more specific, the Auto-Dos system allows precise dispensing of different cleaning solutions through automatic proportioning. As for the two chambers, the left chamber is intended for cleaning solutions for floor and mop cleaning, enabling thorough dissolution of heavy oil and dust. The right chamber houses an automatic cleaning station and drainage system and enables sterilization and stain removal. The Auto-Cut technology can accurately identify, suck, and cut the hair at the corner, effectively preventing hair entanglement and blockages. Also, this product is equipped with a high-definition camera, which, through large-scale modelling training on the home scene images using AI technology, allows this product to proactively detect stains on the floor and perform deep cleaning in specific areas. More importantly, this invention has won the Red Dot Design Award and the iF Design Award. COLMO New Image Zero Built-In Washer-Dryer Suite adopts automatic electronic pop-open doors with the industry's first zero built-in technology, crystal clear dazzling window, and white cloud wave appearance. The glass doors are seamlessly integrated with the machine, and can automatically open after washing and drying. The laundry appliance features clean care soft washing, and employs multi-phase detergent rapid dissolving direct spraying technology, achieving the industry's highest detergent utilisation rate. It has obtained certifications for washing waterproof levels of technical jackets, light exercise wear and tear and elastic recovery performance, and international green woolmark. The clothes dryer is equipped with the new second-generation full variable frequency technology, miniaturised with high energy density, leading the industry in low noise, and fast drying performance. To respond to the green strategy, Midea made arrangements for the development of the full-life-cycle green wash and care technology for products. This move made Midea K03 Washing Machine the first laundry appliance in China to be certified by the Life Cycle Assessment. Concurrently, this product reached the highest energy efficiency rating in Europe, attributed to a decrease of 43% in annual electricity consumption as compared to conventional models. Moreover, the novel ultra-thin platform reduced the weight of the entire machine by 10%. Through the optimisation of eco-friendly packaging materials and the degree of recyclability, the consumption of non-biomass resources during the whole life cycle of this product is reduced by 26% compared to traditional products on the market. Midea has introduced several localised new products in overseas markets, such as the M01 Series Front-Loading Washing Machine tailored for the high-efficiency energy-saving requirements of the European market, the versatile Toshiba front-loading series products designed for the low water pressure demand in the ASEAN market, Midea Stirring Fully Automatic Washing Machine Series with

A-level energy efficiency targeting the Brazilian market, and MA501, Midea's first smart wave drying paired washing machine, launched for the North American market.

Midea focuses on three major technological innovations for refrigeration, i.e. the "High-energy Photon Pulse Sterilization Technology", the "High Activity ORR-based Ultra-low Oxygen Catalysis Refrigeration Technology", and the "Precise Ice Temperature Technology-coordinated Plasma-based Preservation and Purine Regulation Technology for Aquatic Products". COLMO EVOLUTION Tianshu Refrigerator is equipped with the industry's first AI-Door automatic door opening and closing technology, allowing the 90-degree panoramic door opening. This series is also the first one in the industry to have employed the -40°C cryogenic technology, allowing AI molecular-level nutrient management and thus capable of significantly increasing the anthocyanin content and effectively inhibiting purine. TOSHIBA Large-capacity Built-in Pear Suite Refrigerator employs the self-developed vacuum insulation material in combination with the novel horizontal evaporator to ensure small dimensions but a large capacity. Moreover, the front bottom cooling system and dual-axis free-track hinge effectively help users maximize space efficiency. The industry's pioneering constant-humidity fruit and vegetable preservation technology and meat freshness enhancement technology are employed to accurately provide a suitable storage environment for each type of food ingredient. This series boasts the industry's quickest 60-minute ice-making function and is equipped with three technologies, namely the "pulse sterilization technology", "low-oxygen preservation technology", and "purine reduction technology". Additionally, a number of homegrown products have been launched in overseas markets, such as the first French-style refrigerator with chilled water function for the North American market and the new Built-in BMF series for the European market.

Kitchen appliances and other home appliances:

Aiming at delivering a more comfortable kitchen environment, Midea starts with the kitchen environment and cooking smoke and has rolled out range hoods that enable efficient smoke suction. To protect users' health, a range of products, including dishwashers, steam ovens, and rice cookers, has been introduced to respond to users' demands for kitchenware cleaning and sterilization, and healthy cooking. Midea Smoke-free Series Range Hood employs multiple technologies. Specifically, the MAX efficient dual air ducts are used to ensure efficient smoke suction; the FCS future chip power

engine is used to achieve the highest suction in the industry of 28 m³/min and wind pressure of 1,200 Pa; the nautilus shell-like design and the aerodynamic streamline wing-like design are incorporated to reduce the smoke discharge resistance, increase the smoke discharge velocity, and effectively lower noise; the intelligent collaborative cruise technology enables automatic start-up and air volume and wind pressure regulation; the unique 110°C high-temperature steam technology is used to deliver a cleaning and sterilization rate of more than 99%, which, at the same time, has been granted the authoritative "level-1 smoke removal" certification in the industry. Midea Concentrated Flame Fragrance Creating Gas Stove is equipped with a pioneering Concentrated Flame burner that can effectively increase the covered pot area by 80%, improve warming-up efficiency by 40%, and enhance temperature picking-up efficiency by 28%, far surpassing the industry's Grade 1 Fragrance Creating standard. It utilises the Tianyuan high-efficiency Concentrated Flame plate, achieving a thermal efficiency of up to 70%. With the pioneering synchronous valve firepower control, it can synchronise and adjust the inner and outer ring flames for uniform combustion. COLMO AVANT Series Dishwasher boasts the industry's highest cavity occupancy ratio, with three-layer dish baskets capable of accommodating and washing more tableware. They integrate innovative technologies such as Dual Flow deep cleaning, ion deodorisation, and ultimate hot air drying, surpassing the highest national water efficiency standards. The industry-first dual-axis variable track hinge enables 5mm micro-seam insertion, meeting the demand for kitchen integration.

Midea Real Taste Built-in Microwave-Steamer-Oven-Fryer Combo features a zero built-in design and employs microclimate temperature and humidity dual-control technology. This automatically adjusts the temperature and humidity environment during baking according to the ingredients, significantly enhancing food texture. It innovatively upgrades the "Steam with Only One Cup of Water" technology, with steam time lasting up to 120 minutes, while increasing steam utilisation and reducing water buildup in the cavity. It utilises self-developed MIX fat burning algorithms, achieving an air frying de-fatting rate of over 95%. It also features multi-layer simultaneous baking function and innovative air duct design combined with rapid heating algorithms, enabling multiple ingredients to be baked simultaneously and uniformly. Targeting the high-end market, Toshiba's first built-in waterwave stove and Toshiba Stone Kiln Microwave Oven have been introduced, while products such as FSR Large Oven and Cabinet-style Freestanding Gas Oven have been launched for the North American market.

Midea Red Flame Premium Aroma Series Rice Cooker focuses on “fragrant and delicious rice” by innovatively employing top-cover IH heating to achieve a high-temperature red flame plate at 131°C. Combined with bottom and side heating, it enables three-dimensional enveloped heating, bringing out the deep aroma of rice. Midea Quick Tender Series Electric Pressure Cooker focuses on “deliciousness and speed” by using 2200W 3D intense fire to cover the pot and 3D high-pressure tender locking technologies to lock in juices and enhance flavour from all angles, meeting users’ demands for efficient and delicious cooking. Midea Hot Series Air Fryer focuses on “healthy and good taste” by using innovative three-dimensional heat source technology and a brand-new air duct design to improve the uneven cooking issue of traditional air fryers. It can also intelligently control cooking temperature, airflow, humidity, etc., to achieve multidimensional tastes and satisfy the need for healthy and tasty food. Midea Level-1 Silence Quiet Blender, through original noise reduction technology and structural optimisation, solve the pain point of loud noise during use. Additionally, with the small space grinding system, its residue rate is less than 0.5%, and its food crushing performance reaches an industry-leading level.

For entire-house water use scenarios, COLMO Tianshu Electric Water Heater features AI-Core instant heating engine technology and “20x Capacity Expansion” technology. This enables a large water flow rate of 10L/min and produces an extensive hot water volume of 1,200L, achieving the Leader certificate from the CHEARI. With AI power adaptation and ATC adaptive constant temperature control systems, it enables cold to hot bidirectional electronic adjustment, achieving precise control for every Celsius of water temperature, meeting the water needs of the whole family in whole scenes. It adopts the industry’s first hexahedral structure design with a sapphire-cut surface. As the industry’s first variable frequency high-flow water purifier, Midea Waterfall 1,000G Water Purifier introduces the innovative Waterfall system, boosting flow rate by 36%. Leveraging five-dimensional noise reduction technology, it achieves the lowest noise level in the industry. With a spiral flow channel design, it enhances anti-clogging capabilities. Utilising multi-membrane RO filter technology, it offers a lifespan of up to five years. Its swirl water inlet design eliminates the need for scale inhibitors and has received authoritative certification for Super Grade 1 Water Efficiency and water conservation in the industry. Midea has launched an industry-first 360° spill-proof electric kettle with an innovative structure to prevent leakage when pouring. It features built-in gravity pendulums and anti-leakage gravity ball structures, ensuring

comprehensive spill prevention when tilted. Employing a unique combination of a straight spout and a bottle flow channel structure, it effectively guides water flow, precisely controlling the stream to ensure smooth pouring.

In the field of entire-house cleaning, Midea has released the next generation of Dust-free Floor Scrubber Series GX5 Pro and G9. They feature integrated functions of “vacuuming, mopping, and washing,” addressing pain points such as hair entanglement, water residue, and incomplete cleaning. With a unique dual scraper design, they effectively prevent hair entanglement, while the triple-edged floor brush cleans corner areas efficiently. Additionally, they come with self-cleaning roller brushes and air-drying odor removal functions, providing a more lightweight and user-friendly experience through their lightweight body design combined with self-traction assistance. The Smart Eye Series Robotic Vacuum Cleaners V10 and V12 have undergone comprehensive upgrades, including automatic dust collection, automatic cleaning, and hot air drying functions for their docking stations. They are equipped with a 5,000Pa suction power to enhance cleaning efficiency and utilise “AI structural light + 3D recognition” to achieve precise obstacle avoidance and escape.

B. Adhered to technological innovation, established a digital R&D system for agile innovation, improved the "Three Generations" R&D model, implemented the strategy of “Innovation Patentability, Patent Standardization, Standard Internationalization and Midea Standard Goes Out”, and promoted the strategy of “Technology Leadership” in a comprehensive manner

Midea continued to invest in R&D. Through larger investments in this respect, it aims to achieve leadership in R&D achievements and product trends, as well as a stronger presence in the industry and a better R&D environment. The Company made innovations with respect to mechanism, and developed more leading products through both excellent user experience and differentiated technologies, reform of the whole value chain of R&D using digital technology, and deep integration of big data analysis and R&D. It kept reforming its product development model according to the strategic focus of “Leading Products”. An innovative R&D model featuring a “Three-Tier Technical Committee System” and a “Four-Tier R&D System” from the organizational dimension and “Three Generations” from the technology dimension has been put in place and constantly refined to support the fulfillment of the goal of “Being the Number One or the Only One” in respect of various product categories.

Centering on customer needs and based on different organizations and technologies, the Company carries out innovative product development, research on cutting-edge platforms, research on core components, creation of differentiated selling points and improvement of the basic product performance. Through group development of products across the world, building a global product platform, as well as increasing product development efficiency by way of group planning and group development, Midea is building “Technology Leadership”. As of the end of 2023, Midea boasts 16 national-level science and innovation platforms, including national key laboratories, national open innovation platforms for artificial intelligence, national cross-industry and cross-field platforms, national industrial design centres and corporate technology centres, post-doctoral research stations, etc.; as well as 70 provincial- or ministerial-level science and innovation platforms, including provincial and ministerial-level corporate technology centres, engineering technology research centres, industrial design centres or key laboratories. Under the guidance of the strategy of “Technology Leadership”, the innovation platform serves as the core of its technology innovation system and is responsible for the implementation of technology development strategies and the commercialization and application of technology innovation achievements, thus driving Midea’s transformation towards a global technology group in a faster manner.

Midea Group is committed to investing in the research of core technologies and has made significant breakthroughs in the main tracks and in the field of new industrial technology. In the field of smart home, Midea has developed several key technologies through the project of “Research and Industrialisation of Key Technologies for Entire-house Smart Air Solutions”. These technologies include coordinated control technology for entire-house air treatment equipment, proactive hosting control technology, and high-efficiency cooling technology for high-ambient temperature environments. They effectively address issues such as coordinated control of various air treatment devices in the whole house, personalised proactive services, and adaptability to high-ambient temperature cooling, providing users with intelligent air solutions. Through the project of “Research and Industrialisation of Key Technologies for High Power Density Digital Variable Frequency Power Supplies”, catering to the needs of high space utilisation and multifunctional integration of kitchen appliances, Midea has focused on breakthroughs in key technologies such as small volume, high power density, and high reliability of digital variable frequency power supplies for kitchen appliances to meet the diverse needs of users in

various scenarios. Additionally, through the project of “Research and Industrialisation of Key Technologies for Natural Refrigerant Electro-thermal Hybrid Heat Pump System with High Energy Efficiency”, Midea has introduced the concept of micro-channel flat tube uniform flow & reduced charging technology for the first time, and developed a low GWP refrigerant electro-thermal hybrid water heater based on intelligent logic modelling, achieving the A+ energy efficiency level of EU appliances. Furthermore, Midea has utilised reconfigurable Helmholtz resonance cavity vibration isolation technology to optimise compressor systems, achieving low-noise effects for water heaters. In the field of commercial and industrial solutions, through the project of “CO₂ Rotary Compressor for Thermal Management of Electric Passenger Vehicles”, Midea is the first to use rotary compressors in passenger cars. This application of rotary compressors in eco-friendly refrigerant thermal management areas leads comprehensively in key performance parameters such as energy efficiency ratio, noise, vibration, pulsation, and oil discharge rate under design conditions. Through the project of “High-efficiency and High-reliability Integrated Electromechanical Control Maglev Variable Frequency Centrifugal Unit”, Midea has developed system stability analysis and gain matrix tuning technology based on advanced nonlinear matrix inverse solution. This includes the research and development of multimodal self-optimising mode identification technology and variable speed state signal tracking detection technology to enhance the stability of maglev compressor system operation. Through the project of “Research and Application of Full-time and Full-domain Coordinated Optimisation Control and Panoramic Intelligent Operation and Maintenance Technology for Environmental Control System”, Midea has developed the optimisation control technology of the environmental control system based on a hybrid drive model of data mechanisms. This achieves rolling load prediction based on time series, effectively improving the overall energy efficiency of the environmental control system. By the end of 2023, Midea had won a total of three national science and technology awards, and more than 440 provincial and ministerial science and technology awards, as well as received over 340 "Internationally Leading/Advanced" certificates for its technologies. In terms of industrial design, Midea leads the way in user experience and interaction upgrading with ongoing innovations. In 2023, Midea won a total of 135 industrial design awards, including 33 Red Dot Design Awards, 49 iF Design Awards, 47 IDEA Awards, and six G-mark Awards.

Midea has strengthened the transformation of R&D achievements while carrying out the core

technology research. By the end of 2023, Midea held more than 80,000 valid patents. In 2023, Midea was granted more than 4,000 invention patents around the globe. Midea continues to improve patent quality. It won multiple awards at the 2023 24th China Patent Awards. To be specific, the "Frame Components of the Clothing Handling Device and the Clothing Handling Device" won a Silver Invention Award, the "Stand-alone Air Conditioner (CH)" won a Silver Design Award, and the Excellence Award was received for eight patents including the "Control Method and Control Device of the Air Conditioner, the Air Conditioner, and the Storage Medium of the Air Conditioner", the "Rotor Core, the Rotor and the Motor", the "Control Method, Control Device, Computer Equipment and Storage Medium for Robotic Motions", the "Magnetic-bearing Compressor, the Air Conditioner and the Setting Method for the Protective Air Gap Value", the "Range Hood", the "Control Method for Defrosting Food in the Microwave Oven and the Microwave Oven", the "Air Cylinder, the Compression Mechanism and the Compressor", and the "Smart Door Lock". In addition, 21 provincial-level patent awards were granted to Midea during 2023.

In order to provide strong support for the fulfillment of the strategic objective of "Technology Leadership", Midea further implements the "3+1" standardization strategy of "Innovation Patentability, Patent Standardization, Standard Internationalization and Midea Standard Goes Out". And through a two-tier (Group-business divisions) standardization management system and the double drivers of "standard innovation + product innovation", Midea shifts innovation achievements to advanced technological standards. During 2023, Midea put forward the standard quality priority for the first time, and furthered the technology strategy project standard transformation campaign. In the year, it took part in the formulation/revision of 235 new technological standards, including five international standards, 70 national standards, 28 industry standards, and 132 local and group standards. And it led the introduction of the standard of "Household and Similar Refrigerating Appliances—Purification and Health" into the ASEAN, playing a part to promote high-quality development of the "Belt and Road". Besides, the said standards also include "Standard for Functional Requirements of Toolchain for Artificial Intelligence Model Deployment on Edge Devices", "Ergonomics - Accessible Design - Part 4: A Method for Estimating Minimum Legible Font Size for People at Any Age", "Carbon Footprint of Products—Product Category Rules—Air Conditioners", "Technical Requirements for Household and Similar Tumble Washer-dryer", "Specification for Home Integration Built-in Effect Evaluation for Built-in

Refrigerator”, “Standard Samples of Induction Cookers for Thermal Efficiency (86%) Testing”, “Electric Dishwashers for Household Use-Methods for Measuring the Performance”, “Standard Samples of Reference Microwave Ovens for Thermal Efficiency Testing”, “Programmable Controllers—Part 2: Equipment Requirements and Tests”, “Energy Storage Thermal Management—Refrigeration (Heat Pump) Units”, “Evaluation Requirements for the Organization of Appraisals of Energy Conservation and Carbon Reduction for Household Appliance Manufacturers”, “Fine Bubble Technology”, as well as green and low-carbon standards such as “Carbon Footprint Measurement Rules for Household Appliance Products—Room Air Conditioners”, and “Carbon Efficiency Ratio Calculation Methods for Products—Room Air Conditioners”. Additionally, Midea leads an international standardization taskforce at IEEE (Institute of Electrical and Electronics Engineers), is the secretariat institution of the 3rd Household Appliances Standardization Technical Committee of Guangdong Province, and hosted the 2023 Working Meeting of the National General Group for Artificial Intelligence Standardization. Additionally, Midea won 40 new standardisation expert seats in relevant organisations at home and abroad, and undertook seven provincial and above-level standardisation pilot projects.

C. Deepened the channel transformation, further improved the channel efficiency and rebuilt the retail service abilities so as to achieve direct connection with customers

Being customer-oriented, Midea continues to enhance vertical efficiency and horizontal synergy efficiency, as well as accelerate retail growth and transformation. Through the reform of direct retailing, Midea has been continuously promoting the "vertical efficiency improvement" of offline channels, and advancing the transformation of new operator empowerment. By improving operators' digital drive, retail empowerment, engineering projects and other five capacities, it optimises the operation competence and consistency of omni-category operators, and realises "One Midea" for all markets, ensuring the consistency of user service and experience. As online and offline markets integrated at a faster speed, based on changes in levels, characteristics, needs and ways of spending in different channels, Midea drives the retail transformation based on user demands and experience, and keeps refining the retail operations system, so as to achieve direct connection with retail customers.

In 2023, online sales (including online sales in lower-tier markets) as a percentage of Midea's total sales surpassed 50% in the domestic market. In the e-commerce channel, Midea continued to push

ahead with the upgrade of scenario-based product suites and the breakthrough of trending product categories. Additionally, Midea redoubled its efforts at channel segmentation and made arrangements for interest-based e-commerce platforms, which delivered continuous breakthroughs. During the "18 June" and "Double 11" shopping festivals in 2023, Midea ranked first in the industry for 11 consecutive years in terms of total sales online. Also, efforts were made to promote the integration of online and offline business in the domestic market, rapidly develop new business models such as O2O and OMO, and build the abilities of the shared inventory system and digitalized delivery. Meanwhile, by promoting omni-channel development of Midea's customer system in the e-commerce ecosystem, Midea improved the efficiency of customer operation and met the consumer needs for scenario-based and one-stop shopping through the development of multi-category ecological stores. Midea continued to strengthen stores' retail capabilities and, starting from self-run exclusive stores, improved their whole-chain retail experiences and helped stores carry out digital retail transformation driven by new systems and tools. First, it continued to upgrade the "Midea Cloud Sales+" ecosystem, developed Midea's own retail business platform, and successfully accomplished the "physical operation centre" reform and the full upgrade of the "Midea Cloud Sales" system. As a result, the "Midea Cloud Sales" App recorded a year-on-year increase of over 100% in the daily average page views (PV), and the efficiency of direct retail was significantly boosted. Second, it reconstructed the retail system of stores based on the "Midea Cloud Sales" App and the "Midea Home Delivery" mini-app to provide service support functions such as store management, shopping guide, financial instruments and cloud warehouse. Third, with the support of digital marketing tools, it promoted service models such as model rooms of real estate projects, trade-ins, and precious traffic attraction, as well as facilitated stores' online and offline whole-scene marketing and promotions, thereby empowering online and offline integration, customer acquisition and potential customer conversion. Fourth, it developed a digital and intelligent platform operations system to improve stores' management efficiency and conducted classified product operation and hierarchical store management based on the label-based system for products and stores so that retail data and business activities can be reviewed online and stores can carry out rapid analysis and precise operation. By providing industry-leading digital platform services, Midea has completed the all-product-category, pre-decoration, and retail upgrades of more than 17,000 stores, and has established more than 8,000 benchmark stores of digital retail. Midea made vigorous efforts to expand into the new retail market (lower-tier markets). As a result, Midea gained the largest overall

share of the core new retail channel platforms in the industry and has fully expanded into stores in new retail markets, achieving a product penetration of more than 98%. Through joint, product suite-based and scenario-based display, it provided a full range of shopping experience. And it continued to work on new categories and products and exploit new potential on the new retail market. As a result, Midea has outperformed its peers in terms of the sales of emerging products such as residential central air conditioners, dishwashers, air fryers, and clothes dryers. With the introduction of models such as collective procurement and vouchers, it has improved consumption quality. In this context, the average prices of Midea's products in all categories have risen by more than 10% in the new retail channels. Meanwhile, by offering cleaning, clothes care and exchange instead of repair in a year services, Midea has been providing high-quality whole-chain consumer services at the pre-sale, in-sale and post-sale stages, and strengthened the user loyalty in the new retail channels. In terms of marketing, Midea promotes brand image enhancement, content-based marketing and digital traffic attraction, and redefines Midea Entire-house Smart Appliances with "Humanising Technology", "Humanising AI" and "Humanising Design". From single products, product suites, to entire-house products, it creates active, comfortable smart home experience that varies with users in different scenarios. Highlighting premium-brand product suites, Midea empowers terminals with its resources in high-end circles, creates user experience value, and cultivates perception and sense of identity with long-term systematic marketing and promotion activities. On popular social media platforms, Midea effectively reaches users with new categories of products through whole-new content marketing, digital marketing, and precision marketing to enhance brand presence, user-initiated searches and marketing-based traffic attraction.

Midea continues to enhance consistent end consumer experiences. Based on the "M-Smart" platform, it integrates online and offline user services, allowing users to experience products offline and buy products online, thus strengthening out-of-store marketing capabilities and expanding the coverage of post-sales services. By doing so, Midea ensures that consumers can achieve the same shopping experience at franchised stores as they do on e-commerce platforms, improves product promotion of offline stores and the effect of distribution and traffic direction of online stores, continues to attract footfall for stores, and strengthens the marketing capabilities of offline stores. In terms of user operations, Midea utilises a diverse approach across online and offline touchpoints, leveraging digital tools such as WeChat Enterprise and mini-apps to connect with users. By deeply exploring user needs

and pain points, Midea has built an integrated TOB/C operation system. This involves accurately segmenting user groups, providing targeted products and services, strengthening member benefits and service systems to enhance user satisfaction. Furthermore, through user co-creation platforms, Midea motivates more users to actively participate in product co-creation, review, and recommendation activities. By the end of 2023, Midea's private domain users had exceeded 20 million, and the registered members had surpassed 180 million. Based on the "1+3+4+N" axis of the entire-house smart strategy, Midea has built long-term competitive capabilities. Focusing on the three core terminals of smart central control, home gateway, and smart sensors, it has established a matrix of smart home products. By integrating a full range of smart home appliances, Midea has launched the system of four major appliances, offering visual, proactive, and intelligent home appliance integration functions and services. This forms an entire-house product system and capability of "smart home appliances + smart home". Midea has established standardised processes and targeted support throughout the entire chain including investment attraction, store establishment, scene design, solution sales, installation, and commissioning. It continuously optimises efficiency tools, providing simple and easy-to-use digital tools such as "Design Helper". It has initially established a smart technology service system covering multiple regions, forming comprehensive support capabilities for intelligent solution design, delivery, installation, commissioning, acceptance, and after-sales service.

Centering around three types of targets: users, customers, and engineers, Midea perseveres in the business model reform of the user service system to improve service quality and user experience and provide one-stop entire-house smart home appliance service solutions. First, Midea upgraded service standards based on the peak experience principle, refined the service procedure and technical process for various categories of home appliances and introduced them to the public through press conferences and mainstream media, as well as enabled users to review service standards online at any time. Second, Midea has set up a butler-style service system tailored to specific service scenarios such as factory-installation, product suites, high-end brands, and special user groups. Based on the entire product lifecycle, it proactively engaged with users to provide differentiated butler service models for different groups. Third, the delivery and installation services of product suites have been improved to optimise the user experience and facilitate the transformation of single-product stores into product-suite service stores. It aimed to establish a product suite service network with "one district, one county, one

point”, achieving comprehensive coverage of product suite business in domestic counties and markets. Additionally, it has built an engineer training and certification system to enhance the multi-category service capabilities of engineers. By leveraging the transformation of service networks and multi-skill training, it has implemented a service model where product suite purchasers have “one contact person, one visit” service experience. Fourth, it has enhanced entire-house smart service capabilities by establishing entire-house smart service training bases based on store distribution and providing specialised training. Through engineer certification for entire-house smart service capabilities and the establishment of professional service teams, it has gradually achieved comprehensive coverage of entire-house smart services. Fifth, in-depth insights into user and customer return and exchange service needs have led to direct returns and exchanges for users, allowing them to view, expedite, and review their returns and exchanges. The return and exchange service process was simplified to enhance the return and exchange service experience. Sixth, Midea enhanced the service experience of high-end brands by selecting excellent service outlets, realising “one appointment and one delivery and installation” for high-end brand product suites. In some regions, pilot programs were provided for integrated services including “sales-delivery-installation-maintenance-repair”. Special certification was offered for high-end brand engineers, and engineer service incentives were established. Through projects such as “Service Butler” and “High-end Private Care”, the aim was to enhance user stickiness, creating a distinctive premium service experience that leaves a lasting impression.

Annto, a subsidiary of Midea Group, is a technological innovation-based supply chain management company and is committed to providing customers with end-to-end integrated, digital and intelligent supply chain solutions. Annto deeply fosters itself in the industrial supply chain service sector and, adhering to the "customer-centric" business philosophy, provides customers with end-to-end digital and intelligent supply chain solutions ranging from production and logistics services from raw materials to finished products, a shared inventory system from online to offline channels, ToB/C integration, to integration services of warehouse distribution logistics and integration services of delivery and installation. It helps enterprises promote channel reform and supply chain efficiency improvement and improve competitiveness, and keeps supporting customers' high-quality growth and sustainable development. With the industry-leading practical experience in channel reform of major enterprise customers such as Midea and the continuous improvement of the intelligent warehouse network

system for domestic supply chains, Annto has covered thousands of brand customers in daily chemical, beverage, wine, food, home appliances, home furnishing and new energy industries, with its market share and brand presence steadily strengthened. Annto continues to strengthen the in-depth integration of technology with the logistics and supply chain business to create a comprehensive end-to-end intelligent logistics platform. Through the development of the integrated intelligent logistics platform, it opens up the digital chain covering production logistics, warehousing and distribution networks, distribution capacity and end service platforms. It has realised the effective application of multiple self-developed digital control capabilities, enabled online control of the logistics elements of “people, vehicles, goods and sites”, and significantly improved the efficiency of supplier operation, intelligent warehousing management, whole-process visible distribution, dynamic scheduling of transport capacity and whole-process control of delivery and installation. By doing so, it facilitates customers’ digital upgrades. In terms of production logistics, through the pre-production logistics model reform of “pre-planning, pre-material preparation and pre-quality control”, Annto realised direct distribution to stations, and improved lean logistics of incoming materials and reduced factory inventories. It also supported the digital transformation of suppliers and realised whole-value-chain coordination of replenishment/pick-up plans, label and bar code management and transport-packaging integration, lowering logistics costs and enhancing delivery quality and efficiency. In terms of the warehousing and distribution network, with the support of mobile terminals, automation equipment and 5G technology application, Annto realised whole-scene mobile operations. Supported by AI technologies and big data models, it enhanced its warehousing network planning capability with warehouse locating algorithm and warehousing network model planning algorithm, and provided more professional and efficient warehousing network planning solutions. In terms of transport capacity management, Annto has put in place an urban distribution transport capacity scheduling platform, line operation and analysis platform, logistics network planning platform and other platforms based on intelligent algorithms, and optimised transport and distribution costs and distribution quality with the whole-process visible, intelligent transport scheduling application for urban trunk line distribution. By planning vehicle routes and using algorithms and tools to select superior line operators, it supported the reform of transport capacity resources control of operation centres, and matched intelligent algorithms used for the tendering and procurement of scheduling resources to supply and demand. In terms of end services, Annto focused on online management of outlet and engineer resources,

developed the intelligent management platform and "Annto Service +" mini-app to output refined services, such as installation appointment, complied delivery and installation, precise appointment and integration of delivery and installation of large home appliances, home furnishing products and charging piles, based on big data and mobile technologies, and to improve customer/user service experience. In addition, Annto builds a product operation system. Guided by the Voice of Customer (VOC) platform, it empowers more than 230,000 internal and external users with digital tools, establishes a closed-loop service system, responds quickly to users' suggestions and needs, and significantly improves user satisfaction.

In 2023, Annto adhered to the "1+3" service model, enhancing its end-to-end service capability. Production and logistics are important parts of the manufacturing supply chain under the "1+3" service model. Centering on the role of an expert in advanced, lean and digital logistics in the manufacturing industry, Annto applied its experienced "Lighthouse Factory" supply chain solution to manufacturing customers, and consolidated its core strengths from aspects of lean logistics and digital empowerment. In terms of transportation mode and transport capacity, a door-to-door parts pick-up model has been created through consolidation warehouses. The sites were chosen based on the concentration of parts suppliers, cargo volume, distribution frequency, and routes, with consolidation points already established in Changzhou and Wenzhou to significantly improve service efficacy. In terms of green recycle packaging, Annto formulated the standards for packaging of incoming parts, promoted recyclable standard lease cartons at Lighthouse factories in response to Midea's Green Strategy, and has provided hundreds of customers with recyclable standard lease carton services that supports the development of green logistics. In terms of digital capacity building, it focused on the improvement of digital capacity of Midea's Lighthouse factories, created the service model of "product set pre-service, quality pre-service and plan pre-service" for the manufacturing supply chain, trialed at some factories, and improved the full set rate of material orders of factories, management and control of quality and the turnover rate of inventories. Upstream parts suppliers were provided with label cloud service to optimise the synergistic effect between upstream and downstream industrial chains. Annto achieved an efficiency upgrade through the integration services of "a shared inventory system" and "warehouse distribution logistics." On the warehousing side, Annto built its warehousing capacity based on warehousing network planning. It created an IoT intelligent park management system, constructed an

industry-leading warehousing operation system, and provided customers with whole-scene, whole-chain warehousing operation solutions. With self-researched site selection and continuous optimisation of all-category warehousing network layout routes, it accomplished a 6% decrease in average mileage per unit, a 22% decrease in average time per unit, and an 8% increase in the proportion of same-day and next-day deliveries. Its smart park relied on the IoT intelligent management system, distinguished scene requirements, created a differentiated service combination, and supported the independent deployment of internal and external customers. Annto premised its warehousing operation capability on lean enhancement and benchmark/pilot breakthroughs as its method. It simultaneously promoted iterative upgrades of “lean”, “information-based”, and “automated,” establishing a whole-chain lean warehousing operation system from base warehouse to regional distribution centre warehouse. On the trunk line distribution side, Annto integrated line resources, built the line traffic monitoring system and line cost capacity and supported the optimisation of transport capacity and structure as guided by line-based operation. Leveraging the transport capacity and structure model for core lines and core cities, it constructed line resource capacity to achieve the optimal capacity structure solution. Meanwhile, it promoted the dispatcher transitions to operating route capacity and online management of single vehicles, made the whole chain visible online, and built the high-efficiency whole-vehicle performance platform with individual transport capacity resources. It established a routinised and standardised “zero-carriage” network by promoting cooperation in industrial belt and ecosystem parks. This was achieved through the integration of resources and structural optimisation, which resulted in a transformation of transport capacity, and the creation of national front-end assembling and point-to-point delivery capabilities. It promoted product-wise line operation on the basis of line-based operation, and constructed the “zero-carriage” network composed of one-way short chains. Through technical tools and management reform, Annto promoted online management of business at all links, thus improved customer experience. On the urban distribution side, Annto emphasised on “warehousing network planning, traffic integration, route operation, and transport capacity transformation”. It achieved warehousing efficiency through warehouse capacity integration, and optimised personnel efficiency and flat effect. Annto concentrated on route traffic, expanded direct control over the routes, adjusted transport structure, and increased the total amount of controllable transport capacity, including 6,900 units of new energy transport capacity. Based on a mature distribution centre network and over 200,000 mature routes, it efficiently covered over 99% of the towns across the nation. By optimising

and iterating algorithm tools according to dispatch factors, dispatch procedures, order profiles, and customer profiles, Annto achieved an optimal one-click scheduling with an adoption rate of over 95%. It deepened strategic cooperation in the fast-moving consumer goods industry, initially established a regional distribution network for fast-moving consumer goods, and combined DTC strategy and b/C integration capacity building to achieve next-day delivery for over 80% of orders and delivery within 48 hours for over 94% of orders. On the end delivery and installation service side, Annto strengthened its “2C integrated delivery and installation” capabilities to support businesses in connecting with users. Based on terminal capabilities building, it optimised the delivery and installation management platform and “Annto+” mini-programme, continued to deepen network capacity building, launched digital management and service tools, and achieved online management and operation of final delivery and installation engineers nationwide. By the end of 2023, it was cooperating with over 4,000 domestic outlets, with more than 40,000 delivery and installation engineers. Focusing on home appliances, home furnishing, new energy, healthy travel and life services, it provided standardised service products, including the integration of delivery and installation of home appliances, “three-guarantee and five-guarantee” services, new energy-related “surveying and installation” services. It optimised service processes through strong-control appointment, text message rescheduling, emergency delivery, suite delivery, positioning signing, and so on. Combined with integrated and smart supply chain service capabilities, it comprehensively improved the final delivery and installation service.

D. Promoted “Global Impact”, enhanced localized operations overseas and adhered to a customer-oriented principle when it comes to products

In 2023, numerous risks and challenges such as fluctuation of macro economy, fierce change of exchange rate and continuing high inflation were seen in overseas home appliance markets, yet the overseas business of Midea sustained large-scale growth and stable earnings in performance, whose operating tenacity was improved. Aiming at the local primary markets, Midea continued to forward-deploy its overseas business organisations. It established the European, Middle East, and African (EMEA) regional headquarters and the American regional headquarters, which have already begun operations, in order to respond to the market more quickly and meet local customer demands more effectively. Meanwhile, the role of the international business headquarters transitioned to the Centre of

Excellence (CoE), providing further support for the organisational capabilities of the overseas marketing teams. It established and perfected organisational teams in various regions, continuously integrated localisation talents into the system of internationalisation and optimisation talents, and continuously promoted a diverse, equitable, and inclusive (DEI) corporate culture. The overseas R&D centre also increased its investments and expanded in scale, optimised its talent system to ensure continuing development of overseas business. Meanwhile, Midea built up the core capability system on all fronts, involving studies on front-end users' demands, definition and development of products, channel expansion, sales and operation, user service, etc. It organised teams in various regions across the globe to hold several meetings to share and discuss local best business practices and future development plans, promoting global business expansion and enhancing team cohesion. It continued to build a digitised human resources system. In 2023, the basic module of the global human resources system was launched, and a whole-module human resources system will be in use worldwide by 2025. Midea continued to expand its overseas manufacturing layout, expedited the introduction of the "China-based Supply for the World + Local Supply" model, promoted the construction of manufacturing bases in Brazil, Indonesia, Italy, Thailand, India, Mexico, and Egypt, among others, and promoted coordination and support between domestic and overseas teams in the manufacturing end. In addition, it started the Overseas Manufacturing Plants 632 Project and thus realised standardised manufacturing flow and data management. The first phase of the project has been completed and put into use. Based on the successful practices of domestic Lighthouse factories, Midea selected excellent employees for a lean manufacturing system and developed overseas lean manufacturing talents, as well as carried out pilot programmes of automation-oriented transformation in overseas manufacturing bases, thus improving its overseas manufacturing efficiency and delivery capability. Meanwhile, it kept enhancing the EHS management system of overseas factories and established the risk prevention mechanism to ensure safe and stable operation of its overseas manufacturing bases. Midea refined its global service system and improved its service capability worldwide. Always being customer-oriented, refinements were made from the four dimensions of spare parts delivery, customer contact, service network and service technology engineering to improve customer services and experience. Also, Midea continued to operate its global spare parts centre in an efficient manner, enabled online and visualised order fulfillment, and strove for global professional operation. Meanwhile, the service network comprising iService, the overseas after-sales service system, and the cloud call centre platforms has been

improved. In 2023, the cloud call system has been made available in 10 countries and regions including Italy, Singapore, Hong Kong, Malaysia, Germany, Mexico, the United States, Canada and Australia. Also, Midea optimised the management of master data for global outlets and service engineering, enabling shared interfaces between call centres and after-sales service systems, which has significantly improved service accuracy and efficiency. Meanwhile, supported by speech analysis, semantic recognition and access to social media by intelligent voice robots, Midea continued to build a fast-response and proactive global service system. The introduction of Amazon Connect, a global, omnichannel cloud contact centre, into Midea enabled the Company to achieve the iterative upgrade of its global contact centre, thereby achieving the whole-procedure closed-loop management ranging from user reaching to service completion, while significantly reducing operating cost and improving voice call quality. The Amazon cloud security tool has been adopted to satisfy the overseas requirements for data security and effectively protect privacy and data security for end users. Midea insisted on improving the structure of its own brand products and enhancing product efficiency. In the North American market, the growth in variable frequency air conditioner products was significant, with sales revenue of variable frequency window air conditioners increasing by over 120% year-on-year, and that of variable frequency portable air conditioners increasing by over 140% year-on-year; and multi-door refrigerators increased by over 300% year-on-year. In the EMEA market, sales revenue of double-door refrigerators (over 300L) increased by over 110% year-on-year, and sales revenue of large-capacity front-loading washing machines increased by over 60% year-on-year. Midea insisted on user-oriented product development and strengthened the ability to understand local users. In North America, South America, Asia Pacific, and Europe, it built user research and market insight teams with rich experience to promote product innovation and brand building. To strengthen its development of overseas self-owned brands, Midea sped up its efforts to make breakthroughs in self-owned brands worldwide, facilitated the synergy of brands, products and services, deepened its access to users in the front-end market, expanded product and brand promotion, and enhanced the brand awareness in all links of operation and service. Through the improvement of brand value in joint efforts with the world-famous Manchester City Football Club (the Man City), Midea reached hundreds of millions of football fans around the world. The team star Erling Haaland was selected as Midea Global Brand Spokesperson, and the relevant advertisement was exposed more than 900 million times globally, representing a stronger brand presence. Drawing on the experience of the North America-specific brand development model, Midea

strengthened the influence of its brands from numerous perspectives, including offline retail experience, shopping guide team development, social media launch and marketing of entire-house collection products, in Asia-Pacific and Middle Eastern markets. Besides, it boosted online content-based marketing inside and outside its websites, upgraded its content planning, visual presentation and shopping experience in all aspects, advanced the building of its brands' official websites, refined the brand matrix, as well as established marketing resource pools. Midea sped up the expansion and refinement of its overseas channel layout, used digital tools to empower retail, strengthened the retail network in scale and depth, as well as promoted the introduction of specialised channels and channel structure upgrades. As a result, hundreds of air conditioner-specific channel customers were developed in the Asia-Pacific market, and the scale of channels for built-in products increased more than 30% year on year in the European market. Also, Midea increased the activity of retail business, improved the display of new products in retail outlets, and enhanced the interaction with customers and their brand awareness, in addition to leveraging digital tools to empower traffic acquisition, transformation and upgrade, user accumulation and other aspects. Midea continued to improve the coverage of its management system for purchase, sales and inventory in retail outlets, continuously optimised and enriched application scenarios of the system to improve the sales efficiency of stores, and took advantage of module- and tool-based system operating model to speed up its iteration of retail stores' promotion tools, thereby improving flexibility in promotional retail and convenience in retail operation. In the overseas market, it leveraged new media content-based marketing to enhance the interaction between products and users, promoted the application of innovative technology through pilot programmes, and optimised the contents launched in quality and efficiency. Moreover, Midea further flattened its channels with continuous efforts and accelerated its endeavours to facilitate the transformation of DTC retail model in North America market, thus achieving an incremental yield as considerable as tens of millions of dollars in 2023, up approximately 50% year on year. Midea continuously delved into overseas e-commerce businesses to support the development of its own brands, and made progress in multiple aspects such as business growth, structural optimisation, and brand building. In 2023, e-commerce sales revenue increased by 16% year-on-year, and e-commerce operations covered over 30 major countries or regions worldwide, focusing on a balanced development model across multiple channels, modes, and countries. Midea established its own e-commerce data analysis system to achieve data-driven and whole-chain closed-loop from product to user. It fully

enhanced the operational efficiency and profitability performance of the value chain to create unique data capabilities. It continued to maintain the market-leading position and sales channel vitality of core categories. For instance, in the US online market, the market share of microwave ovens remained at an industry-leading level, and the categories such as dehumidifiers also grew against the trend. The scale and share of range hoods, refrigerators, laundry appliances and other categories also increased. At the same time, it continued to optimise product structure and create hot-selling Stock Keeping Unit (SKU). During overseas e-commerce shopping festivals such as BFCM and Prime Day, Midea had over 100 products that entered the best-selling list in their respective categories, and ranked in the top ten in sales in more than 20 categories. It boosted content and traffic operation to increase its voice on social media. Influencer cooperation projects have attracted tens of millions of viewers and resulted in hundreds of live broadcasts. Midea also advanced the construction of brand official websites and Amazon flagship stores, gradually forming a flagship matrix layout of three major brands across seven major sites.

Midea continuously enhanced its international logistics service supporting capabilities. In 2023, the cumulative shipment volume of Midea Group's global production bases exceeded 800,000 TEUs, with the proportion of prepaid clause volume increasing by 14%. It continued to build an end-to-end agile delivery capacity, enhancing customer satisfaction, and establishing a stable, efficient, safe, and collaborative supply chain system to support the global breakthrough of overseas business. Midea expanded the logistics supply ecosystem and deepened cooperation with strategic partners, trunk lines, tractors, railways, wharves and other parties to optimise the competitive advantage of export costs, achieving a year-on-year decrease in pre-port operation costs of 13%. Meanwhile, it promoted multi-mode operation to reduce carbon emissions to achieve green logistics. Midea strengthened the quality control of order operations, established service evaluation standards and application mechanisms, improved the quality and delivery efficiency of various operations, and the abnormal cost decreased by more than 60% year-on-year. Midea built overseas local logistics capabilities, deepened local operations and delivery, and established local logistics teams at multiple overseas manufacturing bases to achieve integrated import and export operations. It completed the construction of numerous warehousing and distribution networks to achieve short-chain delivery of overseas orders. Through forward warehouses in Belgium and Greece, it covered nine countries in Europe, shortening the order

delivery cycle to more than three days. The spare parts warehouses in the United Arab Emirates were established to improve the timeliness and satisfaction of post-sale services for its own brands in the Middle East. The operation of finished products warehouses in Thailand were launched to meet local delivery and export shipment needs, and at the same time, the overseas e-commerce logistics and international express business were expanded to enhance multi-product operational capabilities.

In 2023, the depreciation of the Japanese yen led to an increase in the cost of imported products in the Japanese market. The continued price increases in consumer goods inhibited the willingness to spend. The overall demand weakened in the home appliances market, causing more intense competition. Focusing on user experience consistently, TLSC stayed cool-headed when handling numerous challenges of uncertainty. Through strengthening the coordination with the Group and the relevant product divisions, it effectively improved product quality, optimised the product development process, and ensured the launch of new products and stable supply of products. By taking multiple measure like enhancing communication with key customers, strengthening retail in the market and the development of new channels, it sustained a leading market share for refrigerators, microwave ovens and other products. By taking such measures as stabilizing price and improving products structure, it effectively alleviated the adversity of market scale downturn. And it delivered further improvements in profitability through efficiency gains and cost reductions, with an increase in profit. Meanwhile, TLSC continued to boost synergies with the Group and the relevant divisions on branding, R&D and innovation, supply chain integration, quality improvement, etc., so as to build a strong product portfolio for the global market together, thereby enabling business of TLSC to expand to and cover more than 120 countries and regions.

E. Stepped up the comprehensive digitalization to materialize data- and platform-based operations in the whole value chain, and thus to become more competitive in the digital era

With a focus on the “Digitisation & Intelligence Driven” strategy, Midea stepped up the comprehensive digitalisation to materialise data- and platform-based operations in the whole value chain, and thus to become more competitive in the digital era. In terms of domestic sales, Midea promoted a customer-centric DTC transformation strategy. Through measures such as “visible delivery time of production capacity, no sales without delivery dates, and automatic order review,” it achieved 100 % visibility of

order delivery dates and over 96 % automatic order review, enhancing delivery efficiency. The Company pushed forward “worry-free retail and a O2O shared inventory system,” and the stock stagnation rate dropped by 14%, with the average inventory period of central warehouses shortened by 13 days. By implementing “consumer direct returns and exchanges, logistics signing and appointment adjustments, and the establishment of evaluation systems”, it enhanced the customer experience. Midea further drove retail channel transformation through actions like “trade-in activities,” “model room,” and “precise traffic attraction,” leading to retail sales surpassing RMB3.5 billion. It directed channel inventory back to authenticity, accomplishing the integration of “retail order, logistics order, installation order,” the whole retail logistics installation chain was online and visible, ensuring the authenticity and controllability of overall retail data. The usage rate of cloud warehouse reached 100%, and the inventory with long storage time in the cloud warehouse decreased by 10% compared to the previous year.” The fulfillment timeliness rate of cloud warehouse ToC delivery reached 92%. Through store sales tools such as “Design Helper” and “Decoration Calendar,” online product selection and visitor access were realised. Over 15,000 sales guides have used these tools, producing nearly 100,000 proposals, thereby increasing the design efficiency of terminal store guides by up to 90%. The continued improvement of data empowerment, operator empowerment, and tool empowerment through retail tools such as Retail Assistant has enhanced overall operational efficiency, with the activity rate of operators nearing 90%, and an online task rate of 100%. In terms of overseas sales, Midea focused on the global business efficiency enhancement and digital transformation, and comprehensively launched the “Digital 3.0” project. Through end-to-end panoramic analysis of the value chain, it focused on the digital capabilities of overseas staff, product management, order management, overseas manufacturing, overseas logistics, overseas e-commerce, direct access to overseas users, and supply chains, promoting domestic digital transformation experience abroad and facilitating the “Global Impact” strategy. Coupled with business digital perception capabilities based on user insights, Midea continuously created innovative products to meet customer needs and enhance user experience. Through the iBOS integrated sales platform system that was fully implemented across overseas subsidiaries, it integrated end-to-end whole-process information on project production, shipment, logistics, and orders, realised whole-chain data visualisation, and improved overseas order fulfillment efficiency by 30%. It promoted the improvement of overseas channel management systems, which have covered five countries, with the registrations of channel customers exceeding 1,000, further

enhancing the channel operation framework system. The newly established MideaClub system supported the establishment of professional installation channels and has been implemented in four countries. By early 2024, the number of registered installers exceeded 1,700, with the number of installation orders nearly 10,000, advancing the online data adaptation of overseas installation services. The overseas e-commerce platform I-ECOM can connect to eight major e-commerce platforms to obtain data, with the total amount of data accessed exceeding 300 million. The platform can support the e-commerce business of various Midea units and conduct operational analysis from various dimensions such as market, competition, selling points, and reviews. The newly added post-sale knowledge base enhanced digital capabilities such as the analysis of Voice of Customer (VOC). A membership system has been piloted in Brazil and a Customer Data Platform (CDP) has been launched online, supporting Midea's overseas DTC strategy. Through the digital platform, Midea achieved product planning and development driven by user insights and technological innovation, forming an innovative mechanism for its own overseas brand business. Midea also optimised the digital capabilities of overseas manufacturing and completed the digital system building of overseas manufacturing bases such as the Brazilian factory. In terms of ToB business, Midea planned and built the ToB business template based on multiple industrial forms. It designed and defined the ToB end repeat purchase and project-based business templates, and overall planned the capabilities of the ToB marketing platform to provide digital service capabilities for pre-sales, mid-sales, and post-sale. In 2023, in the fields of intelligent building technology and energy solutions and industrial technology, pre-sales digital empowerment was completed, building a customer-centric model to achieve digital capability support from business opportunities to contract orders. At the same time, using energy solutions and industrial technology business as a pilot, the design of the ToB end repeat purchase business template was completed, and it has been launched in some businesses, achieving the digital empowerment of integrated domestic and overseas sales orders, inventory management, logistics management, and the integration of business and finance. This has facilitated business increment creation and improved order fulfillment efficiency by over 15%. In terms of supply chain and manufacturing, Midea supported global planning and order integrated operations through the Integrated Supply Chain (ISC) platform, contributing profits of over RMB150 million and saving 100,000 work hours for the whole value chain. Midea promoted the compliance and controllability of the end-to-end workflow of the overseas supply chain. Efficiency in pricing, supporting systems, and personnel increased by 15%, achieving supply

quality synergy and improving quality indicators by 10%. Midea furthered the construction of several “dark factories”, the domestic manufacturing data operation platform was fully launched and was promoted in overseas factories. Based on reliability reverse analysis, incoming materials’ dynamic testing was realised, and the assembly scheduling of several overseas factories was put online. The one-click order ratio of knocked-down parts (KD) enhanced to 98%, achieving traceability of domestic and overseas KD key material quality, real-time visibility of production progress, abnormal working hours warning, etc., reducing working hours by up to 30%. Midea enhanced production and research collaboration, empowered through the digital process platform, shortening the process route generation cycle by 90% and improving transfer production efficiency by 62.5%. Midea further optimised its energy and carbon emission management system, improved the Energy Carbon Management Platform and the Industrial Park Microgrid Management System. Besides, EHS management in parks achieved intelligent collection, analysis, early warning, and closed-loop handling of abnormal situations at all monitoring points. M•IoT, Midea’s industrial internet platform, can provide over 90 solutions covering nine key fields, including safe manufacturing, energy conservation and emission reduction, quality control, supply chain management, R&D design, production and manufacturing, operation management, warehousing and logistics, and operation and maintenance services. Midea served over 500 large enterprises to achieve digital transformation and upgrading. M•IoT was successfully selected as a “Cross-industry and Cross-field Industrial Internet Platform” by the Ministry of Industry and Information Technology in 2022 and 2023. Midea’s “model-based three-dimensional structured process design solution” by Midea Cloud successfully made the “2023 Annual List of Leading Smart Manufacturing System Solution Projects” jointly selected by the Ministry of Industry and Information Technology and the State Administration for Market Regulation in 2023. It was also recognised as a leader in the IDC MarketScape: Manufacturing Vendor Assessment Report for Overall Solution of China Digital Factories.

Midea steadily advanced its data empowerment initiatives, strengthened the construction of a digital talent ecosystem, and enhanced the integration of digital capabilities with practical business operations. Thousands of digitally proficient personnel have been trained, possessing practical skills. Simultaneously, efforts were concentrated on data empowerment within core business scenarios such as research and development, marketing, supply chain, overseas markets, and ToB domains. In the

realm of smart home business, novel concepts were discovered through the fusion of large and small data methodologies, facilitating the creation of popular and innovative products. Digital site selection capabilities now encompass all store types, facilitating the application of sales operation chain data and advancing real-time online retail data and channel data sharing. Operational efficiency is enhanced through data operation, while thousands of product SKUs are covered by intelligent stocking and replenishment systems, effectively reducing inventory levels and establishing anomaly alert systems. Leveraging overseas digital planning efforts, numerous new products were crafted, and the global Voice of Customer (VOC) platform integrated data from multiple channels. This integration realises a closed-loop tracking function from “customer voice” to “problem improvement”, continuously traversing and analysing the entire chain of data. It provides accurate and effective data-based evidence for channel optimisation and product pricing in overseas operations. Breakthroughs in digital planning within the ToB domain were achieved, leveraging data analysis to facilitate business opportunity discovery. A business data analysis framework was constructed around project-based operations, enhancing the competitive edge of ToB business operations.

Midea continued to strengthen the building of digital base and information security, focusing on the supply and stability assurance of basic resources. The first phase of construction of the cloud base of Midea in Guian has been completed, with a reserve of over 60,000 positions, capable of supporting Midea’s future computing needs for digital development over the next 10 years. Nineteen security measures have been implemented, including the transformation of DRUPS in data centres, network isolation, and risk assessment of the park, continuously eliminating more than 370 hidden dangers, promoting stability construction, achieving a year without P-level faults, and completing the construction of a self-developed cloud host platform. The construction of big data and database service platforms has been completed, with the efficiency of data development and management increased by more than three times, and both the data volume and computational tasks of the big data platform have increased significantly. The efficiency of the research and development process has been continuously improved, with a 15% increase in front-end construction efficiency, a 35% increase in deployment efficiency, and a 22% increase in software release process efficiency achieved through engine optimisation. A comprehensive defence system, security operation system, and privacy compliance system have been established, comprehensively promoting application security governance and “left-shift” application

security, escorting the stable operation of business security. In addition, innovative use of AIGC large models, natural language processing (NLP), and recommendation algorithms has led to the launch of 86 intelligent Q&A application scenarios, providing consulting services to employees, service engineers, salespersons, and cooperative customers, with a user base exceeding 750,000. The AI drawing platform has also been built to address the pain points of external tool usage, providing design solutions for business needs.

Midea promoted the strategy of "Digitization & Intelligence Driven" and accelerated the implementation of "Comprehensive Intellectualization" to "Customize a Smarter Midea Life for You". In terms of intelligent products, Midea remained committed to improving the comprehensive user experience of Midea products, consolidating the entire-house basic guarantee capability, and creating a customer-oriented Midea Smart Life solutions. In 2023, the MSmartLife App continued to improve its application experience, reducing device abnormal offline rate by 17%, plugin white screen rate by 79%, and application cold start time by 25%. The comprehensive performance reached an industry-leading level, creating a stable and smooth user experience. As at the end of 2023, the registered users of the MSmartLife App exceeded 55 million, and the monthly active users exceeded 8.2 million. Based on the overarching entire-house smart strategy, Midea has constructed long-term competitive capabilities. Focused on three core terminals: intelligent central control, home gateway, and smart sensors, Midea has established a multi-category matrix of smart home products including smart door locks, lighting drivers, and switch panels. Integrating the full range of smart home appliances, Midea has launched four major appliance systems, providing visual, proactive, and intelligent functions and services for home appliances and home integration, forming an entire-house product system and capability of "smart home appliances + smart home". In September 2023, Midea released the industry's first large-scale language model "Meiyan" in the smart home field. Based on the semantic depth understanding and powerful generation capabilities of general large-scale models, it has the advantages of precise replies and rapid responses within the domain, satisfying users' interaction needs in aspects such as "clothing, food, housing, and enjoyment". Midea also launched the next-generation proactive service-based "Midea's Home Brain", based on the "Meiyan" large model, possessing four core capabilities: intelligent connection, intelligent perception, natural interaction, and autonomous decision-making, supporting eight major subsystems and numerous application scenarios including entire-house air and entire-

house water. Midea's independently developed full-stack solutions including chips, modules, and AI algorithm edge deployment toolchain Aidget have addressed the challenge of large-scale deployment of AI algorithms in IoT edge devices with limited computing resources, achieving innovative breakthroughs in IoT edge intelligence technology in the smart home field, and won the 2023 Top Ten Technological Advancements in China's Internet of Things selected by the Chinese Institute of Electronics and the China Institute of Communications. In addition, Midea actively participated in the drafting and formulation of relevant industry standards both domestically and internationally, so as to promote the wider popularization and application of new technologies in the industry and enhance industry influence. In 2023, Midea established task groups and assumed the chairman of the task groups in the IEEE Computer Society/Artificial Intelligence Standards Committee (C/AISC) and IEEE Robotics and Automation Society's Standing Committee for Standards Activities (RAS-SCSA), in addition to being a co-leader and a co-leader unit in the Smart Life Task Group of the Artificial Intelligence Sub-Committee of the China National Information Technology Standardization Network (NITS).

F. In view of consumer stratification, launched multiple brands and diversified product portfolios, and enhanced the promotion of the core values of these brands to empower retail sales and user operation

In 2023, Midea continued to promote the "COLMO+TOSHIBA" dual high-end brand strategy. In the year, the overall retail sales of the dual high-end brands saw a year-on-year growth of over 20%. COLMO serves high-end users with premium entire-house smart solutions. In the area of products, after five years of development, COLMO's high-end entire-house smart solutions comprehensively cover two major segments of smart home appliances and smart home, including a variety of home appliance categories such as commercial air conditioners, entire-house water, refrigerators, wine cabinets, clothes dryers, laundry appliances, nursing cabinets, kitchen appliances, and small domestic appliances. Also, it released the industry's first large model in the field of home furnishing, upgraded the high-end entire-house smart solutions, and launched the first entire-house smart door lock and the AIRCUBE, solidifying the industry positioning of "Smart Villa Expert". EVOLUTION New Image Suite—Moonstone Grey and Cloud White launched by COLMO, with product upgrades of being completely

built-in, customized, and compatible in combination with differentiated, custom panels, meet the needs of elite consumers when at home. COLMO launched the TURING advanced customised entire-house water system, using AI intelligent technology to customize the natural high-level water ecosystem through five dimensions of safety, purity, skin touch, temperature sensation, and taste. Starting from different water usage scenarios, COLMO has created five major products: TURING pre-filter, central water softener, central water purifier, water purifier-heater, and sparkling water direct drinking machine, providing a customizable entire-house water system solution that comprehensively meets the high-end water-associated needs of elite users. COLMO Washer-Scrubber has integrated and upgraded washer-dryers and robot vacuum cleaners, and they are equipped with AI-powered light dry-cleaning technology, creating a new form and species in the home appliance industry. COLMO AVANT Gas Water Heater features the industry-first Reco dual-core technology, efficiently recovering heat from the flue gas and achieving purification, recovery, and reuse of condensate water. At the user and market ends, COLMO has constructed a user rights system centred around the entire lifecycle of home appliances, enhancing the overall user experience and launching highlight benefits and services such as deep appliance cleaning, 1V1 butler service, and exclusive member activities, covering over 1.3 million member users. The number of COLMO members increased by over 200% year-on-year in 2023, with a nearly 400% increase in monthly active users on the COLMO mini-app. According to the data from AVC, the proportion of COLMO products in the high-end market increased significantly in the first half of 2023, with drinking water products accounting for over 57%, water purification products accounting for over 18%, and cabinet air conditioners accounting for 16%. Additionally, retail sales of COLMO household products increased by 58% year-on-year. At the brand and channel end, COLMO leveraged cooperation with high-end IP resources through three major marketing activities: the Elite Life Festival, the Ultimate Brand Month, and the COLMO Lifestyle Summit. It also targeted high-end sports user groups by consecutively naming the Wuxi Marathon, sponsoring the Rolex Shanghai Masters, and cooperating with the Ultra Gobi. Through communication and cooperation with the designer community through events like Design Shenzhen, Design Shanghai, and Guangzhou Design Week, COLMO accelerated the development of high-end whole-scene channel distribution. Currently, it has established over 800 experience stores in more than 250 cities.

Toshiba upholds its positioning as “the first Takumi and exquisite brand of high-end home appliances”,

committed to creating a breakthrough star-level lifestyle for consumers with its inherited Takumi and exquisite aesthetics. As a globally renowned home appliance brand with a century of history, Toshiba has emerged as a new choice for high-end consumer groups in the domestic market. In 2023, Toshiba's domestic market retail sales recorded a year-on-year increase of over 60%. During the "618" and "Double 11" periods, online retail sales grew by 92% and 40% respectively year-on-year. In terms of products, according to third-party data, Toshiba 450 White Pearl Refrigerator, focusing on the zero built-in demand, ranked first in sales among products priced above RMB8,000. The sales of Toshiba's high-end microwave-steamer-oven combo products ranked first among products priced above RMB5,000. Toshiba also launched the first "Cozy Home" suite that covers multiple scenarios and categories, focusing on kitchen, water, and bathroom scenarios, with spatial layout, residential feel, and authentic aesthetics as the core concepts, creating a heartfelt living space for sophisticated lifestyle enthusiasts. The total retail sales of the entire suite exceeded RMB500 million in 2023. Toshiba's star Stock Keeping Unit (SKU), the Toshiba Electric Fan "Huaxinfeng", achieved sales of 50,000 units in 2023 and has been ranked first in the industry for five consecutive months according to AVC statistics. In terms of brand, with a focus on the brand proposition of "Details Matter", Toshiba has established a complete brand communication chain, effectively covering the 5A crowd, from brand dissemination to end empowerment. This includes activities such as the debut of "Cozy Home" at Japanese airports, national designer tour salons, key city roadshows, and quarterly store experiences. In terms of channel, Toshiba actively promoted retail transformation. Toshiba completed the cooperation with over 200 brand operators, built 260 star-level life pavilions of Toshiba brand and over 350 Toshiba brand joint halls, promoted the realisation of a latest unified terminal image and preliminarily completed the building of the national retail system.

WAHIN continued breaking the boundaries of traditional home appliance models. The brand insists on innovation, embracing the Generation Z with "Trendy Designs, Practical Functions and Fun Interactions". It strengthened the slogan "Young and Daring" for branding, and positioned itself as a brand of "young, high-tech and trendy appliances", continuing to provide users with good-looking, interesting and surprising products with easy-to-use technology. The total retail sales of the brand in 2023 was close to RMB9 billion. During the "Double 11" period, the sales of WAHIN products reached close to RMB1.2 billion. Particularly, WAHIN air conditioning products ranked among the top three in

JD.com, Tmall and Douyin by value of retail sales. In terms of brand, in 2023, WAHIN collaborated with partners such as champion of the China Rally Championship and the School of Art Management of the Central Academy of Fine Arts during the spring and Youth Day seasons, initiating synergistic efforts to explore novel modes of youthful marketing. This endeavour led to the introduction of artist-customised trendy products and virtual store metaverse marketing strategies, garnering favour among younger demographics. During the summer of 2023, WAHIN engaged in cross-industry collaboration with the top-tier Chinese anime "Soul Land", employing AIGC technology for the first time in brand event marketing. It launched limited-edition iced beverages and air conditioning fragrances, continuously delving into trendy and enjoyable scenarios. On "Double Eleven" in 2023, capitalising on the fervour surrounding the League of Legends S13 World Championship, WAHIN partnered with the JDG team to unearth the sustained emotional value of its products, perpetuating the cultivation of brand differentiation. In 2023, WAHIN's brand exposure exceeded 4.4 billion UV, with a year-long increase in followers across all platforms surpassing 686,000. In terms of marketing, WAHIN is a solid TOP3 in the air conditioner industry. In 2023, it mainly promoted structural models, such as 3-HP floor-standing, 2-HP wall-mounted and fresh air conditioners to build the user mind of "WAHIN Magic Machine" series products. Through the matrix penetration of all-platform introduction of off-site celebrities, the search indexation of "WAHIN Air Conditioner" in Douyin and Xiaohongshu increased by more than 120% and 200% respectively year on year, with a total of 280 million visits across the Internet. The e-commerce search ranking of "WAHIN Air Conditioner" elevated to TOP15, which is an impressive result of the traffic attraction and sales promotion efforts. As such, the brand has achieved dual gains on brand presence and product sales.

G. With technological innovation as the core driving force, focused on green energy and key industrial components, grasped growth opportunities in the industry, and provided green, efficient and intelligent products and technology solutions for pan-industrial customers across the world

Midea Energy Solutions and Industrial Technology is a co-builder in digital transformation and green sustainable development across the global pan-industrial sector. With the vision of "Technology Drives the Whole World", it provides technologically advanced, reliable and eco-friendly key components for

the consumer appliance and industrial automation segments based on decades of experience in the home appliance and HVAC industries, as well as offers green energy solutions across the entire energy value chain based on its expertise in energy management. The Industrial Technology Research Institute and a strategic development organisation have been established in 2021 to focus on both independent development and acquisitions. Based on the solid root technology system, such as thermal management technology, drive control technology, energy storage technology, power and electronic technology, etc., a complete industrial chain layout and product matrix have been put in place in the field of key industrial components and new energy. Continuous efforts are also made to increase the investment in key and cutting-edge technologies, and enhance the introduction of senior experts in the industry. In 2023, Midea Energy Solutions and Industrial Technology received a number of awards in the industry, including eight science and technology awards that are of the provincial level or above. To name a few, a first prize of 2023 Science and Technology Progress Award of China National Light Industry Council for the "Research and Industrialisation of Key Technologies for Highly Adaptable Silent Variable Frequency Compressor", a first prize of the 2023 National Business Science and Technology Progress Award for the "Research and Industrialization of Key Technologies for High Power Density Permanent Magnet Motor and its Compressor", and a second prize of the 2022 Science and Technology Progress Award of Guangdong Province from Guangdong Provincial Department of Science and Technology for the "Research and Industrialization of Key Technologies for the New-generation Cross-category and Low-carbon Motor Systems". In 2023, more than 1,500 patent applications were lodged and nearly 400 invention patents were granted, in addition to two 24th China Excellence Awards for Patents. Also in the year, seven technologies of which the development was led by Midea Energy Solutions and Industrial Technology (namely, "Research and Application of Key Technologies for High Power Density Permanent Magnetic Motors and Compressors", "Research and Application of Key Technologies for Energy-efficient R290 Rotary Compressors", "Research and Application of Key Technologies for Green and High-quality Thin Permanent Magnet Motors", "Research and Application of Key Technologies for Quasi-dual-stage Reciprocating Compressors and Cooling Systems", "Research and Application of Key Technologies for High Capacity Highly Efficient Variable Frequency Scroll Compressor", "Research and Industrialisation of Key Technologies for Integrated Rotary Compressor", and "CO₂ Rotary Compressor for Thermal Management of Electric Passenger Vehicles") have been recognized by bodies of experts in the industry as "Internationally

Advanced". Meanwhile, the "R290 Mini-sized Double-cylinder Large-capacity Inverter Compressors" and the "Novel Ultra-high Power Density DC Brush-less Fans for Large Variable Refrigerant Flow (VRF) Air Conditioning Systems" developed by Midea Energy Solutions and Industrial Technology won the 2023 AWE Award for Core Components. Additionally, two subsidiaries of Midea Energy Solutions and Industrial Technology, namely Guangdong Meizhi Precision-Manufacturing Co., Ltd. and Guangdong Welling Motor Manufacturing Co., Ltd., were included by the Ministry of Industry and Information Technology into the 2022 List of Green Manufacturing and recognized as national "Green Factories".

By maintaining the focus on the field of key industrial components for consumer appliances, Midea Energy Solutions and Industrial Technology continued to consolidate its leading position in the industry. First, according to the 2023 data from ChinaOL.com, in terms of residential air conditioner compressors, its global market share increased to 45%, continuing to rank first in the world, while it achieved breakthroughs in overseas markets for scroll compressors, and launched the brand new product of R290 Heat Pump Compressor in the European region, providing a new experience that is energy-efficient, safe, reliable, low-carbon and environmentally friendly, and contributing to the sustainability of the heating, ventilating, and cooling industries. Second, in terms of refrigerator compressors, its global market share reached 16%, ranking second in the industry, and breakthroughs were achieved regarding the core customer base in several overseas markets such as the US, Brazil, and India. Third, in terms of motors, its global sales shares recorded approximately 40% and 22% for residential air conditioner motors and laundry appliances motors, respectively, maintaining the advantage as an industrial leader, which, coupled with the launch of a high-efficiency silent product of Household Fresh-air Outer Rotor Motor, provided a firm support for the expansion of new market segments. The Foshan Xingtan Base for components of consumer appliances has been established to make a forward-looking layout in intelligent manufacturing of mechanical and electrical products. Midea has comprehensively automated, digitalized and intellectualized the production layout, process design and production management, seeking to build an Industry 4.0 intelligent manufacturing demonstration base in China. The integration work on the Thai compressor company proceeded well, which has helped significantly increase the overseas production capacity of refrigerator compressors. The Thai motor factory's construction has been completed, initially establishing overseas mass production capacity for ECM motors. Third, through the facilitation of the mass production in 2023 in the

manufacturing base in India, the first self-built overseas base for A/C compressors, the global supply capacity for the key components continued to increase. Additionally, Midea Energy Solutions and Industrial Technology continued to invest more in R&D of chip products and technologies, as 14 chip products of four major series (namely, master control, touch control, inverter, and IPM) have been put into mass production and introduced to the market (over 30 million chips sold in the year), with an internationally advanced performance regarding the quality indicators for the same type of products. This is followed by the successful supply of these products to mainstream manufacturers of household appliances, and the earning of the Best MCU of the Year of the 2023 China IC Design Achievement Award from AspenCore for MCU MR88F001 (a master control chip product).

In response to the rapid growth of the renewable energy industry, Midea Energy Solutions and Industrial Technology focused on providing comprehensive, effective, and integrated green energy solutions throughout the entire energy value chain. These solutions encompass large-scale energy storage, commercial and industrial energy storage, residential energy storage, smart grids, photovoltaic EPC, and new energy vehicle components. In the energy supply segment, it offered photovoltaic solutions; in the energy allocation segment, it provided intelligent power distribution system solutions; in the energy consumption segment, it delivered new energy vehicles and pedelec components that achieve higher energy efficiency, as well as efficient and energy-saving variable frequency drives; in the energy regulation segment, it offered energy storage solutions that enhance load adjustability and ensure power supply reliability; and in the energy management segment, it provided intelligent energy solutions. With respect to new energy, in 2023, CLOU Electronics tightly grasped opportunities from the global energy storage industry by accelerating localization in the Northern American market. It has incorporated a company in America to further strengthen its presence in the overseas market. The abilities to design energy storage products and provide localized services have been improved, and active measures have been taken to conduct business expansion in the energy storage markets of Asia, Africa and South America based on the channel advantage of foreign power grids, so as to achieve the global layout of the energy storage business. In terms of products, in 2023, CLOU Electronics passed the review as a corporate technology centre recognized by the national government. The Aero product series have been integrated into a platform, which supports rapid deployment and installation, thereby greatly reducing the time needed for on-site grid connection. Moreover, it launched

the Aqua series (liquid-cooling product portfolio) to provide one-stop services for customers from early-stage investment to the full-life-cycle capacity increase at the DC side. Meanwhile, it is planning for the development of the second-generation liquid-cooling products in order to provide integrated energy storage solutions. In the field of smart grids, Midea Energy Solutions and Industrial Technology has steadily advanced its business development, actively participating in projects with the State Grid Corporation of China and the China Southern Power Grid. In the 2023 tender procurement for electricity meters (including electricity consumption information collection) by the State Grid Corporation of China, it was among the first-choice suppliers. It also secured contracts as a mainstream supplier in the framework tender for distribution network equipment by the China Southern Power Grid. Additionally, it intensified efforts to expand into overseas markets, achieving significant year-on-year growth. It obtained relevant certification qualifications for low-voltage metering switch products and actively participated in the formulation of enterprise technical standards for metering switches with the State Grid Corporation of China. It completed the development and inspection of the entire series of electricity meters and electricity consumption information collection products for the State Grid Corporation of China and the China Southern Power Grid in 2022. It also completed the research and development of intelligent pole-mounted switches with integrated functions (capacitive tapping), digital pole-mounted switch products, integration terminal function and protocol consistency testing devices for the State Grid Corporation of China, multi-version single-phase/three-phase electricity meter simultaneous online testing production line, and remote testing system for charging piles. Concurrently, it expedited international certification for new products, with the overseas 24 series new products passing third-party authoritative organisation SGS certification and accelerated aging test (ALT). In terms of the supply chain and manufacturing, in 2023, the resources of the supply chain were integrated to reduce the procurement costs. Meanwhile, the reduction in the bids made to win projects related to any category of components or parts for intelligent power grids has been achieved. Furthermore, taking the advantage of large projects, the rapid cost reduction for core energy storage components has been promoted. Additionally, the cell resources were supplemented, and leading battery suppliers were employed. On the other hand, the efficiency and automated degree of production was improved by promoting the full-automation-oriented renovation of the production line for single-phase electric energy meters, and introducing a fully-automated module production line to the energy storage base in Yichun. Also, planning and implementation of the expansion of the new liquid-

cooling line has been completed. Hiconics consistently practiced Midea Group's "Green Strategy" of sustainable development. In the field of new energy, it rapidly developed residential energy storage and photovoltaic EPC businesses. In the residential energy storage sector, it adopted an independent research and development production model, vigorously introducing research and development personnel and enhancing production capacity layout. Simultaneously, it invested in the construction of high-standard testing centres within the industry, advanced product certifications in major overseas markets, met various requirements of global customers, and has secured significant orders from multiple overseas markets. It has established integrated research and production capabilities for energy storage inverters, battery packs, and other vertical integration, covering various core segments of the industry chain. Combining overseas market demands, it developed products such as single-phase and three-phase integrated residential energy storage systems, and also positioned itself in solar inverters, charging piles, and component-level power electronic products. In the photovoltaic EPC field, by establishing a photovoltaic EPC operation headquarters, it quickly seized opportunities in energy structure transformation and promotes the layout of domestic businesses and backend capabilities. It offered solutions including residential photovoltaic solutions, zero-carbon industrial and commercial parks solutions, and smart energy convergence solutions externally, experiencing rapid operating revenue growth. Continuously increasing investments, it established a new research and development base in Suzhou, improved the layout of the research and development system, upgraded and transformed production lines, enhanced self-production capabilities in core areas, and constructed manufacturing bases in Anqing to comprehensively support medium and long-term manufacturing needs. Simultaneously, it deepened internal and external sales transformations, reshaped overseas marketing teams, and successfully built marketing channels in mainstream overseas markets such as Europe and the Americas.

Deepening its focus on intelligent transportation components, Midea Energy Solutions and Industrial Technology leverages its solid core technology in the consumer electronics field to quickly develop three major product lines: Automotive Grade thermal management, electric drive systems, and chassis actuation systems. The existing eight product lines of the three major systems gradually went into production and delivery, and the total shipment of 750,000 units in 2023, representing a YoY increase of 400%. In terms of technological breakthroughs, following the industrial trend of integration, the

upgrading from components to modules has been implemented. Based on the solid mastery of thermal management technologies for years, Midea launched the Integrated Module for Thermal Management (Comprehensively Integrated) after the introduction of the water-end integrated modules and the refrigerant integrated modules. In terms of market expansion, over 20 new customer-oriented designated cooperation projects were initiated in 2023. Furthermore, the compressor products have been recognized by multiple customers and have covered all model types of multiple mainstream automobile manufacturers. Meanwhile, the first customer-oriented designated cooperation project for the Integrated Module for Thermal Management (Comprehensively Integrated) has been received, with the estimated output value of potential orders exceeding RMB300 million. Additionally, the independently developed product of the 800V Silicon Carbide High Rotation Speed Motor Compressor continues to win recognition from more major car makers at home and high-end customers abroad. In terms of capacity guarantees, thermal management, electric drive, and chassis actuation product lines have all started mass production. Furthermore, the mass production and deliveries of products such as compressors and valve terminals have been achieved at the new energy vehicle parts manufacturing base in Anqing. Midea Energy Solutions and Industrial Technology acquired Wuhan TTium Motor in 2022, officially entering the field of two-wheeled travel and expanding its business in the key components of pedelecs. Furthermore, by introducing Midea's supply-chain system and advanced experience of large-scale production, it set up modern factories in China and Vietnam. Moreover, it successfully pitched to multiple industrial leaders in Europe, concluded agreements with domestic strategic customers, and continued to improve the product matrix of E-bikes in 2023.

In the field of industrial automation, Servotronix, Hiconics, SUNYE and other brands under Midea Energy Solutions and Industrial Technology provide complete solutions from the sensing to the control level for customers in the process, hybrid and discrete industries, helping industrial customers improve quality and efficiency, and achieve digital transformation and green development. As a specialist in full process innovation in industrial automation, Servotronix focuses on the entire industrial automation chain, including software tools, motion controllers, servo drives, servo motors, and encoders, and continuously provides customised motion control solutions for customers in various fields. Meanwhile, it enhanced the application of products and technologies in new fields, with a focus on customers from industries such as lithium batteries, photovoltaics, semiconductors, robots, laser processing, and

consumer electronics by conducting targeted customer pitching campaigns and providing them with integrated solutions. Based on its advantage of the advanced technological strength, it launched multiple products such as the BD3 AC Servo System, the CDHD2S Linear Drive, the DC304 Manipulator Control System for Integrated Display and Control, the SoftMC804 Medium-sized Motion Controller, and the Vision Motion Controller within 2023. Additionally, it continued to promote reforms in marketing management and enhance process management, and used digital information systems to develop the full-value-chain closed-loop management system from business leads to payment collection, so as to improve the ability to acquire business leads and achieve their successful conversion. As a domestic top brand in the field of high-voltage variable frequency drives, Hiconics has formed industrial drive solutions with high-voltage and low-voltage variable frequency drives as its core products. Also, it actively participates in the revision of national and international standards related to variable frequency drives to promote wider application of technologies in the industry. Hiconics' HCA series of high-performance high-voltage variable frequency drives won the "Outstanding Product Innovation Award" issued by the China Power Supply Society for its high power density, highly integrated design, high-speed operation and other features. As for low-voltage variable frequency drives, SUNYE under Hiconics continues to launch differentiated products. Furthermore, Midea Energy Solutions and Industrial Technology actively works on reducer and other key component technologies. Its self-developed high-performance harmonic reducer won the "Leaderobot 2023 Robot Reducer Technology Breakthrough Award" at the Annual Conference of China Robots. It also improved its business layout regarding the harmonic reducer products for SCARA robots, six-axis robots and collaborative robots. While the new factory for reducers has completely put into operation and the previous bottleneck on the precision processing technology for harmonic reducers has been eliminated, independent production and delivery of the reducer products have been achieved, with the delivery of over 6,000 units.

H. Seized market opportunities amid domestic and international circulations, responded to China's goals regarding "carbon emission peak" and "carbon neutrality", made technological innovations and business model upgrades, and provided customers with full-stack solutions for intelligent buildings

Midea Intelligent Building Technology, with the vision "to be a global leader in building technology" and the mission of "co-building sustainable smart space", has transformed from a commercial air conditioning product supplier to an integrated solution service provider for intelligent building ecosystems. Midea Intelligent Building Technology has six major product manufacturing bases and seven R&D centres worldwide, with a sales network covering global markets. It has formed the largest and most comprehensive professional smart building product matrix and service network in China. In 2023, according to Commercial Air Conditioner Market data, Midea ranked No. 1 in terms of commercial air conditioner sales in the domestic market, and the market shares of Midea's core products, such as centrifugal units, screw chillers and modular units, are the highest among domestic brands. According to the data from ChinalOL.com, Midea leads the way in the domestic VRF market compared with other domestic or foreign brands, with a market share exceeding 20%. As shown by data from www.abi.com.cn, the output and unit sales of Midea's centrifuge products exceeded 2,200 units in 2023, surpassing foreign top brands to grasp the largest domestic market share of centrifugal units. Meanwhile, data from ChinalOL.com show that in 2023, Midea Commercial Air Conditioner accounted for more than 27% of China's total commercial air conditioning export value. According to the European Heat Pump Association's data forecasts, to achieve the REPowerEU plan, the number of heat pumps in the European market will increase to 60 million units by 2030. In view of that, Midea Intelligent Building Technology is continuously expanding its heat pump production base in Italy, and comprehensively enhancing Midea's competitiveness in the European market.

Midea Intelligent Building Technology launched the "GREEN FOR ONE" strategy and the "Digitalization, Engineering, Procurement, Construction, and Operation (DEPCO)" model at the 2nd TRUE Building Technology Summit held at the beginning of 2023. Specifically, the "GREEN FOR ONE" strategy helps all practitioners to respond to challenges from the low-carbon industrial transformation from four dimensions, namely products, ecosystem, services, and, the industry. The DEPCO model is a complete set of service standards and systems to effectively implement "smart building" projects, which is people-oriented and operating objectives-centred. In 2023, Midea Intelligent Building Technology participated in domestic and overseas industry exhibitions, such as ComVac ASIA 2023, AHR EXPO, ISH Frankfurt, the China Heat Pump Exhibition (HPE), the China Refrigeration Expo, the China International Intelligent Building Exhibition, China International Medical Equipment Fair (CMEF)

(Spring), the China Hospital Construction Conference and International Hospital Build and Infrastructure Exposition (CHCC), the China Animal Husbandry Expo, the Entrepreneurs Summit of Energy Conservation Service Industry, the Industrial Green Development Achievements Exhibition, and the Shanghai International Carbon Neutrality Expo in Technologies, Products and Achievements, to demonstrate a series of product development results and solutions. These included the K WING Magnetic Levitation Centrifugal AC Compressor and its key component—the Magnetic Levitation Variable Frequency Centrifugal Compressor, the R290 Air-source Heat Pump, the Carbon Neutrality-oriented Air-source Heat Pump Unit, the M-Thermal Air Source Heat Pump, the Full Variable Frequency Air-source Heat Pump Unit for Cooling and Heating, the R32 Variable Frequency Air-cooled Module Unit, the Variable Frequency Direct Heating Circulating Hot Water Unit, the Water-cooled Screw Variable Frequency High-temperature Heat Pump Unit, the Variable Frequency Air Source Blaze Heating Unit, and the Dual Grade I Sideward Variable Frequency Blaze Unit. Meanwhile, what was demonstrated also covered the integrated energy solution, the customised HVAC solutions for scenarios, such as livestock and poultry greenhouses and slaughtering, Midea's comprehensive energy solutions for low-carbon industrial parks, the Intelligent Operation Center (IOC) Platform of Midea Intelligent Building Technology Jingzhou Factory, the smart hospital solution "LIFE2.0" for medical customers, Midea's two brand-new digital carbon reduction platforms--the "iBUILDING Product Carbon Footprint Management Platform" and the "iBUILDING Virtual Power Plant Operation and Management Platform", KONG DDC M0 and KONG NZ Systems. Particularly, the integrated energy solution, based on the iBUILDING Midea Building Digital Platform, enhances the comfort of users through the building load sensing and prediction technology for HVAC. Concurrently, the coupling control of energy consumption facilities, such as PV, energy storage, heat pumps, and air conditioners, are achieved to satisfy management requirements, such as green energy supply, dynamic power distribution, efficient power supply, and the interaction between power supply and load, power the whole house with renewable electricity, and create a healthy and comfortable living environment. The smart hospital solution LIFE2.0 empowers the evolution and upgrading of specific scenarios such as wards, outpatient clinics, surgeries, testing, imaging, machine room facilities, command centres and other healthcare spaces through "a big platform and small scenarios" and the integration of the four flows of LIFE. This solution can help promote the change from system integration to scenario application, and help smart hospitals build "future-oriented" capabilities. The iBUILDING Product Carbon Footprint Management

Platform empowers enterprises with the real-time collection, query, and integrated authentication of data on carbon footprint throughout the lifecycle of products. Additionally, this platform has multiple functional modules, such as carbon footprint modelling, carbon footprint analysis, supply chain management, carbon footprint report management, and supply chain authentication management, establishes strategic cooperation with authentication agencies, such as SGS and TÜV SUD, and can generate review reports in line with requirements of varied authentication agencies. The iBUILDING Virtual Power Plant Operation and Management Platform, based on Midea's many commercial air conditioning systems for commercial buildings nationwide, supports the power system in peak shaving. Meanwhile, through Midea Intelligent Building Technology's energy efficiency management solutions, it has accelerated the connection to the water-cooled air conditioning system, constantly expanded its adjustable load capacity. Furthermore, this platform can assist the government in maintaining reliable power supply to residents and enterprises, support power companies to achieve peak shaving and ensure the safe and stable operation of power grids, and help users to obtain subsidy benefits of energy conservation and emission reduction. Moreover, Midea Intelligent Building Technology signed the Load Aggregation Platform Cooperation Agreement with the China Electric Power Research Institute in 2023 to jointly create an air conditioning load aggregation platform, which will be promoted to all subsidiaries of State Grid Corporation of China, promote the digital reform of load management, and support the orderly and stable power supply in all regions.

With respect to product development, Midea Building Technologies, in 2023, successively launched multiple new products to consolidate its business in areas such as HVAC, building automation, and elevators. These include the launch of the whole-new MCube Series Energy Storage Thermal Management AC Liquid-Cooled Unit and the new-generation R290 Refrigerant Nature Series Integral Heat Pump in Europe. Among these, the MCube Series Energy Storage Thermal Management AC Liquid-Cooled Unit can operate reliably in various harsh environments, maximising the safety and stability of energy storage containers. It is UL- and CE-certified, reaching a leading level in the industry. Additionally, it achieved a 75% reduction in heating energy consumption and a 23% increase in cooling energy efficiency through full-frequency intelligent control technology and innovative heat pump technology, significantly improving the adaptability of low-temperature batteries. The new-generation Nature Integral Heat Pump utilises R290 refrigerant with an extremely low GWP value of 3, featuring

exceptional performance in extreme temperatures. It is the first product to be HP Cold-resistance Certified by Intertek across the world, functions well in ultra-low temperatures. Midea K WING Magnetic Levitation Centrifugal AC Compressor and its key component Magnetic Levitation Variable Frequency Centrifugal Compressor showcased research and development achievements in the field of oil-free magnetic levitation. Midea K WING Magnetic Levitation AC Compressor adopted a high-speed motor direct drive structure and magnetic levitation bearing technology, eliminating the need for other mechanical transmission structures and lubricants. The magnetic levitation variable frequency centrifugal compressor can deliver 100% oil-free air, ensuring compressed air meets the high-quality level of ISO08573-1 Class 0, meeting the strict requirements for compressed air purity in industries such as pharmaceuticals, food, and beverages. Midea's newly developed K WING Screw Evaporative Cooling Chiller Unit optimised the cooling water system using evaporative cooling technology, providing greater energy savings compared to air-cooled units, with easier installation and maintenance. It effectively addressed issues such as large footprint, high energy consumption, high noise levels, and operational difficulties of traditional chiller units. To address the four major pain points in water machine operations, Midea officially launched the Chiller Smart Operation Solution, which includes iManager and Chiller Doctor. iManager, supported by iBUILDING's underlying digital capabilities, is a large-scale intelligent software platform for property and equipment maintenance managers of commercial air conditioner equipment. Chiller Doctor covers online, offline/local network intelligent operation and maintenance, realising software-hardware linkage through 4G intelligent edge gateways, facilitating the digital and intelligent upgrades of chillers. The new-generation VRF VC MAX with cooling function only, equipped with an efficient and powerful scroll compressor with enhanced vapor injection, satisfies refrigeration requirements within a wide range of temperature. Atom X, specifically designed for the North American market, integrates 24V unitary units and VRF units, and combines the sideward outdoor unit and the indoor unit. It can not only reduce the installation space for the outdoor unit, but also maintain the current interior architectural style. Coupled with the automatic filling of refrigerants, it can be flexibly applied to the North American market dominated by alternative scenarios. Atom T is a series of multifunctional VRF units and products that integrate air cooling and heating and water heating functions, adopt the R32 environmentally friendly refrigerant, and are developed for the European Union market. The outdoor units of the whole series can meet the requirements of diverse family scenarios. Additionally, the series meets the EU and Australian subsidy requirements for energy

efficiency. The MDV Power series of light commercial air conditioners features fully variable frequency technology, high efficiency, and energy conservation. Midea's third-generation full DC technology that it carries can help save 20% more energy. It satisfies complex installation requirements through long piping and high drop height. The standard 35Pa external static pressure of this product enables strong heat dissipation. Being compatible with built-in and ducted internal units, it can be applied in multiple scenarios, such as shops, catering, leisure, and entertainment. With the MDV New Gen Series VRF as a targeted product, Midea powered into emerging markets, supporting VRF transformation needs with new and old processes and a full-process system, and intelligently and efficiently output optimal solutions through transformation design software. The newly released KONG DDS (Direct Digital Sphere) system aims to solve problems such as complex installation and high maintenance costs of traditional building automation systems. DDS features small size, easy installation and maintenance, flexibility, and adaptability to building control upgrade needs. The digital elevator brand, LINVOL, introduced the Evin-E/Evik-E passenger elevator, a digital and intelligent elevator solution specifically designed for residential buildings. This solution was aimed at enhancing management and services throughout the entire lifecycle. Utilising the MECS frequency-conversion integrated control system and elevator Internet of Things ("IoT") technology, it has achieved highly integrated, precise, and efficient control. The elevators feature precise leveling technology, as well as multiple protection settings, such as door light curtain protection, CPU WDT protection, and reverse operation/speed protection, ensuring both comfort and safety for passengers. Moreover, Midea's digital building platform, iBUILDING, has been utilised to build a digital operation and maintenance system that covers all scenarios of buildings. The construction of the Phase I factory of the Xiaotang Intelligent Manufacturing Base for LINVOL has been completed and the second-generation machine room freight elevator was introduced. These industry-leading strides in terms of speed and lifting height have assisted Midea in unlocking its potential for vertical space in buildings. Additionally, Midea Swimming Pool Heat Pump received the world's first TÜV Süd certificate for swimming pool heat pump recycled material content and the first government procurement demand standard certification (cooling unit for green data centre cooling systems) issued by the China Quality Certification Centre (CQC).

As building energy consumption is increasing its proportion of the energy consumption of the whole society in the progress of urbanization, accelerated efforts have been made in the construction of

"zero-carbon buildings" with "green energy system" as the core. In building energy management, the iBUILDING Midea Building Digital Platform conducts intelligent energy adaptation and management with a customised design based on the building's characteristics. At present, the iBUILDING smart building business has stepped into industrial parks, medical institutions like hospitals, and public facilities. In terms of market expansion, in 2023, Midea Intelligent Building Technology secured multiple market orders and provided products and services to clients across various industries. These include projects such as the National Museum of Chinese Writing, the Chengdu Universiade, the Rajkot Greenfield International Airport in India, the Yuanjiang Railway Station Plaza in the China-Laos Railway, the Zhengzhou-Jinan High-Speed Railway, the Ningbo Metro Line 6, the Huawei Artificial Intelligence Computing Centre, the Shanghai Xinjiangwan Office Park of Douyin Group, the Centralised Procurement Project of China Mobile for High-pressure Chiller Units, the Wyndham Grand Zhaoqing Downtown at Seven Star Crags, the Xi'an TUS-Children's Hospital, among others. Industrial projects encompassed the Chang'an Automobile Yubei Factory and Liangjiang Factory, the CRRC's factory for the production of 100-meter-long large blades, the centralised procurement project for commercial air conditioner for Li Auto, and the Keda Intelligent Industrial Park in Guangzhou. Multiple projects of Midea Intelligent Building Technology have won awards, resulting in constantly improving market recognition and influence. Particularly, the iBUILDING Intelligent Operation Centre and the Heyou International Hospital Project both entered the *Fortune* magazine's list of China's Best Designs 2023. And three awards of the 2023 Red Dot Award and four awards of the iF Design Award 2023 were granted to Midea Intelligent Building Technology's ChillerDoctor Gateway, the Cassette Indoor Unit with 360° Circular Air Exhaust, the R290 Air-source Heat Pump Unit, Midea Headquarters Building Intelligent Operations Center (IOC), Midea Jingzhou Factory Intelligent Operation Center (IOC), and Midea Industrial Park West District Intelligent Operation Center (IOC). The three iBUILDING smart building benchmark projects--Midea Headquarter Building, the Jingzhou Factory of Midea Intelligent Building Technology, and the West District of Midea Industrial Park--won the 2023 Asia Design Prize. Projects such as the Shanghai Tongji Hospital IOC, the Midea Headquarters Building IOC, and the Midea Jingzhou Factory IOC received the A' Design Award and the Successful Design Award. Midea Headquarters Building, Shanghai Tongji Hospital, and Midea Intelligent Building Integrated Digital Management Cloud Platform iBUILDING Portal were awarded at the 16th International Design Awards (IDA). In the 2023 "Blue Sky Cup" evaluation of efficient HVAC systems, Midea's high-efficiency HVAC

system for the Shanghai Citigroup Tower and the M-BMS ultra-efficient intelligent environmental control system for the Beijiao Park Metro Station both received the “Excellent Engineering Award”. The M-BMS ultra-efficient intelligent environmental control system for the Dadao Metro Station also received the “Energy Saving Technology Award”. Midea was recognised as a typical case in Guangdong Province’s “Carbon Peak and Carbon Neutrality” initiative for its case study titled Aiding Green Sustainable Development with Zero-Carbon Production Lines, Workshops, Parks, and Products. Midea’s “Smart Clean Space Solution” won the titles, “Preferred Solution” and “Quality Solution” of Operating Room Planning, Design and Construction of the Second “Professional Promotion Project of High-quality Development of Hospitals in China--Golden Ruyi Award”. Additionally, LINVOL smart elevators for villas were recognized as the “User Preferred Home Elevator Brand” at the First National Home Elevator Summit.

In regard to technological innovation and standardization, Midea Intelligent Building Technology continuously strengthened R&D input and made remarkable results in 2023. For example, the “Key Technologies and Industrialization of Wide Temperature Range Full Condition High-efficiency Multi-split Air Conditioning Systems”, jointly completed by Midea, Shanghai Jiao Tong University, Xi'an Jiaotong University, and Guangdong Midea Environmental Technologies Co., Ltd., won the First Prize of Industry-university-research Cooperation Innovation of the China Industry-university-research Cooperation Innovation and Promotion Award. The project “Wide Temperature Range High Efficiency and Energy Saving Air Source Heat-pump Heating Key Technologies and Industrialisation” completed by Midea in collaboration with Shanghai Jiao Tong University was awarded the Innovation Award First Prize of the 2023 Invention and Entrepreneurship Awards by the China Association of Inventions. Midea’s key technology and industrialisation projects for wide temperature range multi-scenario high-efficiency multi-connected air conditioning systems, as well as research and application projects for smart building IoT control systems and virtual debugging platforms, were respectively awarded the First Prize and Second Prize of the 2022 Productivity Promotion (Innovative Development) Awards. The project “Efficient Equipment Room Multi-Intelligent Body Distributed Control System and Virtual Debugging Platform Technology Research and Application” by Midea was awarded the First Prize of the 2023 Energy Conservation and Emission Reduction Technological Progress Awards. The project “Large-scale Multi-connected Heat Pump Type Air Conditioning High-precision Digital Simulation and

Industrial Application” jointly completed by Midea and Shanghai Jiao Tong University won the First Prize of the 2023 China Simulation Federation Scientific and Technological Award. The project “Key Technologies for Low Carbon Lifecycle of Large-scale Multi-connected Heat Pump Type Air Conditioning Based on Digital Simulation” completed by Midea in collaboration with Shanghai Jiao Tong University and the project “Key Technologies and Applications of Ultra-efficient Intelligent Environmental Control and Operation Maintenance System for Rail Transit Stations” completed by Midea in collaboration with Guangzhou Metro Group respectively won the first prize and second prize of the 11th China Association of Refrigeration Scientific and Technological Progress Award; Midea’s “Heat Transfer Enhancement Mechanism and Industrialisation of New Heat Exchangers Based on Non-uniform Collaboration of Wind Speed and Fin” and “Research on New Corrosion-resistant Aluminum Tube Technology and its Industrial Application in High Energy Efficiency All-aluminum Heat Exchangers” respectively won the first prize and second prize of the 2023 Science and Technology Progress Award of Guangdong Light Industrial Council. Four of Midea products, namely the "MDV8 Unbounded VRF Unit", the "65kW-R32 Medium- And High-temperature Commercial Heat Pump Unit", the "Magnetic Levitation Ice Storage Chiller Unit", and the "Smart Building IoT Controller", were recognized as "Innovative Products of the 2023 China Refrigeration Expo" by the Organizing Committee of China Refrigeration Expo. Midea’s two technological achievements, “High-efficiency and High-reliability Integrated Electromechanical Control Magnetic Levitation Variable Frequency Centrifugal Unit” and “Key Technologies and Applications of Coordinated Optimisation Control and Panoramic Smart Operation and Maintenance of Environmental Control System” were evaluated by the expert team of academicians organised by China Machinery Industry Federation and recognised as “Internationally Advanced”. Midea’s “Key Equipment and System Technology for Direct Evaporative Cooling and Waste Heat Recovery in High-altitude Data Centres” completed in collaboration with Tibet Ningsuan Technology Group Co., Ltd., Xi’an Polytechnic University and other units were evaluated by the China Refrigeration and Air-Conditioning Industry Association and recognised as “Reaching the Overall Internationally Advanced Level”. Midea’s “Ultra-efficient Intelligent Environmental Control System for Rail Transit” and “Multi-agent Adaptive Energy-saving Control Technology” were successfully selected into the Recommendation Catalog of Energy-saving Technologies and Equipment (Products) of Guangdong Province (Version 2023) organised by the Energy Bureau of Guangdong Province, providing technical support for promoting comprehensive green transformation of

social and economic development and achieving the goals of carbon peaking and carbon neutrality. Moreover, the "Magnetic Levitation Variable Frequency Centrifugal Ice Storage Dual-condition Unit" and the "R32 All DC Variable Frequency High-efficiency Commercial Heat Pump" developed by Midea Intelligent Building Technology won two Gold Awards and the "Air-cooled Variable Frequency Screw" won a Bronze Award at the 48th Geneva International Inventions Exhibition. With respect to industry standardization, Midea participated in the formulation or revision of multiple national standards, industry standards, and group standards, including the national standards of the Water-source High Temperature Heat Pumps Using The Vapor Compression Cycle and the Chiller (Heat Pump) Units for Energy Storage Batteries, the industry standards of the Magnetic Levitation Centrifugal Compressors with Refrigerants, the Air Conditioning Units for Enclosed Space of Communication Base Stations, and the Technical Specification for Field Measurement of Energy Efficiency and Energy Saving of Multi-split Air Conditioning System, and the group standards of the Green Intelligent Multi-split Air Conditioning (Heat Pump) Units. Additionally, Midea Intelligent Building Technology won the title, 2023 Organization with Outstanding Contribution to Heat Pump Standardization of the China Energy Conservation Association.

I. Strengthened innovation in robotic product development, promoted high-performance operations in the whole value chain and integration in the industrial chain, as well as accelerated development of the robotics business for the China market

KUKA, a subsidiary of Midea, is a world-renown robotics manufacturer. Relying on its industry-leading movement algorithm, KUKA can ensure superior movement performance of robotics products throughout their life cycle, and its mature design concept can continuously give birth to new products able to lead the market. In 2023, KUKA continued to promote the innovation of various products and technologies. In the field of general industry, KUKA launched KR CYBERTECH series of robots, which are suitable for processing and manufacturing scenarios from grip and handling to polish, oriented to price sensitive markets, with multiple advantages such as lower costs, higher quality, and more comprehensive functions, and thus easier for customers of small and medium-sized enterprises to achieve automation upgrades. Among the series, KR CYBERTECH KR 20 E robots can operate under different working conditions, with a payload up to 20 kg and an operation distance up to 1820 mm. At

the International Foundry Trade Fair held in Germany in 2023 (GIFA 2023), KUKA showcased KUKA cell4_premachining manufacturing cells and KR FORTEC ultra heavy-duty robots for customisable automation. Among them, the cell4_premachining manufacturing cells have compact modular design, can be applied in reprocessing casting scenarios such as polish and smoothing, saw cutting, milling, cleaning, and grinding, and can achieve finishing treatments of different materials, parts, and components with maximum flexibility and user-friendliness. The robotic manufacturing cells include KR QUANTEC nano robot, library milling application, powerful motor spindle, quick tool-replacing mechanism, KUKA three-axis positioner kp3-v2v-3, etc. At the Leading Exhibition for Smart Automation and Robotics held in Munich in 2023 (Automatica 2023), KUKA displayed its latest version of KR QUANTEC series robots. This series of products can save energy consumption up to 60%, with a payload up to 300 kg and an operation distance up to 3,904 mm, and can be applied in many market segments such as automobile, casting, and medicine, with such advantages as excellent performance, economy, and flexibility. At the 2023 World Robot Conference, KUKA unveiled its new KR FORTEC-2 ultra series, representing KUKA's fifth-generation heavy-duty robot series. With an impressive payload of up to 800kg and a minimal weight of only 2.2 tons, it boasts an excellent payload-to-weight ratio. With a maximum reach of 3.7 meters and a wide range of motion, it can be widely applied in fields such as automotive, battery, and aerospace, offering advantages such as high precision, rigidity, and reliability. In the field of human-robot collaboration, KUKA demonstrated its product mix of LBR iisy collaborative robot and the new version of operating system iiQKA.OS, and also showcased such products as KMR iisy mobile collaborative robot. Among the products, LBR iisy is a sensitive, precise, and easy-to-operate collaborative robot. Its edgeless arm design allows personnel and collaborative robots to work safely side by side, and all joints are equipped with integrated torque sensors that can instantly detect the slightest touch. Featuring an ergonomic product design, and being easy to operate, solid and durable, LBR iisy can carry a payload of 3-15 kg. In comparison, KMR iisy mobile collaborative robot is a mix of collaborative robot and transport platform that are comprehensively integrated, comprising LBR iisy collaborative robot with a payload of 11 or 15 kg, and KMP 1500P mobile platform bearing an additional load up to 200 kg. Fast, safe, and mobile, KMR iisy can be applied in various scenarios such as installation, internal logistics, and robotic service system. In the medical field, KUKA displayed at the European Robotics Forum 2023 an innovative medical product application, namely "Arthritis Ultrasound Robot", which helps physicians to quickly diagnose patients'

rheumatoid arthritis through ultrasonic imaging by using KUKA's highly sensitive light-duty LBR Med medical collaborative robotics. Besides, at the International Conference on Robotics and Automation held in London in 2023 (ICRA 2023), KUKA and its partners demonstrated how the LBR Med robotics could be applied in highly complex and sensitive medical scenarios such as brain tumour biopsies, by simulating tumour biopsies in the real-time tracking models and enabling physicians to place biopsy needles with the aid of the robotics. In addition, the extra flexible magnetic endoscopy provided by Atlas Endoscopy can effectively overcome the defects of conventional colonoscopy such as discomfort, sedation-related complications, and high variability of examination results, and this technique also mainly applies KUKA LBR Med medical collaborative robotics to achieve operation and examination. Italian startup Robota utilises KUKA's KR 6 AGILUS robot in a surgical instrument sterilisation chamber. It accurately identifies dental surgical instruments and performs disinfection operations on them, enabling unmanned operation for 24 hours, significantly saving time for medical institutions. In 2023, with respect to market development, KUKA and Siemens Healthineers further expanded their cooperation in such fields as minimally invasive surgery, and in the next two years, KUKA will provide Siemens Healthineers' angiography system with 300 robots, of which, KUKA KR QUANTEC robots will be the core components. Since 2016, globally there have been more than 550 hospitals using this set of medical system. KUKA also intensified its cooperation with FAW-Volkswagen. In the latter's manufacturing base in southern China, which is capable of producing 300,000 sets of battery packs annually, approximately 100 KUKA Robotics were applied in multiple manufacturing links of battery pack product lines such as weld, bond, and assembly, involving KUKA's multiple series of robot products such as KR QUANTEC, KR FORTEC, and KR titan. KUKA is also designing a CO₂-neutral battery assembly system for Finnish automotive parts supplier Valmet Automotive. Through this system and leveraging KUKA's industry experience and professional capabilities, Valmet Automotive aims to set new standards in energy efficiency and is committed to achieving sustainable production of electric vehicle battery systems.

KUKA continuously promotes the integration and expansion of resources in the Chinese market and intensifies organizational reform and product iteration with a focus on industrial applications and key customers. On the market front, in 2023, KUKA China continued to intensify its cooperation with leading customers in the new energy sector by offering integrated solutions to major NEV

manufacturers, which has been recognised and praised by customers. KUKA China was honoured with awards such as BYD's Annual Best Partner, Sunwoda's Excellent Partner, and FAW-Volkswagen's Outstanding Partner. In the consumer electronics industry, KUKA achieved breakthrough progress, with products such as six-axis robots and SCARA robots entering the supply chain systems of industry-leading brands and being widely used. In the field of logistics automation, KUKA provided logistics automation upgrade services to many enterprises including GAC Aion, Melaleuca, Neoperl, and VX Logistics. In the medical industry, KUKA can provide one-stop intra-hospital logistics and pharmacy automation solutions, and has provided intra-hospital smart logistics product services to hospitals such as Jingzhou Central Hospital, Zhu Jiang Hospital, the Second Affiliated Hospital of Nanchang University, Guowen (Changchun) International, Jinan Central Hospital, and West China Tianfu Hospital. On the product development front, in 2023, KUKA China launched three series of five robot products, including three SCARA KR20 robots adapted to CS box 2 controllers for the consumer electronics and new energy industries, Delta KR3 SDR for the food, pharmaceutical, and electronics industries, and KR Cybertech 20 E and other robot products. In addition, in 2023, KUKA China also completed the first independently developed vision product, 2D vision lite, to assist SCARA products in achieving market breakthroughs in the consumer electronics industry. KUKA participated in joint research and development projects such as 3D vision applications and 2D vision applications to empower robot system business. In terms of robot application integration, KUKA China continued to cultivate the DTC model, closely meeting user needs, and providing continuous support for the automation transformation of customers in different industries. For example, by providing humanoid broom-pan robots to help customers achieve intelligent brewing of high-quality liquor, supporting ranches in achieving dairy farming automation through the combination of KR IONTEC robots and 3D vision positioning systems, and providing protein extraction automation solutions for biotechnology companies in collaboration with Bioyond Robotics. With respect to manufacturing and supply chain, in 2023, the second phase of Midea KUKA Intelligent Manufacturing Park (Shunde, Guangdong) has been put into full operation, which comprehensively promoted the localization of robot supply, and supported manufacturing automation and digital transformation. The park has also introduced suppliers covering a variety of key components for robotics to improve the layout of the industrial chain. As such, a park with the most complete industrial robotics industrial chain in China has taken shape. Moreover, the KUKA FORTEC-2 production line has been officially put into operation, further ramping up the capacity of heavy-duty

robots. Furthermore, KUKA East China Manufacturing Base (Kunshan, Suzhou) has also been officially put into use in 2023. As a manufacturing base for the integrated application products of KUKA China's industrial automation, Swisslog Logistics, and Swisslog Healthcare, among others, it has further improved KUKA China's capacity layout. In 2023, the patented technology independently developed by KUKA China, namely the "control method, device, computer equipment and storage media for robotics motion", had the honour to win the 24th China Patent Excellence Award. The Intelligent Robotics Industrial Design Centre under KUKA China has successfully entered the sixth list of national-level industrial design centres by the Ministry of Industry and Information Technology. Furthermore, KUKA also proactively assisted Midea Group in boosting its intelligent manufacturing. By the end of 2023, the robot density of Midea reached 570 units per 10,000 persons, and Midea Group will further increase its input to boost its intelligent manufacturing capacity.

J. Deepened the long-term incentive and protected the interests of shareholders

In 2023, Midea continued to encourage the core management to take responsibility for the Company's long-term development and growth by further enhancing its long-term incentive schemes. Midea has launched nine stock option incentive schemes, seven restricted share incentive schemes, eight global partner stock ownership schemes, five business partner stock ownership schemes and the 2023 stock ownership scheme, which have helped, in a more effective manner, to align the long-term interests of senior management and core business backbones with that of all shareholders. Midea Group protects its shareholders' interests by ensuring a consistent dividend policy. It shares its growth with shareholders with a cumulative amount of cash dividend payouts that is about to exceed RMB107 billion (inclusive of the proposed 2023 final dividend) since the Group's listing in 2013. In addition to the consistent dividend payouts, the Company has carried out a string of share repurchase plans. To further stabilize the market capitalization and protect the shareholders' interests, the Company has launched share repurchase plans for four consecutive years since 2019. And the repurchased shares would be used for equity incentive schemes and employee stock ownership schemes.

3. Core Competitiveness Analysis

With the following core competitive edges, Midea is able to fully grasp development opportunities and

achieve significant growth.

A leading global technology company in smart home and commercial and industrial solutions

As a leading global technology company in smart home and commercial and industrial solutions, Midea provides services to customers in over 200 countries and regions. It leads the way in various markets, including various household appliances and their key components, commercial air conditioners, robotics and automation. In 2023, Midea Group's revenue reached RMB373.7 billion, marking its eighth consecutive year on the Fortune Global 500 list, demonstrating its global leadership and outstanding performance. Midea persists in consolidating its market leadership in the global home appliance industry. According to a report by Frost & Sullivan, based on sales volume and revenue in 2022, Midea is the world's largest home appliance supplier. Currently, Midea has an extensive brand matrix targeting high-end, mass-market, and young consumer segments, and provides various smart home appliance products. Based on sales volume in 2022, Midea's products ranked first in six categories in both online and offline markets in Mainland China. Furthermore, Midea has become a sizable provider of commercial and industrial solutions, leading the way in multiple markets. According to production volume, Midea ranked first in the residential AC compressor market in 2022, with a global market share of 44%. Also, based on production volume, Midea ranked first in residential air conditioner and laundry appliance motors, with global market shares of 39.0% and 17.5%, respectively. According to a report by Frost & Sullivan, based on revenue in 2022, Midea is the largest commercial air conditioner supplier in Mainland China and the fifth largest globally. Additionally, according to Frost & Sullivan's report, KUKA Group, a subsidiary of Midea, is one of the "Big Four" industrial robot companies globally and the second largest heavy-duty robot company based on sales volume in 2022.

World-leading research and development capabilities for sustainable innovation

Midea possesses leading research and development capabilities and is committed to allocating significant resources to R&D efforts. From 2021 to 2023, the total R&D investment exceeded RMB39 billion, with R&D spending surpassing RMB14 billion in 2023 alone, showing a continuous upward trend. As of December 2023, Midea has over 23,000 R&D personnel worldwide, accounting for over 50% of its non-production staff. According to a report by Frost & Sullivan, as of 31 December 31 2022,

Midea ranks seventh globally in the total number of patent families and first among Chinese enterprises and in the global home appliance industry, with over 28,000 invention patents.

Midea has established and continues to enhance its R&D system, including research units and teams within the Corporate Research Centre (CRC) and various business divisions. Based on research on technology, users, and markets, Midea has adopted a “Three Generations” R&D model and continuously optimised the “Four-Tier R&D System”. This system relies on the CRC for cutting-edge, basic, and common technologies, while business divisions focus on product technologies, collectively constructing world-class R&D capabilities. Midea strengthens the operation mechanism of the “Three-Tier Technical Committee System”, as well as drives the exploration of cutting-edge technologies, breakthroughs in core technologies, and the layout of technology commercialisation projects. It also promotes the alignment of technology strategies with medium and long-term product planning, driving growth through the dual-wheel propulsion of technology and products. The building of a global R&D network has been accelerated. The Group has set up a total of 33 R&D centers in 11 countries. With the “2+4+N” global R&D network, it has gained the advantage of scale in R&D across the world. Domestically, Midea Global Innovation Center in Shunde District, Foshan City and Midea Global Innovation Center in Shanghai are the cores of Midea’s R&D arm. Overseas, with Midea America Research Center, Midea Germany Research Center, Midea Japan Research Center and Midea Italy Research Center as the cores, Midea makes use of the regional technological advantages, integrates global R&D resources, and builds complementary global R&D capabilities. Following the strategy of “Technology Leadership”, it attracts more and better talents, particularly top technology leaders and talents, to build a competitive edge of talents.

While strengthening its global R&D network, Midea also works on constructing an open platform of innovative ecosystems. Through deepening the implementation of technology projects to integrate quality technological resources across the world, a global innovation system has been put in place. By way of integrating various resources of large companies, technology companies, universities, research institutes and innovation consulting agencies, a technology ecosystem has been put in place and continuously expanded, which has access to enormous resources for technological innovation. Additionally, a scientist system has been established with seven academician workstations/workshops

and 18 academicians on more than 200 cooperation projects. These projects cover green, energy-saving, health, intelligent, robotics, automaton, medical and energy technologies, among others. In terms of basic research, the Group cooperates with domestic and foreign scientific research institutions, such as the University of Illinois at Urbana-Champaign, Purdue University, The University of Sheffield, University of Minnesota System, UC Berkeley, Tsinghua University, Shanghai Jiao Tong University, Zhejiang University, the Chinese Academy of Sciences, Harbin Institute of Technology, Xi'an Jiaotong University, Huazhong University of Science and Technology and South China University of Technology, in order to establish joint labs for deepening technological cooperation. The Group also upgrades and make innovations on cooperation models by carrying out strategic cooperation with tech companies such as BASF, Honeywell, 3M, and SCHOTT to build a global innovation ecosystem through multiple channels. Midea continues to achieve major technological breakthroughs and product innovations through R&D investment, and its R&D achievements continue to optimise its product portfolio and refine its brand image, as well as contributing to the technological progress of the industry.

High-performance operations and digitisation throughout the value chain

Every operational link of enterprises, including supply chain, manufacturing, sales, and product development, faces intricate processes and vast scales. Every year, Midea procures raw materials and components worth hundreds of billions of RMB from over 8,000 suppliers and sells products across more than 200 categories to tens of thousands of small and medium-sized retailers and other customers. Therefore, digitisation is crucial for the Company's operations. More than 5,000 professionals within the Group are dedicated to the digital transformation and upgrade of the Group.

In terms of the supply chain, Midea's Integrated Supply Chain (ISC) management system sets an example of excellent supply chain management operations. It provides a vital system architecture for efficiently fulfilling customer orders and managing global supply chains, achieving intelligent replenishment and faster inventory turnover, and enhancing the collaborative efficiency of production, supply, and sales throughout the value chain. The ISC management system enables seamless connection with suppliers and automation of the procurement process based on sales and inventory data. Supported by an efficient supply chain and big data, inventory building and replenishment of the entire warehouse product portfolio can be achieved in an efficient manner, greatly improving production

efficiency.

With respect to intelligent manufacturing, leveraging digital technologies, Midea is committed to building high-quality, flexible, green and efficient factories. Five factories have been recognised as “Lighthouse Factories” by the World Economic Forum, representing significantly improved production efficiency. After digital transformation, the residential AC factory in Nansha, Guangdong, has reduced operating costs by 23% and increased production efficiency by 36%. The experience of Lighthouse Factories is rapidly promoted across multiple production bases globally. Midea’s intelligent manufacturing capabilities combined with efficient supply chains enable a rapid response to customer demands, aligning production with customer needs, increasing production efficiency, and reducing inventory.

In terms of market channels, Midea leverages digital technologies to directly connect with an extensive network of small and medium-sized retailers, continuously optimising sales channel networks. Through the “Midea Cloud Sales” platform, small and medium-sized retailers can directly order products, promoting the sales of core products and new products. Midea continues to enhance the functionality of “Midea Cloud Sales” and constructs the “Midea Cloud Sales+” ecosystem covering all tiers of markets. As a core competitive edge, Midea possesses an exclusive store system that covers extensive markets. And it stays steadfast in promoting the enhancement and transformation of the exclusive store system in service, operation, and comprehensive retailing, among other capabilities.

In terms of product development, Midea improves its product development capabilities through digitisation. By establishing a digital product planning platform, Midea rapidly translates technology into products that meet customer needs. It keeps advancing platform modularisation to increase the accuracy of product planning. During the period from 2021 to 2023, the project development cycle (calculated based on the average time from project initiation to completion) has been shortened by approximately 16%. Leveraging its comprehensive product portfolio and considerable economies of scale, combined with a digital consumer engagement model, Midea continuously enhances user research and insight capabilities to assist in formulating efficient research and development strategies and developing products and solutions that meet market demands.

High-performance operations and economies of scale throughout the value chain has brought operational efficiency advantages that are difficult to replicate. Midea's "T+3" model, supported by comprehensive digitisation, efficient supply chain management, and production and sales channel operations, has led to improvements in multiple efficiency indicators year by year. For example, the average cycle time from order placement to delivery in the domestic market decreased from 21 days in 2021 to 12.5 days in 2023, significantly lower than the industry average.

A comprehensive and continuously deepening global network

In the domestic market, with its continuous efforts over the years, Midea has formed a multi-channel network which has a complete business layout and covers a wide range of areas, thus meeting the purchase needs of online and offline consumers for household appliances. Midea continues to improve its offline business layout around user needs, and has created a network layout of comprehensive household appliance stores, specialty stores of self-owned products, traditional retailers and e-commerce franchise stores, covering the entire market from first-tier cities to townships. It also provides professional scenario-based solutions for corporate customers. Particularly, Midea boasts a unique exclusive shop system in the industry with more than 20,000 outlets, where various needs of users from new decoration to updates can be met in pre-decoration stores, flagship stores, professional stores, combo stores and other stores. Midea continuously provides industry-leading digital platform services to retail stores. It also focuses on expanding and constructing premium brand stores for COLMO and Toshiba. Centred around "smart suite operation" and "entire-house renovation solutions", Midea actively cooperates with home decoration, furniture, building materials, and design channels, seeking to capture front-end traffic. The Company has built over 2,500 "home decoration + appliances" deeply integrated brand stores. In 2023, the retail sales on the pre-decoration market saw a year-on-year increase of over 80%. With exclusive stores as the core, the Company builds a "Midea Cloud Sales +" ecosystem covering markets at all tiers, establishes an exclusive store system with core competitiveness for various markets, as well as firmly promotes and transforms the exclusive store service, operation, and all-product-category retailing capabilities, among others. In addition, Midea is also accelerating the development of new channels such as Pinduoduo, Douyin, Kuaishou, and Xiaohongshu. These efforts, together with membership operation, product suite promotion and

intelligent transformation, can drive sales and user growth.

In overseas markets, Midea has put in place a global network for research and development, manufacturing, and marketing, representing the capability for global development. With 17 overseas research and development centres in 10 countries, Midea integrates global R&D resources to build complementary advantages in global technological research and development. Among the 40 major production bases globally, 21 are located overseas. As such, Midea is able to realise global production and delivery, seizing growth opportunities in overseas markets. Overseas sales contribute to over 40% of Midea's total sales, with products exported to over 200 countries and regions worldwide. In many overseas markets, online and offline sales networks have been established, with approximately 5,000 after-sales service outlets. Continuously deepening the application of digital sales platforms in overseas markets, over 9,000 retailers in Southeast Asia have joined Midea's overseas sales platform. As of 31 December 31 2023, Midea has over 30,000 overseas employees. Midea also continuously deepens and expands its global business network through strategic acquisitions and joint ventures. The rapid growth of Midea's overseas original brand manufacture (OBM) business is evident, with OBM revenue exceeding 40% of overseas smart home revenue in 2023. Mainly featuring Toshiba, Midea, and Comfee brands, OBM products have demonstrated strong competitiveness in numerous overseas markets. In 2023, on the Amazon platform in the United States, the market shares of Midea's own-brand window air conditioners and microwave ovens approached 30% and exceeded 40%, respectively. Additionally, TLSC achieved a turnaround from loss to profit within approximately three years after the acquisition, showcasing Midea's capabilities in global business integration and global brand management.

Sustained growth in the business of commercial and industrial solutions

Midea has established a rapidly growing business of commercial and industrial solutions. Revenue from this business as a percentage of total revenue has increased from 18.5% in 2020 to over 26% in 2023, with revenue from the said business approaching RMB100 billion in 2023. Commercial and industrial solutions have become one of the main engines driving the continuous growth in Midea's business.

Midea Energy Solutions and Industrial Technology, with technology as the core driver, commands key technologies in “green energy” and “key industrial components”. With a rich brand portfolio, it continues to deepen cooperation with customers in high-growth areas such as consumer appliances, industrial automation, photovoltaic energy storage, and intelligent transportation, among others. It provides global pan-industrial customers with green, efficient and intelligent products and technological solutions. The business group continues to increase investment in key and cutting-edge technologies. Through the acquisition of new energy companies—CLOU Electronics and Hiconics, it has entered the energy storage industry with tremendous market potential.

Midea Intelligent Building Technology offers integrated solutions for intelligent buildings in various fields, including infrastructure, utilities, industrial parks, and agricultural facilities. Its comprehensive smart solutions mainly cover smart low-carbon solutions, smart rail transit, smart hospitals, and smart parks. With the digital platform iBUILDING at its core, it empowers building equipment and enhances the operational and management efficiency of building facilities. It has successfully provided solutions for landmark projects such as the Jakarta-Bandung High-Speed Railway in Indonesia and the National Stadium (Bird’s Nest) in Beijing.

With KUKA Group at its core, the robotics and automation systems business, as one of the world-renowned providers of intelligent robotic automation solutions, KUKA provides comprehensive products, system integration, and services to customers in various industries such as automobile, electronics, consumer goods, logistics/e-commerce, healthcare, and more. KUKA continues to consolidate and enhance its market leadership in the field of robotics and automation solutions. In 2023, both revenue and profit of KUKA Group hit record highs. Its business performance in China was particularly outstanding, with revenue contribution from KUKA China increasing from 15% in 2020 to over 22% in 2022.

Midea possesses diversified commercial and industrial solutions, providing integrated solutions to clients across multiple industries. In horizontal expansion, it consistently enriches product categories, expands scale, and enhances efficiency advantages. In vertical expansion, it continuously develops and iterates compressors, motors, and other key industrial components, and enters cutting-edge technology fields through acquisitions, such as servo systems and industrial robots. Through both

horizontal and vertical expansions, Midea creates industrial synergies, laying a solid foundation and injecting strong momentum for the sustained growth of its business of commercial and industrial solutions.

Advanced corporate governance and values

Midea is built to grow on the back of advanced governance mechanism, future-proof values, and managerial mindset growth. Midea's corporate governance emphasises the shared responsibilities, rights and obligations, striving to establish an internal entrepreneurial group and fully inspire entrepreneurial spirit. Midea has long been committed to creating maximum value for employees, customers, shareholders, and society. To recognise employee contributions and acknowledge performance, Midea has established a multi-tiered long-term incentive mechanism primarily based on stock incentives. As of the end of 2023, Midea has launched nine Stock Option Incentive Schemes, seven Restricted Share Incentive Schemes, and 14 Stock Ownership Schemes for its management teams and key employees at different levels. Midea is committed to providing the best experience for customers, striving to deeply understand their needs and preferences, and optimising product development and business models accordingly. Over the years, Midea's product portfolio has continuously expanded to meet diverse customer needs. The trust and support from shareholders are crucial to Midea's development. Midea is dedicated to creating value for shareholders and sharing growth with them. Since its listing in 2013, Midea has paid out a total of RMB86.7 billion in cash dividends and implemented share repurchases totaling over RMB27.1 billion. Midea attaches great importance to environmental and social responsibility, striving for sustainable development. It was recognised as an Industry Benchmark for Sustainable Development Industrial Enterprises in the "2022 Forbes China Sustainable Development Industrial Enterprises Top 50 Selection". In "Forbes China 2023 ESG Inspiring Cases" selection, it was recognised as one of the ESG Case Companies with Practical Reference Significance.

4. Analysis of Main Business

4.1 Overview

See contents under the heading "2. Business Scope in the Reporting Period".

4.2 Revenues and Costs

4.2.1 Breakdown of operating revenue

Unit: RMB'000

	2023		2022		YoY Change (%)
	Amount	As a percentage of total operating revenue (%)	Amount	As a percentage of total operating revenue (%)	
Total	372,037,280	100.00%	343,917,531	100.00%	8.18%
By business segment					
Manufacturing	333,060,319	89.52%	305,846,997	88.93%	8.90%
By product category					
HVAC	161,110,843	43.31%	150,634,586	43.80%	6.95%
Consumer appliances	134,691,669	36.20%	125,284,737	36.43%	7.51%
Robotics, automation systems and other manufactured products	37,257,807	10.01%	29,927,674	8.70%	24.49%
By geographical segment					
PRC	221,131,596	59.44%	201,272,589	58.52%	9.87%
Outside PRC	150,905,684	40.56%	142,644,942	41.48%	5.79%
By sales model					
Online	77,330,838	20.79%	68,012,355	19.78%	13.70%
Offline	294,706,442	79.21%	275,905,176	80.22%	6.81%

Note: Consumer appliances in the table above primarily include refrigerators, laundry appliances, kitchen appliances and small domestic appliances.

During the Reporting Period, the energy solutions and industrial technology revenue was RMB27.9 billion, up 29% year-on-year; the intelligent building technology revenue was RMB25.9 billion, up 14% year-on-year; and the robotics & automation revenue was RMB31.1 billion, up 12% year-on-year.

4.2.2 Business segments, products, geographical segments or sales models contributing over 10% of the operating revenue or profit

√Applicable □N/A

Unit: RMB'000

	Operating Revenue	Cost of sales	Gross profit margin	YoY change of operating revenue (%)	YoY change of cost of sales (%)	YoY change of gross profit margin (%)

By business segment						
Manufacturing	333,060,319	238,575,505	28.37%	8.90%	4.94%	2.70%
By product category						
HVAC	161,110,843	119,912,866	25.57%	6.95%	3.17%	2.73%
Consumer appliances	134,691,669	90,239,157	33.00%	7.51%	3.19%	2.80%
Robotics, automation systems and other manufactured products	37,257,807	28,423,482	23.71%	24.49%	20.11%	2.78%
By geographical segment						
PRC	221,131,596	163,562,521	26.03%	9.87%	7.93%	1.33%
Outside PRC	150,905,684	109,918,852	27.16%	5.79%	0.85%	3.57%
By sales model						
Online	77,330,838	52,961,520	31.51%	13.70%	11.79%	1.17%
Offline	294,706,442	220,519,853	25.17%	6.81%	3.45%	2.43%

Under the circumstances that the statistical standards for the Company's main business data adjusted in the Reporting Period, the Company's main business data in the recent year is calculated based on adjusted statistical standards at the end of the Reporting Period

Applicable N/A

4.2.3 Whether revenue from physical sales is higher than service revenue

Yes No

Business segment	Item	Unit	2023	2022	YoY Change (%)
Home appliances	Sales	In thousand units/sets	597,163.1	547,765.0	9.02%
	Output	Ditto	580,947.3	539,852.5	7.61%
	Inventory	Ditto	92,512.9	87,067.8	6.25%

Reason for any over 30% YoY movements in the data above

Applicable N/A

4.2.4 Execution of significant sales and purchase contracts in the Reporting Period

Applicable N/A

4.2.5 Breakdown of cost of sales

Unit: RMB'000

Business segment	Item	2023		2022		YoY Change (%)
		Amount	As a percentage of total cost of sales (%)	Amount	As a percentage of total cost of sales (%)	

Home appliances	Raw materials	175,242,843	83.39%	170,337,613	83.63%	2.88%
	Labor costs	13,676,011	6.51%	12,746,704	6.26%	7.29%
	Depreciation	3,521,545	1.68%	3,242,335	1.59%	8.61%
	Energy	2,886,391	1.37%	2,760,289	1.36%	4.57%

4.2.6 Changes in the scope of the consolidated financial statements for the Reporting Period

Yes No

The detailed information of changes in the consolidation scope in the current period is set out in Note 5 to the Financial Statements. Entities newly included in the consolidation scope in the current period through acquisition mainly include ShenZhen CLOU Electronics Co., Ltd. and its subsidiaries (please refer to Note 5(1)(a)), while details of those through incorporation can be found in Note 5(2)(a). The detailed information of subsidiaries no longer included in the consolidation scope in the current period is set out in Note 5(2)(b).

4.2.7 Major changes in the business, products or services in the Reporting Period

Applicable N/A

4.2.8 Main customers and suppliers

Major customers of the Company

Total sales to top five customers (RMB'000)	43,667,937
Total sales to top five customers as a percentage of the total sales for the year (%)	11.74%
Total sales to related parties among top five customers as a percentage of the total sales for the year (%)	0

Information about top five customers

No.	Customer	Sales revenue (RMB'000)	As a percentage of the total sales revenue (%)
1	Customer A	25,454,192	6.84%
2	Customer B	7,330,760	1.97%
3	Customer C	5,046,912	1.36%
4	Customer D	3,230,985	0.87%
5	Customer E	2,605,088	0.70%
Total	--	43,667,937	11.74%

Other information about top five customers

Applicable N/A

Major suppliers of the Company

Total purchases from top five suppliers (RMB'000)	15,872,076
Total purchases from top five suppliers as a percentage of the total purchases for the year (%)	6.19%

Total purchases from related parties among top five suppliers as a percentage of the total purchases for the year (%)	0
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Information about top five suppliers of the Company

No.	Supplier	Purchase (RMB'000)	As a percentage of the total purchases (%)
1	Supplier A	4,998,223	1.95%
2	Supplier B	4,568,479	1.78%
3	Supplier C	2,152,149	0.84%
4	Supplier D	2,119,501	0.83%
5	Supplier E	2,033,724	0.79%
Total	--	15,872,076	6.19%

Other information about top five suppliers

Applicable N/A

4.3 Expense

Unit: RMB'000

	2023	2022	YoY Change (%)	Reason for any significant change
Selling and distribution expenses	34,880,875	28,716,121	21.47%	
General and administrative expenses	13,476,908	11,582,664	16.35%	
Finance costs	3,261,656	3,387,491	-3.71%	
Research and development expenses	14,583,311	12,618,506	15.57%	

4.4 R&D investment

Applicable N/A

Information about R&D personnel

	2023	2022	YoY Change (%)
Number of R&D personnel	23,242	20,782	11.84%
R&D personnel as a percentage of total employees	11.69%	12.50%	-0.81%
Educational background of R&D personnel	—	—	—
Bachelor's degree	12,633	12,353	2.27%
Master's degree	5,115	4,457	14.76%
Doctoral degree	648	548	18.25%
Other	4,846	3,424	41.53%

Age structure of R&D personnel	—	—	—
Below 30	7,204	6,566	9.72%
30~40	11,842	11,208	5.66%
Over 40	4,196	3,008	39.49%

Note: “Other” under “Educational background of R&D personnel” in the table above includes personnel under privacy protection.

Information about R&D investment

	2023	2022	YoY Change (%)
R&D investment (RMB'000)	14,583,311	12,618,506	15.57%
R&D investment as a percentage of operating revenue	3.92%	3.67%	0.25%

Reasons for any significant change in the composition of R&D personnel and the impact

Applicable N/A

Reasons for any significant YoY change in the percentage of R&D investment in operating revenue

Applicable N/A

Reasons for any significant change in the percentage of capitalized R&D investment and rationale

Applicable N/A

4.5 Cash flow

Unit: RMB'000

Item	2023	2022	YoY Change (%)
Subtotal of cash inflows from operating activities	372,833,745	343,767,987	8.46%
Subtotal of cash outflows due to operating activities	314,931,134	309,110,159	1.88%
Net cash flows from operating activities	57,902,611	34,657,828	67.07%
Subtotal of cash inflows from investing activities	122,203,235	102,953,948	18.70%
Subtotal of cash outflows due to investing activities	153,423,090	116,463,458	31.73%
Net cash flows from investing activities	-31,219,855	-13,509,510	-131.10%
Subtotal of cash inflows from financing activities	37,112,135	54,739,462	-32.20%
Subtotal of cash outflows due to financing activities	55,022,348	65,594,343	-16.12%
Net cash flows from financing activities	-17,910,213	-10,854,881	-65.00%
Net increase in cash and cash equivalents	8,755,292	10,581,929	-17.26%

Explanation of why the data above varied significantly

Applicable N/A

a. Primarily driven by an increase in cash received from sale of goods or rendering of services, net cash flows from operating activities increased 67.07% from last year.

b. Primarily driven by an increase in cash paid to acquire investments, net cash flows from investing activities decreased 131.10% from last year.

c. Primarily driven by a decrease in cash received from borrowings, net cash flows from financing activities decreased 65.00% from last year.

d. Net increase in cash and cash equivalents decreased 17.26% from last year.

Explanation of main reasons leading to the material difference between net cash flows from operating activities during the Reporting Period and net profit for the year

Applicable N/A

It is primarily due to the increased operating payables.

5. Analysis of Non-Core Business

Applicable N/A

6. Assets and Liabilities

6.1 Material changes of asset items

Unit: RMB'000

	31 December 2023		1 January 2023		Change in percentage (%)	Explanation about any material change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Cash at bank and on hand	81,673,846	16.80%	55,270,099	13.08%	3.72%	
Accounts receivable	32,884,739	6.77%	28,237,973	6.68%	0.09%	
Contract assets	4,045,925	0.83%	4,498,956	1.06%	-0.23%	
Inventories	47,339,255	9.74%	46,044,897	10.90%	-1.16%	
Investment properties	1,293,629	0.27%	809,936	0.19%	0.08%	
Long-term equity investments	4,976,109	1.02%	5,188,817	1.23%	-0.21%	

Fixed assets	30,937,963	6.37%	26,082,992	6.17%	0.20%	
Construction in progress	4,681,220	0.96%	3,843,777	0.91%	0.05%	
Right-of-use assets	3,048,785	0.63%	2,339,878	0.55%	0.08%	
Short-term borrowings	8,819,176	1.81%	5,169,480	1.22%	0.59%	
Long-term borrowings	46,138,736	9.49%	50,685,948	12.00%	-2.51%	
Contract liabilities	41,765,475	8.59%	27,960,038	6.62%	1.97%	
Lease liabilities	2,047,319	0.42%	1,507,480	0.36%	0.06%	

Indicate whether overseas assets account for a larger proportion in total assets.

Applicable N/A

6.2 Assets and liabilities measured at fair value

Applicable N/A

Unit: RMB'000

Item	Opening balance	Profit or loss from change in fair value during the period	Cumulative fair value change recorded in equity	Amount provided for impairment in the period	Purchased in the period	Sold in the period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	3,284,593	284,587	-		15,811,293	17,607,075	17,190	1,790,588
2. Derivative financial assets	752,451	-12,067	125,812		1,254,362	194,374	-255,430	1,670,754
3. Receivables financing	13,526,540	-	-		-	196,532	-	13,330,008
4. Other debt investments and other	17,626,302	-	-		30,000	7,253,610	610,784	11,013,476
5. Investments in other equity instruments	41,359	-	-1,025		-	-	-2,460	37,874
6. Other non-current financial assets	10,625,244	1,128,350	-266,696		172,008	2,597,153	964,885	7,769,938
Sub-total of financial assets	45,856,489	-855,830	-141,909		17,267,663	27,848,744	1,334,969	35,612,638
Investment properties								
Productive living assets								
Others								
Sub-total of the above	45,856,489	-855,830	-141,909		17,267,663	27,848,744	1,334,969	35,612,638
Financial liabilities	1,895,310	272,054	-38,001		150,077	520,924	3,662	1,762,178

6.3 Restricted asset rights as of the end of this Reporting Period

As of the end of this Reporting Period, there were no such circumstances where any main assets of the Company were sealed, distrained, frozen, impawned, pledged or limited in any other way.

7. Investment made

7.1 Total investment amount

Applicable N/A

Total investment amount of the Reporting Period (RMB'000)	Total investment amount of last year (RMB'000)	YoY Change (%)
153,423,090	116,463,458	31.73%

7.2 Significant equity investment made in the Reporting Period

Applicable N/A

7.3 Significant non-equity investments ongoing in the Reporting Period

Applicable N/A

7.4 Financial investments

7.4.1 Securities investments

Applicable N/A

Unit: RMB'000

Type of securities	Code of securities	Abbreviation of securities	Initial investment cost	Measurement method	Opening carrying amount	Gain or loss from change in fair value during the period	Cumulative fair value change recorded in equity	Purchased in the period	Sold in the period	Gain or loss in the period	Closing carrying amount	Accounting title	Funding source
Overseas listed stock	1810	XIAOMI-W	769,972	Fair value method	586,342	252,053	9,936		-59,180	254,576	791,674	Financial assets held for trading	Own funds
Overseas listed stock	SOUN	SoundHound AI	157,203	Fair value method	51,889	10,395	920	-		10,395	63,204	Financial assets held for trading	Own funds
Domestically listed	688165	EFORT	178,534	Fair value method	274,120	136,138			100,570	125,451	299,001	Financial assets held for trading	Own funds

stock				hod									
Domestically listed stock	688322	Orbtec	300,000	Fair value method	134,670	150,612			150,612	285,282	Financial assets held for trading	Own funds	
Domestically listed stock	688249	Nexchip	1,000,000	Fair value method	-	220,185		1,675,429	-220,185	1,455,244	Other non-current financial assets	Own funds	
Domestically listed stock	688159	Neoway	31,600	Fair value method	29,100	6,194		-	-65,261	42,526	Financial assets held for trading	Raised funds	
Domestically listed stock	688162	JEE	88,180	Fair value method	153,353	-41,135		-	-41,135	112,218	Financial assets held for trading	Raised funds	
Domestically listed stock	301135	Real-Design	40,000	Fair value method	62,101	7,761			-1,017	8,213	Financial assets held for trading	Raised funds	
Domestically listed stock	688097	BOZHON	55,000	Fair value method	89,746	24,341			-	24,341	Other non-current financial assets	Raised funds	
Domestically listed stock	001283	Highpower Technology	20,000	Fair value method	38,030	-14,299			-32,514	1,729	Financial assets held for trading	Raised funds	
Domestically listed stock	002157	ST Zhengbang	210	Fair value method	-	0		210		0	Financial assets held for trading	Debt restructuring	
Total			2,640,699	-	1,419,351	311,875	10,856	1,675,639	-258,542	356,523	3,203,827	-	-

7.4.2 Derivatives investments

Applicable N/A

A. Derivatives investments for hedging purposes in the Reporting Period

Applicable N/A

Unit: RMB'000

Type of derivative	Initial investment amount	Opening amount	Gain or loss from change in fair value during the period	Cumulative fair value change recorded in equity	Purchased in the period	Sold in the period	Closing amount	Closing amount as a percentage of the Company's closing net assets

Futures contracts	85,017	85,017	0	-3,925	0	0	81,092	0.0498%
Forex contracts	352,895	352,895	-233,247	167,738	128,792	37,722	118,788	0.0729%
Cross-currency interest rate swaps	4,276,688	4,276,688	-815,482	-266,696	0	0	3,137,717	1.9264%
Total	4,714,600	4,714,600	-1,048,729	-102,883	128,792	37,722	3,337,597	2.0491%
Explanation of significant changes in accounting policies and specific financial accounting principles in respect of the Company's hedges for the period as compared to the prior period	No change							
Actual gain/loss in the period	Actual loss from derivatives investments during the Reporting Period was RMB-1,903.841 million.							
Results of hedges	The Company's major risks during the Reporting Period included foreign exchange risk exposures and raw material price risks. Foreign exchange risks included foreign currency-denominated asset and liability exposures arising from overseas sales, raw material purchases, financing and other operations. And raw material price risks included exposures to fluctuations in spot trading market prices for bulk material purchases. These uncertainties arising from currency fluctuations were effectively hedged against by buying derivative contracts of the same amount and maturity but in opposite directions.							
Source of derivatives investment funds	All from the Company's own funds							
Risk analysis of positions held in derivatives during the Reporting Period and explanation of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>For the sake of eliminating the cost risk of the Company's bulk purchases of raw materials as a result of significant fluctuations in raw material prices, the Company not only carried out futures business for some of the bulk materials, but also made use of bank financial instruments and promoted forex funds business, with the purpose of avoiding the risks of exchange and interest rate fluctuation, realizing the preservation and appreciation of forex assets, reducing forex liabilities, as well as achieving locked-in costs. The Company has performed sufficient evaluation and control against derivatives investment and position risks, details of which are described as follows:</p> <ol style="list-style-type: none"> 1. Legal risk: The Company's futures business and forex funds businesses shall be conducted in compliance with laws and regulations, with clearly covenanted responsibility and obligation relationship between the Company and the agencies. Control measures: The Company has designated relevant responsible departments to enhance learning of laws and regulations and market rules, conducted strict examination and verification of contracts, defined responsibility and obligation well, and strengthened compliance check, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company. 2. Operational risk: Imperfect internal process, staff, systems and external issues may cause the Company to suffer from loss during the course of its futures business and forex funds business. Control measures: The Company has not only developed relevant management systems that clearly defined the assignment of responsibility and approval process for the futures business and forex funds business, but also established a comparatively well-developed monitoring mechanism, aiming to effectively reduce operational risk by strengthening risk control over the business, decision-making and trading processes. 3. Market risk: Uncertainties caused by changes in the prices of bulk commodity and exchange rate fluctuations in foreign exchange market could lead to greater market risk in the futures business and forex funds business. Meanwhile, inability 							

	<p>to timely raise sufficient funds to establish and maintain hedging positions in futures operations, or the forex funds required for performance in forex funds operations being unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company shall always be conducted by adhering to prudent operation principles. For futures business, the futures transaction volume and application have been determined strictly according to the requirements of production & operations, and the stop-loss mechanism has been implemented. Besides, to determine the prepared margin amount which may be required to be supplemented, the futures risk measuring system has been established to measure and calculate the margin amount occupied, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has submitted application for funds business should conduct risk analysis on the conditions and environment affecting operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update operating status of the funds business on a timely basis to ensure proper funds arrangement before the expiry dates.</p>
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	<p>The Company carried out recognition and measurement according to "Section VII Recognition of Fair Value" in the Accounting Standard No. 22 for Business Enterprises—Recognition and Measurement of Financial Instruments. Changes in the fair value of derivatives were recognized at RMB-1,151.612 million during the Reporting Period.</p> <ol style="list-style-type: none"> 1. The fair value of futures contracts was determined on the basis of publicly quoted prices in the futures market. 2. The fair value of forex contracts was determined based on banks' quoted prices for foreign exchange products. 3. The main parameter assumptions used in the analysis of the fair value of cross-currency interest rate swaps included interest rate paid, interest rate received, frequency of interest received, frequency of interest paid, interest rate curve, exchange rate curve, etc.
Litigation involved (if applicable)	N/A
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	29 April 2023
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	20 May 2023
Special opinions expressed by independent directors concerning the Company's derivatives investment and risk control	<p>The Company's independent directors are of the view that the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal control, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets and the abovementioned investment in derivatives can help the Company to fully bring out its competitive advantages. Therefore, it is practicable for the Company to carry out derivatives investment business, and the risks are controllable.</p>

B. Derivatives investments for speculative purposes in the Reporting Period

Applicable N/A

No such cases in the Reporting Period.

7.5 Use of funds raised

Applicable N/A

No such cases in the Reporting Period.

8. Sale of Major Assets and Equity Interests

8.1 Sale of major assets

Applicable N/A

No such cases in the Reporting Period.

8.2 Sale of major equity interests

Applicable N/A

9. Analysis of Major Subsidiaries

Applicable N/A

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Company name	Company type	Business scope	Registered capital	Total assets (in RMB million)	Net assets (in RMB million)	Operating revenue (in RMB million)	Operating profit (in RMB million)	Net profit (in RMB million)
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	Subsidiary	Manufacturing of home appliances	USD158.58 million	23,257	12,394	16,237	2,512	2,211
Chongqing Midea Air-Conditioning Equipment Co., Ltd.	Subsidiary	Manufacturing of home appliances	RMB50 million	15,000	1,623	25,802	1,737	1,493
Wuxi Little Swan Electric Co., Ltd.	Subsidiary	Manufacturing of home appliances	RMB732,487,764	25,504	6,290	23,830	1,535	1,393
GD Midea Heating & Ventilating Equipment Co., Ltd.	Subsidiary	Manufacturing of commercial air conditioners	RMB500 million	16,618	2,629	18,624	1,459	1,324

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable N/A

The detailed information of changes in the consolidation scope in the current period is set out in Note 5 to the Financial Statements. Entities newly included in the consolidation scope in the current period

through acquisition mainly include ShenZhen CLOU Electronics Co., Ltd. and its subsidiaries (please refer to Note 5(1)(a)), while details of those through incorporation can be found in Note 5(2)(a). The detailed information of subsidiaries no longer included in the consolidation scope in the current period is set out in Note 5(2)(b).

10. Structured Bodies Controlled by the Company

Applicable N/A

As of the end of the Reporting Period, one structured entity was included in the Group's consolidated financial statements, which is a private-equity fund controlled by the Group. As a manager and investor of the structured entity, the Group has relevant management power in and variable returns from the entity, and has the ability to exercise its management power to impact the returns.

11. Outlook for the Future Development of the Company

Development strategies of the Company

Midea adheres to the strategic focus of "Technology Leadership, Direct to Users, Digitization & Intelligence Driven, and Global Impact", focuses on "Comprehensive Digitalization and Comprehensive Intellectualization", drives balanced development of ToC and ToB businesses under the guidance of the strategic focus, as well as builds a complementary cycle among diverse industries. The Company drives profitability improvement through the enhancement of product strength and core technologies in the ToC end, providing strategic support for the transformation of the ToB business. Also, it continues to strengthen its globalisation capability, striving to transform from a China-based company to a global one. While maintaining its superiority in efficiency, the Company drives growth through innovation and builds product and technological advantages. Midea are built to grow on the back of advanced governance mechanism, future-proof values, and managerial mindset growth. Midea will continuously improve the governance mechanism by empowering responsibilities, rights and obligations, clarify decentralization and authorization, constantly refine the agent mechanism, optimize the incentive and constraint system, encourage entrepreneurship and boost organizational vitality, and establish a flat and agile organization and optimization process. It will also adhere to the values of long-termism and altruism, truly put employees, users, customers and partners at the center of all things, and improve the

EHS governance and ESG rating. Additionally, the Management will endeavor to achieve all-round growth both spiritually and intellectually. Meanwhile, Midea will continue to improve the talent structure, build diverse teams that are inclusive and collaborative, and create a simple, straightforward, flat and equal environment. In the meantime, it will constantly improve consistency management across the Group, so as to achieve consistent operations, corporate culture and values and philosophies, which will ensure the sustained and steady development of the Company.

With strategic certainty, Midea is well prepared for uncertainties in the future. It firmly upgrades its business models. In terms of the home appliance business, the key is to achieve further growth through business model upgrades such as the Chinese Market DTC reform and the Overseas OBM Priority strategy, and to explore new approaches to continuously drive cost reduction and efficiency improvement through the combination of the through-value-chain, no-breakpoint, seamless, and people-never-see-people digitalisation capabilities and lean management. It is also important to insist on structural upgrading, i.e. adjusting large structures, refining small structures, and creating new structures. The key is to provide high-quality, differentiated products. The Company continues to invest in and improve the "Three Generations" R&D system to increase added value and profitability of products, better support technological research and development and structural upgrading, and continue to invest in the future in order to achieve stable and sustained high-quality growth. In addition, Midea insists on business upgrading. By further increasing investment in the ToB business, continuously improving product strength, realising value chain autonomy, grasping opportunities to quickly seize market share, the Company fully fires up the "Second Growth Engine". With the customer-oriented principle as the root of corporate innovation and reform, the Company accelerates DTC breakthroughs. Grasping capital flow, cargo flow, information flow and other information of the whole value chain through direct contact with customers/users, the Company is able to deepen the implementation of an online system for policies and visualisation of the whole order process. By doing so, it can gather retail data in real time, and acquire first-hand information on customer needs for its reform and innovation. Further, the Company shortens the factory-to-user process through the development of online capabilities and the further online-offline integration, so that the products and services can be delivered to the users at the lowest cost and the fastest speed.

Key operation points in 2024:

In 2024, based on the core strategic focus with “Technology Leadership” as the core, Midea will adhere to the operating principles of “enhancing value chain-wide efficiency alongside structural growth through upgrades”. It will strive for a bigger business size through structural growth, globalised regional expansion and upgrading of the ToB business. Continuous efforts will be made to optimise cash flow, improve cost management and focus on developing competitive businesses at both the strategic and operational levels. By working on overall efficiency improvement instead of partial fine-tuning, Midea is in a position to better cope with market volatility and uncertainty. It will endeavour to achieve its annual objectives in a steady and high-quality manner. Meanwhile, further efforts will be made to promote the decentralisation and improvement of the governance mechanism, develop an internal entrepreneurial group, and fully stimulate entrepreneurial spirit. Midea will strive to be the best it can be in a long cycle, looking at its own problems and shortcomings in a calm and rational manner.

Midea will focus on "efficiency, performance and results". It will continue to drive business breakthroughs, advance faster with innovation, as well as explore new approaches, models, products and capabilities. On the product end, the Company will continue to strengthen the product structure adjustment, the development of new product categories and breakthroughs in weak product categories; on the channel end, efforts are being made to promote the expansion of new markets, the use of new approaches, and the development of new business forms such as interest-based e-commerce; and on the operation end, the Company will insist on controlling operating risks and expenses, balancing investments and returns, driving higher profitability and improving cash flow. Key tasks for 2024 include:

a. Based on the core strategy of “Technology Leadership”, Midea will increase investment in R&D, improve talent structure, carry out the tasks of technology innovation, product innovation, business model innovation, and process innovation, as well as build a mechanism that can support “Technology Leadership”. Midea will continue to promote the transformation of R&D organisations, enhance research capabilities, establish the scientist system, attract global research talents and high-end R&D personnel, improve the R&D network, accelerate the cultivation of overseas R&D capabilities, strengthen the development and management of overseas R&D organisations, advance the planning and implementation of overseas R&D centres by various business units, and focus on the construction

of research organisations and overseas OBM R&D teams as well as talent structure to develop differentiated products with potential brand effects. Through the implementation of the “Three Generations” plan, it will promote the improvement of operational quality, establish a quantified evaluation system for the “Three Generations,” use leading research projects and common technology projects as leverage, and continuously build a future technological leadership moat from the dimensions of technology, patents, and standards. It will continuously optimise the structure of projects related to exploring cutting-edge technologies, breakthroughs in core technologies, and technology transfer to promote the implementation of research results and enhance product capabilities. It will continue to advance the product technology planning of dual high-end brands, guide the product structure upgrade of relevant product business units with “big structures, small structures, and new structures”, and further support business development through the layout and implementation of new products.

b. Midea will keep a high-quality development direction and stick to organic, sustained and effective organic growth. In the process of implementing new strategies to boost new growth areas, the key lies in improving operational efficiency. Therefore, Midea will optimize the delivery cycle, enhance the inventory turnover, improve the cash cycle, and implement the shared inventory system. Being customer-oriented, Midea will strive to be “Direct to Users” through user research, user insight, product plan transforming and user operation. Midea will promote the T+3 business model reform and high-performance operations in the whole value chain in every link from product planning to after-sales service, so as to increase efficiency in the whole value chain and the data-driven efficiency. Channel reform will be firmly pushed forward for the front-end market. In order to win in competition, it is important to develop high-end products to refine the product mix. Midea will plan for, establish and refine business middle platforms, especially data and technology middle platforms. In the meantime, it will maintain overall consistency by sticking to “One Midea, One System, One Standard”. In face of common problems such as fluctuations in exchange rates and prices of bulk raw materials, as well as sourcing management, Midea will firmly promote its internal coordination and sharing mechanism and keep perfecting the relevant solutions. It will also maintain effective investments, control non-operating expenses, increase labor productivity, improve human resource allocation efficiency, promote lean management and provide fresh impetus for continual growth through relentless innovation.

c. In the domestic market, based on the “Direct to Users” strategy, Midea will continue to deepen the reform of its organisational structure, improve retail capacity, and develop user operation and back-end capacity. Midea will also commit itself to intelligent experience terminals and user experience. In terms of channel transformation, Midea will deepen DTC transformation, transform the value chain and business model, focus on the development of retail capabilities and the enhancement of user operations around customers and users, precisely and efficiently improving end-to-end experiences such as services, products, and supply chains; at the customer-oriented M2b link, digital operation empowerment will be carried out, delivery efficiency will be improved through mechanisms such as visual delivery period, overdue compensation, simplified online policies, and empowered cloud warehouses, customer liquidity will be increased, inventory sharing will be promoted, online and offline product pools will be interconnected, and a shared inventory system of innovative shared business models will be achieved, improving store inventory turnover efficiency; At the b2C link, focusing on users, digital retail empowerment will be carried out, retail resources and policies will be optimised, a model of operating multiple stores with one business will be promoted, and user experience will be enhanced; Based on digital systems and tools, increased investment will be made in building a retail middle platform, cultivating user operation capabilities and data analysis decision-making capabilities, supporting retail transformation; enhancing the front-end category store user service capabilities and cross-store customer service guidance and recommendation capabilities of shelf e-commerce platforms, optimising the allocation of internal and external traffic resources, deepening internal traffic special cooperation and developing KOLs and private domain traffic, while accelerating content/interest-based e-commerce channel layout; strengthening the construction of online customer ecosystem, focusing on cultivating stores for all categories and multiple categories of customers, expanding customer scale, improving channel structure, enhancing online and offline integrated business capabilities, unifying cross-category marketing, and promoting online and offline integration. With respect to marketing, Midea will empower the retail end and customers through the refinement of event operations, structured product marketing, and standardised retail experience. With consistent online and offline branding, the Company will strengthen the node integrated marketing capability. By integrated branding strategy, content and advertising, it is able to strengthen the quality of content and branding effect, increase brand and product visibility, and reach customers effectively. Meanwhile, the Company will continuously expand the base of private domain users to enhance user satisfaction and

royalty. In terms of user operation and service, Media will, focusing on user experience, improve product design iterations and purchasing service experiences, accelerate the establishment of two-way communication channels with private domain users, optimise membership operation capabilities, and improve user satisfaction and loyalty; through refined hierarchical management of service outlets and engineer training certification systems, service capabilities and service quality will be enhanced; Media will also expand sales customer service evaluation scenarios, realise intelligent analysis and closed-loop management of evaluation results for service providers, and bridge the whole-scene evaluation chain for service providers; through improving performance capabilities, optimising products, and reshaping channels, a service product operation platform will be built to achieve commercial operation, continuously promote service process restructuring, service-side sales diversion, and digital transformation of services, providing users with a one-stop service experience. In terms of intelligence, based on existing products, Midea will continue to develop its comprehensive smart home system, focusing on the construction of a “wired + wireless” high-stability communication technology, an integrated decision-making hub combining “cloud + edge”, and a deep integration control system of “smart home + smart appliances”, establishing a leading comprehensive smart home system. Midea will continue to invest in research and development, developing technologies such as smart sensing, AI control strategies, and large-scale model applications, introducing smart products with differentiation and leadership, continuously optimising key capabilities such as voice interaction, refining key products such as intelligent control screens, and enhancing the competitiveness of comprehensive smart home solutions. Midea will build exquisite sales experience scenarios, create ultimate user store journeys, and establish highly standardised stores. By combining popular Stock Keeping Unit (SKU) with packages, Midea will formulate different product marketing combinations, integrating home furnishings and appliances to drive sales growth. Midea will optimise and upgrade digital tools, reduce the threshold for store design services, and provide a complete experience of “product solutions + standardised sales services + full-chain design and installation capabilities” to enhance user satisfaction and brand presence.

d. In the overseas market, Midea will adhere to the front-end organisational system and regionalised development as the core, accelerate the front-end infrastructure construction, build a front-end market resource sharing platform, cultivate an international organisation and talent system, particularly

emphasising the strengthening of localisation teams, and initiate the “Global Talent Development and Reserve Plan”. Midea will firmly invest in the construction of its proprietary brands, focusing on products, retail, and channels. On the product side, guided by user orientation, Midea will continuously enhance product strength and structural upgrades, improve product efficiency, adhere to the “OBM Priority” strategy, and promote the differentiation and competitiveness of proprietary brand products. On the channel side, Midea will continue to focus on the development of overseas e-commerce, product-centric, efficiency-oriented, actively exploring new models, embracing AI tools, focusing on the entire value chain operation, achieving high-quality growth and sustainable development. On the logistics and warehousing side, Midea will focus on customer needs, establish online process control towers, build end-to-end logistics delivery capabilities for manufacturing, channels, and customer service for overseas proprietary brands, deploy multi-level, multi-purpose, and globally covered warehouse networks, achieve inventory sharing and short-chain delivery, establish manufacturing material warehouses, multi-channel finished product sales warehouses, and post-sale spare parts warehouses, establish a globally consistent customs compliance management system, and simultaneously promote product data governance, and formulate standardised processes for import and export business at overseas bases. On the service side, Midea will continue to build a global service system covering call centres, spare parts warehouses, technical support, IT systems, and organisational capabilities, relying on special funds to improve OBM infrastructure, benchmarking industry benchmarks, piloting the development of comprehensive overseas service solutions in three countries. Midea will continue to carry out basic service capacity building, promote the application of intelligent tools such as AIGC, and access social media and brand official websites to improve the efficiency and quality of call centres. Midea will optimise and promote the application of a global service knowledge base, establish training centres in key markets, systematise training management, update service personnel’s knowledge and skills, improve the quality of technical materials and intelligent applications, establish localised repair capabilities in multiple scenarios and technologies, and improve network coverage and single-rate completion in key markets. This aims to further enhance service quality, providing customers with consistent and high-quality service experiences, and improving the digital capabilities of after-sales service.

e. In 2024, Midea will continue to deepen the implementation of its dual high-end brands strategy,

further strengthening the dual-engine power of COLMO and Toshiba brands. The COLMO brand will advance the combination of territory retail and precision distribution, continue to expand brand store construction, deepen cloud warehouse transformation, while focusing on crowd assets, layout sales accounts, and achieve online and offline full-domain operations. COLMO will further evolve around products and user experience, launching more product suites to consolidate and enhance the high-end market position of air conditioners and refrigerators, and build a diversified portfolio of high-end products around the comprehensive smart air and water heating solutions for the whole house. In the field of comprehensive smart home, COLMO will launch products such as home smart hosts, smart dimming drivers, and switch panels, and based on its self-developed large-scale model capabilities, provide users with more complete, reliable, and intelligent smart home appliances and integrated home solutions. To further enhance the brand store image and experience, COLMO will provide one-stop purchase through entire-house smart home appliance solution design services, and enhance user repurchase and recommendation rates through integrated delivery and installation, 1V1 manager services, appliance cleaning, and other member rights and services.

Targeting the segmented high-end market, the Toshiba brand will continue to deploy multiple categories such as refrigerators, laundry appliances, small domestic appliances, and kitchen appliances, further expanding scenarios in entire-house water usage, heating, and kitchen. Meanwhile, it will strengthen brand consistency, promote multi-category suite-based products to provide a refined living experience, upgrade brand image and build brand mindset, and deeply focus on layer marketing to strive for a dual breakthrough in customer base and scale. The Toshiba brand will complete nationwide coverage of brand operators in the channel end and focus on key efforts in core cities, relying on brand operators to build self-operated star-rated living halls. It is expected that the cumulative number of star-rated living halls and brand joint halls will reach 1,000, focusing on retail and emphasising the cultivation of retail teams to improve store output. In the e-commerce channel, Toshiba will build a “2+5+8” customer system as a key growth driver. On the brand side, Toshiba will establish an independent membership system, complete the supplementation of membership benefits, achieve user precipitation, and strengthen multi-product integration and cultivate loyal users.

WAHIN will continue to differentiate and innovate around users, products and product accessories. It

will build a multi-category product portfolio, pursue best product functions, promote product category innovation, and provide consumers with smart, comfortable and scenario-based experience. It will continue to promote marketing innovation, maintain its focus on forward-looking young consumers, continuously target young groups through school-enterprise cooperation, and explore diversified cross-field models during graduations and job-hunting seasons. Continued efforts will be made to improve the conversion chain, promote synergy between sales and marketing, as well as empower the conversion to e-commerce sales. Also, it will expand content-driven "virtual stores" based on "e-commerce channels + new media", create new shopping scenarios, and drive sales through branding.

f. Midea will continue to focus on the "Digitisation & Intelligence Driven" strategy, with a focus on three main directions: enabling domestic DTC transformation, deepening overseas digitalisation 3.0, and enhancing ToB data application to improve and perfect data application capabilities. In the domestic market, Midea will promote the implementation of the DTC strategy, achieve retail-driven transformation, improve end-to-end service, product, and supply chain experiences, achieve a shared inventory system of full-channel inventory integration, enhance turnover efficiency, and meet the growth in sales scale with minimal inventory. Midea will enhance the digital coordination capabilities of new product launches and price management, deepen the application of big data and algorithms, optimise the Midea Cloud Sales platform, and improve the efficiency of the domestic full value chain. Further improvements in cloud warehouse construction will enhance the retail operational experience, achieve accurate and comprehensive retail terminal data, and real-time online capabilities. In the manufacturing sector, Midea will comprehensively enhance overseas manufacturing digitalisation, deepen assembly production scheduling applications, achieve overseas mixed-flow production applications and online assembly, improve the efficiency of overseas supply chain operations, shorten supplier introduction cycles and improve distribution efficiency, integrate end-to-end order process information, and establish scenarios such as integrated logistics automatic distribution and manufacturing data operation. Domestically, Midea will promote integrated assembly solutions, achieve integrated headquarters assembly scheduling and simplified logic, promote supplier sourcing transformation, deepen the end-to-end application of bulk cutting demand to settlement, drive inspection dynamicization and onlineization based on VOC/VOP, promote process digitisation to shorten process design cycles, establish an EHS operations centre to achieve risk control and agile

scheduling, deepen occupational health applications, optimise energy and carbon management platforms, and develop standardised solutions for energy and carbon management and microgrid to assist in year-round energy conservation and emission reduction. In the ToB business field, Midea will continue to increase digital investment, comprehensively explore and establish project-based digital business templates, lead in the implementation of intelligent building technology business to improve order delivery performance, achieve end-to-end order visibility, enhance customer service quality, and actively enable various ToB industries with digital capabilities.

Regarding intelligent ask-and-answer products, Midea will focus on the capabilities of intelligent question-and-answer, intelligent tutoring, AI dialogues, etc., around the “knowledge + AIGC algorithm + application”, targeting core scenarios. Midea will break through the bottlenecks of terminal customers and overseas multilingual intelligent question-and-answer applications, establish data and knowledge operation mechanisms, and improve response accuracy. The construction of the AI drawing platform will cover the entire chain of “creative concept - material production - graphic processing”, striving to achieve the efficiency improvement goals of AIGC application promotion. The plan for cloud-native systems is to build a fully self-developed infrastructure platform based on container platform, host platform, storage platform, network platform, monitoring platform, and middleware platform to meet the availability and data reliability requirements of mainstream public clouds. Midea will enhance the depth of the security defence system, solidifying the information security architecture of “preventing intrusion, detecting, preventing leakage, ensuring compliance, and emphasising operation”, combining security automation orchestration and security GPT technology to improve the automation and intelligence of security operations. In the infrastructure field, focusing on cloud business migration and establishing a rapid response emergency system, Midea will continue to focus on stability construction, strengthen monitoring capabilities, achieve smooth migration of business systems, and ensure stable operation of the business.

g. Midea aims to drive further growth in its energy solutions and industrial technology business, continuously expand business boundaries, and accelerate growth. In 2024, in the field of green energy, Midea will promote internal business integration, focus on the grid market, explore non-grid markets, expand the new energy market, promote further integration of residential energy storage products with

smart homes, and create efficient and safe integrated household energy storage solutions for home scenarios. Leveraging overseas channel advantages, Midea will expand overseas market customers, focus on large-scale energy storage as well as industrial and commercial energy storage markets in Europe, strengthen the promotion of household energy storage in overseas markets, achieve global layout of energy storage business, and accelerate the expansion of photovoltaic EPC business. Midea will continue to promote platform-based research and development, optimise product processes, accelerate overseas new product development and certification, continuously reduce costs and improve efficiency, optimise inventory management capabilities, and enhance operational management quality. Midea will increase investment to enhance intelligent manufacturing capabilities, further deploy energy storage capacity, promote capacity expansion of the Yichun production line, and build manufacturing bases in Anqing and Shunde. Focusing on the main business and accelerating the growth of new industries, Midea will initially build differentiated competitive capabilities for the future. In the field of smart transportation, integrating the innovative advantages of the Midea system, Midea will accelerate the establishment of new energy vehicle components that meet customer needs in terms of “quality, cost, and delivery (QCD)” capabilities, achieve comprehensive improvements in customers, products, and manufacturing capabilities. Midea will continue to expand the market, explore more domestic and foreign key customers, focus on leading new energy vehicle customers, enhance the market coverage and market share of various thermal management products for different vehicle models to ensure rapid growth in sales operating revenue. Simultaneously, Midea will increase product technology investment, promote the product technology development of surface-mounted permanent magnet synchronous motors (SPM) and interior permanent magnet synchronous motors (IPM), and carry out the development of next-generation platform product technologies, gradually realising the development path of “components-components-systems”. Midea will continuously improve manufacturing capabilities, complete the expansion of electric power steering (EPS) motor production lines, and achieve sustained capacity improvement. In the field of core components for consumer appliances, Midea will continue to enhance digitalisation and data operations, increase investment in R&D resources, improve the processes and mechanisms of technology and platform research, optimise the product mix, and driving profitability. Also, it will make continuous breakthroughs in new products, technologies, and applications, providing customers with eco-friendly, efficient, and intelligent products and technology solutions. Continued breakthroughs will be driven in market segments, and

mass production of valve, pump and other products will be promoted. Moreover, the Company will improve production efficiency and strengthen product cost advantages, bolster its global supply chain capabilities, as well as enhance global competitiveness by fully leveraging the local advantages of the factories in India and Thailand. Aiming to establish an Industry 4.0 smart manufacturing demonstration base, it will strive for comprehensive digital and intelligent transformation in the Foshan Xingtan Industrial Park. Midea will create an overseas professional service platform, offering one-stop services for small and medium-sized customers and specialised services for large customers, achieving breakthroughs with overseas key customers and increasing the global market share of its products. The Company continues to strengthen the competitiveness of its chips for home appliances. It is developing high-quality industrial-grade chips for home appliances such as master control, touch control, and variable frequency chips, in addition to driving integration of chips. Relying on the advantages of the Group's industrial chain cluster, continuous efforts are also made to drive internal sales and its percentage, as well as attract other major home appliance makers. In terms of industrial automation, Midea will further consolidate its technological expertise in motion control, adapt to market conditions and competitive strategies, utilise its technological advantages, and carry out differentiated research and development. Focused on the iterations and upgrades of controllers and the combination of controllers and drives, Midea will explore more product applications, and promote integrated solutions. Additionally, it will further refine the layout of harmonic reducer product lines, develop more top customers in the industry, and drive production and shipment breakthroughs for multiple products.

h. Midea will fully leverage the advantages of domestic rapid response and manufacturing capabilities, continuously enhancing KUKA's global competitiveness. In terms of research and development, Midea will continue to increase research and development investment, accelerating the innovation of core components and software systems through the collaboration of internal and external resources of Chinese and German research teams. In terms of market development, Midea will actively cooperate with leading enterprises in various industries to expand into new energy, general industry, electronics, medical, logistics, and service sectors, accelerating the layout in new industries. In manufacturing, Midea will improve the domestic manufacturing layout, leveraging domestic manufacturing bases to accelerate the formation of advantages in the industrial robot industry chain, further enhancing operational efficiency, shortening product delivery cycles. Simultaneously, Midea will initiate the Phase

III ToB of the KUKA East China production base to provide basic support for integrated business and establish collaborative robotic capacity. Through industry-education integration, Midea will accelerate the layout of the KUKA education sector, expedite talent recruitment, strengthen the team size for pre-sales, post-sale, and project implementation, and provide talent reserves for business expansion.

i. Midea will adhere to the value positioning of production logistics and continue to deepen digitisation and greenisation. On one hand, Midea will achieve the integration of the upstream and downstream value chains through digital connectivity, launching applications such as tag clouds and building a digital collaboration platform for production logistics to assist small and medium-sized manufacturing enterprises in digital transformation, and continuously promote the integration of the manufacturing industry and the service sector. On the other hand, in the field of green circular packaging, Midea will focus on building a more complete packaging circulation and recycling network around factories, covering more regions and categories to continuously improve the utilisation rate of packaging resources and practice a green and low-carbon development path. Also, it will continue to deepen the warehouse and distribution b/C integrated business, release more operational vitality through deep mechanism change, and actively explore new business models to provide services for more customers.

Annto is committed to using smart supply chains as a lever to enhance the full-chain value of enterprise customers and improve the service experience of individual users, gradually transforming into a digital/operational logistics enterprise, with a significant increase in the number and scale of external customers year by year. First, Annto will enhance service quality, focus on user experience, and achieve “online business, online service, online management” in whole scenes, creating an integrated closed-loop service. Second, Annto will firmly move towards digitisation, introducing professional talents and strengthening the construction of knowledge-based and technology-based teams, increasing investment in the development of digital systems for full-chain operation platforms and management platforms. Third, Annto will continue to promote standardisation and intelligence in aspects such as warehouse optimisation, traffic integration, route operation, structural changes in transportation capacity, and intelligent scheduling. Fourth, Annto will continue to deepen the warehouse and distribution b/C integrated business, release more operational vitality through deep mechanism change, and actively explore new business models.

Risks Faced by the Company and Countermeasures:

a. Risk of macro economy fluctuation

The market demand for the Company's consumer appliances, HVAC equipment, industrial robotics, among other products, can be easily affected by the economic situation and macro control. If the global economy encounters a heavy hit and consumer demand slows down in growth, the growth of the industries in which the Company operates, may slow down accordingly, and as a result, this may affect the product sales of Midea Group.

b. Risks in the fluctuation of production factors

The raw materials required by Midea Group to manufacture its consumer appliances and core components primarily include different grades of copper, steel, plastics and aluminum. At present, the household appliance manufacturing sector belongs to a labor intensive industry. If the price of raw materials fluctuate largely, or there is a large fluctuation in the cost of production factors (labor, water, electricity, and land) caused by a change to the macroeconomic environment and policy change, or the cost reduction resulted from lean production and improved efficiency, as well as the sale prices of end products cannot offset the total effects of cost fluctuations, the Company's business will be influenced to some degree.

c. Risk in global asset allocation and overseas market expansion

Internationalization and global operations is a long-term strategic goal of the Company. The Company has built joint-venture manufacturing bases in many countries around the world. Progress has been made day by day regarding the Company's overseas operations and new business expansion. However, its efforts in global resource integration may not be able to produce expected synergies; and in overseas market expansion, there are still unpredictable risks such as local political and economic situations, significant changes in law and regulation systems, and sharp increases in production costs.

d. Risk in foreign exchange losses caused by exchange rate fluctuation

As Midea carries on with its overseas expansion plan, its overseas sales have accounted for more than

40% of the total revenues. Any sharp exchange rate fluctuation might not only bring negative effects on the overseas operations of the Company, but could also lead to exchange losses and increase its finance costs.

e. Market risks brought by trade frictions and tariff barriers

Due to the rise of anti-globalization and trade protectionism, China will see more uncertainties in export in 2023. The trade barriers and frictions of some major markets will affect the export business in the short run, as well as marketing planning and investment in the medium and long run. Political and compliance risks are rising in international trade. These can mainly be seen on compulsory safety certificates, international standards and requirements, and product quality and management systems certification, energy-saving requirements, the call for increasingly strict environmental protection requirements, as well as with rigorous requirements for recycling household appliances waste. Trade frictions caused by anti-dumping measures implemented by some countries and regions aggravate the burden in costs and expenses for household appliance enterprises, and have brought about new challenges to market planning and business expansion for enterprises.

In face of the complicated and changeable environment and risks at home and abroad, Midea will strictly follow the Company Law, the Securities Law, the CSRC regulations and other applicable rules, keep improving its governance structure for better compliance, and reinforce its internal control system so as to effectively prevent and control various risks and ensure its sustained, steady and healthy development.

12. Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. in the Reporting Period

√Applicable □N/A

Date	Place	Way of visit	Type of visitor	Visitor	Discussions	Index to main inquiry information
10 February 2023	Midea Group HQ	By phone	Institution	ICBC Credit Suisse Asset Management, Panjing Invest, BOCIM, Everbright Pramerica Fund, Hwabao WP Fund, Taikang Asset, China Securities Capital Management, UBS SDIC, Tianhong Asset Management, TF Securities Asset Management, Oriental Alpha Fund, Rongtong Fund	1. In terms of the continuous improvement in the penetration rate of residential commercial air conditioners, what are the Company's layouts in this field? 2. What achievements did the Company make in the heat pump business in 2022?	Log Sheet of Investor Relations Activities for 10 February 2023 disclosed on www.cninfo.com.cn
28 February 2023	Midea Group HQ	By phone	Institution	Taiping Asset Management, UBS SDIC, Hwabao WP Fund, HuaAn Fund, Maxwealth Fund, DH Fund Management, Great Wall Fund, BNB Wealth Management, HSBC Jintrust Fund Management, Zhong Ou Asset, Ping An Asset Management, China Universal	1. What are the Company's latest developments in the automotive parts field? 2. What achievements did the Company make in research and development in 2022? 3. It has been noted that the Company's Building Technology Division and Industrial Technology Business Group participated in the 2023 AHR Expo. Could you please provide some information about this?	Log Sheet of Investor Relations Activities for 28 February 2023 disclosed on www.cninfo.com.cn
17 March 2023	Midea Group HQ	By phone	Institution	Pengyang Asset Management, CITIC Securities, Orient Fund Management, Dajia Asset Management, Franklin Templeton Sealand Fund Management, Generali China Asset Management, Tianhong Asset Management, Gfund Management, China Securities	1. Midea Building Technology Division recently held the second TRUE Conference for Building Technology. What are the new changes? 2. What are the recent developments in cooperation between the Company and external institutions?	Log Sheet of Investor Relations Activities for 17 March 2023 disclosed on www.cninfo.com.cn

				Capital Management, Taikang Asset, Minsheng Royal Asset Management, Bosera Funds, Bosera Funds		
6 May 2023	Midea Group HQ	https://m.jhbshow.com/	Institution and individual	The Company's investors	<p>1. Questions for Mr. Fang Hongbo: Regarding the acquisition of WDM, how will you position WDM in the market and within the Midea Group? What effects does Midea hope to achieve through the acquisition of WDM? 2. In 2022, the main business gross profit margin was 25.1%, compared to 23.7% in 2021, which increased significantly. What are the main reasons for this increase? Is it due to product price increases or decreases in raw material prices? 3. Please introduce the research and development situation and future plans of Midea Group. 4. The significant increase in dividends in 2022 is because the Company's short-term cash flow situation is good or because there are very good expectations for the future? 5. What is the development situation of Midea in the field of cleaning appliances? 6. In the continuous expansion process of the ToB business field, what are the key points of the Company's development? 7. What were the EBIT of KUKA and KUKA China in 2022? Thank you. 8. In Q4 2022, part of the operating costs were adjusted to selling expenses, resulting in a significant year-on-year change in gross profit margin. Has there been a change in the new revenue criteria for transportation and installation expenses? Will this adjustment also</p>	Log Sheet of Investor Relations Activities for 6 May 2023 disclosed on www.cninfo.com.cn

					occur in 2023? etc.	
13 June 2023	Midea Group HQ	By phone	Institution	Wellington Management Hongkong Limited, Morgan Stanly Asia Limited, Fubon Fund Management (Hong Kong) Limited, PineBridge Investments Asia Limited, Great Wall Fund Management Limited, Haitong International Securities Limited, Industrial Securities International Asset Management Limited, D. E. Shaw Investment Management (Shanghai) Limited, WT AssetManagement Limited, Neuberger Berman Asia Limited, T.Rowe Price HongKong Limited, Balyasny Asset Management (Hong Kong) LTD	<ol style="list-style-type: none"> 1. What are the Company's current development status and future development plans for high-end brands? 2. What progress has the Building Technology Division made in implementing the "Dual Carbon" strategy and promoting the "Digitization" process? 3. What new initiatives has the Company taken in practicing corporate social responsibility and promoting sustainable development? 4. What recent breakthroughs has the Company made in the medical field? 	Log Sheet of Investor Relations Activities for 13 June 2023 disclosed on www.cninfo.com.cn
18 July 2023	Midea Group HQ	By phone	Institution	Capital Investment, Foresight Fund, Morgan Stanley Huaxin Fund, New China Pension, Value Partners, New Thinking Investment Management, China Asset Management, China Merchants Securities Asset	<ol style="list-style-type: none"> 1. What are the Company's new initiatives in promoting smart manufacturing? 2. What new progress has the Company made in its "Global Impact" strategy this year? 3. What new collaborations has the Company engaged in within the automotive parts 	Log Sheet of Investor Relations Activities for 18 July 2023 disclosed on www.cninfo.com.cn

				Management, BlackRock Asset Management, Foresea Life Insurance, Golden Trust Investment Management, Harvest Fund, Bosera Funds, China Life Insurance, Guotai Junan Securities Asset Management, BNB Wealth Management, HZ Bank Wealth Management, Wideview Asset Management, Dacheng Fund	sector? 4. What recent advancements has the Company made in the medical field?	
19 September 2023	Midea Group HQ	https://rs.p5w.net/html/134915.shtml	Institution and individual	The Company's investors	<p>1. Please introduce the development situation and highlights of Midea Group's ToB business in the first half of the year. 2. What are the main new products planned by Midea in the next stage? 3. a) Will the high growth of air conditioning this year affect demand next year? b) What are the company's sales growth expectations for the next 5 years? c) Has the Company's goal of achieving a trillion-dollar target by 2027 in Building Technology and Industrial Technology business units changed? 4. Since the acquisition of CLOU Electronics by the Company, has the operating performance of CLOU Electronics improved from losses? Has there been any improvement in the ability to obtain energy storage orders? No improvement. 5. How does Midea plan to advance amidst the trend of smartification? 6. How is the progress of the investment in Hiconics? etc.</p>	Log Sheet of Investor Relations Activities for 19 September 2023 disclosed on www.cninfo.com.cn

<p>16 November 2023</p>	<p>Midea Group HQ</p>	<p>By phone</p>	<p>Institution</p>	<p>China Asset Management, China Southern Asset Management, Morgan Stanley, Ping An Fund Management, Zhongrong Fund, Foresea Life Insurance, Bosera Funds, Great Wall Fund, Penghua Fund, E Fund, GF Fund Management, Orient Securities Asset Management, Bank of Communications Schroder Fund Management, Huatai-PineBridge Investments, AEGON-INDUSTRIAL Fund, Foresight Fund, Green Court, Canada Pension</p>	<p>1. What are the reasons for the Company's listing in Hong Kong? What is the proportion of issuance? 2. What are the latest achievements of the Company in digital transformation? 3. How is KUKA advancing in the integration and expansion of resources in the Chinese market? 4. What are the new developments in the Company's global layout in the energy storage field?</p>	<p>Log Sheet of Investor Relations Activities for 16 November 2023 disclosed on www.cninfo.com.cn</p>
<p>18 December 2023</p>	<p>Midea Group HQ</p>	<p>By phone</p>	<p>Institution</p>	<p>Penghua Fund, China Merchants Fund, Ping An Fund Management, China Southern Asset Management, Baoying Fund Management, Springs Capital, Great Wall Fund, Wellington Fund, Dacheng Fund, Invesco Great Wall Fund Management</p>	<p>1. What new initiatives has the Company taken in overseas expansion? 2. What new progress has the Company made in smart manufacturing? 3. What achievements has Midea made in product carbon footprint management?</p>	<p>Log Sheet of Investor Relations Activities for 18 December 2023 disclosed on www.cninfo.com.cn</p>

Section IV Corporate Governance

1. Basic Situation of Corporate Governance

Any incompliance with the applicable laws, administrative regulations, and regulations issued by the CSRC governing the governance of listed companies

Yes No

No such cases in the Reporting Period.

The Company is constantly improving its corporate governance in strict accordance with the Company Law, the Securities Law and the relevant regulations of the China Securities Regulatory Commission. There are five special committees under the Board, namely the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, as well as the ESG Committee. They were designed to provide consultation and advice to the Board and validate the professionalization and efficiency of discussions and decision-making. The Company has established clear rules of procedure for its shareholders' meeting, board of directors, Supervisory Committee and special committees under the board, as well as the Work Rules for Company Secretary. It has also established a set of standard documents including Information Disclosure Management System, Funds Raising Management System, Connected Transaction Management System, Wealth Management Entrustment Management System, Insider Registration System, External Guaranty Decision-making System, Foreign Investment Management System, and Management System for Finance Flow with Connected Parties, Internal Auditing System. The shareholders' meeting, the Board of Directors, the Supervisory Committee and operations management departments have clear authority and responsibility. Each performs its own functions and maintains its stability effectively. Their scientific decision-making and coordinated operations have laid a firm foundation for the sustained, healthy and steady development of the Company.

The Company has also launched core management team shareholding plans and equity incentive plans for core research, quality control, technical, production and management staff, which helps to develop a sound shareholding structure for the future growth of the Company.

2. Independence of assets, personnel, finance, organizations and businesses which are separate from the controlling shareholder and the actual controller

The Company is totally autonomous with respect to business, personnel, assets, organizations, and finance from Midea Holding Co., Ltd., the controlling shareholder of the Company, therefore maintaining integrity and independency in both business and operations.

2.1 Business independence:

The Company has a complete industrial chain for its manufacturing business, a completely distinct purchase and sales system, and an independent and comprehensive business operation capability.

2.2 Personnel independence:

The Company is completely autonomous from the controlling shareholder regarding its personnel. The labor, personnel and remuneration management of the company are totally unrelated. All senior management members received remuneration from the Company except those that hold only a director's position in the controlling shareholder.

2.3 Asset integrity:

The Company has its own independent production system as well as ancillary production systems and facilities. Intangible assets such as industrial rights, trademark ownership and non-patent technology are held by the Company.

2.4 Organization independence:

The Company has set up an independent organizational structure which maintains its independent operation. The Company has the right to appoint or remove any personnel so there is no overlapping with the controlling shareholder.

2.5 Financial independence:

The Company's financial management is independent from the controlling shareholder. The Company

has its own accounting department, accounting system, financial management system, and bank accounts and independently makes financial decisions and pays its own taxes according to relevant laws.

3. Horizontal Competition

Applicable N/A

4. Annual and Extraordinary General Meetings of Shareholders Convened during the Reporting Period

4.1 General meetings of shareholders convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Disclosure index
First Extraordinary General Meeting of Shareholders of 2023	Extraordinary	56.9880%	6 January 2023	7 January 2023	Announcement No. 2023-001, disclosed on www.cninfo.com.cn
2022 Annual General Meeting of Shareholders	Annual	57.7129%	19 May 2023	20 May 2023	Announcement No. 2023-026, disclosed on www.cninfo.com.cn
Second Extraordinary General Meeting of Shareholders of 2023	Extraordinary	57.8273%	13 July 2023	14 July 2023	Announcement No. 2023-057, disclosed on www.cninfo.com.cn
Third Extraordinary General Meeting of Shareholders of 2023	Extraordinary	58.2956%	11 October 2023	12 October 2023	Announcement No. 2023-082, disclosed on www.cninfo.com.cn

4.2 Extraordinary general meetings of shareholders convened at the request of preference shareholders with resumed voting rights

Applicable N/A

5. Directors, Supervisors and Senior Management

5.1 General information

Name	Gender	Age	Office title	Incumbent/ Former	Starting date of tenure	Ending date of tenure	Shares held at the year- begin (share)	Shares increased in the period (share)	Shares decreased in the period (share)	Other increase/decrease (share)	Shares held at the period-end (share)	Reason for share changes
Fang Hongbo	Male	56	Chairman of the Board and CEO	Incumbent	2012/8/25	2024/9/16	116,990,492				116,990,492	
He Jianfeng	Male	56	Director	Incumbent	2012/8/25	2024/9/16	0				0	
Gu Yanmin	Male	60	Director and Vice President	Incumbent	2014/4/21	2024/9/16	0				0	
Wang Jianguo	Male	47	Director and Vice President	Incumbent	2021/9/17	2024/9/16	0				0	
Fu Yongjun	Male	55	Director	Incumbent	2023/7/13	2024/9/16	200,000				200,000	
			Vice President	Incumbent	2021/9/17	2024/9/16						
Yu Gang	Male	64	Director	Incumbent	2018/9/26	2024/9/16	0				0	
Xue Yunkui	Male	59	Independent Director	Incumbent	2018/9/26	2024/9/16	179,914				179,914	
Guan Qingyou	Male	46	Independent Director	Incumbent	2018/9/26	2024/9/16	0				0	
Han Jian	Female	51	Independent Director	Incumbent	2018/9/26	2024/9/16	0				0	
Dong Wentao	Male	38	Chairman of the Supervisory Committee	Incumbent	2020/10/16	2024/9/16	0				0	
Zhao	Male	48	Supervisor	Incumbent	2014/4/21	2024/9/16	0				0	

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Liang Huiming	Female	40	Employee Supervisor	Incumbent	2017/3/30	2024/9/16	0				0	
Zhang Xiaoyi	Male	50	Vice President	Incumbent	2018/4/23	2024/9/16	516,575				516,575	
Hu Ziqiang	Male	66	Vice President	Incumbent	2014/8/18	2024/9/16	400,000				400,000	
Wang Jinliang	Male	56	Vice President	Incumbent	2014/8/18	2024/9/16	420,000			-42,000	378,000	
Li Guolin	Male	47	Vice President	Incumbent	2020/7/3	2024/9/16	480,700			-40,000	440,700	
Zhao Lei	Male	38	Vice President	Incumbent	2023/12/26	2024/9/16	102,700				102,700	
Guan Jinwei	Male	44	Vice President	Incumbent	2021/9/17	2024/9/16	535,000				535,000	
Zhong Zheng	Female	42	Vice President	Incumbent	2022/12/1	2024/9/16	276,152				276,152	
			CFO		2022/2/22							
			Director of Finance		2019/3/22							
Zhao Wenxin	Female	41	Chief People Officer	Incumbent	2022/2/22	2024/9/16	480,000			-36,000	444,000	
Bai Lin	Male	43	Vice President	Incumbent	2022/5/30	2024/9/16	95,079				95,079	
Wei Chang	Male	61	Vice President and Chief Technology Officer	Incumbent	2022/8/29	2024/9/16	0				0	
Jiang Peng	Male	50	Board Secretary	Incumbent	2013/10/30	2024/9/16	518,600			-24,000	494,600	

Indicate whether any director, supervisor or senior management resigned before the expiry of their tenures during the Reporting Period.

Yes No

Changes in directors, supervisors and senior management

Applicable N/A

Name	Office title	Type of change	Date	Reason
Fu Yongjun	Director	Elected	2023/7/13	-
Wei Chang	Vice President	Appointed	2023/12/27	-
Zhao Lei	Vice President	Appointed	2023/12/27	-

5.2 Brief biographies

Professional backgrounds, main work experience and current responsibilities in the Company of the incumbent directors, supervisors and senior management

Mr. Fang Hongbo, male, holder of a Master's degree, is the Chairman of the Board and CEO of Midea Group. He joined Midea in 1992 and previously served as the General Manager of Midea Air-Conditioning Division, CEO of Midea Refrigeration Electric Appliances Group, Chairman of the Board and CEO of GD Midea Holding Co., Ltd., etc.

Mr. He Jianfeng, male, holder of a Bachelor's degree, is a Director of Midea Group. He is also the Chairman of the Board and President of Infore Group Co., Ltd.

Mr. Gu Yanmin, male, holder of a Doctoral degree, joined Midea in 2000 and has functioned as the Head of Planning & Investment, Head of Overseas Strategy & Development, Vice President and Head of Overseas Business Development of Midea Air-Conditioning & Refrigeration Group, Head of Overseas Strategy of Midea Group. Currently he is a Director and Vice President of Midea Group, the President of the Robotics & Automation Division, as well as the Chairman of the Supervisory Committee of KUKA.

Mr. Wang Jianguo, male, a Master's degree holder, joined Midea in 1999. He was once the Director of the Supply Chain Management Department of Midea Group's Residential Air Conditioner Division, the Director of the Administration and Human Resources Department of Midea Group, and the General

Manager of Midea Group's Refrigeration Division. Currently, he is a Director and Vice President of Midea Group, the President of the Smart Home Business Group, and the President of Midea International Business, in addition to being in charge of the TLSC Division, and legal affairs.

Mr. Fu Yongjun, male, holder of a Master's degree, joined Midea in 1999 and previously worked as the General Manager of Midea Environment Appliances Division, the General Manager of Midea Component Division, and the President of Midea Electromechanical Division. He is now a Director, Vice President, and the President of the Energy Solutions and Industrial Technology Business Group, of Midea Group.

Mr. Yu Gang, male, holder of a Doctoral degree given by the Wharton School of the University of Pennsylvania, is the Honorary Chairman and a co-founder of YHD.COM. He once served as the Global Supply Chain Vice President of Amazon and the Global Procurement Vice President of Dell. He is now a Director of Midea Group, as well as a co-founder and a Co-Chairman of the Board of Directors of 111, Inc.

Mr. Xue Yunkui, male, is a holder of a Doctoral degree given by the Southwest University and a holder of a Post-Doctoral degree given by the Shanghai University of Finance and Economics. He used to be the associate dean and a doctoral supervisor at the School of Accountancy of Shanghai University of Finance and Economics, a Founding Vice President of Shanghai National Accounting Institute and Cheung Kong Graduate School of Business, the Secretary-General of China Association of Accounting Professors, a Vice Chairman of the Steering Committee of the National Accounting Institute under the Ministry of Finance, etc. He is now an accounting professor of Cheung Kong Graduate School of Business, and an Independent Director of Midea Group.

Mr. Guan Qingyou, male, obtained a PhD degree in economics from Chinese Academy of Social Sciences ("CASS") and Post-doctoral degree from Tsinghua University. He previously worked as Program Director at the Institute for Contemporary China Studies, Tsinghua University, Division Chief of the main office of China National Offshore Oil Corporation, Vice President of Minsheng Securities Co., Ltd., and Head of Minsheng Securities Research Institute. Other positions currently held by him include Dean of Reality Institute of Advanced Finance, professor at School of Economics, Hainan University,

Chairman of China Institute of Private Sector, Director of China Society of Economic Reform, member of APEC China Business Council Digital Economy Committee, Chief Economic Advisor of China Fortune Securities, independent director of Midea Group Co. Ltd., Nanhua Futures Co., Ltd., Hangzhou Hikvision DIGITAL Technology Co., Ltd., Shaanxi International Trust Co., Ltd., and Ucap Cloud Information Technology Co., Ltd., and member of the Fiscal Reform and Development Think Tank under the Ministry of Finance, Academic Committee of China Center for Urban Development under the National Development and Reform Commission, and Expert Advisory Committee on Industrial Economic Operation under the Ministry of Industry and Information Technology ("MIIT").

Ms. Han Jian, female, holder of a Doctoral degree given by the Cornell University, is a professor of management in China Europe International Business School, a specialist of the World Economic Forum, as well as an Independent Director of Midea Group.

Mr. Dong Wentao, male, a Master's degree graduate, joined Midea in 2016. And he once served in the Legal Affairs Department, the Investor Relations Department, etc. of Midea Group, with over 10 years of experience in legal affairs, risk control, market value management, capital operation, etc. He is now the Chairman of the Supervisory Committee.

Mr. Zhao Jun, male, a Master's degree graduate, joined Midea in 2000 and has functioned as the Director and the CFO of GD Midea Holding Co., Ltd. He is now a Supervisor of Midea Group, the Executive President in Midea Holding Co., Ltd., as well as a Non-Executive Director of Midea Real Estate Holding Limited.

Ms. Liang Huiming, female, is a holder of a Bachelor's degree. Joining Midea in 2007, she used to serve as the Chief Business Administration Commissioner in Midea Group's Administration and Human Resources Department. She is now the Chief Legal Entity Management Commissioner of the Investor Relations Department and the Employee Supervisor of Midea Group.

Mr. Guan Jinwei, male, holder of a Master's degree, joined Midea in 2002 and previously worked as the Deputy General Manager of the Commercial Air Conditioner Division and the General Manager of an overseas marketing company of Midea Group, as well as an Assistant to the President of Midea

International and the General Manager for the ASEAN region, among others. He is now a Vice President, and the President of the Building Technologies Division, of Midea Group.

Mr. Bai Lin, male, holder of a Bachelor's degree, joined Midea in 2002. He once served as the Asia Pacific General Manager of the Refrigeration Group, the General Manager of the overseas marketing company of the Refrigerator Division, the General Manager of the domestic marketing company of the Refrigerator Division, and the President of the Refrigerator Division. And he is now a Vice President and the China President of Midea Group.

Mr. Zhao Lei, male, holder of a Master's degree, joined Midea Group in 2011. He used to serve as the North China Director of the Residential Air Conditioner Division, China Retail Director, the General Manager of the domestic marketing company of the Laundry Appliance Division, and President of the Laundry Appliance Division. And he is now a Vice President of Midea Group and the President of its Residential Air Conditioner Division.

Ms. Zhong Zheng, female, holder of a Master's degree, joined Midea in 2002. She once was the Director of Finance of the Financial Center and the Component Division, as well as the Audit Director of Midea Group, etc. She is now a Vice President as well as the CFO and Director of Finance of Midea Group.

Mr. Zhang Xiaoyi, male, is a holder of a Master's degree. Joining Midea Group in 2010, he used to serve as the head of the overseas process IT system, the head of the supply chain system, and the IT Director of Midea Group, etc. He is now a Vice President and the CDO of Midea Group.

Mr. Li Guolin, male, holder of a Master's degree, joined Midea in 1998 and previously worked as a Vice President of the Residential Air Conditioner Division, and the President of the Small Domestic Appliance Division of Midea Group. He is now a Vice President, CSO, and the Director of Quality and Supply Chain of Midea Group.

Mr. Hu Ziqiang, male, holder of a Doctoral degree, joined Midea in 2012, and has formerly worked for GE and Samsung and as a Vice GM in Wuxi Little Swan Co., Ltd. At present he is a Vice President of Midea Group, in addition to being the Chairman of the Board of Beijing Wandong Medical Technology

Co., Ltd., a listed company subordinate to Midea Group.

Mr. Wang Jinliang, male, holder of a Master's degree, joined Midea in 1995 and previously worked as the Vice President of China Marketing in Midea Group, and was GD Midea Holding's Vice President and Marketing Head. He is now a Vice President of Midea Group.

Mr. Wei Chang, male, holder of a Doctoral degree, joined Midea in 2022. He used to be the Technical Director for Water Treatment and Polymers at the Global R&D Centre and the Greater China General Manager for Water Treatment Products at General Electric. He also served as the Director of the National Institute of Clean and Low-Carbon Energy of CHN Energy from 2014 to 2022. Currently, he is a Vice President and the Chief Technology Officer of Midea Group.

Ms. Zhao Wenxin, female, holder of a Master's degree, joined Midea in 2004. She used to be a Deputy General Manager and the Overseas Marketing General Manager of the Residential Air Conditioner Division in Midea Group, a Vice President of Midea International, etc. Currently, she is the Chief People Officer and Director of Human Resources of Midea Group.

Mr. Jiang Peng, male, holder of a Master's degree, joined Midea in 2007 and used to be the Representative for Securities Affairs and Board Secretary for GD Midea Holding Co., Ltd. He is now the Board Secretary and Director of Investor Relations of Midea Group.

Posts held in shareholding entities

Applicable N/A

Name	Shareholding entity	Position	Beginning date of office term	Ending date of office term	Allowance from the shareholding entity
He Jianfeng	Midea Holding Co., Ltd.	President	2016-01	-	No
Zhao Jun	Midea Holding Co., Ltd.	Executive President	2020-03	-	Yes
Note	N/A				

Posts held in other entities

Applicable N/A

Name	Other entity	Position	Beginning date of office term	Ending date of office term	Allowance from the entity
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He Jianfeng	Infore Group Co., Ltd.	Chairman of the Board and President	1995-06	-	Yes
Yu Gang	111, Inc.	Executive Chairman of the Board	2011-04	-	Yes
	Zall Smart Commerce Group Ltd.	Executive Director and Co-Chairman	2015-08	-	Yes
Xue Yunkui	Ouyeel Co., Ltd.	Independent Director	2022-08	2025-08	Yes
	Zhuhai Wanda Commercial Management Group Co., Ltd.	Independent Director	2021-03	2024-03	Yes
	Bank of Shanghai Co., Ltd.	Independent Director	2021-01	2024-01	Yes
Guan Qingyou	Beijing Rushi Research Information Consulting Service Co., Ltd.	Chairman of the Board	2017-12	-	Yes
	Shaanxi International Trust Co., Ltd.	Independent Director	2022-07	2025-07	Yes
	Nanhua Futures Co., Ltd.	Independent Director	2019-02	2025-02	Yes
	Ucap Cloud Information Technology Co., Ltd.	Independent Director	2022-09	2025-09	Yes
	Hangzhou Hikvision Digital Technology Co., Ltd.	Independent Director	2021-03	2024-03	Yes
Note	N/A				

Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period

Applicable N/A

5.3 Remuneration of directors, supervisors and senior management

The following describes the decision-making procedures, grounds on which decisions are made and actual remuneration payment of directors, supervisors and senior management.

The decision-making remuneration procedure for directors, supervisors and senior management: The remuneration is proposed by the Board Remuneration Committee and approved by the Board. Decisions are made finally after the deliberation of shareholders' meeting.

The remuneration of directors, supervisors and senior management consist of basic annual payments and performance-related annual payments according to the Salary Management System for the Directors, Supervisors and Senior Management which has been approved by the Company. Basic payment is determined based on the responsibility, risk and pressure of directors, supervisors and senior management. The basic annual payment remains stable. Performance-related annual payment

is related to the completion rate of corporate profit, the assessment result of target responsibility system and the performance evaluation structure of their own department. The remuneration system for directors, supervisors and senior management serves the Company's strategy, and shall be adjusted with the Company's operating conditions in order to meet the Company's development requirements. The basis for adjusting the remuneration of directors, supervisors and senior management are as follows:

- a. Wage growth in the industry
- b. Inflation
- c. Corporate earnings
- d. Organizational structure adjustment
- e. Individual adjustment due to a change in position

Remuneration of directors, supervisors and senior management during the Reporting Period

Unit: RMB'000

Name	Position	Gender	Age	Incumbent/ Former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company
Fang Hongbo	Chairman of the Board and CEO	Male	56	Incumbent	13,540	
He Jianfeng	Director	Male	56	Incumbent	0	Yes
Gu Yanmin	Director and Vice President	Male	60	Incumbent	9,880	
Wang Jianguo	Director and Vice President	Male	47	Incumbent	11,430	
Fu Yongjun	Director and Vice President	Male	55	Incumbent	11,540	
Yu Gang	Director	Male	64	Incumbent	450	
Xue Yunkui	Independent Director	Male	59	Incumbent	450	
Guan Qingyou	Independent Director	Male	46	Incumbent	450	
Han Jian	Independent Director	Female	51	Incumbent	450	
Dong Wentao	Chairman of the Supervisory Committee	Male	38	Incumbent	960	

Zhao Jun	Supervisor	Male	48	Incumbent	0	Yes
Liang Huiming	Employee Supervisor	Female	40	Incumbent	420	
Guan Jinwei	Vice President	Male	44	Incumbent	11,780	
Zhao Lei	Vice President	Male	38	Incumbent	15,480	
Zhong Zheng	Vice President, CFO and Director of Finance	Female	42	Incumbent	9,450	
Bai Lin	Vice President	Male	43	Incumbent	10,090	
Zhang Xiaoyi	Vice President	Male	50	Incumbent	7,990	
Hu Ziqiang	Vice President	Male	66	Incumbent	3,350	
Li Guolin	Vice President	Male	47	Incumbent	6,490	
Wang Jinliang	Vice President	Male	56	Incumbent	6,060	
Wei Chang	Vice President and Chief Technology Officer	Male	61	Incumbent	7,730	
Zhao Wenxin	Chief People Officer	Female	41	Incumbent	6,350	
Jiang Peng	Board Secretary	Male	50	Incumbent	3,360	
Total	--	--	--	--	137,700	--

Other information

Applicable N/A

6. Activities of Directors during the Reporting Period

6.1 Board meetings convened during the Reporting Period

Meeting	Convened date	Disclosure date	Resolutions
The 15 th Meeting of the Fourth Board of Directors	27 April 2023	29 April 2023	See the Announcement on Resolutions of the 15th Meeting of the Fourth Board of Directors (Announcement No. 2023-008), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 29 April 2023
The 16 th Meeting of the Fourth Board of Directors	20 June 2023	21 June 2023	See the Announcement on Resolutions of the 16th Meeting of the Fourth Board of Directors (Announcement No. 2023-029), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 21 June 2023
The 17 th Meeting of the Fourth Board of Directors	21 July 2023	22 July 2023	See the Announcement on Resolutions of the 17th Meeting of the Fourth Board of Directors (Announcement No. 2023-061), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 22 July 2023
The 18 th Meeting of the Fourth Board of Directors	28 July 2023	29 July 2023	See the Announcement on Resolutions of the 18th Meeting of the Fourth Board of Directors (Announcement No. 2023-065), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai

			Securities News dated 29 July 2023
The 19 th Meeting of the Fourth Board of Directors	9 August 2023	10 August 2023	See the Announcement on Resolutions of the 19th Meeting of the Fourth Board of Directors (Announcement No. 2023-071), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 10 August 2023
The 20 th Meeting of the Fourth Board of Directors	30 August 2023	-	The Semi-Annual Report 2023, together with its summary, was approved with nine affirmative votes, 0 negative notes and 0 abstentions.
The 21 st Meeting of the Fourth Board of Directors	18 September 2023	19 September 2023	See the Announcement on Resolutions of the 21st Meeting of the Fourth Board of Directors (Announcement No. 2023-074), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 19 September 2023
The 22 nd Meeting of the Fourth Board of Directors	30 October 2023	31 October 2023	See the Announcement on Resolutions of the 22nd Meeting of the Fourth Board of Directors (Announcement No. 2023-084), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 31 October 2023
The 23 rd Meeting of the Fourth Board of Directors	26 December 2023	27 December 2023	See the Announcement on Resolutions of the 23rd Meeting of the Fourth Board of Directors (Announcement No. 2023-091), which has been disclosed on http://www.cninfo.com.cn , China Securities Journal, Securities Times, and Shanghai Securities News dated 27 December 2023

6.2 Attendance of directors in Board meetings and meetings of shareholders

Attendance of directors in Board meetings and meetings of shareholders							
Director	Presence due at Board meetings in the Reporting Period (times)	Presence at Board meetings on site (times)	Presence at Board meetings by telecommunication (times)	Presence at Board meetings through a proxy (times)	Absence from Board meetings (times)	Absence from Board meetings for two consecutive times	Presence at meetings of shareholders (times)
Fang Hongbo	9	1	8	0	0	No	4
He Jianfeng	9	1	8	0	0	No	0
Fu Yongjun	9	1	8	0	0	No	0
Gu Yanmin	9	1	8	0	0	No	0
Wang Jianguo	9	1	8	0	0	No	0
Yu Gang	9	1	8	0	0	No	0
Xue Yunkui	9	1	8	0	0	No	0
Guan Qingyou	9	1	8	0	0	No	1

Han Jian	9	1	8	0	0	No	0
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6.3 Objections from directors on related issues of the Company

Were there any objections on related issues of the Company from directors

Yes No

No such cases in the Reporting Period.

6.4 Other information about the activities of directors

Were there any suggestions from directors adopted by the Company

Yes No

During the Reporting Period, in line with the Company Law, the Securities Law, the Rules for Stock Listing of Shenzhen Stock Exchange, and other relevant laws and regulations, as well as the Articles of Association, and the Rules of Procedure of the Board of Directors, directors of the Company actively paid attention to the Company's production, operation, financial position, and the effects resulting from the changes in the economic status on the Company, vetted miscellaneous information reports provided by the Company in a timely manner, and voiced opinions and exercised their power at the Board of Directors. In addition, they supervised and checked the information disclosure of the Company and fulfilled the duties of directors faithfully and conscientiously. Based on the Company's reality, they put forward relevant opinions and suggestions about corporate governance and operating decisions, as well as supervised and promoted the execution and implementation of the resolutions of the Board of Directors to ensure scientific, timely, and efficient decision-making and safeguard the legitimate rights and interests of the Company and all shareholders.

7. Activities of Special Committees under the Board of Directors during the Reporting Period

Committee	Members	Number of meetings convened	Convened date	Topics	Substantial opinion and recommendations	Other information
Audit Committee	Xue Yunkui, Guan Qingyou, Han	4	2023-4-27	The following proposals were approved: The 2022 Annual Report and Its Summary, The Interim Report for the First Quarter 2023, and The Proposal on Re-appointment of CPA Firm.	-	-

	Jian, and Yu Gang		2023-8-30	The 2023 Semi-Annual Report and Its Summary was approved.	-	-
			2023-9-18	The Proposal on the Engagement of Independent Auditor for the Issuance and Listing of the H-stock was approved.	-	-
			2023-10-30	The Interim Report for the Third Quarter 2023 was approved.	-	-
Nomination Committee	Guan Qingyou, Yu Gang, Xue Yunkui, and Han Jian	3	2023-4-27	The Proposal on Addition of Non-Independent Director was approved.	-	-
			2023-9-18	The Proposal on Addition of Independent Director for the Fourth Board of Directors was approved.	-	-
			2023-12-26	The Proposal on Appointment of Vice President was approved.	-	-
Remuneration and Appraisal Committee	Han Jian, Yu Gang, Xue Yunkui, and Guan Qingyou	2	2023-4-27	The following proposals were approved: The Remuneration Payment Standards for Directors, Supervisors and Senior Management for 2022, The Proposal on the 2023 Restricted Share Incentive Scheme (Draft) and Its Summary, and The 2023 Stock Ownership Scheme (Draft) of Midea Group Co., Ltd.	-	-
			2023-6-20	The following proposals were approved: The Proposal on Matters Related to the Stock Option Exercise for the Fourth Exercise Period for the First Grant under the Fifth Stock Option Incentive Scheme, The Proposal on Matters Related to the Stock Option Exercise for the Third Exercise Period for Reserved Stock Options of the Fifth Stock Option Incentive Scheme, The Proposal on Matters Related to the Stock Option Exercise for the Third Exercise Period of the Sixth Stock Option Incentive Scheme, The Proposal on Matters Related to the Stock Option Exercise for the Third Exercise Period of the Seventh Stock Option Incentive Scheme, The Proposal on the Satisfaction of Unlocking Conditions for the Fourth Unlocking Period for the First Grant under the 2018 Restricted Share Incentive Scheme, The Proposal on the Satisfaction of Unlocking Conditions for the Third Unlocking Period for Reserved Restricted Shares under the 2018 Restricted Share Incentive Scheme, The Proposal on the Satisfaction of Unlocking Conditions for the Third Unlocking Period of the 2019 Restricted Share Incentive Scheme, The Proposal on the Satisfaction of Unlocking Conditions for the Third Unlocking Period of the 2020 Restricted Share Incentive Scheme, and The Proposal on Unmet Unlocking Conditions for the First Unlocking Period of the 2021 Restricted Share Incentive Scheme.	-	-
ESG Committee	Li Guolin, Zhong	1	2023-4-27	The 2022 ESG Report of Midea Group was approved.	-	-

	Zheng, Zhao Wenxin, Jiang Peng, and Zhi Shuai					
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8. Activities of the Supervisory Committee

Were there any risks to the Company identified by the Supervisory Committee when performing its duties during the Reporting Period

Yes No

The Supervisory Committee of the Company had no objection to the matters of supervision during the Reporting Period.

9. Employees

9.1 Number, functions and educational backgrounds of employees

Number of in-service employees of the Company at the period-end	961
Number of in-service employees of main subsidiaries at the period-end	197,652
Total number of in-service employees at the period-end	198,613
Total number of paid employees in the period	198,613
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	2,353
Functions	
Function	Number of employees
Production	154,046
Sales	14,063
Technical	23,242
Financial	2,762
Administrative	4,500
Total	198,613
Educational backgrounds	
Educational background	Number of employees
Master's and doctoral degrees	7,252
Bachelor's degree	31,265

Other	160,096
Total	198,613

Note: “Other” under “Educational backgrounds” in the table above includes personnel under privacy protection.

9.2 Remuneration policy

Remunerations for employees are paid on time according to the remuneration system of the Company. The Company decides the regular salaries of the employees according to the position’s value and evaluation performances and decides the variable salary according to the Company’s and employee’s performance. The remuneration distribution shows more consideration for strategic talent and ensures the market competitiveness in the salary of core talent. The Company shall make dynamic adjustments to the staff remuneration policy according to regional differences, number of employees, staff turnover, environment changes in the industry and paying ability of the Company.

9.3 Employee training

Focused on building the “Employee Growth Platform + Strategy Facilitation Platform + Knowledge Management Platform”, Midea Academy consists of the Leadership Empowerment Center, the Professionalism Empowerment Center, the Globalization Empowerment Center, and the Newcomer Empowerment Center, in addition to a professional online learning platform—M-Learning, which motivates employees to learn on their own through special learning courses and practical learning functions. Meanwhile, Midea is building an offline three-tier empowerment system, linking the Group-business units-departments, to comprehensively develop the job knowledge and skills required by employees at each stage, taking into account personal development and corporate needs, and supporting the learning and growth of all Midea employees.

Newcomer Empowerment Center: It provides new employees with onboarding training and specialized position skill training or coaching. Through projects such as campus recruitment graduate training camps, Jumei, Huimei, Chuangmei, etc., it helps new employees become familiar with corporate culture and values, and accelerates their integration into a new environment. During the Reporting Period, a total of 308 projects were carried out, with a total of 41,537 participations by

employees and a cumulative training time of 112,149.9 person-hours.

Leadership Empowerment Center: Around the management cadres talent training system, it establishes a mature cadre training model, including the Sailor Project, the Voyager Project, the Explorer Project and the Pilot Project, which are aimed at training talents in the middle and senior management echelons. During the Reporting Period, a total of 55 cadre training projects were promoted, with a total of 131,458 participations by employees and a cumulative training time of 199,595.30 person-hours.

Globalization Empowerment Center, Intelligent Manufacturing Empowerment Center, and Digital Professional Empowerment Center: Based on Midea's strategy and business characteristics, promote the diversified development of global talents and help industrial skill workers and R&D, manufacturing, information technology, and other professional talents improve their skills. During the Reporting Period, a total of 27 special empowerment projects were carried out by Media based on actual business needs.

We encourage employees to learn autonomously and establish the M-Learning platform to comprehensively help employees improve their professional capabilities. The M-Learning platform has now formed a comprehensive integration of online learning, online exams, online live broadcasts, learning journeys, and offline face-to-face teaching, realizing integrated management functions for knowledge management, student management, lecturer management, and certificate management. At the same time, we fully integrate training content on anti-corruption and integrity, environmental health and safety into the M-Learning platform, require all new employees to carry out comprehensive learning, and adopt an "online-based, offline-assisted" training mode to strengthen employees' compliance, health, and safety concepts. (For more detailed content of employee training and development, please refer to the Company's ESG report 2023).

9.4 Labor outsourcing

Applicable N/A

10. Profit Distribution and Converting Capital Surplus into Share Capital

The Company has strictly implemented the Shareholder Return Plan for 2022-2024, which specifies the decision-making process for dividend standards, dividend ratios and profit distribution policies, ensures a continual and consistent profit distribution policy from the mechanism perspective, and fully protects the legitimate rights and interests of minority investors.

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, in the Reporting Period

Applicable N/A

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of meeting of shareholders	Yes
Specific and clear dividend standards and ratios	Yes
Complete decision-making process and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Minority shareholders are able to fully express their opinion and desire and their legitimate rights and interests are fully protected	Yes
In case of adjusting or altering the cash dividend policy, the conditions and process involved are in compliance with applicable regulations and transparent	No adjustment was made to the cash dividend policy.

The Company made a profit in the Reporting Period and the profit distributable to shareholders of the Company (without subsidiaries) was positive, but it did not put forward a preliminary plan for cash dividend distribution

Applicable N/A

Preliminary plan for profit distribution and converting capital surplus into share capital for the Reporting Period

Applicable N/A

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax included)	30
Additional shares converted from capital surplus for every 10 shares (share)	0
Total shares as the basis for the preliminary plan for profit distribution (share)	6,920,391,836
Cash dividends (RMB) (tax inclusive)	20,761,175,508
Cash dividends in other forms (such as share repurchase) (RMB)	0

Total cash dividends (inclusive of those in other forms) (RMB) (tax inclusive)	20,761,175,508
Distributable profits (RMB)	27,901,530,000
Percentage of total cash dividends (inclusive of those in other forms) in the total distributed profit (%)	100%
Cash dividend policy adopted	
Where the Company is at a mature stage of development and has significant expenditure arrangements, cash dividends shall account for at least 40% of the total distributed profit when carrying out profit distribution.	
Details about the preliminary plan for profit distribution and converting capital surplus into share capital	
According to the Auditor's Report PwC ZT Shen Zi (2024) No. 10017 issued by PricewaterhouseCoopers Zhong Tian LLP, the parent company realized a net profit of RMB17,326,161,000 for 2023. Plus undistributed profits at the beginning of the year of RMB27,719,633,000 and minus the profit distributed in the year of RMB17,144,264,000, the actual distributable profit would be RMB27,901,530,000.	

11. Implementation of any Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Incentive Measures for Employees

Applicable N/A

11.1 Equity incentive schemes

Overview of the Fifth Stock Option Incentive Scheme

- a. The Proposal for the Retirement of Unexercised Stock Options in the First Grant under the Fifth Stock Option Incentive Scheme upon Expiry was approved at the 16th Meeting of the Fourth Board of Directors. As such, 79,180 stock options of 21 awardees that had been unexercised upon expiry were retired.
- b. At the above-mentioned meeting, the Proposal for the Retirement of Unexercised Reserved Stock Options under the Fifth Stock Option Incentive Scheme upon Expiry was approved. As such, 38,500 stock options of four awardees that had been unexercised upon expiry were retired.
- c. At the above-mentioned meeting, the Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved. As the 2022 Annual Profit Distribution Plan had been carried out, the exercise price for the first grant under the Fifth Stock Option Incentive Scheme was revised from RMB50.21 to RMB47.71 per share, and the exercise price for the reserved stock options under the said scheme was revised from RMB41.04 to RMB38.54 per share.

d. At the above-mentioned meeting, the Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the First Grant under the Fifth Stock Option Incentive Scheme was approved. It was agreed to adjust the awardees and their exercisable stock options for the first grant under the Fifth Stock Option Incentive Scheme due to the resignation, substandard business unit performance, substandard individual performance, reassignment, violation of the Company's "Red Lines" or other factors of some awardees. Upon the adjustments, the number of locked-up stock options for the first grant under the Fifth Stock Option Incentive Scheme was reduced from 9,195,000 to 7,325,333.

e. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the Fourth Exercise Period for the First Grant under the Fifth Stock Option Incentive Scheme was approved. A total of 801 awardees who are eligible for the Fifth Stock Option Incentive Scheme have been allowed to exercise 7,325,333 stock options in the fourth exercise period (ended 6 May 2024).

f. At the above-mentioned meeting, the Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the Reserved Stock Options under the Fifth Stock Option Incentive Scheme was approved. It was agreed to adjust the awardee list and their exercisable stock options for the first grant under the Fifth Stock Option Incentive Scheme due to the resignation, substandard individual performance, or other factors of some awardees. Upon the adjustments, the number of locked-up stock options granted to them for the first grant under the Fifth Stock Option Incentive Scheme was reduced from 9,195,000 to 7,325,333.

g. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the Third Exercise Period for the Reserved Stock Options under the Fifth Stock Option Incentive Scheme was approved. A total of 61 awardees who are eligible for the Fifth Stock Option Incentive Scheme have been allowed to exercise 860,000 stock options in the third exercise period (ended 8 March 2024).

h. The Proposal for the Retirement of Unexercised Reserved Stock Options under the Fifth Stock Option Incentive Scheme upon Expiry was approved at the 17th Meeting of the Fourth Board of Directors. As such, 115,000 stock options of 11 awardees that had been unexercised upon expiry were

retired.

During the Reporting Period, 9,554,233 shares were exercised with respect to the first grant under the Fifth Stock Option Incentive Scheme.

During the Reporting Period, 927,950 shares were exercised with respect to the reserved stock options under the Fifth Stock Option Incentive Scheme.

Overview of the Sixth Stock Option Incentive Scheme

a. The Proposal for the Retirement of Unexercised Stock Options under the Sixth Stock Option Incentive Scheme upon Expiry was approved at the 16th Meeting of the Fourth Board of Directors. As such, 40,591 stock options of seven awardees that had been unexercised upon expiry were retired.

b. At the above-mentioned meeting, the Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved. According to the arrangements in the 2022 Annual Profit Distribution, the exercise price for the Sixth Stock Option Incentive Scheme was revised from RMB48.04 to RMB45.54 per share.

c. At the above-mentioned meeting, the Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the Sixth Stock Option Incentive Scheme was approved. It was agreed to adjust the awardees and their exercisable stock options under the Sixth Stock Option Incentive Scheme due to the resignation, substandard business unit performance, substandard individual performance, reassignment or other factors of some awardees. Upon the adjustments, the number of locked-up stock options granted to them under the Sixth Stock Option Incentive Scheme was reduced from 18,570,000 to 15,830,667.

d. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the Third Exercise Period for the Sixth Stock Option Incentive Scheme was approved. A total of 762 awardees who are eligible for the Sixth Stock Option Incentive Scheme have been allowed to exercise 7,339,417 stock options in the third exercise period (ended 29 May 2024).

During the Reporting Period, 9,231,056 shares were exercised under the Sixth Stock Option Incentive Scheme.

Overview of the Seventh Stock Option Incentive Scheme

a. The Proposal for the Retirement of Unexercised Stock Options under the Seventh Stock Option Incentive Scheme upon Expiry was approved at the 16th Meeting of the Fourth Board of Directors. As such, 55,200 stock options of three awardees that had been unexercised upon expiry were retired.

b. At the above-mentioned meeting, the Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved. According to the arrangements of the 2022 Annual Profit Distribution, the exercise price for the Seventh Stock Option Incentive Scheme was revised from RMB47.19 to RMB44.69 per share.

c. At the above-mentioned meeting, the Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the Seventh Stock Option Incentive Scheme was approved. It was agreed to adjust the awardees and their exercisable stock options under the Seventh Stock Option Incentive Scheme due to the resignation, substandard business unit performance, substandard individual performance, reassignment or other factors of some awardees. Upon the adjustments, the number of locked-up stock options granted to them under the Seventh Stock Option Incentive Scheme was reduced from 28,680,000 to 20,867,916.

d. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the Third Exercise Period for the Seventh Stock Option Incentive Scheme was approved. A total of 1,047 awardees who are eligible for the Seventh Stock Option Incentive Scheme have been allowed to exercise 20,867,916 stock options in the third exercise period (ended 4 June 2024).

During the Reporting Period, 18,776,931 shares were exercised under the Seventh Stock Option Incentive Scheme.

Overview of the Eighth Stock Option Incentive Scheme

a. The Proposal for the Adjustments to the Exercise Prices for the Stock Option Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. According to the arrangements in the 2022 Annual Profit Distribution, the exercise price for the Eighth Stock Option Incentive Scheme was revised from RMB79.74 to RMB77.24 per share.

b. At the above-mentioned meeting, the Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the Eighth Stock Option Incentive Scheme was approved. It was agreed to adjust the awardee list and their exercisable stock options under the Eighth Stock Option Incentive Scheme due to the resignation, unmet exercise conditions, violation of the Company's "Red Lines" or other factors of some awardees. Upon the adjustments, the number of locked-up stock options granted to them under the Eighth Stock Option Incentive Scheme was reduced from 81,740,000 to 45,785,250.

Overview of the Ninth Stock Option Incentive Scheme

a. The Proposal for the Adjustments to the Exercise Prices for the Stock Option Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. According to the arrangements in the 2022 Annual Profit Distribution, the exercise price for the Ninth Stock Option Incentive Scheme was revised from RMB54.61 to RMB52.11 per share.

Overview of the 2018 Restricted Share Incentive Scheme

a. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2018 Restricted Share Incentive Scheme was approved at the 14th Meeting of the Fourth Board of Directors and the First Extraordinary General Meeting of Shareholders of 2023 on 6 January 2023. As such, it was agreed to repurchase and retire 218,958 restricted shares that had been granted to 14 awardees but were still in lockup due to the resignation, reassignment, violation of the Company's "Red Lines" or other factors of these awardees. The retirement of the said restricted shares was completed on 18 April 2023.

b. The Proposal for the Adjustments to the Repurchase and Grant Prices and for the Restricted Share Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. According to the 2022 Annual Profit Distribution Plan, the repurchase prices for the first grant under the 2018

Restricted Share Incentive Scheme was revised from RMB21.44 to RMB18.94 per share, and the repurchase price for the reserved restricted shares under the said scheme from RMB17.46 to RMB14.96 per share.

c. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Fourth Unlocking Period for the First Grant under the 2018 Restricted Share Incentive Scheme was approved. A total of 172 awardees were eligible for this unlocking, with 2,566,396 restricted shares (0.0365% of the Company's total existing share capital) unlocked for public trading, of which 25,000 shares, 25,000 shares, 25,000 shares, and 20,000 shares were unlocked for senior management Guan Jinwei, Zhang Xiaoyi, Hu Ziqiang, and Zhong Zheng, respectively.

d. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Third Unlocking Period for the Reserved Restricted Shares under the 2018 Restricted Share Incentive Scheme was approved. A total of 18 awardees were eligible for this unlocking, with 324,167 restricted shares (0.0046% of the Company's total existing share capital) unlocked for public trading, of which 25,000 shares were unlocked for senior management Zhao Wenxin.

e. At the above-mentioned meeting, the Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2018 Restricted Share Incentive Scheme was approved. As such, it was agreed to repurchase and retire 233,146 restricted shares that had been granted to 29 awardees but were still in lockup due to the resignation, reassignment, substandard 2022 individual/business unit performance or other factors of these awardees. The retirement of the said restricted shares was completed on 10 November 2023.

Overview of the 2019 Restricted Share Incentive Scheme

a. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2019 Restricted Share Incentive Scheme was approved at the 14th Meeting of the Fourth Board of Directors and the First Extraordinary General Meeting of Shareholders of 2023 on 6 January 2023. As such, it was agreed to repurchase and retire 431,250 restricted shares that had been granted to 14 awardees but were still in lockup due to the resignation, reassignment or other factors of these awardees. The

retirement of the said restricted shares was completed on 18 April 2023.

b. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. According to the 2022 Annual Profit Distribution Plan, the repurchase price for the granted restricted shares under the 2019 Restricted Share Incentive Scheme was revised from RMB20.96 to RMB18.46 per share.

c. At the above-mentioned meeting, the Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2019 Restricted Share Incentive Scheme was approved. As such, it was agreed to repurchase and retire 694,532 restricted shares that had been granted to 62 awardees but were still in lockup due to the resignation, reassignment, substandard 2022 individual or business unit performance or other factors of these awardees. The retirement of the said restricted shares was completed on 10 November 2023.

d. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Third Unlocking Period for the 2019 Restricted Share Incentive Scheme was approved. A total of 308 awardees were eligible for this unlocking, with 4,897,510 restricted shares unlocked for public trading, of which 30,000 shares, 25,000 shares and 25,000 shares were unlocked for senior management Wang Jinliang, Zhao Wenxin, and Guan Jinwei, respectively.

Overview of the 2020 Restricted Share Incentive Scheme

a. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2020 Restricted Share Incentive Scheme was approved at the 14th Meeting of the Fourth Board of Directors and the First Extraordinary General Meeting of Shareholders of 2023 on 6 January 2023. As such, it was agreed to repurchase and retire 753,209 restricted shares that had been granted to 25 awardees but were still in lockup due to the resignation, reassignment, violation of the Company's "Red Lines" or other factors of these awardees. The retirement of the said restricted shares was completed on 18 April 2023.

b. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. As the 2022 Annual Profit

Distribution Plan had been carried out, the repurchase price for the restricted shares granted under the 2020 Restricted Share Incentive Scheme was revised from RMB21.18 to RMB18.68 per share.

c. At the above-mentioned meeting, the Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2020 Restricted Share Incentive Scheme was approved. As such, it was agreed to repurchase and retire 2,939,626 restricted shares that had been granted to 316 awardees but were still in lockup due to the resignation, reassignment, substandard 2022 individual/business unit performance and other factors of these awardees. The retirement of the said restricted shares was completed on 10 November 2023.

d. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Third Unlocking Period for the 2020 Restricted Share Incentive Scheme was approved. A total of 394 awardees were eligible for this unlocking, with 10,851,082 restricted shares unlocked for public trading, of which 48,000 shares, 48,000 shares and 40,000 shares were unlocked for senior management Wang Jinliang, Zhao Wenxin, and Li Guolin, respectively.

Overview of the 2021 Restricted Share Incentive Scheme

a. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2021 Restricted Share Incentive Scheme was approved at the 14th Meeting of the Fourth Board of Directors and the First Extraordinary General Meeting of Shareholders of 2023 on 6 January 2023. As such, it was agreed to repurchase and retire 824,500 restricted shares that had been granted to 18 awardees but were still in lockup due to the resignation, reassignment or other factors of these awardees. The retirement of the said restricted shares was completed on 18 April 2023.

b. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. As the 2022 Annual Profit Distribution Plan had been carried out, the repurchase price for the 2021 Restricted Share Incentive Scheme was revised from RMB38.25 to RMB35.75 per share.

c. At the above-mentioned meeting, the Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2021 Restricted Share Incentive Scheme was approved. As such, it was

agreed to repurchase and retire 2,576,500 restricted shares that had been granted to 112 awardees but were still in lockup due to the resignation, reassignment, substandard company performance or other factors of these awardees. The retirement of the said restricted shares was completed on 10 November 2023.

Overview of the 2022 Restricted Share Incentive Scheme

a. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2022 Restricted Share Incentive Scheme was approved at the 14th Meeting of the Fourth Board of Directors and the First Extraordinary General Meeting of Shareholders of 2023 on 6 January 2023. As such, it was agreed to repurchase and retire 270,000 restricted shares that had been granted to 10 awardees but were still in lockup due to the resignation, reassignment or other factors of these awardees. The retirement of the said restricted shares was completed on 18 April 2023.

b. The Proposal for the Adjustments to the Repurchase and Grant Prices for the Restricted Share Incentive Schemes was approved at the 16th Meeting of the Fourth Board of Directors. As the 2022 Annual Profit Distribution Plan had been carried out, the repurchase price for the 2022 Restricted Share Incentive Scheme was revised from RMB26.47 to RMB23.97 per share.

c. At the above-mentioned meeting, the Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2022 Restricted Share Incentive Scheme was approved. As such, it was agreed to repurchase and retire 1,052,500 restricted shares that had been granted to 24 awardees but were still in lockup due to the resignation, reassignment or other factors of these awardees. The retirement of the said restricted shares was completed on 10 November 2023.

Overview of the 2023 Restricted Share Incentive Scheme

a. The 2023 Restricted Share Incentive Scheme (Draft) and its Abstract was approved at the 15th Meeting of the Fourth Board of Directors. And the awardee list for the 2023 Restricted Share Incentive Scheme (Draft) was reviewed at the Ninth Meeting of the Fourth Supervisory Committee.

b. The Proposal on the Adjustments to the Repurchase and Grant Prices for the Restricted Share

Incentive Schemes, the Proposal on the Determination of the Grant Date for the 2023 Restricted Share Incentive Scheme, and the Proposal on Grant-related Matters for the 2023 Restricted Share Incentive Scheme were approved at the 16th Meeting of the Fourth Board of Directors. According to the 2022 Annual Profit Distribution Plan, the grant price was revised from RMB28.39 to RMB25.89 per share.

c. On 20 June 2023, the Company granted 18,325,000 restricted shares to 415 awardees with the grant price being RMB25.89 per share.

Equity incentives for directors and senior management

√Applicable □N/A

Unit: share

Name	Office title	Restricted shares held at the beginning of the Reporting Period	Unlocked shares in the Reporting Period	Restricted shares granted in the Reporting Period	Grant price of the restricted shares (RMB/share)	Restricted shares held at the end of the Reporting Period	Retired shares
Zhang Xiaoyi	Vice President	25,000	25,000			0	
Hu Ziqiang	Vice President	25,000	25,000			0	
Wang Jinliang	Vice President	300,000	78,000			180,000	42,000
Li Guolin	Vice President	230,000	40,000			150,000	40,000
Guan Jinwei	Vice President	75,000	50,000			25,000	
Zhong Zheng	Vice President, CFO and Director of Finance	20,000	20,000			0	
Zhao Wenxin	Chief People Officer	320,000	98,000			186,000	36,000
Jiang Peng	Board Secretary	160,000	0			136,000	24,000
Zhao Lei	Vice President	90,000	60,000			20,000	10,000
Total	--	1,245,000	396,000	0	--	697,000	152,000

Remark (if any)	<p>1. A total of 2,566,396 shares were allowed for public trading in the Fourth Unlocking Period for the First Grant of the 2018 Restricted Share Incentive Scheme on 3 July 2023, of which senior management Guan Jinwei, Zhang Xiaoyi, Zhong Zheng and Hu Ziqiang unlocked 25,000 shares, 25,000 shares, 20,000 shares and 25,000 shares, respectively.</p> <p>2. A total of 324,167 shares were allowed for public trading in the Third Unlocking Period for the Reserved Restricted Shares of the 2018 Restricted Share Incentive Scheme on 7 July 2023, of which senior management Zhao Wenxin unlocked 25,000 shares.</p> <p>3. A total of 4,897,510 shares were allowed for public trading in the Third Unlocking Period of the 2019 Restricted Share Incentive Scheme on 13 July 2023, of which senior management Zhao Wenxin, Wang Jinliang and Guan Jinwei unlocked 25,000 shares, 30,000 shares and 25,000 shares, respectively.</p> <p>4. A total of 10,851,082 shares were allowed for public trading in the Third Unlocking Period of the 2020 Restricted Share Incentive Scheme on 18 July 2023, of which senior management Zhao Wenxin, Li Guolin and Wang Jinliang unlocked 48,000 shares, 40,000 shares and 48,000 shares, respectively.</p>
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Appraisal mechanism and incentives for senior management

With respect to remunerations for directors and supervisors, the Remuneration and Appraisal Committee under the Board of Directors formulates the relevant plan, which is submitted to the Board of Directors for approval and then to the meeting of shareholders for final approval. As for remunerations for senior management, the Remuneration and Appraisal Committee formulates the relevant plan, which is submitted to the Board of Directors for final approval.

11.2 Employee stock ownership schemes

√Applicable □N/A

Outstanding employee stock ownership schemes during the Reporting Period

Scope of employees	Number of employees	Total shares held (share)	Change	As a percentage of the Company's total share capital	Funding source
Employees under the Sixth Global Partner Stock Ownership Scheme	17	3,537,663	N/A	0.05%	Special fund for the scheme
Employees under the Third Business Partner Stock Ownership Scheme	46	1,873,559	N/A	0.03%	Special fund for the scheme and part of the performance bonuses for senior management
Employees under the Seventh Global Partner Stock Ownership Scheme	15	2,436,518	N/A	0.03%	Special fund for the scheme
Employees under the Fourth Business Partner Stock Ownership Scheme	44	1,985,611	N/A	0.03%	Special fund for the scheme and part of the performance bonuses for senior management
Employees under	15	3,770,433	N/A	0.05%	Special fund for the

the Eighth Global Partner Stock Ownership Scheme					scheme
Employees under the Fifth Business Partner Stock Ownership Scheme	55	2,826,759	N/A	0.04%	Special fund for the scheme and part of the performance bonuses for senior management
Employees under the 2023 Stock Ownership Scheme	147	9,946,276	N/A	0.14%	Employees' legal income, performance bonuses, or other sources allowed by laws and regulations

Shares held by directors, supervisors and senior management under employee stock ownership schemes during the Reporting Period

Name	Office title	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)	As a percentage of the Company's total share capital
Fang Hongbo	Chairman of the Board and CEO	4,770,564	4,941,346	0.07%
Gu Yanmin	Director and Vice President			
Wang Jianguo	Director and Vice President			
Fu Yongjun	Director and Vice President			
Zhang Xiaoyi	Vice President			
Zhao Lei	Vice President			
Wang Jinliang	Vice President			
Li Guolin	Vice President			
Guan Jinwei	Vice President			
Bai Lin	Vice President			
Zhong Zheng	Vice President, CFO and Director of Finance			
Zhao Wenxin	Chief People Officer			
Jiang Peng	Board Secretary			

Change of asset management organizations during the Reporting Period

Applicable N/A

Equity changes incurred by disposal of shares by holders, etc. during the Reporting Period

Applicable N/A

Exercise of shareholder rights during the Reporting Period

During the Reporting Period, holders under employee stock ownership schemes exercised the shareholder rights to receive the cash dividends for 2022. Other than that, they did not exercise other shareholder rights such as voting in a meeting of shareholders.

Other information about employee stock ownership schemes during the Reporting Period

Applicable N/A

Changes in members of the management committees for employee stock ownership schemes

Applicable N/A

Financial impact of employee stock ownership schemes on the Company during the Reporting Period and the relevant accounting treatments

Applicable N/A

As per the Accounting Standard No. 11 for Business Enterprises—Share-based Payments, for equity-settled share-based payments in exchange for services from employee that are exercisable when services in the vesting period are completed or specified performance conditions are met, at every balance sheet date during the vesting period, the services obtained in the current period are included in the relevant costs/expenses and capital surplus at the fair value of the equity instruments at the grant date based on the best estimate of the number of exercisable equity instruments. The expense amortization of the Company's share-based payment incentive schemes stood at RMB279,864 thousand for 2023, which was included in the relevant expense items and capital surplus.

Termination of employee stock ownership schemes during the Reporting Period

Applicable N/A

11.3 Other incentive measures for employees

Applicable N/A

12. Establishment and Implementation of the Internal Control System during the Reporting Period

12.1 Establishment and implementation of the internal control system

During the Reporting Period, in line with the Basic Code for Internal Control of Enterprises and other related regulations, the Company updated and improved the internal control system timely and

established a set of internal control systems which was designed scientifically and operated effectively. Besides, an organization system for internal risk control and management comprising the Audit Committee and the internal audit department was set up to supervise and assess the Company's internal control management. Through the operation, analysis, and assessment of the internal control system, the Company effectively prevented the risks in operations management and promoted the realization of internal control objectives.

12.2 Serious internal control defects found in the Reporting Period

Yes No

13. The Company's Management and Control of Subsidiaries during the Reporting Period

Company name	Consolidation plan	Consolidation progress	Problems arising in consolidation	Solutions taken	Solution implementation progress	Subsequent solutions
N/A	N/A	N/A	N/A	N/A	N/A	N/A

14. Evaluation Report and Auditor's Report on Internal Control

14.1 Evaluation report on internal control

Disclosure date of the internal control self-evaluation report	28 March 2024	
Index to the disclosed internal control self-evaluation report	For details, please refer to the 2023 Self-Evaluation Report on Internal Control, which has been disclosed on www.cninfo.com.cn	
Ratio of the total assets of the appraised entities to the consolidated total assets	70%	
Ratio of the operating revenue of the appraised entities to the consolidated operating revenue	70%	
Defect identification standards		
Type	Financial-report related	Non-financial-report related
Nature standard	For details, please refer to "(c) Basis for internal control evaluation and identification standards for internal control defects" under Section III of The 2023 Self-Evaluation Report on Internal Control disclosed on www.cninfo.com.cn dated 28 March 2024.	For details, please refer to "(c) Basis for internal control evaluation and identification standards for internal control defects" under Section III of The 2023 Self-Evaluation Report on Internal Control disclosed on www.cninfo.com.cn dated 28 March 2024.
Quantitative standard	For details, please refer to "(c) Basis for internal control evaluation and identification standards for internal control defects" under Section III of The 2023 Self-Evaluation Report on Internal Control disclosed on www.cninfo.com.cn dated 28 March 2024.	For details, please refer to "(c) Basis for internal control evaluation and identification standards for internal control defects" under Section III of The 2023 Self-Evaluation Report on Internal Control disclosed on www.cninfo.com.cn dated 28 March 2024.
Number of serious financial-report-related defects	0	

Number of serious non-financial-report-related defects	0
Number of important financial-report-related defects	0
Number of important non-financial-report-related defects	0

14.2 Auditor's report on internal control

Applicable N/A

Opinion paragraph in the auditor's report on internal control	
The internal control auditor holds the view that on 31 December 2023, Midea Group maintained an effective internal control of a financial report in all significant aspects based on the General Specifications of Company Internal Control and relevant specifications.	
Auditor's report on internal control disclosed or not	Disclosed on www.cninfo.com.cn
Date of disclosing the full text of the auditor's report on internal control	28 March 2024
Index to the disclosed full text of the auditor's report on internal control	For details, please refer to the 2023 Auditor's Report on Internal Control, which has been disclosed on www.cninfo.com.cn
Type of the auditor's opinion	Standard & unqualified
Serious non-financial-report-related defects	No

Whether any modified opinions are expressed by the accounting firm in its auditor's report on the Company's internal control

Yes No

Whether the auditor's report on the Company's internal control issued by the accounting firm is consistent with the self-evaluation report of the Board

Yes No

15. Remediation of Problems Identified by Self-inspection in the Special Action on the Governance of Listed Companies

In accordance with the requirements of regulatory authorities, the Company launched a special self-inspection of the governance of listed companies that would last four months on 17 December 2020, which would review the corporate governance comprehensively from seven perspectives, namely the basic information of the listed companies, the operation and decision-making of the organization, controlling shareholder/Actual Controller and related parties, the establishment of the system for standardizing the internal control, information disclosure and transparency, and institutional/overseas investors. In addition, it identified problems and deficiencies by referring to regulations, *Articles of Association*, and other normative documents, and saw the special self-inspection as an opportunity to

improve the governance and protect the gains of investors.

This self-inspection found that the Company had no matters that had violated the national and CSRC regulations, and the corporate governance was in compliance with the laws and regulations, such as the Company Law, the Securities Law, the Guidelines on Standardized Operation of Listed Companies on Shenzhen Stock Exchange, and the Guidelines for Articles of Association of Listed Companies. Besides, the structure of the corporate governance was well-developed, and the operation was standard. The Company will inspect and update the internal control system it has released in a timely manner in accordance with the existing laws and regulations and continuously establish and improve the internal control systems so that the systems can function effectively.

Section V Environmental and Social Responsibility

1. Major Environmental Issues

Whether the Company or any of its subsidiaries is declared a heavily polluting business by the environmental protection authorities

Yes No

Policies and industry standards for environmental protection

The Company has attached great importance to environmental protection. It has been strictly abiding by the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Water Pollution Prevention and Control, the Law of the People's Republic of China on Air Pollution Prevention and Control, the Law of the People's Republic of China on Noise Pollution Prevention and Control, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Law of the People's Republic of China on Environmental Impact Assessment, the Regulations on Administration of Discharge Permits as well as other applicable laws, administrative rules and regulatory documents. The Company has been taking practical and effective environmental protection measures to protect the ecological environment and fulfill its corporate responsibility.

In terms of pollutant management, the Company has been in compliance with the existing pollutant discharge standards and limits, which are specified as follows:

With respect to wastewater management, the Company is subject to the Integrated Wastewater Discharge Standard (GB8978-1996), the Discharge

Limits of Water Pollutants (DB44/26-2001), the Discharge Standard of Water Pollutants for Electroplating (DB 44/1597-2015), and the Discharge Limits of Water Pollutants of Guangdong Province (DB44/26-2001), among other standards.

With respect to waste gas management, the Company is subject to the Integrated Emission Standard of Air Pollutants (GB16297-1996), the Emission Standard of Air Pollutants for Boiler (GB13271-2014), the Emission Control Standard of Volatile Organic Compounds for Industrial Enterprises (DB13/2322-2016), the Emission Standard of Pollutants for Synthetic Resin Industry (GB31572-2015), the Emission Limits of Air Pollutants (DB44/27-2001), the Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations (DB44/814-2010), and the Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB 9078-1996), among other standards.

With respect to noise management, the Company is subject to the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008).

With respect to treatments of solid and hazardous waste, the Company has been in strict compliance with the Law on the Prevention and Control of the Environmental Pollution of Solid Waste, disposing of solid and hazardous waste in a compliant manner.

Administrative permits in relation to environmental protection

According to the requirements of the applicable environmental protection laws and regulations, all construction projects of the Company fulfill the procedures of environmental impact assessment and other administrative licensing procedures for environmental protection, strictly abide by the environmental requirements for construction projects, and implement environmental treatment. After the completion of the project construction, according to the requirements of the environmental impact assessment documents, the Company commissions a third-party monitoring organisation to test the project's wastewater, waste gas, noise and other indicators, and applies for a discharge permit in accordance with the Regulations on the

Administration of Discharge Permits and other regulations and standards.

During the Reporting Period, the existing discharge permits of the Company's subsidiaries were all within the validity period. During the validity period of the discharge permits, if there are matters such as changes in the basic information of the discharge permits, implementation of revisions in pollutant discharge standards, changes in the total pollutant discharge limits, etc., the subsidiaries of the Company shall, in accordance with the relevant requirements, submit an application for change of the discharge permits to the local competent environmental protection authorities within a specified period of time.

Industry standards for discharges and discharges of pollutants in production and operation activities

Name of the Company or subsidiary	Type of major pollutant	Name of major pollutant	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Concentration of the discharge	Pollutant discharge standards	Total discharge (ton)	Approved total discharge (ton)	Excess discharge
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	Western gate of the Wuhu plant	130mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	58.97	70.898	No
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)				3.1mg/L		1.41	2.496	No
	Physical and comprehensive indicators	Five-day BOD				27.35mg/L		12.4	/	No
	Oil	Petroleum				<0.06mg/L		0.027	/	No

	Inorganic pollutants	Total phosphorus (by P)	15m high altitude discharge	45	Plants at each workshop	0.43mg/m ³	Emission Standard of Air Pollutants for Boiler (GB13271-2014)	0.2	/	No
	Inorganic pollutants	Fluoride (by F-)				0.73mg/m ³		0.32	/	No
	Particles	Soot				4.6mg/m ³		9.27	/	No
	Gaseous inorganic substances	Sulfur dioxide				<3mg/m ³		1.9	/	No
	Gaseous inorganic substances	Oxynitride				6.3mg/m ³		1.9	/	No
	Particles	Dust				4.3mg/m ³		3.76	/	No
	Aromatic compounds	Xylene				<0.01 mg/m ³		0.0002	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Overall volatile organic compounds (VOCs)				High altitude discharge after being treated by waste gas treatment station		5.77mg/m ³	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13-2322- 2016)	8.08
Wuhu Midea Smart Kitchen Appliances Manufacturing Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	Western gate of the Wuhu plant (Shared kitchen and bathroom wastewater treatment plant)	130mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	24.34	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				3.1mg/L		0.59	/	No
	Physical and comprehensive indicators	Five-day BOD				27.35mg/L		5.11	/	No
	Oil	Petroleum				<0.06mg/L		0.01	/	No

	Inorganic pollutants	Total phosphorus (by P)				0.43mg/m ³		0.08	/	No
	Inorganic pollutants	Fluoride (by F-)				0.73mg/m ³		0.14	/	No
	Particles	Soot	15m high altitude discharge	10	Plants at each workshop	4.9mg/m ³	Emission Standard of Air Pollutants for Boiler (GB13271-2014)	5.52	/	No
	Gaseous inorganic substances	Sulfur dioxide		6		<3mg/m ³		0.89	/	No
	Gaseous inorganic substances	Oxynitride		6		13.3 mg/m ³		1.48	/	No
	Particles	Dust	High altitude discharge after being treated by waste gas treatment station	6	Plants at each workshop	4.9mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.7	/	No
	Aromatic compounds	Xylene		2		<0.0015 mg/m ³		0.00035	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Overall volatile organic compounds (VOCs)		13		6.4mg/m ³		Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13-2322- 2016)	8.18	/
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	The eastern side of 1# plant	67.25mg/L	Takeover Standards for Sewage Treatment Plants in Western Clusters of Hefei City Integrated Wastewater Discharge Standard (GB8978-1996), Level 3	8.119	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				1.18mg/L		1.047		
	Physical and comprehensive indicators	Five-day BOD				16.76mg/L		2.688		
	Inorganic pollutants	Total nitrogen (by N)				17.2mg/L		1.929		

	Inorganic pollutants	Total phosphorus (by P) (by P)				0.07mg/L		0.138495		
	Other indicators	Anionic surfactant				0.17mg/L		0.053443		
	Physical and comprehensive indicators	Suspended matters				17.08mg/L		2.692		
	Oil	Petroleum				0.06mg/L		0.0444		
	Physical and comprehensive indicators	pH value				5.64		/		
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	RO equipment	2	1 set in 3# plant and 1 unit in 4# plant	1.91mg/m ³	Integrated Emission Standard of Air Pollutants GB16279-1996 Level 2	0.08895	/	No
Water spray and activated carbon			3	2 sets at 1# plant and 1 set at 2# plant	14.91mg/m ³	0.57868				
Two-stage activated carbon equipment			9	3 at 1# plant, 2 at 2# plant, 1 at 3# plant, 2 at 4# plant and 1 cyclopentane	7.394mg/m ³	1.67152				
Particles	Soot	Filter cartridge dust collector	8	2 at 1# plant, 3 at 2# plant, 2 at 3# plant and 1 at 4# plant	4.908mg/m ³	3.3		/	No	
Hefei Midea Laundry Appliance Co., Ltd. (monito	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment station	1	The eastern side of wastewater treatment station	48 mg/L	Takeover Standards for Sewage Treatment Plants in Western Clusters of Hefei City Integrated Wastewater Discharge Standard (GB8978-1996), Level 3	6.154	58.150	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)			The eastern side of wastewater treatment station	0.692mg/L		0.089	/	No

red by the municipal government)	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100µm)	High altitude discharge after being treated by cyclone + filter cartridge dust collector/High altitude discharge after being treated by water spraying + demister + activated carbon + activated carbon	15	Plants at each workshop	0.8mg/m ³	Table 5 of the Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572-2015): Special Emission Limit Requirements	1.47	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	High altitude discharge after being treated by water spraying + demister + activated carbon + activated carbon/High altitude discharge after being treated by the two-stage activated carbon		Plants at each workshop	1.73mg/m ³		1.96	/	No
GD Midea Air-Conditioning Equipment Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment station	1	The southeastern side of 4# plant	48 mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	2.92	9.59	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				1.082mg/L		0.023	/	No
	Physical and comprehensive indicators	Suspended matters				14mg/L		0.451	/	No
	Oil	Petroleum				0.32mg/L		0.005	/	No
	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment station	1	The eastern side of 2# plant	108mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	3.66	9.59	No

	Physical and comprehensive indicators	Suspended matters				47mg/L		0.46	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				1.832mg/L		0.013	/	No
	Oil	Petroleum				1.99mg/L		0.003	/	No
	Other organic compounds	Total volatile organic compounds (spray powder)	15m high altitude discharge after being treated by spray tower + activated carbon	3	4# plant	15.94mg/m ³	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) the second time period	0.77	14	No
	Other organic compounds	Overall volatile organic compounds (screen printing)	15m high altitude discharge after being treated by environmental protection equipment	4	1# and 9# plants	3.81mg/m ³	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	0.56	/	No
	Other organic compounds	Overall volatile organic compounds (electronics)	15m high altitude discharge after being treated by environmental protection equipment	2	10# plants	1.65mg/m ³	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	4.11	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	15m high altitude discharge after being treated by environmental protection equipment	5	2#, 5# plants	2.52mg/m ³	Emission Limits of Air Pollutants (DB44/27- 2001) the second time period	1.88	/	No
Wuhu Maty Air-Conditioning	Physical and comprehensive indicators	COD	Discharge after treatment by the sewage and wastewater station to meet the standards	1	The northern side of the park	77.65mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	3.99	7.5	No

Equipm ent Co., Ltd.	Physical and comprehens ive indicators	Suspende d matters			42.35mg/L		2.166	/	No	
	Physical and comprehens ive indicators	Five-day BOD			11.755mg/L		1.86	/	No	
	Inorganic pollutants	Ammonia- nitrogen (NH3-N)			20.923mg/L		0.598	0.675	No	
	Oil	Petroleum			1.46mg/L		0.075	/	No	
	Particles	Soot	15m high altitude discharge after being treated by environmental protection equipment	11	1#、2#、3#、4# plants	ND	Integrated Emission Standard of Air Pollutants (GB16297-1996)	6.03	/	No
	Fatty hydrocarbon s and halogenated fatty hydrocarbon s	Non- methane hydrocarb ons		10	1#、2#、3#、4# plants	5.642mg/m3	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13-2322- 2016)	7.327	/	No
	Gaseous inorganic pollutants	Oxynitride		3	3# plant	5.485mg/m3	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.348	2.209	No
	Gaseous inorganic pollutants	Sulfur dioxide		3	3# plant	3mg/m3		0.468	/	No
Guang dong Meizhi Precisi on- Manufa cturing Co., Ltd.	Physical and comprehens ive indicators	COD	Discharge after being treated by wastewater treatment station	1	Near the wastewater treatment station in the north side of the plant		Discharge Standard of Water Pollutants for Electroplating DB 44/1597-2015	12.0708	16.28	No
	Physical and comprehens ive indicators	Suspende d matters						20mg/L	7.7064	/

Oil	Petroleum				0.48mg/L		0.161384	/	No
Inorganic pollutants	Total phosphorus (by P)				0.15mg/L		0.10913	/	No
Metals and metal compounds	Total zinc				ND		0.01296	/	No
Physical and comprehensive indicators	pH value				7.06mg/L		/	/	No
Inorganic pollutants	Total nitrogen				2.85mg/L		0.88044	/	No
Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				0.799mg/L	Discharge Limits of Water Pollutants in Guangdong DB44/26-2001	0.2754872	2.034	No
Inorganic pollutants	Fluoride (by F ⁻)				0.15mg/L		0.050388	/	No
Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100μm)	15m high altitude discharge after being treated by environmental protection equipment	7	Roof of the plant	14.4mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001) / Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB 9078-1996)	8.69166	/	No
Gaseous inorganic pollutants	Sulfur dioxide	15m high altitude discharge after being treated by environmental protection equipment	4	Roof of the plant	3.5mg/m ³	Emission Standard of Air Pollutants for Boiler (DB44/765-2019)	0	0.436	No
Gaseous inorganic pollutants	Oxynitride	15m high altitude discharge after being treated by environmental protection equipment	4	Roof of the plant	15mg/m ³		1.946	2.039	No

	Other organic compounds	Overall volatile organic compounds (VOCs)	15m high altitude discharge after being treated by environmental protection equipment	10	Roof of the plant	5.005mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating of Automobile Manufacturing Industry (DB44/816-2010)	3.6412	4.553	No
	Aromatic compounds	Benzene	15m high altitude discharge after being treated by environmental protection equipment	2	Roof of the plant	0.05mg/m ³		0.1056	/	No
	Aromatic compounds	Total toluene and xylene	15m high altitude discharge after being treated by environmental protection equipment		Roof of the plant	0.46mg/m ³		0.205	/	No
Guangdong Meizhi Compressor Limited	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment station	1	Near the wastewater treatment station in the north side of the plant	42 mg/L	Discharge Standard of Water Pollutants for Electroplating of Guangdong Province DB-441597-2015, before 1 September 2012	3.6	6.046	No
Oil	Physical and comprehensive indicators	Suspended matters				13 mg/L		5.25	/	No
	Oil	Petroleum				0.43 mg/L		0.104	/	No
	Inorganic pollutants	Total phosphorus (by P)				0.18mg/L		0.041	/	No
	Metals and metal compounds	Total zinc				0.05mg/L		0.008	/	No
	Physical and comprehensive indicators	pH value				7.2mg/L		/	/	No
	Inorganic pollutants	Total nitrogen				3.03mg/L		0.94	/	No

Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				0.856mg/L		0.168	0.756	No
Inorganic pollutants	Fluoride (by F ⁻)				0.071 mg/L		0.032	/	No
Metals and metal compounds	Total nickel				ND		0	0.024	No
Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100μm)	15m high altitude discharge after being treated by environmental protection equipment	17	Roof of main plant and metal plate workshop	1Lmg/m ³ (calculated as half the detection limit when below the detection limit)	Discharge Limits of Air Pollutants (DB44/27-2001)/ Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)	1.2348	8.705	No
Gaseous inorganic pollutants	Sulfur dioxide	15m high altitude discharge after being treated by environmental protection equipment	11	Roof of main plant and metal plate workshop	3Lmg/m ³ (calculated as half the detection limit when below the detection limit)	Emission Standard of Air Pollutants for Boiler (DB44/765-2019)	0.588	0.799	No
Gaseous inorganic pollutants	Oxynitride	15m high altitude discharge after being treated by environmental protection equipment	11	Roof of main plant and metal plate workshop	11.6mg/m ³		7.4	7.814	No
Aromatic compounds	Benzene	15m high altitude discharge after being treated by environmental protection equipment	2	Roof of main plant and metal plate workshop	0.21mg/m ³	Emission Standard of Volatile Organic Compounds for Surface Coating of Automobile Manufacturing Industry (DB44/816-2010)	0.1056	/	No
Aromatic compounds	Total toluene and xylene	15m high altitude discharge after being treated by environmental protection equipment	2	Roof of main plant and metal plate workshop	0.695mg/m ³		0.172	/	No

	Other organic compounds	Overall volatile organic compounds (VOCs)	15m high altitude discharge after being treated by environmental protection equipment	7	Roof of main plant and metal plate workshop	3.5205mg/m ³		2.93	5.718	No
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	Sewage treatment station	40.75	Discharge Standard of Water Pollutants for Electroplating (DB44/1597-2015)	5.721	16.87	No
	Oil	Petroleum				0.29		0.040	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				5.5		1.913	2.11	No
	Aromatic compounds	Total toluene and xylene	High altitude discharge after being treated by waste gas treatment station	14	Waste gas sprayers 1 and 2 at 3# plant, outlets 1, 2 and 3 for waste gas from wave-soldering, painting and drying at 6# plant, outlets 1 and 2 for waste gas from reflow soldering at 6# plant	0.165	Table 1 of the Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010): Discharge Limits for VOCs through Exhaust Funnel/for Time Period II	0.522	/	No
	Other organic compounds	Overall volatile organic compounds (VOCs)	High altitude discharge after being treated by waste gas treatment station			(May 20)		20.655	36.43	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	High altitude discharge after being treated by waste gas treatment station	3	Outlet of injection molding waste gas in the south side of 1# plant, outlet of injection molding waste gas in the south side of 9# plant	1.335	Table 4 of the Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572- 2015): Emission Limits of Air Pollutants	0.877	/	No
	Particles	Inhalable particles (aerodynamic diameter 10 below 100μm)	Pulse bag dust collecting	10	Outlets 1 and 2 of sanding waste gas at 3# plant, outlets 1 and 2 of polishing waste gas at 3# plant	21.15	Table 2 of the Emission Limits of Air Pollutants (DB44/27-2001): Emission Limits of Industrial Waste Gas (Time Period 2), Level 2	23.94		No
	Gaseous inorganic pollutants	Sulfur dioxide	High altitude discharge after being treated by waste gas treatment station	7	Oxidation wire roof of 3# plant, Drying furnace of 3# plant	5.31		0.108	0.78	No

	Gaseous inorganic pollutants	Oxynitride				19.91		0.942	10.17	No
	Particles	Fume	Discharge after being treated by waste gas treatment station	2	South and north section canteens	0.213	Emission Standard of Cooking Fume (Trial) (GB 18483-2001)	0.132	/	No
Anhui Meizhi Compressor Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	The western side of the comprehensive wastewater treatment station	28mg/L	Takeover Standards for Sewage Treatment Plants in Western Clusters of Hefei City	5.02809	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				2.56 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996), Level 3	1.173665	/	No
	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100μm)	Collected by gas trap hood + 15m high exhaust cylinder	10	No. 1 workshop welding soot discharge outlet for waste gas	1.2mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	9.625365	65.45	No
					No.3 workshop discharge outlet for the welding waste gas	1.2mg/m ³				
					Waste gas outlet of 1# heat-treating furnace at No. 2 workshop	3.1mg/m ³	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)			
					Waste gas outlet of 2# heat-treating furnace at No. 2 workshop	9.3mg/m ³				
					Waste gas outlet for die casting at No. 2 workshop	3.4mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
					Waste gas outlet for die casting at No. 4 workshop	5.1mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
					Waste gas outlet of 1# heat-treating furnace at No. 4 workshop	4.5mg/m ³	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)			
					Waste gas outlet of 2# heat-treating furnace at No. 4 workshop	1.8mg/m ³	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)			

					Waste gas outlet for electrophoresis and drying at No. 1 workshop	4.5mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
					Waste gas outlet for electrophoresis and drying at No.3 workshop	3.7mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
Gaseous inorganic pollutants	Sulfur dioxide	Collected by gas trap hood + 15m high exhaust cylinder	6		Outlet of 1# heat-treating furnace at No.2 workshop	23mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Standard Level 2	31.780093	112.2	No
					Outlet of 2# heat-treating furnace at No.2 workshop	43mg/m ³				
					Waste gas outlet for die casting at No. 2 workshop	10mg/m ³				
					Outlet of 1# heat-treating furnace at No.4 workshop	50mg/m ³				
					Outlet of 2# heat-treating furnace at No.4 workshop	12mg/m ³				
					Waste gas outlet for die casting at No.4 workshop	<3mg/m ³				
Gaseous inorganic pollutants	Oxynitride	Collected by gas trap hood + 15m high exhaust cylinder	6		Outlet of 1# heat-treating furnace at No.2 workshop	6mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) Standard Level 2	10.429364	33.24	No
					Outlet of 2# heat-treating furnace at No.2 workshop	6mg/m ³				
					Waste gas outlet for die casting at No. 2 workshop	6mg/m ³				
					Outlet of 1# heat-treating furnace at No.4 workshop	10mg/m ³				
					Outlet of 2# heat-treating furnace at No.4 workshop	22mg/m ³				
					Waste gas outlet for die casting at No.4 workshop	5mg/m ³				
Other organic compounds	Overall volatile organic compounds (VOCs)	Collected by gas trap hood + 15m high exhaust cylinder Direct-fired waste gas incinerator + 15m high exhaust cylinder	4		Waste gas outlet of the drying furnace at No. 1 workshop	5.97mg/m ³	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB12/ 524-2020)	1.27347	21.6	No
					Waste gas outlet of 1# drying furnace at No. 3 workshop	1.80 mg/m ³				

					Die casting at No. 2 workshop	1.24mg/m ³				
					Die casting at No. 4 workshop	0.87mg/m ³				
Guangdong Welling Motor Manufacturing Co., Ltd.	Aromatic compounds	Benzene	Zeolite drum + RO	1	Waste gas outlet around plant C	0mg/m ³	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) the second time period	0.00	/	No
	Aromatic compounds	Total toluene and xylene	Zeolite drum + RO	1	Waste gas outlet around plant C	0 mg/m ³	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) the second time period	0.00	/	No
	Other organic compounds	Overall volatile organic compounds (VOCs)	Zeolite drum + RO	1	Waste gas outlet around plant C	14mg/m ³	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) the second time period	3.972	17.09	No
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	Physical and comprehensive indicators	COD	Discharge to the municipal sewage system after being treated by wastewater treatment system	1	The eastern side of wastewater treatment station in Malong base	32mg/L	Discharge Limits of Water Pollutants in Guangdong DB-44/26-2001	13.05	22.77	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				1.2mg/L	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010)/ Emission Standard of Volatile Organic Compounds for Surface Coating of Automobile Manufacturing Industry (DB44/816-2010)/ Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572-2015)/ Guangdong Province Emission Limits of Air Pollutants (DB44/27-2001)/ Emission Standard of Volatile Organic Compounds	0.258	4.554	No
	Particles	Soot	20m high altitude discharge after being treated by waste gas treatment equipment and reaching the standard	112	26 outlets at A1 plant, 47 outlets at A2 plant, 21 outlets at B2 plant, 9 outlets at C2 plant, 2 outlets at C3 plant, 1 outlet at wastewater treatment station and 6 outlets at canteen	0.34mg/m ³		0.7	/	No
	Gaseous inorganic pollutants	Sulfur dioxide				3mg/m ³		0.87	1.055	No
	Gaseous inorganic pollutants	Oxynitride				4mg/m ³		5.44	10.314	No
	Aromatic compounds	Benzene				0.06mg/m ³		0.21	/	No

	Aromatic compounds	Total toluene and xylene	15m high altitude discharge after being treated by oil fume purification facility and reaching the standard	2	The south side of Building 6 for night shift at the north side of the plant area (General outlet)	4.65mg/m ³	for Printing Industry (DB44/815-2010)/ Emission Standard of Cooking Fume (on Trial) (GB 18483-2001)	1.34	/	No
	Other organic compounds	Overall volatile organic compounds (VOCs)				10.48mg/m ³		10.2	35.051	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons				2.73mg/m ³		0.82	/	No
	Aromatic compounds	Ethylbenzene				0.09mg/m ³		0.342	/	No
	Particles	Fume				0.4mg/m ³		0.198	/	No
Anhui Meizhi Precision Manufacturing Co., Ltd.	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	2	The south side of Building 6 for night shift at the north side of the plant area (General outlet)	106.66mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	104.8	175.5	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				9.04mg/L		8.49	9.3	No
	Physical and comprehensive indicators	Five-day BOD				147.3mg/L		89.5	/	No
	Physical and comprehensive indicators	Suspended matters				30.5mg/L		23.95	/	No

Oil	Petroleum				3.285mg/L		1.5	/	No
Metals and metal compounds	Total nickel			Outlet in the sewage station	0.115mg/L	Integrated Wastewater Discharge Standard (GB8978-1996), the first class pollutant standard	0.07	0.1	No
Metals and metal compounds	Total zinc				0.565mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	0.122	1.25	No
Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	Collected by gas trap hood + 21m high exhaust cylinder	3	Outlet for molybdenum-containing waste gas 1	29.15mg/m3	Relevant standard limit requirements in Table 1 of Shanghai Integrated Emission Standard of Air Pollutants (DB31/933-2015)	31.1014	/	No
				Outlet for molybdenum-containing waste gas 2	16.95				
				Outlet for molybdenum-containing waste gas 3	9.89mg/m3				
		Collected by gas trap hood + 25m high exhaust cylinder	7	1# Outlet for waste gas from machining	19.875mg/m3				
				2# Outlet for waste gas from machining	14.55mg/m3				
				3# Outlet for waste gas from machining	9.54mg/m3				
				4# Outlet for waste gas from machining	20.97mg/m3				
				5# Outlet for waste gas from machining	10.36mg/m3				
				6# Outlet for waste gas from machining	6.3mg/m3				
				7# Outlet for waste gas from machining	13.18mg/m3				
			4	Outlet for waste gas from coating 1	20.28mg/m3				
				Outlet for waste gas from coating 2	14.015mg/m3				
				Outlet for waste gas from coating 3	10.135mg/m3				
				Outlet for waste gas from coating 4	23.04mg/m3				
Particles	Total	Collected by gas trap hood + 25m	22	Outlet for heat treatment 1	12.5mg/m3	Comprehensive Control Plan	25.2677	/	No

		suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	high exhaust cylinder	Outlet for heat treatment 2 Outlet for heat treatment 3 Outlet for heat treatment 4 Outlet for heat treatment 5 Outlet for heat treatment 6 Outlet for heat treatment 7 Outlet for heat treatment 8 Outlet for heat treatment 9 Outlet for heat treatment 10 Outlet for heat treatment 11 Outlet for heat treatment 12 Outlet for heat treatment 13 Outlet for heat treatment 14 Outlet for heat treatment 15 1# outlet for waste gas from pre-coating treatment and kiln 2# outlet for waste gas from pre-coating treatment and kiln 3# outlet for waste gas from pre-coating treatment and kiln 3rd stage sintering furnace outlet 5th stage coating sintering furnace outlet Outlet for waste gas from aluminum melting 1	11.45mg/m3 11.3mg/m3 11.5mg/m3 9.65mg/m3 10.4mg/m3 9.45mg/m3 8.4mg/m3 4.65mg/m3 5.45mg/m3 11.6mg/m3 9.9mg/m3 9.35mg/m3 11.3mg/m3 11.5mg/m3 10.5 mg/m3 9.45mg/m3 4.55mg/m3 4.5mg/m3 9.65mg/m3 7.95mg/m3	for Air Pollution of Industrial Furnaces (H.D.Q. [2019] No. 56)			
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				8	Outlet for waste gas from aluminum melting 2 Outlet for the welding waste gas 1 Outlet for the welding waste gas 2 Outlet for the welding waste gas 3 Outlet for the welding waste gas 4 Outlet for the welding waste gas 5 Outlet for the welding waste gas 6 Outlet for the welding waste gas 7 Outlet for the welding waste gas 8	7.1mg/m3 8.8mg/m3 8mg/m3 6.5mg/m ³ 4.55mg/m3 3.6mg/m3 9.6mg/m3 9.1mg/m3 3.95mg/m3				
Gaseous inorganic pollutants	Sulfur dioxide	Collected by gas trap hood + 25m high exhaust cylinder	22	Outlet for heat treatment 1 Outlet for heat treatment 2 Outlet for heat treatment 3 Outlet for heat treatment 4 Outlet for heat treatment 5 Outlet for heat treatment 6 Outlet for heat treatment 7 Outlet for heat treatment 8 Outlet for heat treatment 9 Outlet for heat treatment 10 Outlet for heat treatment 11 Outlet for heat treatment 12 Outlet for heat treatment 13	<3mg/m ³ <3mg/m ³ <3mg/m ³ <3mg/m ³ 7mg/m3 6mg/m3 3.5mg/m3 64mg/m3 67mg/m3 73.5mg/m3 39mg/m3 6mg/m3 <3mg/m ³	Comprehensive Control Plan for Air Pollution of Industrial Furnaces (H.D.Q. [2019] No. 56)	11.7129	/	No	

					Outlet for heat treatment 14	<3mg/m ³				
					Outlet for heat treatment 15	<3mg/m ³				
					1# outlet for waste gas from pre-coating treatment and kiln	3.5mg/m ³				
					2# outlet for waste gas from pre-coating treatment and kiln	9.5mg/m ³				
					3# outlet for waste gas from pre-coating treatment and kiln	5mg/m ³				
					3rd stage sintering furnace outlet	4.5mg/m ³				
					5th stage coating sintering furnace outlet	7.5mg/m ³				
					Outlet for waste gas from aluminum melting 1	55mg/m ³				
					Outlet for waste gas from aluminum melting 2	<3mg/m ³				
Gaseous inorganic pollutants	Oxynitride	Collected by gas trap hood + 25m high exhaust cylinder	22		Outlet for heat treatment 1	8.5mg/m ³	Comprehensive Control Plan for Air Pollution of Industrial Furnaces (H.D.Q. [2019] No. 56)	10.6089	/	No
					Outlet for heat treatment 2	14.5mg/m ³				
					Outlet for heat treatment 3	14mg/m ³				
					Outlet for heat treatment 4	17mg/m ³				
					Outlet for heat treatment 5	14mg/m ³				
					Outlet for heat treatment 6	14mg/m ³				
					Outlet for heat treatment 7	5mg/m ³				
					Outlet for heat treatment 8	11mg/m ³				
					Outlet for heat treatment 9	10mg/m ³				
					Outlet for heat treatment 10	17.5mg/m ³				
					Outlet for heat treatment 11	10mg/m ³				
					Outlet for heat treatment 12	20.5mg/m ³				

					Outlet for heat treatment 13	7.5 mg/m3				
					Outlet for heat treatment 14	5mg/m3				
					Outlet for heat treatment 15	7mg/m3				
					1# outlet for waste gas from pre-coating treatment and kiln	<3mg/m3				
					2# outlet for waste gas from pre-coating treatment and kiln	6mg/m3				
					3# outlet for waste gas from pre-coating treatment and kiln	4mg/m3				
					3rd stage sintering furnace outlet	18mg/m ³				
					5th stage coating sintering furnace outlet	16mg/m3				
					Outlet for waste gas from aluminum melting 1	6mg/m3				
					Outlet for waste gas from aluminum melting 2	8.5mg/m3				
GD Midea Environment Appliances Mfg. Co.,	Other organic compounds	Overall volatile organic compounds (VOCs)	Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	1	During the screen printing process of the south plant	15.3mg/m ³	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	1.15619	/	No
	Other organic compounds		Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	1	During the screen printing process of the north plant	12.63mg/m ³	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	3.33580	/	No

Ltd.	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	6	Exhaust funnel for waste gas from the baking and injection molding processes	5.28mg/m ³	Emission Standard of Pollutants for Synthetic Resin Industry (BG 31572-2015)	13.59469	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons		Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	2	Exhaust funnel for waste gas from the baking and injection molding processes	5.60mg/m ³	Emission Standard of Pollutants for Synthetic Resin Industry (BG 31572-2015)	2.03391		No
	Fatty hydrocarbons and halogenated fatty hydrocarbons		Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	3	Metal plate dusting waste gas exhaust cylinder	7.54mg/m ³	Emission Standard of Pollutants for Synthetic Resin Industry (BG 31572-2015)	3.78561	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons		Dry filtering + direct combustion of natural gas + 15m high altitude discharge	1	Outlet for waste gas from dip coating, drying and hardening of the north plant	4.98mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001)	0.91463	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons		Dry filtering + RCO + 15m high altitude discharge	1	Outlet for waste gas from dip coating, drying and hardening of the south plant	13.6mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001)	0.2272	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons		Water spray + dry separation + activated carbon device	1	Metal spray painting, outlet for waste gas from drying	8.165mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	2.32220		No

Fatty hydrocarbons and halogenated fatty hydrocarbons		Water spray + dry separation + activated carbon device	1	Outlet for waste gas from ceramic spraying, drying, sandblasting, powder spraying and hardening	11.4mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.754		No
Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	Gas trap hood + water spraying + dry filtering + UV + activated carbon + 15m high altitude discharge	1	Metal plate dusting, waster gas hardening	5.25mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.53984	/	No
Particles		Gas trap hood + Water wash spray +15m high exhaust	1	Outlet for waste gas from aluminum casting machine polishing and grinding	10mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	1.46311	/	No
Particles		Gas trap hood + Water wash spray + Oil fume purifie + 15m high exhaust	1	Outlet for waste gas from die casting	3.7mg/m ³	Emission Standard of Air Pollutants for Casting Industry (GB 39726-2020)	0.62215	/	No
Particles		Gas collection hood + Energy-saving cooling device + Cyclone plate tower + Wet electrostatic precipitator + 15m high exhaust	1	Outlet for furnace at machine side and natural gas and waste gas	3.55mg/m ³	Emission Standard of Air Pollutants for Casting Industry (GB 39726-2020)	0.2239	/	No
Particles		Water spray + dry separation + activated carbon device	1	Metal spray painting, outlet for waste gas from drying	3.55mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.75546		No
Particles		Water spray + dry separation + activated carbon device	1	Outlet for waste gas from ceramic spraying, drying, sandblasting, powder spraying and hardening	10mg/m ³	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.6614		No
Particles		Fume	Fume hood + electrostatic range hood + 15m high altitude discharge	7	Cooking fume outlet at canteen	0.13mg/m ³	Emission Standard of Cooking Fume GB18483-2001	0.0338	/
Physical and comprehensive indicators	Suspended matters	Oil separation and slagging - hydrolysis and acidification - contact oxidation - MBR	1	Domestic wastewater treatment station	2.75mg/L	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant GB18918-2002 Emission standard GB18918-2002	0.1354		No
Physical and comprehensive indicators	COD				12.58mg/L		0.7246	/	No

Oil	Animal and vegetable oil				0.41mg/L		0.0264	/	No
Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				0.08755mg/L		0.003494	/	No
Physical and comprehensive indicators	pH value				6.6		/	/	No
Physical and comprehensive indicators	Five-day BOD				5.4mg/L		0.2703	/	No
Metals and metal compounds	Total zinc				0.0045 mg/L		0.00066921	0.08	No
Physical and comprehensive indicators	COD				6.28mg/L		1.007231	3.9191	No
Physical and comprehensive indicators	Suspended matters	Coagulation and sedimentation + hydrolysis and acidification + aeration + biological tank + MBR + water reuse	1	Production wastewater treatment station	5.5mg/L	Discharge Standard of Water Pollutants for Electroplating DB 44/1597-2015	1.420196	/	No
Physical and comprehensive indicators	pH value				7.5		/	/	No
Inorganic pollutants	Total phosphorus (by P)				0.02mg/L		0.0023563	/	No

	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)			0.82mg/L		0.0164762	0.6279	No	
	Oil	Petroleum			0.064mg/L		0.0211041	/	No	
	Metals and metal compounds	Aluminum			0.11mg/L		0.0139012	/	No	
	Metals and metal compounds	Total iron			0.0725mg/L		0.0102071	/	No	
Hubei Midea Refrigerator Co., Ltd.	Physical and comprehensive indicators	COD	Discharge to municipal domestic sewage network	1	Outlets for domestic sewage at the plant	Integrated Wastewater Discharge Standard (GB8978-1996)	68mg/L	11.6071062	15	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)					12.3mg/L	2.21459096	2.5	No
	Physical and comprehensive indicators	Five-day COD					27.5mg/L	7.28871048	/	No
	Physical and comprehensive indicators	Suspended matters					12.3mg/L	2.0792318	/	No
	Oil	Animal and vegetable oil					1.03mg/L	0.23554422	/	No
	Physical and comprehensive indicators	COD	After deep treatment by industrial waste water treatment station, discharge to municipal industrial sewage network	1	Freezer waste water outlet	Integrated Wastewater Discharge Standard (GB8978-1996)	96mg/L	3.106086	15	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)					0.185mg/L	0.01278339	2.5	No

Physical and comprehensive indicators	Five-day COD				23.2mg/L	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.3381255	/	No
	Physical and comprehensive indicators	Suspended matters			35mg/L		0.424141	/	No
	Oil	Petroleum			3.25mg/L		0.10638157	/	No
	Oil	Animal and vegetable oil			1.03mg/L		0.08450638	/	No
Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	After photo-catalytic oxidation + activated carbon, 15m high altitude discharge	1	First installation branch waste gas outlets	0.91mg/m ³	16.23147	/	No	
			1	Second installation branch waste gas outlets	1.28mg/m ³		/	No	
			1	Waste gas outlets at the injection molding workshop	0.99mg/m ³		/	No	
		After dry filtering + photo-catalytic oxidation + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the extrusion workshop	1.03mg/m ³		/	No	
		V photocatalysis + activated carbon, 15m high altitude discharge	1	New injection molding outlet	0.98mg/m ³		/	No	
		Cooling and dehumidification + UV photocatalysis + activated carbon, 15m high altitude discharge	1	Foam outlet	0.94mg/m ³		/	No	
		Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Two-door gallbladder molding outlet	0.94mg/m ³		/	No	
		After wet scrubber + rotating-stream-tray scrubber + demister + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the freezer branch	0.54mg/m ³		/	No	
		Dry filter + two-stage activated carbon, 15m high altitude discharge	1	One-box gallbladder molding outlet	0.88mg/m ³		/	No	
		Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Two-box gallbladder molding outlet	0.73mg/m ³		/	No	
Rotating-stream-tray scrubber + dry filter + two-stage activated carbon, 15m high altitude discharge	1	Freezer No.2 # plant outlet	0.53mg/m ³	/	No				

			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Injection molding machine and injection granulation outlet	0.56mg/m ³			/	No		
			Rotating-stream-tray scrubber + dry filter + activated carbon, 15m high altitude discharge	1					/	No		
			Rotating-stream-tray scrubber + dry filter + activated carbon, 15m high altitude discharge	1					Extruder outlet	0.81mg/m ³	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1					Molding machine outlet	0.66mg/m ³	/	No
			Rotating-stream-tray scrubber + dry filter + activated carbon, 15m high altitude discharge	1					Molding and extrusion granulation outlet	0.98mg/m ³	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1					Door foam outlet	0.95mg/m ³	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1					Box foam outlet	0.95mg/m ³	/	No
	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	Cartridge dust removal, 15m high altitude discharge	1	Molding and extrusion crushing outlet	10mg/m ³			1.32314	/	No	
			Cartridge dust removal, 15m high altitude discharge	1	Injection crushing outlet	10mg/m ³				/	No	
			After wet scrubber + rotating-stream-tray scrubber + demister + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the freezer branch	4.1mg/m ³				/	No	
Wuxi Little Swan Electric Co., Ltd.	Physical and comprehensive indicators	COD	Discharge to municipal sewage network	1	Exit at the middle gate of the plant	125mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	50.848	123.9074	No		
	Physical and comprehensive indicators	Suspended matters				43.5mg/L		15.352	87.2553	No		

Oil	Animal and vegetable oil				1.54mg/L		0.752	10.7034	No
Inorganic pollutants	Total phosphorus (by P)				2.17mg/L		0.765	1.0701	No
Inorganic pollutants	Total nitrogen				25.13mg/L		8.579	11.2612	No
Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				20.2mg/L		6.267	6.6906	No
Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	Water spraying + UV photocatalysis + activated carbon + filter cartridge dust collection + high altitude discharge/Two-stage activated carbon + high altitude discharge/Filter cartridge dust collection + high altitude discharge/High altitude discharge	11	Plants at each workshop	3.05mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)/ Tianjin Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB12/524-2014)/ Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572-2015)/ Emission Standard of Air Pollutants for Boiler (GB13271-2014)	0.3076	2.0696	No
Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	Water spraying + UV photocatalysis + activated carbon + filter cartridge dust collection + high altitude discharge/Zeolite + CO + high altitude discharge/Dry filtering + electrostatic oil removal + high altitude discharge/Two-stage activated carbon + high altitude discharge		Plants at each workshop	5.62mg/m ³		1.1984	1.2199	No
Gaseous inorganic pollutants	Sulfur dioxide	High altitude discharge		Natural gas for the metal plate process	2.07mg/m ³		0.0695	0.624	No
Gaseous inorganic pollutants	Oxynitride	High altitude discharge		Natural gas for the metal plate process	5.12mg/m ³		0.1655	3.38	No

Wuxi Filin Electronics Co., Ltd.	Particles	Soot	Bag + activated carbon + high altitude discharge/Activated carbon + high altitude discharge	4	Buildings A and B	0.32 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996) for particles and chemical compounds	0.173	0.2859	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	Activated carbon + high altitude discharge/Bag + activated carbon + high altitude discharge		Buildings A and B	0.975 mg/m ³	Subject to Tianjin Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB12/524-2014)	1.358	2.6389	No
Huaian Welling Motor Manufacturing Co., Ltd.	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	1#: Two-stage activated carbon; 5#: Grade 3 filtering + honeycomb zeolite + CO; 6#: Electrostatic demisting + grade 2 filtering + activated carbon; 7#: Spray tower + plasma; 8#: Grade 2 filtering + two-stage activated carbon; 9#: Bag filtering; 10#: Two-stage activated carbon.	7	DA007, DA008, and DA009	2.4 7mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.55	2.697	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons			DA001、DA005、DA006、DA008、DA010、DA003	2. 12mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.13	1.3853	No
	Aromatic compounds	Styrene			DA005、DA008、DA003	7.11mg/m ³	Emission Standards for Odor Pollutants (GB14554-93)	1.25	/	No
Midea Group Wuhan Refrigeration	Physical and comprehensive indicators	pH value	Discharge after treatment at the sewage treatment plant	1	Main sewage outlet on the west side of the factory area	7.5	Integrated Wastewater Discharge Standard (GB8978-1996)	/	/	No

Equipm ent Co., Ltd.	Physical and comprehensive indicators	COD			38mg/L	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.722	9.951	No
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)			0.543mg/L		0.0314	1.002	No
	Physical and comprehensive indicators	Suspended matters			ND		0.373	/	No
	Oil	Petroleum			0.97mg/L		0.023	/	No
	Inorganic pollutants	Total phosphorus (by P)			ND		0.003	/	No
	Inorganic pollutants	Fluoride (by F-)			7.82mg/L		0.172	/	No
	Metals and metal compounds	Total zinc			2.94mg/L		0.087	/	No
	Physical and comprehensive indicators	Five-day BOD			9.7mg/L		0.384	/	No
	Particles	Soot	Discharge after being treated by environmental protection equipment	20	1# plant, 3# plant, 4# plant, 5# plant	6.6mg/m ³	0.178	/	No
	Gaseous inorganic pollutants	Sulfur dioxide		16		3mg/m ³	1.63	/	No
	Gaseous inorganic pollutants	Oxynitride		16		3mg/m ³	1.847	/	No
	Metal elements and their compounds	Tin and its compounds		3	3# plant	0.004mg/m ³	0.4215	/	No

	Other organic compounds	Acrylonitrile		1	5# plant	0.0002mg/m ³		0.044	/	No
	Aromatic compounds	Styrene		1		0.145 mg/m ³		0.0324	/	No
	Other organic compounds	Overall volatile organic compounds (VOCs)		7	1# plant, 3# plant, 4# plant	8.12mg/m ³		0.054	/	No
Handan Midea Air-Conditioning Equipment Co., Ltd.	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	15m high altitude discharge after being treated by environmental protection equipment	9	1#, 2# plants	10.21mg/m ³	1) Non-methane hydrocarbons: Implementation of the emission concentration limits on organic chemicals in Table 1 of Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13/2322-2016) 2) Sulfur dioxide/ nitrogen oxides/ particles: Implementation of the new furnace standards in Table 1 and Table 2 of Emission Standard of Air Pollutants for Industrial Kiln and Furnace (DB13/1640-2012) 3) Tin and its compounds: Implementation of the requirements of Level 2 in the Integrated Emission Standard of Air Pollutants (GB16297-1996)	11.347	/	No
	Particles	Soot		2	1# plant	2.58mg/m ³		1.526	7.135	No
	Gaseous inorganic pollutants	Oxynitride		2	1# plant	6.0mg/m ³		2.773	9.369	No
	Gaseous inorganic pollutants	Sulfur dioxide		2	1# plant	2.92mg/m ³		1.425	9.408	No
	Metal elements and their compounds	Tin and its compounds		4	2# plant	0.01mg/m ³		0.0043	/	No
	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	North side of the power house	128.33mg/L	Requirements for inflow water quality of wastewater treatment plant in Handan Economic and Technological Development Zone	2.94	9.42	No

	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)			3.07mg/ L		0.076	0.7	No	
	Physical and comprehensive indicators	pH			7.17		/	/	No	
	Physical and comprehensive indicators	Suspended matters			36mg/L		0.876	/	No	
	Oil	Petroleum			0.47mg/L		0.011	/	No	
	Inorganic pollutants	Fluoride (by F-)			5.45mg/L		0.129	/	No	
Chongqing Midea General Refrigeration Equipment Co., Ltd.	Physical and comprehensive indicators	pH value	Discharge to municipal wastewater treatment plant after being treated by the wastewater treatment system	1	General sewage discharge exit of plant areas	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	/	/	No	
	Physical and comprehensive indicators	Suspended matters					13mg/l	0.9719	/	No
	Physical and comprehensive indicators	COD					109mg/l	8.1490	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)					6.817mg/l	0.5096	/	No
	Oil	Petroleum					1.364mg/l	0.1384	/	No
	Physical and comprehensive indicators	Five-day BOD					34.667mg/l	2.5917	/	No

Other indicators	Anionic surfactant				0.217mg/l		0.0162	/	No
Inorganic pollutants	Phosphate				0.117mg/l		0.0087	/	No
Inorganic pollutants	Fluoride (by F-)				2.265 mg/L		0.1693	/	No
Metals and metal compounds	Total copper				0.013mg/l		0.0010	/	No
Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	High altitude discharge after being treated by waste gas treatment station	5	2 sets for paint waste gas of 1# and 4# plants each	10.226mg/m ³	Integrated Emission Standard of Air Pollutants DB 50/418-2016 Table 1 Central Downtown	2.5886	/	No
Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons				2.817mg/m ³		0.8687	/	No
Particles	Sulfuric acid mist	Lye spray towers (one is out of service, and the other one is used for occasional emergency cleaning of abnormal materials)	2	Acid pickling waste gas outlets for 1# and 4# plants	1.080mg/m ³	Integrated Emission Standard of Air Pollutants DB 50/418-2016 Table 1 Central Downtown	0.0024	/	No
Gaseous inorganic pollutants	Hydrogen chloride				8.053mg/m ³		0.0098	/	No

	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	1 set of RO	1	Volatile oil drying waste gas outlet	5.943mg/m ³	Integrated Emission Standard of Air Pollutants DB 50/418-2016 Table 1 Central Downtown Emission Standard of Air Pollutants for Industrial Kiln and Furnace DB 50/659-2016 Table 1/2	0.5886	/	No
	Gaseous inorganic pollutants	Sulfur dioxide				4.443mg/m ³		0.4282	/	No
	Gaseous inorganic pollutants	Oxynitride				12.223mg/m ³		1.2018	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons				2.853mg/m ³		0.2638	/	No
	Physical indicator	Ringelmann emittance				< 1		/	/	No
Chongqing Midea Air-Conditioning Equipment Co., Ltd.	Physical and comprehensive indicators	pH value	Treatment by waste water treatment station and reaching the standard	1	West gate	7.6	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	/	/	No
Physical and comprehensive indicators	COD	165mg/L				6.241		76.63	No	
Physical and	Suspended matters	38mg/L				1.362		/	No	

comprehensive indicators									
Inorganic pollutants	Ammonia-nitrogen (NH ₃ -N)				23.6mg/L		0.865	5.32	No
Oil	Petroleum				0.16mg/L		0.008	/	No
Inorganic pollutants	Fluoride (by F ⁻)				1mg/L		0.1914	/	No
Physical and comprehensive indicators	Five-day BOD				50.9mg/L		1.767	/	No
Other indicators	Anionic surfactant				0.104mg/L		0.007	/	No
Metals and metal compounds	Total zinc				0.024mg/L		0.005	/	No
Oil	Animal and vegetable oil				0.24mg/L		0.056	/	No
Particles	Particles	After treatment by environmental protection and treatment facilities and reaching the standard, 25m high altitude discharge	10	East, west, south and north corners of the plant	9.5mg/m ³	Integrated Emission Standard of Air Pollutants DB 50/418-2016 Table 1 Central Downtown	10.492	/	No
Gaseous inorganic pollutants	Sulfur dioxide				4mg/m ³		1.052	/	No
Gaseous inorganic pollutants	Oxynitride				8mg/m ³		1.521	/	No
Metal elements and their compounds	Tin and its compounds				9.47mg/m ³		2.048	/	No
Fatty hydrocarbons and halogenated fatty hydrocarbon	Non-methane hydrocarbons				11.1mg/m ³		4.7447	/	No

	s									
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	N/A	Waste mineral oil, waste oil-containing liquid, waste packaging, waste activated carbon, waste lead battery, waste filter cotton, waste circuit board, etc	Treatment entrusted to third-party qualified enterprises	N/A	N/A	N/A	N/A	175.158	/	No

Treatment of pollutants

During the Reporting Period, all subsidiaries have strictly abided by the laws and regulations related to environment protection, and no major environmental pollution incidents occurred. All subsidiaries have set up reliable waste water and gas treatment systems. Through regular monitoring, supervision and inspection mechanisms, as well as third-party testing, it is ensured that the discharge of waste water, waste gas and solid waste during the production and operation process meets the national and local laws and regulations. There is no excessive discharge by any subsidiary, which is in compliance with the relevant requirements of the environment administrations.

Environment self-monitoring plans

All the subsidiaries have formulated their own environment self-monitoring plans according to China’s relevant laws and regulations, which include: 1)

Waste gas pollution source monitoring: Sampling points are set at various discharge ports of waste gas for monitoring on a quarterly basis. Major discharge points are equipped with an online pollution discharge monitoring system for stationary pollution sources to produce and upload real-time data to Midea Environmental Protection Online Monitoring Platform; 2) Waste water pollution source monitoring: Samples are fetched at intake and outlet ports of waste water treatment stations to monitor changes of pollution source of waste water and up-to-standard emission of waste water after being treated at the waste water treatment stations. Monitoring items include COD_{Cr}, SS and petroleum, etc. The data is uploaded to the governmental monitoring authority online and the government authority conducts real-time monitoring; 3) Noise monitoring: Noise monitoring points are set at noise sensitive points and on the border of factories. Noise is monitored once in spring and summer respectively and at daytime and at nighttime respectively each time; 4) Solid waste pollution source monitoring: Hazardous waste produced from the subsidiaries is handed over to the units with qualifications for treatment, monitoring systems are established, and related management forms and accounts are set up.

Contingency plans for environmental accidents

All subsidiaries have finished the compilation and approval of their contingency plans for environmental accidents. Emergency mechanisms for environmental pollution accidents have been established and improved, and the subsidiaries' ability to deal with environmental pollution accidents has been enhanced, so as to maintain social stability, protect the lives, health and properties of the public, protect the environment, and promote a comprehensive, coordinated and sustainable development of the society.

According to the accident levels, subsidiaries have formulated rules covering working principles, contingency plans, risk prevention measures, commanding departments, responsibilities and labor division, and have filed these contingency plans with the government.

Spending on environmental management and protection and payment of environmental protection tax

All subsidiaries strictly observe the laws and regulations governing environmental protection, and all construction projects are in compliance with the environmental effect requirements and other rules, with no misdeeds during the Reporting Period. Once a construction project is finished, a third-party testing institution is hired to examine indexes including waste water, waste gas and noise, and the compilation and approval of the environmental effect evaluation report is finished in time.

Measures taken to reduce carbon emissions during the Reporting Period and the results

√ Applicable □ N/A

- a. The Group Carbon Management Measures has been published to further clarify the processes and requirements for organizational carbon management, product carbon management, and carbon asset management.
- b. Energy-saving projects were carried out, with over 1,300 energy-saving projects undertaken in the year 2023. Among them, the distributed photovoltaic green electricity generation reached 230 million kWh, representing a 9.52% increase compared to 2022.
- c. The green development of manufacturing bases was furthered in an orderly manner in accordance with the medium- and long-term plans. Based on the green manufacturing plan, continuously improve the green manufacturing system and promote the enhancement of green manufacturing capabilities. In 2023, Midea's residential air conditioner factory in Thailand was awarded the national-level title of Green Factory by the Thai government. The Laundry Appliance Division's factory in Hefei achieved a green electricity usage ratio of 31% and obtained certifications as a national-level green factory and Anhui province-level green factory. As of the end of the Reporting Period, Midea has a total of 28 national-level green factories.

d. Further promote carbon reduction across the entire value chain, including green design, green procurement, green logistics, and green recycling. In 2023, Midea's R290 technology for air conditioners achieved new breakthroughs, with the Efficlina new product having energy efficiency far exceeding the highest A+++ level. The Laundry Appliance Division established a closed-loop recycling system for the product lifecycle, significantly reducing carbon emissions. The unit also completed research on washing detergent box components containing 50% recycled materials, obtaining certification from the Global Recycling Standard (GRS). Utilizing automation and other technologies to create an intelligent production logistics system, achieving standardization, intelligence, and unmanned operation in various logistics processes. Midea Group innovated in packaging materials for residential air conditioners, developing high-density polyethylene (HDPE) and expanded polypropylene (EPP) packaging materials that can be conveniently recycled. In regions where there is no recycling and reuse capability, Midea developed compostable and degradable packaging materials based on polybutylene adipate terephthalate (PBAT). Midea achieved its annual target of recycling 2.6 million discarded home appliances ahead of schedule, representing a 151% increase compared to 2022. These achievements lay a solid foundation for exploring broader pathways for carbon reduction across the value chain.

Administrative penalties received during the Reporting Period due to environmental issues

Applicable N/A

No such cases during the Reporting Period.

Other environment-related information that should be made public

None

Other environment-related information

None

2. Corporate Social Responsibility (CSR)

The Company has voluntarily disclosed its CSR activities. Attaching great importance to protecting the legal rights and interests of its shareholders, employees, consumers and business partners, as well as the government, the community and other stakeholders, the Company sticks to harmonious common growth with them, honors its commitments, abides by law and moral principles, and continue to contribute to the sustainable development of the society and the environment. For further information, see the Company's ESG Report 2023 released on www.cninfo.com.cn.

3. Efforts in Poverty Alleviation and Rural Revitalization

3.1 Exploring new models for rural revitalisation

In this May, Midea Group organised a staff visit to the First Primary School of Guansuo Street, Guanling Buyi and Miao Autonomous County, Anshun City, Guizhou Province, to carry out public welfare activities under the theme of "Build Dreams together with Midea through Technology". At the event, Midea Group donated funds to assist in the construction of a science laboratory at the school and provided 600 science experiment kits to the local community.

In addition, Midea Group continued to implement the East China and West China coordination mechanism. It spent RMB1 million in Qiandongnan Prefecture, Guizhou Province as awards for teachers and students, motivating them to bear in mind the original mission of education, and driving high-quality development in the local education.

3.2 Keeping to the plan of “Talent First, Education First”

In this April, Midea Group donated RMB70 million to support the introduction of the Second Affiliated Midea High School of the East China Normal University into Beijiao, Shunde. As such, Midea has established cooperation with the East China Normal University on high-quality education from primary school, middle school, to high school. When the school is put into use, it will provide more than 6,000 places in the primary, middle, and high schools to meet the local demand for quality education resources and make a greater contribution to the local economic and scientific and technological development.

On October 21, Midea Group organized a public welfare event with the theme "Join Midea to Make Dreams Come True with Technology" at Midea Global Innovation Center. More than 40 middle school students from Shunde District engaged in discussions on technology-related topics with three Midea technology celebrities, experiencing the charm of science together. During the event, Midea's technology stars answered questions from the children and imparted scientific knowledge through practical examples. After the event, the organizers also provided the children with "Midea Science Experiment Kits", planting a seed of technology in their hearts through this event.

3.3 Subsequent plans

It is Midea Group's vision to “Bring Great Innovations to Life”. The Company hopes to deliver the power of science and technology through public welfare activities, keep to the plan of “Talent First, Education First”, adhere to the sustainable long-termism, as well as promote both rural revitalisation and talent development, so as to play its part in creating more value for society.

Section VI Significant Events

1. Performance of Undertakings

1.1 Undertakings of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers fulfilled in the Reporting Period or ongoing at the period-end

√ Applicable □ N/A

Undertaking	Undertaking giver	Type of undertaking	Details of undertaking	Undertaking date	Term	Particulars on the performance
Undertaking made in offering documents or shareholding alternation documents	Controlling shareholder and actual controller	Maintenance of independence	1. Midea Holding and He Xiangjian have undertaken as follows: He Xiangjian, Midea Holding and their controlled enterprises will remain independent from Midea Group in respect of personnel, finance, assets, business and institutions, in accordance with relevant laws and regulations and regulatory documents. They will faithfully fulfill the above undertaking, and assume the corresponding legal liability. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal liabilities according to relevant laws, rules, regulations and regulatory documents.	28 March 2013	Long-standing	1. There has been no violation of this undertaking.
	Controlling shareholder and actual controller	Avoiding competition within the industry	2. In order to avoid possible competition within the industry between Midea Group and Midea Holding and its controlled enterprises as well as He Xiangjian, his immediate family and his controlled companies, Midea Holding and He Xiangjian have undertaken as follows: (1) None of the entities or individuals mentioned above is or will be engaged in the same or similar business as the existing main business of Midea Group and its controlled companies. They are not or will not be engaged or participate in such business that is competitive to the existing main business of Midea Group and its controlled companies by controlling other economic entities, institutions or economic organizations;	28 March 2013	Long-standing	2. There has been no violation of this undertaking.

		<p>(2) If Midea Group and its controlled companies expand their business on the basis of the existing ones to those where the above mentioned related entities or individuals are already performing such production and operations, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will agree on solving the problem of competition within the industry arising therefrom within a reasonable period;</p> <p>(3) If Midea Group and its controlled companies expand their business scope on the basis of the existing ones to those where the above mentioned related subjects have not gone into production or operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they would undertake as not to engage in competitive business to the new ones of Midea Group and its controlled companies;</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as Midea Holding is identified as the controlling shareholder of Midea Group, and He Xiangjian the actual controller, they will not change or terminate this undertaking.</p> <p>(5) Midea Holding and He Xiangjian shall faithfully fulfill the above undertaking, and assume the corresponding legal responsibilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they would bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p>			
Controlling shareholder and actual controller	Regulation of related transactions	<p>3. In order to regulate matters of related transactions that may occur in the future between Midea Group and Midea Holding and its controlled companies as well as He Xiangjian, his immediate family and his controlled companies, Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) They will regulate any related transactions with Midea Group and its controlled companies using their utmost efforts to reduce them. For unavoidable related transactions with Midea Group and its controlled companies, including but not limited to commodity trading, providing services to each other or as agent, they will sign legal normative agreements with Midea Group, and go through approval procedures in accordance with related laws, regulations, rules, other</p>	28 March 2013	Long-standing	3. There has been no violation of this undertaking.

		<p>regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They guarantee to offer fair prices for related transactions, and fulfill the information disclosure obligations in respect of the related transactions according to related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They also guarantee not to illegally transfer the funds or profits from Midea Group, or damage the interests of its shareholders at their advantages during the related transactions.</p> <p>(2) They shall fulfill the obligation of withdrawing from voting that involves the above mentioned related transactions at the general meeting of Midea Group;</p> <p>(3) The related subject mentioned above shall not require Midea Group to offer more favorable conditions than those to any independent third party in any fair market transactions.</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as Midea Holding is identified as the controlling shareholder of Midea Group, and He Xiangjian the actual controller, they shall not change or terminate this undertaking.</p> <p>(5) Midea Holding and He Xiangjian will faithfully fulfill the above undertaking and assume the corresponding legal liabilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p>			
Controlling shareholder and actual controller	On Midea Trade Union Committee transferring its limited equity of Midea Group	<p>4. On 4 January 2001, the Midea Trade Union Committee signed the "Equity Transfer Contract" with five people, namely He Xiangjian, Chen Dajiang, Feng Jingmei, Chen Kangning and Liang Jieyin, where it transferred all its limited equity of Midea Group (22.85%) respectively to those five people. According to the confirmation letter issued by members of the Midea Trade Union Committee at that time, the equity transfer price was determined after mutual discussion on the basis of their true opinions, therefore there was no dispute or potential dispute.</p> <p>On 28 June 2013, Foshan Shunde Beijiao General Union, superior department of Midea Trade Union Committee, issued</p>	28 March 2013	Long-standing	4. So far, this shareholding transfer has not brought about any loss caused by any dispute or potential disputes. There has been no violation of this undertaking.

		<p>a confirmation letter to the fact that the Midea Trade Union Committee funded the establishment of Midea Group Co., Ltd. In addition the letter also confirmed that the council of Midea Trade Union Committee is entitled to dispose any property of the committee, and such property disposal does not need any agreement from all staff committee members.</p> <p>Midea Holding and He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd. have undertaken as follows: For any loss to Midea Group caused by any dispute or potential dispute arising from the matters of equity transfer mentioned above, they are willing to assume full liability for such loss.</p>			
Controlling shareholder and actual controller	Issues about Payment of the Staff Social Insurance and the Housing Provident Fund involved in Midea Group's Overall Listing	<p>5. Midea Holding and He Xiangjian have undertaken to be liable for (1) paying such expenses and related expenses on time based on the requirements of relevant state departments if Midea Group is required to be liable for the payment of staff social insurance, housing provident fund and the payment required by relevant state authorities prior to this merger, (2) paying corresponding compensation for all direct and indirect losses incurred by Midea Group and its subsidiaries due to this merger, (3) indemnifying and holding harmless Midea Group and its subsidiaries in time from such expenses when Midea Group and its subsidiaries are required to pay them in advance.</p>	28 March 2013	Long-standing	<p>5. So far, the payment of the staff social insurance and the housing provident fund has not brought about any controversy or potential disputes. There has been no violation of this undertaking.</p>
Controlling shareholder and actual controller	Issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries	<p>6. Undertakings on issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries</p> <p>Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) Midea Holding will do its utmost to assist and urge Midea Group (including its subsidiaries) to complete renaming procedures of related assets, such as land, housing, trademarks, patents and stock rights, declared in the related files of this merger. Midea Holding will be liable for all compensations of losses caused by issues about renaming procedures of related assets mentioned above to Midea Group.</p> <p>(2) Midea Holding shall do its utmost to assist Midea Group (including its subsidiaries) to apply for ownership certificates of</p>	28 March 2013	Long-standing	<p>6. So far, the issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries have not brought about any controversy or potential disputes. There has been no violation of this undertaking. And Midea Holding shall honor this undertaking before its expiration.</p>

		<p>land and housing or property declared in related files of this merger.</p> <p>(3) Midea Holding shall assist Midea Group (including its subsidiaries) to re-apply for corresponding construction procedures and apply for their ownership certificates for houses without complete procedures, as happened in the past, to apply for the ownership certificate. If the competent authorities requires Midea Group to dismantle buildings that cannot acquire the re-application for real estate registration procedures, Midea Holding shall do its utmost to provide assistance and be liable for any related expenses used in dismantling such buildings by Midea Group (including its subsidiaries).</p> <p>(4) Under any circumstances that Midea Group suffers from losses incurred from no longer using these properties or presently using the land or house above due to failing to obtain or collect in time the ownership certificates of the land or house above or any losses caused by any other reasons, Midea Holding shall compensate any loss for these reasons in time and in full. Midea Holding shall compensate the actual loss Midea Group suffers from any circumstances above resulting in penalties subjected to from competent authorities or through claims from any other third party.</p> <p>(5) Based on issues of defective house leasing declared in related files of this merger, Midea Holding shall provide sufficient compensations for all economic losses incurred by Midea Group (including its subsidiaries) where the leasehold relations above become invalid or other disputes occur, which are caused by rights claims from a third party or by means of an administrative authority exercising a right and therefore results in any economic losses due to eviction from rental houses, or any penalties subjected to by competent government departments or any recourse from related parties.</p> <p>(6) Based on the issues of defective land leasing declared in related files of this merger, when leasehold relations become invalid caused by defects of land leasing or when other disputes occur, resulting in any economic losses to Midea Group (including its subsidiaries) or through any penalties administered by competent government departments. Likewise if the lessor cannot compensate for losses caused by such defective leasing, Midea Holding shall compensate Midea</p>			
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		<p>Group for losses caused by such defective land leasing.</p> <p>Midea Holding has further undertaken that where a violation of guarantees and undertakings referred to previously occurs or such guarantees and undertakings are not consistent with the reality and Midea Group has suffered any loss therefrom, Midea Holding shall compensate in cash or make up for Midea Group's loss upon Midea Group's notice in writing within 30 days when the loss occurs and the loss amount is definite.</p>			
Whether the undertaking is fulfilled on time	Yes				
Specific reasons for failing to fulfill any undertaking and plan for the next step	N/A				

1.2 Where any earnings forecast was made for any of the Company's assets or projects and the Reporting Period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and why

Applicable N/A

2. Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable N/A

No such cases in the Reporting Period.

3. Illegal Provision of Guarantees for External Parties

Applicable N/A

No such cases in the Reporting Period.

4. Explanation of the Board of Directors Regarding the Last "Non-standard Audit Opinion"

Applicable N/A

5. Explanation of the Board of Directors, the Supervisory Committee and Independent Directors (If Any) Regarding the "Non-standard Audit Opinion" for the Reporting Period

Applicable N/A

6. Changes in Accounting Policies and Accounting Estimates as Compared to the Financial Report for the Prior Year, as well as Correction of Material Accounting Errors

Applicable N/A

7. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Prior Year

Applicable N/A

The detailed information of major subsidiaries included in the consolidation scope in the current period is set out in Note 6 to the Financial Statements. Entities newly included in the consolidation scope in the current period mainly include CLOU Electronics (please refer to Note 5(1) and Note 5(2)(a)). The detailed information of subsidiaries no longer included in the consolidation scope in the current period is set out in Note 5(2)(b).

8. Engagement and Disengagement of CPA Firm

CPA firm at present

Name of the domestic CPA firm	PricewaterhouseCoopers Zhong Tian LLP
The Company's payment to the domestic CPA firm	RMB8.925 million
Consecutive years of the audit service provided by the domestic CPA firm	Nine years
Names of the certified public accountants from the domestic CPA firm	Yao Wenping and Wu Fangfang
Consecutive years of the audit service provided by the certified public accountants from the domestic CPA firm	Four years and three years respectively

Whether the CPA firm was changed in the current period

Yes No

Engagement of any CPA firm for internal control audit, financial advisor or sponsor

Applicable N/A

During the year, the Company engaged PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company's internal control and financial statements for the year 2023.

9. Possibility of Delisting after Disclosure of this Report

Applicable N/A

10. Bankruptcy and Reorganization

Applicable N/A

No such cases in the Reporting Period.

11. Material Litigation and Arbitration

Applicable N/A

No such cases in the Reporting Period.

12. Punishments and Rectifications

Applicable N/A

No such cases in the Reporting Period.

13. Credit Conditions of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable N/A

14. Significant Related Transactions

14.1 Continuing related transactions

Applicable N/A

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price	Transaction amount (RMB'000)	Proportion in the total amounts of transactions of the same kind (%)	Approved transaction line (RMB'000)	Over approved line	Mode of settlement	Obtainable market price for the transaction of the same kind	Disclosure date	Index to the disclosed information
Orinko Advanced Plastics Co., Ltd.	Controlled by family member of Company's actual controller	Procurement	Procurement of goods	Market price	-	1,419,680	0.55%	1,900,000	No	Payment after delivery	-	29 April 2023	www.cninfo.com.cn
Midea Real Estate Holding Limited	Controlled by Company's actual controller	Sale	Sale of goods	Market price	-	300,900	0.08%	720,530	No	Payment after delivery	-	29 April 2023	www.cninfo.com.cn
Details of any sales return of a large amount				Zero									
Give the actual situation in the Reporting Period (if any) where a forecast had been made for the total amounts of continuing related-party transactions by type to occur in the current period				The line for continuing related transactions between the Company and the related parties and their subsidiaries did not exceed the total amount of continuing related transactions estimated by the Company by type.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

14.2 Related transactions regarding purchase or sales of assets or equity interests

Applicable N/A

No such cases in the Reporting Period.

14.3 Related transactions arising from joint investments in external parties

Applicable N/A

No such cases in the Reporting Period.

14.4 Credits and liabilities with related parties

Applicable N/A

No such cases in the Reporting Period.

14.5 Transactions with related finance companies

Applicable N/A

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company.

14.6 Transactions between finance companies controlled by the Company and related parties

Applicable N/A

No related parties made deposits in, received loans or credit from or was involved in any other finance business with any finance company controlled by the Company.

14.7 Other significant related transactions

Applicable N/A

No such cases in the Reporting Period.

15. Significant Contracts and Their Execution

15.1 Trusteeship, contracting and leasing

15.1.1 Trusteeship

Applicable N/A

No such cases in the Reporting Period.

15.1.2 Contracting

Applicable N/A

No such cases in the Reporting Period.

15.1.3 Leasing

Applicable N/A

No such cases in the Reporting Period.

15.2 Major guarantees

Applicable N/A

Unit: RMB'000

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
No such cases								
Total external guarantee line approved during the Reporting Period (A1)				0	Total actual external guarantee amount during the Reporting Period (A2)		0	
Total approved external guarantee line at the end of the Reporting Period (A3)				0	Total actual external guarantee balance at the end of the Reporting Period (A4)		0	
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not

Midea Group Finance Co., Ltd.	2023/4/29	2,000,000	2023/1/30	-	Joint liability	One year	No	No
GD Midea Air-Conditioning Equipment Co., Ltd.	2023/4/29	12,400,000	2023/1/6	3,871,270	Joint liability	One year	No	No
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	2023/4/29	2,400,000	2023/1/6	50,380	Joint liability	One year	No	No
Foshan Midea Carrier Air-Conditioning Equipment Co., Ltd.	2023/4/29	350,000	2023/1/6	-	Joint liability	One year	No	No
GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.	2023/4/29	4,100,000		-	Joint liability	One year	No	No
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	2023/4/29	600,000	2023/1/6	58,490	Joint liability	One year	No	No
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	2023/4/29	550,000		-	Joint liability	One year	No	No
Guangdong Midea Precision Molding Technology Co., Ltd.	2023/4/29	50,000		-	Joint liability	One year	No	No
Handan Midea Air-Conditioning Equipment Co., Ltd.	2023/4/29	500,000		-	Joint liability	One year	No	No
Chongqing Midea Air-Conditioning Equipment Co., Ltd.	2023/4/29	850,000	2023/4/25	650	Joint liability	One year	No	No
Midea Group Wuhan Heating & Ventilating Equipment Co., Ltd.	2023/4/29	150,000		-	Joint liability	One year	No	No
Foshan Welling Washer Motor Manufacturing Co., Ltd.	2023/4/29	170,000	2023/4/21	-	Joint liability	One year	No	No
Guangdong Welling Motor Manufacturing Co., Ltd.	2023/4/29	1,070,000	2023/1/17	70	Joint liability	One year	No	No
Welling (Wuhu) Motor Manufacturing Co., Ltd.	2023/4/29	130,000		-	Joint liability	One year	No	No
Huaian Welling Motor Manufacturing Co., Ltd.	2023/4/29	110,000		-	Joint liability	One year	No	No
Wuhu Welling Motor Sales Co., Ltd.	2023/4/29	1,900,000	2023/2/27	-	Joint liability	One year	No	No
Hainan Welling Motor Sales Co., Ltd.	2023/4/29	500,000		-	Joint liability	One year	No	No
Anhui Welling Auto Parts Co., Ltd.	2023/4/29	150,000		-	Joint liability	One year	No	No
Anqing Welling Auto Parts Co., Ltd.	2023/4/29	200,000		-	Joint liability	One year	No	No
Guangdong Meizhi Compressor Limited	2023/4/29	1,130,000	2023/1/17	12,300	Joint liability	One year	No	No
Guangdong Meizhi Precision-Manufacturing Co., Ltd.	2023/4/29	515,000	2023/4/18	-	Joint liability	One year	No	No
Anhui Meizhi Compressor Co., Ltd.	2023/4/29	420,000	2023/1/30	-	Joint liability	One year	No	No
Anhui Meizhi Precision Manufacturing Co., Ltd.	2023/4/29	50,000		-	Joint liability	One year	No	No
Zhejiang Meizhi Compressor Co., Ltd.	2023/4/29	4,500,000	2023/2/23	-	Joint liability	One year	No	No
Guangdong Midea Environmental Technologies Co., Ltd.	2023/4/29	20,000		-	Joint liability	One year	No	No
Guangdong Midea Intelligent Technologies Co., Ltd.	2023/4/29	150,000		-	Joint liability	One year	No	No
Dorna Technology Co., Ltd.	2023/4/29	50,000		-	Joint liability	One year	No	No
Guangdong Midea Electromechanical	2023/4/29	150,000		-	Joint liability	One	No	No

Technology Co., Ltd.						year		
Guangdong Jiya Precision Machinery Technology Co., Ltd.	2023/4/29	150,000			- Joint liability	One year	No	No
MiSiliconn SemiConductor Technologies Co., Ltd.	2023/4/29	60,000			- Joint liability	One year	No	No
Servotronix Motion Technology Development (Shenzhen) Ltd.	2023/4/29	50,000			- Joint liability	One year	No	No
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	2023/4/29	6,417,970	2023/1/4	521,560	Joint liability	One year	No	No
Guangdong Witol Vacuum Electronic Manufacture Co., Ltd.	2023/4/29	85,000	2023/2/24	20	Joint liability	One year	No	No
Jiangsu Midea Cleaning Appliances Co., Ltd	2023/4/29	760,000	2023/1/9		- Joint liability	One year	No	No
Wuhu Midea Kitchen Appliances Manufacturing Co., Ltd.	2023/4/29	2,000,000			- Joint liability	One year	No	No
GD Midea Heating & Ventilating Equipment Co., Ltd.	2023/4/29	4,370,000	2023/1/12	125,680	Joint liability	One year	No	No
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	2023/4/29	45,000			- Joint liability	One year	No	No
Chongqing Midea General Refrigeration Equipment Co., Ltd.	2023/4/29	160,000	2023/2/20	14,260	Joint liability	One year	No	No
Meitong Energy Technology (Chongqing) Co., Ltd.	2023/4/29	120,000	2023/9/18	660	Joint liability	One year	No	No
Guangdong MeiKong Intelligent Building Co., Ltd.	2023/4/29	80,000			- Joint liability	One year	No	No
Shanghai M-BMS Intelligent Construction Co., Ltd.	2023/4/29	80,000			- Joint liability	One year	No	No
Winone Elevator Company Limited	2023/4/29	790,000	2023/1/12	50,760	Joint liability	One year	No	No
Hubei Midea Building Technology Co., Ltd.	2023/4/29	30,000			- Joint liability	One year	No	No
Ningbo Midea United Materials Supply Co. Ltd.	2023/4/29	5,040,000	2023/1/10	69,910	Joint liability	One year	No	No
Guangzhou Kaizhao Commercial and Trading Co., Ltd	2023/4/29	20,000			- Joint liability	One year	No	No
Guangdong Midea Consumer Electric Manufacturing Co., Ltd.	2023/4/29	200,000	2023/1/9		- Joint liability	One year	No	No
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	2023/4/29	1,670,000	2023/1/9	30	Joint liability	One year	No	No
GD Midea Environment Appliances Mfg. Co., Ltd.	2023/4/29	1,400,000	2023/1/9	16,930	Joint liability	One year	No	No
Wuhu Midea Life Appliances Mfg Co., Ltd.	2023/4/29	2,200,000	2023/2/23	609,300	Joint liability	One year	No	No
Foshan Midea Chungho Water Purification Equipment. Co., Ltd.	2023/4/29	130,000			- Joint liability	One year	No	No
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	2023/4/29	2,500,000	2023/1/30	81,360	Joint liability	One year	No	No
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	2023/4/29	2,400,000	2023/1/13	387,400	Joint liability	One year	No	No
Wuhu Midea Smart Kitchen Appliance Manufacturing Co., Ltd.	2023/4/29	66,000	2023/2/21		- Joint liability	One year	No	No
Foshan Shunde Midea Water Dispenser Manufacturing Company Limited	2023/4/29	310,000	2023/3/8	10,160	Joint liability	One year	No	No
Hubei Midea Laundry Appliance Co., Ltd.	2023/4/29	50,000			- Joint liability	One	No	No

						year		
Hefei Midea Laundry Appliance Co., Ltd.	2023/4/29	1,930,000	2023/1/16	490,000	Joint liability	One year	No	No
Wuxi Filin Electronics Co., Ltd.	2023/4/29	200,000		-	Joint liability	One year	No	No
Wuxi Little Swan Electric Co., Ltd.	2023/4/29	4,345,000	2023/1/10	146,750	Joint liability	One year	No	No
Hefei Midea Refrigerator Co., Ltd.	2023/4/29	3,000,000	2023/1/13	582,980	Joint liability	One year	No	No
Hefei Hualing Co., Ltd.	2023/4/29	700,000	2023/1/30	82,310	Joint liability	One year	No	No
Hubei Midea Refrigerator Co., Ltd.	2023/4/29	520,000	2023/12/25	65,700	Joint liability	One year	No	No
Guangzhou Midea Hualing Refrigerator Co., Ltd.	2023/4/29	700,000	2023/3/22	92,700	Joint liability	One year	No	No
Little Swan (Jing Zhou) Sanjin Electronic Appliances Limited	2023/4/29	50,000		-	Joint liability	One year	No	No
Toshiba Home Appliances Manufacturing (Nanhai) Co., Ltd	2023/4/29	100,000		-	Joint liability	One year	No	No
Midea Group E-Commerce Co., Ltd.	2023/4/29	160,000		-	Joint liability	One year	No	No
Guangdong Midea Smart Link Technologies Co., Ltd.	2023/4/29	390,000	2023/1/1	-	Joint liability	One year	No	No
Reis Robotics (Kunshan) Co., Ltd.	2023/4/29	200,000	2023/1/16	19,380	Joint liability	One year	No	No
KUKA Systems (China) CO., Ltd.	2023/4/29	400,000	2023/1/5	188,920	Joint liability	One year	No	No
KUKA Robotics Manufacturing China Co., Ltd.	2023/4/29	100,000		-	Joint liability	One year	No	No
KUKA Robotics Guangdong Co., Ltd	2023/4/29	200,000		-	Joint liability	One year	No	No
KUKA Robotics (Shanghai) Co.,Ltd.	2023/4/29	300,000	2023/1/1	2,050	Joint liability	One year	No	No
Shanghai Swisslog Healthcare Co., Ltd.	2023/4/29	65,000	2023/2/22	820	Joint liability	One year	No	No
Guangdong Swisslog Technology Co., Ltd.	2023/4/29	40,000		-	Joint liability	One year	No	No
Swisslog (Shanghai) Co., Ltd.	2023/4/29	80,000	2023/1/1	-	Joint liability	One year	No	No
Shanghai Swisslog Technology Co., Ltd.	2023/4/29	200,000	2023/1/6	67,140	Joint liability	One year	No	No
Guangdong Midea Intelligent Robotics Co., Ltd.	2023/4/29	100,000		-	Joint liability	One year	No	No
Guangdong Midea-SIIX Electronics Co., Ltd.	2023/4/29	100,000	2023/1/1	370	Joint liability	One year	No	No
Hefei Midea-SIIX Electronics Co., Ltd.	2023/4/29	150,000		-	Joint liability	One year	No	No
Guangdong Meichuangxi Technology Co., Ltd.	2023/4/29	500,000		-	Joint liability	One year	No	No
Guangdong Meicloud Technology Co., Ltd.	2023/4/29	120,000		-	Joint liability	One year	No	No
Foshan Meicloud Technology Co., Ltd.	2023/4/29	30,000		-	Joint liability	One year	No	No
Guangdong Yueyun Industrial Internet Innovative Technology Co., Ltd.	2023/4/29	10,000		-	Joint liability	One year	No	No

Midea International Corporation Company Limited	2023/4/29	15,705,000	2023/1/1	11,735,520	Joint liability	One year	No	No
Midea Investment Development Company Limited	2023/4/29	8,100,000	2023/1/1	3,187,220	Joint liability	One year	No	No
Welling International (Hong Kong) Ltd	2023/4/29	250,000		-	Joint liability	One year	No	No
Midea International Trading Company Limited	2023/4/29	650,000		-	Joint liability	One year	No	No
Midea Electric Trading (Singapore) Co.,Pte. Ltd.	2023/4/29	6,375,000		-	Joint liability	One year	No	No
Toshiba Lifestyle Products & Services Corporation	2023/4/29	1,154,400	2023/1/1	289,590	Joint liability	One year	No	No
Toshiba Thailand Co., Ltd	2023/4/29	152,400		-	Joint liability	One year	No	No
Toshiba Vietnam Consumer Products Co., Ltd	2023/4/29	66,190	2023/2/23	-	Joint liability	One year	No	No
Toshiba Lifestyle Electronics Trading Co., Ltd	2023/4/29	10,090	2023/1/1	790	Joint liability	One year	No	No
Toshiba consumer products (Thailand) Co.,Ltd	2023/4/29	243,310	2023/1/1	7,940	Joint liability	One year	No	No
Thai Toshiba Electric Industries Co., Ltd	2023/4/29	17,760	2023/1/1	14,960	Joint liability	One year	No	No
Control Component Co., Ltd	2023/4/29	14,310	2023/1/1	250	Joint liability	One year	No	No
Clivet S.p.A.	2023/4/29	100,000		-	Joint liability	One year	No	No
Midea (Egypt) Kitchen & water heater appliances Co., Ltd	2023/4/29	70,000		-	Joint liability	One year	No	No
Midea Electric Netherlands (I) B.V.	2023/4/29	25,000,000	2023/1/1	23,631,300	Joint liability	One year	No	No
Total guarantee line for subsidiaries approved during the Reporting Period (B1)			138,947,430		Total actual guarantee amount for subsidiaries during the Reporting Period (B2)			63,628,640
Total approved guarantee line for subsidiaries at the end of the Reporting Period (B3)			138,947,430		Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)			46,487,880
Guarantees between subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Toshiba Sales & Services Sdn. Bhd.	2023/4/29	202,500	2023/1/5	20	Joint liability	One year	No	No
Toshiba Home Technology Corporation	2023/4/29	7,630	2023/1/1	1,130	Joint liability	One year	No	No
Midea America Corp.	2023/4/29	400,000.00			Joint liability	One year	No	No
Midea America (Canada) Corp	2023/4/29	67,500			Joint liability	One year	No	No
Midea Mexico, S. DE R.L. DE C.V.	2023/4/29	168,750	2023/2/28	31,210	Joint liability	One year	No	No

Midea Consumer Appliances DMCC	2023/4/29	33,750			Joint liability	One year	No	No
Orient Household Appliances Ltd.(Orient)	2023/4/29	202,500			Joint liability	One year	No	No
Midea Italia S.r.l.	2023/4/29	13,500			Joint liability	One year	No	No
Midea Europe GmbH	2023/4/29	67,500			Joint liability	One year	No	No
Midea Electrics France	2023/4/29	13,500			Joint liability	One year	No	No
Midea Home Appliances UK Ltd	2023/4/29	13,500			Joint liability	One year	No	No
Midea Electrics Egypt	2023/4/29	175,500			Joint liability	One year	No	No
Midea Electric Espana S.R.L.	2023/4/29	13,500			Joint liability	One year	No	No
Concepcion Midea Inc.	2023/4/29	50,000			Joint liability	One year	No	No
Midea Scott & English Electronics Sdn. Bhd	2023/4/29	120,000			Joint liability	One year	No	No
Pt. Midea Planet Indonesia	2023/4/29	102,900			Joint liability	One year	No	No
Midea (Japan) Co., Ltd.	2023/4/29	20,250			Joint liability	One year	No	No
MC Innovation Center Co., Ltd.	2023/4/29	20,250			Joint liability	One year	No	No
Midea Electronics Australia Co Pty Ltd	2023/4/29	13,500			Joint liability	One year	No	No
Meco Innovations Technology, LLC	2023/4/29	6,700			Joint liability	One year	No	No
Midea India Private Limited	2023/4/29	33,750			Joint liability	One year	No	No
GMCC and Welling Appliance Component (Thailand) Co., Ltd.	2023/4/29	40,000			Joint liability	One year	No	No
Wuhu Midea Annto Logistics Co., Ltd.	2023/4/29	800,000	2023/1/5	11,300	Joint liability	One year	No	No
Ningbo Annto Logistics Co., Ltd.	2023/4/29	300,000			Joint liability	One year	No	No
Hainan Annto Logistics Supply Chain Management Co., Ltd.	2023/4/29	200,000			Joint liability	One year	No	No
Total line for guarantees between subsidiaries approved during the Reporting Period (C1)			3,086,980		Total actual guarantee amount between subsidiaries during the Reporting Period (C2)			283,640
Total approved line for guarantees between subsidiaries at the end of the Reporting Period (C3)			3,086,980		Total actual guarantee balance between subsidiaries at the end of the Reporting Period (C4)			43,660
Guarantees provided with the Company's asset pool								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Hefei Midea Refrigerator Co., Ltd.	2023/10/31	1,906,00	2023/7/21	1,167,00	Joint liability	One	No	No

		0		0		year		
Ningbo Midea United Materials Supply Co. Ltd.	2023/10/31	1,200,000	2023/6/29	773,490	Joint liability	One year	No	No
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	2023/4/29	665,000	2023/4/26	474,830	Joint liability	One year	No	No
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	2023/10/31	635,000	2023/8/1	332,400	Joint liability	One year	No	No
Midea Group E-Commerce Co., Ltd.	2023/4/29	53,000			Joint liability	One year	No	No
Guangdong Midea Smart Link Technologies Co., Ltd.	2023/4/29	268,000	2023/11/2	40,000	Joint liability	One year	No	No
MiSiliconn Semiconductor Technologies Co., Ltd.	2023/4/29	30,240			Joint liability	One year	No	No
Anqing Welling Auto Parts Co., Ltd.	2023/4/29	30,240			Joint liability	One year	No	No
Guangdong Jiya Precision Machinery Technology Co., Ltd.	2023/4/29	75,600			Joint liability	One year	No	No
Dorna Technology Co., Ltd.	2023/4/29	30,240			Joint liability	One year	No	No
Zhejiang Meizhi Compressor Co., Ltd.	2023/10/31	1,088,240	2023/4/27	998,000	Joint liability	One year	No	No
Wuhu Welling Motor Sales Co., Ltd.	2023/4/29	756,020	2023/5/23	750,000	Joint liability	One year	No	No
Anhui Welling Auto Parts Co., Ltd.	2023/4/29	30,240	2023/12/27	5,920	Joint liability	One year	No	No
Wuhu Maty Air-Conditioning Equipment Co., Ltd	2023/10/31	418,000			Joint liability	One year	No	No
Midea Group Wuhan Refrigeration Equipment Co.,Ltd.	2023/10/31	1,000,000	2023/9/21	739,160	Joint liability	One year	No	No
GD Midea Air-Conditioning Equipment Co.,Ltd.	2023/10/31	4,188,000	2023/2/15	3,108,620	Joint liability	One year	No	No
GD Midea Group Wuhu Air-Conditioning Equipment Co.,Ltd.	2023/10/31	1,000,000			Joint liability	One year	No	No
Guangdong Midea Intelligent Robotics Co., Ltd.	2023/4/29	30,000			Joint liability	One year	No	No
Shanghai Swisslog Healthcare Co., Ltd.	2023/4/29	20,000	2023/8/30	16,750	Joint liability	One year	No	No
Reis Robotics (Kunshan) Co., Ltd.	2023/10/31	50,000	2023/11/24	30,520	Joint liability	One year	No	No
GD Midea Heating & Ventilating Equipment Co., Ltd.	2023/10/31	100,000			Joint liability	One year	No	No
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	2023/10/31	600,000	2023/11/27	270,230	Joint liability	One year	No	No
GD Midea Environment Appliances Mfg. Co.,Ltd.	2023/10/31	600,000	2023/4/27	295,480	Joint liability	One year	No	No
Wuhu Midea Life Appliances Mfg Co., Ltd.	2023/10/31	596,180	2023/10/25	200,000	Joint liability	One year	No	No
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	2023/10/31	1,664,000	2023/4/12	1,219,760	Joint liability	One year	No	No
Jiangsu Midea Cleaning Appliances Co., Ltd	2023/4/29	454,000	2023/4/25	245,920	Joint liability	One year	No	No
Wuhu Midea Kitchen Appliances Manufacturing Co., Ltd.	2023/10/31	151,000	2023/11/20	32,820	Joint liability	One year	No	No
Hefei Midea Laundry Appliance Co., Ltd.	2023/10/31	1,000,000			Joint liability	One	No	No

						year		
Wuxi Little Swan Electric Co., Ltd.	2023/4/29	1,361,000	2023/5/15	738,800	Joint liability	One year	No	No
Hainan Annto Logistics Supply Chain Management Co., Ltd.	2023/4/29	150,000			Joint liability	One year	No	No
Ningbo Annto Logistics Co., Ltd.	2023/4/29	100,000	2023/2/2		Joint liability	One year	No	No
Shenyang Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Guiyang Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Wuhan Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Nanjing Meian Logistics Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Shanghai Annto Logistics Supply Chain Technology Co., Ltd.	2023/4/29	20,000	2023/4/25	220	Joint liability	One year	No	No
Jingzhou Meian Warehousing and Transportation Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Qihe Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Hefei Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Tianjin Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Xuzhou Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Zhengzhou Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Chongqing Annto Logistics Technology Co., Ltd.	2023/4/29	20,000			Joint liability	One year	No	No
Wuhu Midea Annto Logistics Co., Ltd.	2023/4/29	160,000	2023/1/13	92,750	Joint liability	One year	No	No
Total line for guarantees provided with the Company's asset pool approved during the Reporting Period (D1)			20,650,000		Total actual guarantee amount provided with the Company's asset pool during the Reporting Period (D2)			15,696,320
Total approved line for guarantees provided with the Company's asset pool at the end of the Reporting Period (D3)			20,650,000		Total actual guarantee balance provided with the Company's asset pool at the end of the Reporting Period (D4)			11,532,670
Total guarantee amount (total of the above-mentioned four kinds of guarantees)								
Total guarantee line approved during the Reporting Period (A1+B1+C1+D1)			162,684,410		Total actual guarantee amount during the Reporting Period (A2+B2+C2+D2)			79,608,600
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3+D3)			162,684,410		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4+D4)			58,064,210
Proportion of the total actual guarantee amount (A4+B4+C4+D4) in net assets of the Company					35.65%			
Of which:								
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)					0			
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)					54,267,530			

Portion of the total guarantee amount in excess of 50% of net assets (F)	0
Total amount of the three kinds of guarantees above (D+E+F)	54,267,530
Joint responsibilities possibly borne for undue guarantees (if any)	N/A
Provision of external guarantees in breach of the prescribed procedures (if any)	N/A

15.3 Entrusted cash management

15.3.1 Entrusted asset management

Applicable N/A

No such cases in the Reporting Period.

15.3.2 Entrusted loans

Applicable N/A

No such cases in the Reporting Period.

15.4 Other significant contracts

Applicable N/A

No such cases in the Reporting Period.

16. Other Significant Events

Applicable N/A

The 21st meeting of the 4th Board of Directors and the 13th meeting of the 4th Supervisory Committee of the Company reviewed and approved the proposal and related proposals on the issuance of H shares and listing on the Hong Kong Stock Exchange. The above proposal was also approved by the Company's 2024 third extraordinary general meeting of shareholders.

The Company has submitted an application for listing to the Hong Kong Stock Exchange (see the announcement on the issuance and listing of H shares submitted to the Hong Kong Stock Exchange and the publication of application materials on the Juchao Information Network on 25 October 2023 (Announcement No. 2023-083)), and has submitted the filing materials for this issuance to the China Securities Regulatory Commission (CSRC). The relevant materials for this issuance have been filed and reviewed by the CSRC and the Hong Kong Stock Exchange, and the Company is actively promoting related filing and review matters.

17. Significant Events of Subsidiaries

Applicable N/A

Section VII Changes in Shares and Information about Shareholders

1. Changes in Shares

1.1 Changes in shares

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)			After	
	Shares	Percentage (%)	New issue	Others	Subtotal	Shares	Percentage (%)
1. Restricted shares	143,615,016	2.05		-10,051,926	-10,051,926	133,563,090	1.90
1.1 Shares held by the state							
1.2 Shares held by state-owned corporations							
1.3 Shares held by other domestic investors	141,131,474	2.02		-9,208,384	-9,208,384	131,923,090	1.88
Among which: Shares held by domestic corporations	2,363,601	0.03			0	2,363,601	0.03
Shares held by domestic individuals	138,767,873	1.98		-9,208,384	-9,208,384	129,559,489	1.84
1.4 Shares held by foreign investors	2,483,542	0.04		-843,542	-843,542	1,640,000	0.02
Among which: Shares held by foreign corporations							
Shares held by foreign individuals	2,483,542	0.04		-843,542	-843,542	1,640,000	0.02
2. Non-restricted shares	6,853,658,060	97.95	38,490,170	57,705	38,547,875	6,892,205,935	98.10
2.1 RMB common shares	6,853,658,060	97.95	38,490,170	57,705	38,547,875	6,892,205,935	98.10
2.2 Domestically listed foreign shares							
2.3 Overseas listed foreign shares							
2.4 Other							
3. Total shares	6,997,273,076	100.00	38,490,170	-9,994,221	28,495,949	7,025,769,025	100.00

Reasons for the changes in shares

Applicable N/A

a. The 2,566,396 restricted shares of a total of 172 eligible awardees for the fourth unlocking period of the first grant under the 2018 Restricted Share Incentive Scheme were unlocked on 3 July 2023, including 169,750 restricted shares of foreign employees.

b. The 324,167 restricted shares of a total of 18 eligible awardees for the third unlocking period of the reserved restricted shares under the 2018 Restricted Share Incentive Scheme were unlocked on 7 July 2023.

c. The 4,897,510 restricted shares of a total of 308 eligible awardees (inclusive of 132,250 such shares of foreign awardees) for the third unlocking period of the 2019 Restricted Share Incentive Scheme were unlocked on 13 July 2023.

d. The 10,851,082 restricted shares of a total of 394 eligible awardees (inclusive of 557,500 such shares of foreign awardees) for the third unlocking period of the 2020 Restricted Share Incentive Scheme were unlocked on 18 July 2023.

e. For the reasons of certain awardees' resignation, violation of the Company's "Red Lines", being reassigned or other factors, on 18 April 2023, the Company retired a total of 2,497,917 restricted shares (inclusive of 72,500 such shares of foreign awardees) under the 2018 Restricted Share Incentive Scheme, the 2019 Restricted Share Incentive Scheme, the 2020 Restricted Share Incentive Scheme, the 2021 Restricted Share Incentive Scheme, and the 2022 Restricted Share Incentive Scheme.

f. For the reasons of certain awardees' resignation, violation of the Company's "Red Lines", being reassigned or other factors, on 10 November 2023, the Company retired a total of 7,496,304 restricted shares (inclusive of 266,542 such shares of foreign awardees) under the 2018 Restricted Share Incentive Scheme, the 2019 Restricted Share Incentive Scheme, the 2020 Restricted Share Incentive Scheme, the 2021 Restricted Share Incentive Scheme, and the 2022 Restricted Share Incentive Scheme.

g. In the Reporting Period, the awardees of stock options chose to exercise 38,490,170 shares, which have been registered into the Company's share capital.

h. In the Reporting Period, locked-up shares held by senior management increased by 256,450 shares.

Approval of share changes

Applicable N/A

Transfer of share ownership

Applicable N/A

Effects of changes in shares on basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and the last Reporting Period

Applicable N/A

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose

Applicable N/A

1.2 Changes in restricted shares

Applicable N/A

Unit: share

Name of shareholder	Opening restricted shares	Unlocked in current period	Increased in current period	Repurchased and retired	Closing restricted shares	Reason for change	Date of unlocking
Awardees of the first grant of 2018 Restricted Share Incentive Scheme	2,947,667	2,566,396		381,271	0	Locked up according to the Scheme	3 July 2023
Awardees of reserved restricted shares under 2018 Restricted Share Incentive Scheme	715,000	324,167		70,833	320,000	Locked up according to the Scheme	7 July 2023
Awardees of 2019 Restricted Share Incentive Scheme	11,301,167	4,897,510		1,125,782	5,277,875	Locked up according to the Scheme	13 July 2023
Awardees of 2020 Restricted Share Incentive Scheme	14,543,917	10,851,082		3,692,835	0	Locked up according to the Scheme	18 July 2023

Awardees of 2021 Restricted Share Incentive Scheme	8,550,000			3,401,000	5,149,000	Locked up according to the Scheme	-
Awardees of 2022 Restricted Share Incentive Scheme	12,152,500			1,322,500	10,830,000	Locked up according to the Scheme	-
Awardees of 2023 Restricted Share Incentive Scheme	0		18,325,000		18,325,000	Locked up according to the Scheme	-
Zhong Zheng	187,114		20,000		207,114	Locked up for senior management	-
Zhao Wenxin	60,000		78,000		138,000	Locked up for senior management	-
Zhang Xiaoyi	362,431		25,000		387,431	Locked up for senior management	-
Wang Jinliang	35,000		58,000		93,000	Locked up for senior management	-
Li Guolin	0		20,000		20,000	Locked up for senior management	-
Jiang Peng	248,950	20,000			228,950	Locked up for senior management	-
Guan Jinwei	326,250		50,000		376,250	Locked up for senior management	-
Hu Ziqiang	275,000		25,000		300,000	Locked up for senior management	-
Yin Bitong	1,582,241		450		1,582,691	Locked up for former senior management	-
Total	53,287,237	18,659,155	18,601,450	9,994,221	43,235,311	--	--

2. Issuance and Listing of Securities

2.1 Securities (excluding preference shares) issued in the Reporting Period

Applicable N/A

2.2 Changes in total shares of the Company and the shareholder structure, as well as the asset and liability structures

Applicable N/A

2.3 Existing staff-held shares

□Applicable √N/A

3. Shareholders and Actual Controller

3.1 Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at the period-end		318,676		Total number of common shareholders at the prior month-end before the disclosure date of the annual report		282,456		
5% or greater common shareholders or top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total common shares held at the period-end	Increase/decrease during the Reporting Period	Number of restricted common shares held	Number of non-restricted common shares held	Shares in pledge or frozen	
							Status	Shares
Midea Holding Co., Ltd.	Domestic non-state-owned corporation	30.87%	2,169,178,713	-	0	2,169,178,713		
Hong Kong Securities Clearing Company Limited	Foreign corporation	19.05%	1,338,736,023	-93,978,553	0	1,338,736,023		
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	2.82%	198,145,134	-	0	198,145,134		
Fang Hongbo	Domestic individual	1.67%	116,990,492	-	87,742,869	29,247,623		
Central Huijin Asset Management Ltd.	State-owned corporation	1.26%	88,260,460	-	0	88,260,460		
Huang Jian	Domestic individual	1.23%	86,170,000	30,000	0	86,170,000		
Canada Pension Plan Investment Board— own funds (stock exchange)	Foreign corporation	0.70%	48,842,446	13,071,457	0	48,842,446		
Li Jianwei	Foreign individual	0.65%	45,591,545	-673,000	0	45,591,545		
Yuan Liqun	Domestic individual	0.52%	36,792,400	-2,422,519	0	36,792,400		
Industrial and Commercial Bank of China Limited—Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	Foreign corporation	0.52%	36,737,633	16,692,560	0	36,737,633		
Strategic investors or general corporations becoming top-ten common shareholders due to placing of new shares	N/A							

Related-parties or acting-in-concert parties among the shareholders above	N/A		
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A		
Special account for repurchased shares among the top 10 shareholders	118,366,752 shares (or 1.68% of the Company's total share capital) were held in the special account for repurchased shares of Midea Group Co., Ltd. at the end of the Reporting Period.		
Top 10 non-restricted common shareholders			
Name of shareholder	Number of non-restricted common shares held at the period-end	Type of shares	
		Type	Shares
Midea Holding Co., Ltd.	2,169,178,713	RMB common stock	2,169,178,713
Hong Kong Securities Clearing Company Limited	1,338,736,023	RMB common stock	1,338,736,023
China Securities Finance Co., Ltd.	198,145,134	RMB common stock	198,145,134
Central Huijin Asset Management Ltd.	88,260,460	RMB common stock	88,260,460
Huang Jian	86,170,000	RMB common stock	86,170,000
Canada Pension Plan Investment Board—own funds (stock exchange)	48,842,446	RMB common stock	48,842,446
Li Jianwei	45,591,545	RMB common stock	45,591,545
Yuan Liqun	36,792,400	RMB common stock	36,792,400
Industrial and Commercial Bank of China Limited—Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	36,737,633	RMB common stock	36,737,633
Temasek Fullerton Alpha Pte Ltd	36,142,685	RMB common stock	36,142,685
Related-parties or acting-in-concert parties among the top ten non-restricted common shareholders and between the top ten non-restricted common shareholders and the top ten common shareholders	N/A		
Explanation on the top 10 common shareholders participating in securities margin trading	The Company's shareholder Yuan Liqun holds 6,002,100 shares in the Company through her common securities account and 30,790,300 shares in the Company through her account of collateral securities for margin trading, representing a total holding of 36,792,400 shares in the Company.		

Top 10 shareholders involved in refinancing shares lending

√Applicable □N/A

Top 10 shareholders involved in refinancing shares lending								
Full name of shareholder	Shares in the common account and credit account at the period-begin		Shares lent in refinancing and not yet returned at the period-begin		Shares in the common account and credit account at the period-end		Shares lent in refinancing and not yet returned at the period-end	
	Total shares	As %	Total shares	As %	Total shares	As %	Total shares	As %

		of total share capital		of total share capital		of total share capital		of total share capital
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	20,045,073	0.29%	10,000	0.00%	36,737,633	0.52%	10,100	0.00%

Changes in shares that the top 10 shareholders lend in refinancing compared with the prior period

Applicable N/A

Changes in shares that the top 10 shareholders lend in refinancing compared with the end of the prior period					
Full name of shareholder	Newly added to or exiting the top 10 such shareholders in the Reporting Period	Shares lent in refinancing and not yet returned at the period-end		Shares in the common account and credit account plus shares lent in refinancing and not yet returned at the period-end	
		Total shares	As % of total share capital	Total shares	As % of total share capital
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	Newly added	10,100	0.00%	36,737,633	0.52%
Merrill Lynch International	Exiting	0	0%	9,155,286	0.13%

Did any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conduct any promissory repurchase during the Reporting Period

Yes No

3.2 Controlling shareholder

Nature of the controlling shareholder: Controlled by individual

Type of the controlling shareholder: Corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Main business scope
Midea Holding Co., Ltd.	He Xiangjian	5 August 2002	914406067429989733	Manufacture and commerce investment; domestic commerce and materials supply and marketing industry (excluding state-designated monopoly); CP software and hardware development; industrial product

				design; information technology consulting services, providing investment consultant and consulting services; installation, maintenance and after-sales service of electric appliances; real estate intermediary service and forwarding agent service.
Shareholdings of the controlling shareholder in other controlled or non-controlled listed companies at home or abroad during the Reporting Period	Apart from a direct control over the Company, Midea Holding does not directly control or have shares in other listed companies at home or abroad.			

Change of the controlling shareholder during the Reporting Period

Applicable N/A

3.3 Actual controller and acting-in-concert parties thereof

Nature of the actual controller: Domestic individual

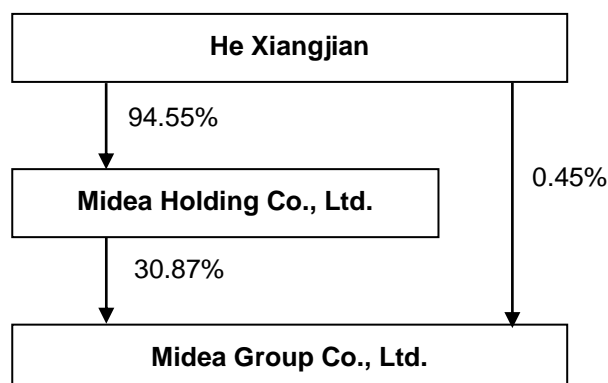
Type of the actual controller: Individual

Name of the actual controller	Relationship with the actual controller	Nationality	Right of residence in other countries or regions
He Xiangjian	Actual controller himself	The People's Republic of China	No
Main occupation and duty	Incumbent board chairman of Midea Holding Co., Ltd.		
Domestically and overseas listed companies controlled in the last 10 years	Midea Group (000333.SZ), Hiconics (300048.SZ), WDM (600055.SH), CLOU Electronics (002121.SZ), Midea Real Estate (3990.HK), KUKA (KU2.DE) (delisted in 2022), Little Swan (A: 000418.SZ; B: 200418) (delisted in 2019), and Welling Holding (00382.HK) (delisted in 2018)		

Change of the actual controller during the Reporting Period

Applicable N/A

Ownership and control relations between the actual controller and the Company



The actual controller controls the Company via trust or other ways of asset management

Applicable N/A

3.4 Indicate whether the cumulative shares of the controlling shareholder or the largest shareholder and their acting-in-concert parties that are in pledge account for 80% or greater of their shareholdings in the Company

Applicable N/A

3.5 Other corporate shareholders with a shareholding percentage above 10%

Applicable N/A

3.6 Limits on the Company's shares held by its controlling shareholder, actual controller, reorganizer and other commitment subjects

Applicable N/A

4. Share Repurchases during the Reporting Period

Progress of any share repurchase

Applicable N/A

Disclosure date of the scheme	Number of shares to be repurchased	As a percentage of the total share capital	Amount to be used	Repurchase period	Purpose	Number of shares repurchased	Shares repurchased as a percentage of the total target number of the equity incentive scheme (if any)
2022.03.12	No more than 71,428,571 shares and no less than 35,714,285 shares based on the repurchase price ceiling of RMB70/share	No more than 1.0208% and no less than 0.5104% based on the repurchase price ceiling of RMB70/share	No more than RMB5 billion and no less than RMB2.5 billion	2022.03.10-2023.03.10	For use in equity incentive and/or employee stock ownership schemes	48,558,888	-

Progress of any repurchased share reduction through centralized price bidding

Applicable N/A

Section VIII Preference Shares

Applicable N/A

No such cases in the Reporting Period.

Section IX Bonds

Applicable N/A

1. Enterprise Bonds

Applicable N/A

No such cases in the Reporting Period.

2. Corporate Bonds

Applicable N/A

2.1 General information on corporate bonds

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Outstanding balance	Interest rate	Way of principal repayment and interest payment	Place of trading
Midea Investment Development Company Limited 2.88% Secured Notes 2027	MIDEAZ 2.88% 02/24/2027	ISIN XS2432130453	2022-02-16	2022-02-24	2027-02-24	USD450 million	2.88%	Interest payable on a half-year basis, with the principal repayable in full upon maturity	The Stock Exchange of Hong Kong
Investor eligibility arrangements (if any)	N/A								
Trading system applicable	N/A								
Risk of termination of listing and trading (if any) and countermeasures	No such risk								

Overdue bonds

Applicable N/A

2.2 Triggering and execution of issuer or investor option clauses and investor protection clauses

□ Applicable √ N/A

2.3 Intermediary agencies

Bond name	Intermediary agency	Office address	Accountant writing signatures	Contact person	Tel.
Midea Investment Development Company Limited 2.88% Secured Notes 2027	Bank of America Securities	55/F, Cheung Kong Centre, 2 Queen's Road Central, Hong Kong	-	Lin Yin	+852 3508 7994
	Standard Chartered Bank	15/F, Two International Finance Centre, Central, Hong Kong	-	Chen Junda	+852 3983 0769
	Crédit Agricole Corporate and Investment Bank	30/F, Two Pacific Place, 88 Queensway, Hong Kong	-	Fang Lei	+852 2826 7396
	Bank of China	22/F, Bank of China Tower, 4 Battery Road, Singapore	-	He Fan	+65 6412 9815
	China Construction Bank (Asia)	28/F, China Construction Bank Building, 3 Connaught Road Central, Hong Kong	-	Huang Hai	+852 3918 6312
	Development Bank of Singapore	10/F, The Center, 99 Queen's Road Central, Hong Kong	-	Lin Huixin	+852 3668 9137
	Industrial and Commercial Bank of China (Asia)	28/F, ICBC Tower, 3 Garden Road, Central, Hong Kong	-	Chen Jiaqi	+852 3510 3522
	Linklaters LLP	11/F, Alexandra House, Chater Road, Hong Kong	-	Liu Kecheng	+852 2901 5257
	Fangda Partners	27/F, Beijing Kerry Center North Tower, 1 Guanghua Road, Chaoyang District, Beijing,	-	Jiang Xueyan	+86 10 5769 5627

		China			
	Clifford Chance LLP	27/F, Jardine House, 1 Connaught Place, Central, Hong Kong	-	Wang Yanlin	+852 2826 2457
	Jingtian & Gongcheng LLP	34/F, Office Building No. 3, Huamao Center, 77 Jianguo Road, Chaoyang District, Beijing	-	Ling Tezhi	+86 10 5809 1279
	OBC Law Firm	11/F, Central Tower, 28 Queen's Road Central, Hong Kong	-	Huang Ying	+852 3656 6073
	Fitch Ratings	19/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong	-	Guo Shu / Wang Sai	+852 2263 9608
	S&P Global Ratings Hong Kong Limited	3/F and 4/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	-	Shen Xi / Xie Manqi	+852 2263 9992

Change of the agencies in the table above during the Reporting Period

Yes No

2.4 Use of raised funds

Unit: RMB

Bond name	Total amount raised	Amount used	Amount unused	Status of the special account for raised funds (if any)	Rectification for any irregularity (if any) in the use of raised funds	In compliance with the purpose, use plan and other information stated in the prospectus
Midea Investment Development Company Limited 2.88% Secured Notes 2027	USD450 million	USD450 million	0	The raised funds account has been established to ensure the funds will be used as stated.	No irregularities	Yes

Use of raised funds in construction projects

Applicable N/A

Indicate whether the raised funds were re-purposed during the Reporting Period

Applicable N/A

2.5 Changes in credit ratings in the Reporting Period

Applicable N/A

2.6 Execution and changes with respect to guarantees, repayment plans and other repayment-ensuring measures in the Reporting Period, as well as the impact on the interests of debt instrument holders

Applicable N/A

3. Debt Instruments as a Non-financial Enterprise

Applicable N/A

No such cases in the Reporting Period.

4. Convertible Corporate Bonds

Applicable N/A

No such cases in the Reporting Period.

5. Consolidated Loss of the Reporting Period Over 10% of Net Assets as at the End of Last Year

Applicable N/A

6. Interest-bearing Liabilities Other than Bonds that Were Overdue at the End of the Reporting Period

Applicable N/A

7. Irregularities during the Reporting Period

Yes No

8. Key Financial Information of the Company in the Past Two Years

Unit: RMB'000

Item	31 December 2023	31 December 2022	Change
Current ratio	111.97%	126.54%	-14.57%
Debt/asset ratio	64.14%	64.05%	0.09%
Quick ratio	87.95%	98.38%	-10.43%
	2023	2022	Change
Net profit before non-recurring gains and losses	33,122,326	28,801,052	15.00%
EBITDA/debt ratio	52.32%	46.38%	5.94%
Interest cover (times)	15.34	20.09	-23.64%
Cash-to-interest cover (times)	30.88	23.06	33.91%
EBITDA-to-interest cover (times)	17.96	23.65	-24.06%
Loan repayment ratio (%)	100.00%	100.00%	0.00%
Interest payment ratio (%)	100.00%	100.00%	0.00%

Section X Financial Report

1. Auditor's report

Type of the auditor's opinion	Unqualified opinion
Signing date of the auditor's report	26 March 2024
Name of the auditor	PricewaterhouseCoopers Zhong Tian LLP
No. of the auditor's report	PwC ZT Shen Zi (2024) No. 10017
Names of certified public accountants	Yao Wenping and Wu Fangfang

[English Translation for Reference Only]

Auditor's Report

PwC ZT Shen Zi (2024) No. 10017
(Page 1 of 6)

To the Shareholders of Midea Group Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of Midea Group Co., Ltd. (hereinafter “the Group”), which comprise:

- the consolidated and company balance sheets as at 31 December 2023;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Group as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises (“CASs”).

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition of heating & ventilation and as well as air-conditioner (hereinafter referred to as “HVAC”) and consumer appliances
- Impairment assessment of goodwill

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Revenue recognition of HVAC and consumer appliances</p> <p>Refer to Note 2(26)(a) of accounting policy of “Revenue - sales of goods” and Note 4(48) “Operating revenue and cost of sales” to the financial statements.</p> <p>The Group recognises relevant revenue at the amount of the consideration which the Group is expected to receive when the customer obtains control over relevant goods or services. In 2023, the Group’s consolidated operating revenue was approximately RMB 372,037,280,000 and the revenue from HVAC and consumer appliances was approximately RMB 323,430,039,000.</p> <p>We identified this as a key audit matter due to the large size of both domestic and overseas customer base and high volume of sales through various distribution channels, the amount of revenue recognised from HVAC and consumer appliances is material to the financial statements, completing the necessary audit procedures required our focuses and substantial audit resources.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ol style="list-style-type: none"> 1. Interviewed management to understand the necessary details of sales processes of all distribution channels and evaluate the internal control of processes relating to the revenue from sales of HVAC and consumer appliances designed by management and tested the operating effectiveness of key controls; 2. Reviewed household appliance sales contract template entered into by and between the Group and the clients from all distribution channels, and analysed and evaluated the appropriateness of the Group’s accounting policies on the revenue from sales of HVAC and consumer appliances based on our interview with management, understanding of the Group’s business operation and audit experience; 3. Performed fluctuation analysis of monthly sales and gross margin by product; 4. Reviewed the consistency between book records of product sales revenue and supporting documents relevant to revenue recognition on a sample basis, including sales contracts, orders, rebate agreement, sales invoices, shipping orders, acknowledgement of goods receipts signed by customers and billing agreements with customers; 5. Validated the revenue from sales of products by external confirmation on a sampling basis; 6. Evaluated whether or not the sales of products occurred near year end was recorded in the proper period by reconciling the book records of product sales revenue to the supporting documents which include records of revenue from sales of products, acknowledgement of goods receipts signed by customers, billing agreements with customers or other supporting documents. <p>Based on the work performed, the Group’s revenue recognition of HVAC and consumer appliances were supported by the available evidence.</p>

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Impairment assessment of goodwill</p> <p>Refer to Note 2(19) of accounting policy of “Impairment of long-term assets”, Note 2(31)(i) “Critical accounting estimates and judgements - Provision for impairment of goodwill” and Note 4(21) “Goodwill” to the financial statements.</p> <p>As at 31 December 2023, the carrying amount of goodwill of the Group amounted to approximately RMB30,858,237,000, including goodwill of RMB22,364,486,000 and RMB2,338,037,000 arising from business acquisition of KUKA Aktiengesellschaft and its subsidiaries (“KUKA Group”) and Toshiba Lifestyle Products & Services Corporation (“TLSC”), respectively.</p> <p>Management performs the goodwill impairment assessment in accordance with the accounting policy stated in Note 2(19) to the financial statements. The recoverable amount of the goodwill is determined based on fair value less costs of disposal or value-in-use calculations (whichever is the higher). The assessment result indicated that the recoverable amount of the cash generating unit and cash generating units, to which the goodwill was allocated, exceeded its carrying value and therefore no impairment was recorded. The recoverable amount of cash generating unit and cash generating units was determined based on value-in-use using cash flow projections. The key assumptions used in the goodwill impairment assessment included forecast period revenue annual growth rate, gross profit margin, perpetual annual growth rate and pre-tax discount rate.</p> <p>We identified this as a key audit matter due to the significance of the goodwill balance arising from the business acquisition of KUKA Group and TLSC, and the significant accounting estimates and judgements in key assumptions used in the impairment assessment.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ol style="list-style-type: none"> 1. Understood the internal controls and evaluation process relating to goodwill impairment assessment, and assessed the inherent risks of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management’s bias and fraud; 2. Evaluated and tested the operating effectiveness of key controls relevant to the goodwill impairment assessment, including review and approval of key assumptions applied and internal control over calculating recoverable amounts of the cash generating unit and cash generating units; 3. Assessed the reasonableness of the identification of the cash generating unit and cash generating units; 4. Compared the historical actual results to prior year budgets and forecasts to assess whether there are management bias in the process and reasonableness; 5. Evaluated the key assumptions used in the impairment assessment, including forecast period revenue annual growth rate, gross profit margin, perpetual annual growth rate and pre-tax discount rate by considering the Company’s historical operating performance, future operation plan and market developments; 6. Tested the mathematical accuracy of the calculation process of the impairment assessment; 7. Evaluated the appropriateness of the goodwill impairment assessment model and pre-tax discount rate by involving our internal valuation experts. <p>Based on the work performed, the management’s judgements as adopted in the goodwill impairment assessment of KUKA Group and TLSC were supported by the available evidence.</p>

Other Information

Management of the Group is responsible for the other information. The other information comprises all of the information included in 2023 annual report of the Group other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Group is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor’s Responsibilities for the Audit of the Financial Statements (Cont’d)

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

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

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

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Yao Wenping
(Engagement Partner)

Shanghai, the People’s Republic of China
26 March 2024

Signing CPA

Wu Fangfang

MIDEA GROUP CO., LTD.

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note	31 December 2023 Consolidated	31 December 2022 Consolidated	31 December 2023 Company	31 December 2022 Company
Current assets					
Cash at bank and on hand	4(1)	81,673,846	55,270,099	30,260,602	28,492,401
Financial assets held for trading	4(2)	1,790,588	3,284,593	299,001	274,120
Derivative financial assets		1,278,161	665,484	-	-
Notes receivable	4(3)	5,521,960	4,758,129	-	-
Accounts receivable	4(4)	32,884,739	28,237,973	-	-
Receivables financing	4(6)	13,330,008	13,526,540	-	-
Advances to suppliers	4(7)	3,316,194	4,367,211	81,244	34,724
Contract assets	4(8)	4,045,925	4,498,956	-	-
Loan receivables	4(9)	14,296,958	14,138,756	-	-
Other receivables	4(5), 18(1)	2,181,878	2,211,177	19,614,359	26,175,101
Inventories	4(10)	47,339,255	46,044,897	-	-
Current portion of non-current assets	4(11)	10,760,577	37,553,078	9,363,826	33,168,421
Other current assets	4(12)	62,900,891	46,542,378	43,712,760	33,476,601
Total current assets		281,320,980	261,099,271	103,331,792	121,621,368
Non-current assets					
Other debt investments	4(13)	6,319,047	11,094,259	3,334,059	7,215,301
Long-term receivables	4(14)	250,519	614,598	-	-
Loan receivables	4(9)	975,272	693,294	-	-
Long-term equity investments	4(15), 18(2)	4,976,109	5,188,817	75,957,844	73,103,569
Investments in other equity instruments		37,874	41,359	-	-
Other non-current financial assets	4(16)	7,769,938	10,625,244	285,170	347,698
Investment properties		1,293,629	809,936	393,988	386,435
Property, plant and equipment	4(17)	30,937,963	26,082,992	1,300,998	1,223,553
Construction in progress	4(18)	4,681,220	3,843,777	749,934	504,757
Right-of-use assets	4(19)	3,048,785	2,339,878	1,683	8,040
Intangible assets	4(20)	18,457,736	16,908,915	583,714	653,320
Goodwill	4(21)	30,858,237	28,548,653	-	-
Long-term prepaid expenses	4(22)	1,736,199	1,579,899	72,745	85,109
Deferred tax assets	4(23)	12,771,150	10,244,296	289,426	327,251
Other non-current assets	4(24)	80,603,526	42,840,079	71,132,070	35,423,939
Total non-current assets		204,717,204	161,455,996	154,101,631	119,278,972
TOTAL ASSETS		486,038,184	422,555,267	257,433,423	240,900,340

MIDEA GROUP CO., LTD.

**CONSOLIDATED AND COMPANY BALANCE SHEETS (CONT'D)
AS AT 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31 December 2023 Consolidated	31 December 2022 Consolidated	31 December 2023 Company	31 December 2022 Company
Current liabilities					
Short-term borrowings	4(27)	8,819,176	5,169,480	400,000	-
Customer deposits and deposits from banks and other financial institutions		88,960	77,469	-	-
Financial liabilities held for trading	4(28)	1,346,674	1,580,771	-	-
Derivative financial liabilities		257,668	234,606	-	-
Notes payable	4(29)	21,707,608	25,572,421	-	-
Accounts payable	4(30)	72,530,465	64,233,225	-	-
Contract liabilities	4(31)	41,765,475	27,960,038	-	-
Employee benefits payable	4(32)	9,076,027	7,152,217	169,349	173,824
Taxes payable	4(33)	5,455,102	4,955,335	411,715	718,181
Other payables	4(34)	4,442,928	4,322,025	170,693,950	159,953,351
Current portion of non- current liabilities	4(35)	14,457,710	7,240,626	6,621,910	5,896,701
Other current liabilities	4(36)	71,297,928	57,843,528	147,552	77,066
Total current liabilities		251,245,721	206,341,741	178,444,476	166,819,123
Non-current liabilities					
Long-term borrowings	4(37)	46,138,736	50,685,948	16,600,000	15,619,900
Debentures payable	4(38)	3,217,969	3,163,616	-	-
Lease liabilities	4(39)	2,047,319	1,507,480	-	2,350
Provisions		782,539	394,977	-	-
Deferred income	4(40)	1,734,932	1,721,092	157,917	152,548
Long-term employee benefits payable	4(41)	1,433,874	1,488,456	-	-
Deferred tax liabilities	4(23)	5,098,280	4,647,673	-	-
Other non-current liabilities		39,165	680,482	-	-
Total non-current liabilities		60,492,814	64,289,724	16,757,917	15,774,798
Total liabilities		311,738,535	270,631,465	195,202,393	182,593,921
Shareholders' equity					
Share capital	4(42)	7,025,769	6,997,273	7,025,769	6,997,273
Capital surplus	4(44)	21,243,156	19,693,139	29,479,180	27,826,208
Less: Treasury stock	4(43)	(12,871,738)	(14,933,944)	(12,871,738)	(14,933,944)
Other comprehensive income	4(45)	(164,202)	108,289	(6,639)	(5,679)
General risk reserve		642,525	671,999	-	-
Special reserve		16,040	16,350	-	-
Surplus reserve	4(46)	10,702,928	10,702,928	10,702,928	10,702,928
Undistributed profits	4(47)	136,284,347	119,679,202	27,901,530	27,719,633
Total equity attributable to shareholders of the Company		162,878,825	142,935,236	62,231,030	58,306,419
Minority interests		11,420,824	8,988,566	-	-
Total shareholders' equity		174,299,649	151,923,802	62,231,030	58,306,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		486,038,184	422,555,267	257,433,423	240,900,340

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

MIDEA GROUP CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2023 Consolidated	2022 Consolidated	2023 Company	2022 Company
Total revenue		373,709,804	345,708,706	1,028,572	1,385,528
Including: Operating revenue	4(48), 18(3)	372,037,280	343,917,531	1,028,572	1,385,528
Interest income	4(49)	1,671,908	1,790,454	-	-
Fee and commission income		616	721	-	-
Less: Cost of sales	4(48)	(273,481,373)	(260,538,701)	(40,060)	(42,071)
Interest costs	4(49)	(31,660)	(49,461)	-	-
Fee and commission expenses		(3,572)	(7,681)	-	-
Taxes and surcharges	4(50)	(1,816,502)	(1,565,884)	(41,009)	(32,814)
Selling and distribution expenses	4(51)	(34,880,875)	(28,716,121)	-	-
General and administrative expenses	4(52)	(13,476,908)	(11,582,664)	(1,465,397)	(1,125,438)
Research and development expenses	4(53)	(14,583,311)	(12,618,506)	-	-
Financial income	4(54)	3,261,656	3,387,491	1,864,380	2,204,154
Including: Interest expenses		2,808,104	1,830,915	2,994,928	2,645,223
Interest income		6,951,446	5,837,713	4,870,697	4,859,955
Add: Other income	4(60)	2,082,382	1,896,113	37,934	26,642
Investment income	4(58), 18(4)	463,561	208,054	15,968,890	10,917,956
Including: share of profit of associates and joint ventures		680,759	608,278	157,844	260,651
(Losses)/Gains on changes in fair value	4(57)	(226,492)	(251,171)	78,018	(512,502)
(Losses on)/Reversal of credit impairment	4(56)	(198,624)	(513,686)	1,175	9,884
Asset impairment losses	4(55)	(439,777)	(533,363)	-	-
(Losses)/Gains on disposal of assets	4(59)	(60,868)	(59,854)	1,269	(276)
Operating profit		40,317,441	34,763,272	17,433,772	12,831,063
Add: Non-operating income		453,397	395,406	57,573	34,465
Less: Non-operating expenses		(493,675)	(202,747)	(553)	(10,490)
Total profit		40,277,163	34,955,931	17,490,792	12,855,038
Less: Income tax expenses	4(61)	(6,531,811)	(5,145,700)	(164,631)	(324,773)
Net profit		33,745,352	29,810,231	17,326,161	12,530,265
(1) Classified by continuity of operations					
Net profit from continuing operations		33,745,352	29,810,231	17,326,161	12,530,265
Net profit from discontinued operations		-	-	-	-
(2) Classified by ownership of the equity					
Attributable to shareholders of the Company		33,719,935	29,553,507	17,326,161	12,530,265
Minority interests		25,417	256,724	-	-

MIDEA GROUP CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2023 Consolidated	2022 Consolidated	2023 Company	2022 Company
Other comprehensive income, net of tax		(249,457)	1,892,922	(960)	1,616
Other comprehensive income attributable to shareholders of the Company, net of tax		(272,491)	1,865,886	(960)	1,616
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss		(85,764)	207,457	-	-
1) Changes arising from remeasurement of defined benefit plan		(87,280)	208,349	-	-
2) Changes in fair value of investments in other equity instruments		1,516	(892)	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss		(186,727)	1,658,429	(960)	1,616
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		7,751	17,391	(960)	1,616
2) Cash flow hedging reserve		(135,204)	395,617	-	-
3) Differences on translation of foreign currency financial statements		(84,307)	1,175,539	-	-
4) Others		25,033	69,882	-	-
Other comprehensive income attributable to minority shareholders, net of tax		23,034	27,036	-	-
Total comprehensive income		33,495,895	31,703,153	17,325,201	12,531,881
Attributable to shareholders of the Company		33,447,444	31,419,393	17,325,201	12,531,881
Minority interests		48,451	283,760	-	-
Earnings per share					
Basic earnings per share (in RMB Yuan)	4(62)	4.93	4.34	Not applicable	Not applicable
Diluted earnings per share (in RMB Yuan)	4(62)	4.92	4.33	Not applicable	Not applicable

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

MIDEA GROUP CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	2023 Consolidated	2022 Consolidated	2023 Company	2022 Company
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services		356,076,005	316,997,825	-	-
Net decrease in loan receivables		-	6,660,035	-	-
Net increase in customer deposits and deposits from banks and other financial institutions		11,491	-	-	-
Net decrease in deposits with the Central Bank		-	91,309	-	-
Cash received from interest, fee and commission		1,691,771	1,788,062	-	-
Refund of taxes and surcharges		7,332,726	10,934,799	-	-
Cash received relating to other operating activities	4(63)(a)	7,721,752	7,295,957	19,249,193	18,834,797
Sub-total of cash inflows		372,833,745	343,767,987	19,249,193	18,834,797
Cash paid for goods and services		(216,446,770)	(221,345,706)	-	-
Net increase in loan receivables		(333,557)	-	-	-
Net decrease in customer deposits and deposits from banks and other financial institutions		-	(711)	-	-
Net increase in deposits with the Central Bank		(86,661)	-	-	-
Net decrease in borrowings from the Central Bank		-	(178,878)	-	-
Cash paid for interest, fee and commission		(35,232)	(57,141)	-	-
Cash paid to and on behalf of employees		(38,605,604)	(35,674,963)	(436,207)	(549,897)
Payments of taxes and surcharges		(18,488,931)	(17,387,253)	(545,928)	(379,098)
Cash paid relating to other operating activities	4(63)(b)	(40,934,379)	(34,465,507)	(750,616)	(2,959,364)
Sub-total of cash outflows		(314,931,134)	(309,110,159)	(1,732,751)	(3,888,359)
Net cash flows from operating activities	4(63)(h)	57,902,611	34,657,828	17,516,442	14,946,438
2. Cash flows used in investing activities					
Cash received from disposal of investments	4(63)(c)	116,074,693	98,564,716	81,562,000	58,600,000
Cash received from returns on investments		5,336,233	3,800,095	20,097,443	13,491,657
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		391,359	239,226	5,281	53
Net cash received from disposal of subsidiaries and other business units		27,134	14,829	18,000	422,024
Cash received relating to other investing activities		373,816	335,082	-	-
Sub-total of cash inflows		122,203,235	102,953,948	101,682,724	72,513,734
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		(6,314,051)	(7,352,115)	(872,027)	(518,305)
Cash paid to acquire investments	4(63)(d)	(146,998,174)	(108,149,195)	(101,234,356)	(73,645,090)
Net cash paid to acquire subsidiaries and other business units		(712)	(962,148)	-	-
Cash paid relating to other investing activities		(110,153)	-	-	-
Sub-total of cash outflows		(153,423,090)	(116,463,458)	(102,106,383)	(74,163,395)
Net cash flows used in investing activities		(31,219,855)	(13,509,510)	(423,659)	(1,649,661)
3. Cash flows used in financing activities					
Cash received from capital contributions		2,357,841	1,348,283	2,312,260	1,321,468
Including: Cash received from capital contributions by minority shareholders of subsidiaries		45,581	26,815	-	-
Cash received from borrowings		33,888,703	46,476,320	8,000,000	9,000,000
Cash received from issuance of debentures		-	2,845,196	-	-
Cash received from issuance of short-term financing bonds		-	3,999,500	-	3,999,500
Cash received relating to other financing activities		865,591	70,163	312,438	-
Sub-total of cash inflows		37,112,135	54,739,462	10,624,698	14,320,968
Cash repayments of borrowings		(33,114,644)	(40,920,787)	(5,890,000)	(90,000)
Cash payments for redemption of short-term financing bonds		-	(4,000,000)	-	(4,000,000)
Cash payments for interest expenses and distribution of dividends or profits		(19,643,828)	(13,740,037)	(20,155,665)	(14,753,066)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(333,316)	(279,216)	-	-
Cash payments relating to other financing activities	4(63)(e)	(2,263,876)	(6,933,519)	(292,887)	(2,827,492)
Sub-total of cash outflows		(55,022,348)	(65,594,343)	(26,338,552)	(21,670,558)
Net cash flows used in financing activities		(17,910,213)	(10,854,881)	(15,713,854)	(7,349,590)
4. Effect of foreign exchange rate changes on cash and cash equivalents					
		(17,251)	288,492	-	-
5. Net increase in cash and cash equivalents					
Add: Cash and cash equivalents at the beginning of the year	4(63)(h)	8,755,292	10,581,929	1,378,929	5,947,187
		51,131,968	40,550,039	27,904,229	21,957,042
6. Cash and cash equivalents at the end of the year					
	4(63)(i)	59,887,260	51,131,968	29,283,158	27,904,229

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

MIDEA GROUP CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital (Note 4(42))	Capital surplus (Note 4(44))	Less: Treasury stock (Note 4(43))	Other comprehensive income (Note 4(45))	General risk reserve	Special reserve	Surplus reserve (Note 4(46))	Undistributed profits (Note 4(47))		
Balance at 1 January 2022	6,986,564	20,516,930	(14,044,550)	(1,758,948)	719,922	15,542	9,449,901	102,982,763	9,956,952	134,825,076
Movements for the year ended 31 December 2022										
Total comprehensive income										
Net profit	-	-	-	-	-	-	-	29,553,507	256,724	29,810,231
Other comprehensive income, net of tax	-	-	-	1,865,886	-	-	-	-	27,036	1,892,922
Total comprehensive income	-	-	-	1,865,886	-	-	-	29,553,507	283,760	31,703,153
Capital contribution and withdrawal by shareholders										
Ordinary shares invested by shareholders	18,602	1,123,649	-	-	-	-	-	-	26,815	1,169,066
Business combinations	-	-	-	-	-	-	-	-	89,520	89,520
Share-based payment included in shareholders' equity	-	765,914	-	-	-	-	-	-	45,583	811,497
Others	(7,893)	(1,209,146)	(889,394)	-	-	-	-	-	(1,131,616)	(3,238,049)
Profit distribution										
Reversal of general risk reserve	-	-	-	-	(47,923)	-	-	47,923	-	-
Appropriation to surplus reserve	-	-	-	-	-	-	1,253,027	(1,253,027)	-	-
Profit distribution to shareholders	-	-	-	-	-	-	-	(11,652,025)	(291,638)	(11,943,663)
Special reserve										
Appropriation in the current period	-	-	-	-	-	3,313	-	-	828	4,141
Use in the current period	-	-	-	-	-	(2,505)	-	-	(626)	(3,131)
Others	-	(1,504,208)	-	1,351	-	-	-	61	8,988	(1,493,808)
Balance at 31 December 2022	6,997,273	19,693,139	(14,933,944)	108,289	671,999	16,350	10,702,928	119,679,202	8,988,566	151,923,802

MIDEA GROUP CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital (Note 4(42))	Capital surplus (Note 4(44))	Less: Treasury stock (Note 4(43))	Other comprehensive income (Note 4(45))	General risk reserve	Special reserve	Surplus reserve (Note 4(46))	Undistributed profits (Note 4(47))		
Balance at 1 January 2023	6,997,273	19,693,139	(14,933,944)	108,289	671,999	16,350	10,702,928	119,679,202	8,988,566	151,923,802
Movements for the year ended 31 December 2023										
Total comprehensive income										
Net profit	-	-	-	-	-	-	-	33,719,935	25,417	33,745,352
Other comprehensive income, net of tax	-	-	-	(272,491)	-	-	-	-	23,034	(249,457)
Total comprehensive income	-	-	-	(272,491)	-	-	-	33,719,935	48,451	33,495,895
Capital contribution and withdrawal by shareholders										
Ordinary shares invested by shareholders	38,490	2,317,783	-	-	-	-	-	-	45,581	2,401,854
Business combinations	-	-	-	-	-	-	-	-	2,563,374	2,563,374
Share-based payment included in shareholders' equity	-	671,456	-	-	-	-	-	-	37,361	708,817
Others	(9,994)	(1,373,096)	2,062,206	-	-	-	-	-	12,666	691,782
Profit distribution										
Appropriation to general risk reserve	-	-	-	-	19,678	-	-	(19,678)	-	-
Reversal of general risk reserve	-	-	-	-	(49,152)	-	-	49,152	-	-
Profit distribution to shareholders	-	-	-	-	-	-	-	(17,144,264)	(349,745)	(17,494,009)
Special reserve										
Appropriation in the current period	-	-	-	-	-	7,227	-	-	11,500	18,727
Use in the current period	-	-	-	-	-	(7,537)	-	-	(11,464)	(19,001)
Others	-	(66,126)	-	-	-	-	-	-	74,534	8,408
Balance at 31 December 2023	7,025,769	21,243,156	(12,871,738)	(164,202)	642,525	16,040	10,702,928	136,284,347	11,420,824	174,299,649

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

MIDEA GROUP CO., LTD.

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022	6,986,564	27,105,153	(14,044,550)	(7,295)	9,449,901	28,094,420	57,584,193
Movements for the year ended 31 December 2022							
Total comprehensive income							
Net profit	-	-	-	-	-	12,530,265	12,530,265
Other comprehensive income, net of tax	-	-	-	1,616	-	-	1,616
Total comprehensive income	-	-	-	1,616	-	12,530,265	12,531,881
Capital contribution and withdrawal by shareholders							
Ordinary shares invested by shareholders	18,602	1,123,649	-	-	-	-	1,142,251
Share-based payment included in shareholders' equity	-	789,849	-	-	-	-	789,849
Others	(7,893)	(1,209,146)	(889,394)	-	-	-	(2,106,433)
Profit distribution							
Appropriation to surplus reserve	-	-	-	-	1,253,027	(1,253,027)	-
Profit distribution to shareholders	-	-	-	-	-	(11,652,025)	(11,652,025)
Others	-	16,703	-	-	-	-	16,703
Balance at 31 December 2022	6,997,273	27,826,208	(14,933,944)	(5,679)	10,702,928	27,719,633	58,306,419

MIDEA GROUP CO., LTD.

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

Item	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2023	6,997,273	27,826,208	(14,933,944)	(5,679)	10,702,928	27,719,633	58,306,419
Movements for the year ended 31 December 2023							
Total comprehensive income							
Net profit	-	-	-	-	-	17,326,161	17,326,161
Other comprehensive income, net of tax	-	-	-	(960)	-	-	(960)
Total comprehensive income	-	-	-	(960)	-	17,326,161	17,325,201
Capital contribution and withdrawal by shareholders							
Ordinary shares invested by shareholders	38,490	2,317,783	-	-	-	-	2,356,273
Share-based payment included in shareholders' equity	-	708,290	-	-	-	-	708,290
Others	(9,994)	(1,375,573)	2,062,206	-	-	-	676,639
Profit distribution							
Profit distribution to shareholders	-	-	-	-	-	(17,144,264)	(17,144,264)
Others	-	2,472	-	-	-	-	2,472
Balance at 31 December 2023	7,025,769	29,479,180	(12,871,738)	(6,639)	10,702,928	27,901,530	62,231,030

The accompanying notes form an integral part of these financial statements.

Legal representative:

Principal in charge of accounting:

Head of accounting department:

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

1 General information

The principal business activities of Midea Group Co., Ltd. (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”) include residential air-conditioner, central air-conditioner, heating and ventilation systems, kitchen appliances, refrigerators, washing machines, various small appliances, elevators, variable frequency drives, medical imaging products and robotics and automation system. Other services include the smart supply chain; sales, wholesale and processing of raw materials of household electrical appliances, and financial business involving customer deposits, interbank lendings and borrowings, consumption credits, buyer’s credits and finance leases.

The Company was set up by the Council of Trade Unions of GD Midea Group Co., Ltd. and was registered in Market Safety Supervision Bureau of Shunde District, Foshan on 7 April 2000, with its headquarters located in Foshan, Guangdong. On 30 August 2012, the Company was transformed into a limited liability company. On 29 July 2013, the Company was approved to merge and acquire Guangdong Midea Electric Co., Ltd., which was listed on Shenzhen Stock Exchange. On 18 September 2013, the Company’s shares were listed on Shenzhen Stock Exchange.

As at 31 December 2023, the Company’s share capital was RMB 7,025,769,025, and the total number of shares in issue was 7,025,769,025, of which 133,563,090 shares were restricted tradable A shares and 6,892,205,935 shares were unrestricted tradable A shares.

The detailed information of principal subsidiaries included in the consolidation scope in the current year is set out in Note 6. Subsidiaries newly included in the consolidation scope in the current year mainly include Shenzhen CLOU Electronics Co., Ltd. (hereafter “CLOU Electronics”) and etc, and are detailed in Note 5(1) and Note 5(2)(a); subsidiaries no longer included in the consolidation scope in the current year are detailed in Note 5(2)(b).

These financial statements were authorised for issue by the Company’s Board of Directors on 26 March 2024.

2 Summary of significant accounting policies and accounting estimates

The Group determines specific accounting policies and accounting estimates based on the features of production and operation, mainly including the measurement of expected credit loss (“ECL”) on receivables and contract assets (Note 2(10)(a)), valuation method of inventory (Note 2(11)), depreciation of property, plant and equipment, amortisation of intangible assets and right-of-use assets (Note 2(14), (17), (29)), impairment of long-term assets (Note 2(19)), and recognition and measurement of revenue (Note 2(26)).

Key judgements and critical accounting estimates and key assumptions applied by the Group on the determination of significant accounting policies are set out in Note 2(31).

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises" or "CASs") and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Rules on Financial Reporting* issued by the China Securities Regulatory Commission ("CSRC").

The financial statements are prepared on a going concern basis.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2023 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company's financial position of the Company as at 31 December 2023 and their financial performance, cash flows and other information for the year ended.

(3) Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Functional currency

The functional currency of the Company is Renminbi ("RMB"). The subsidiaries determine their functional currency based on the primary economic environment in which the business is operated, mainly including EUR, JPY, USD and HKD, etc. The financial statements are presented in RMB.

(5) The determination method and selection basis of materiality criteria

The Group determined the materiality of financial information in terms of the nature and amount of a item in accordance with the specific environment in which it operates. In determining the significance of the nature of a item, the Group mainly considers whether the item is a routine business operations in nature and whether it significantly affects the Group's financial position, financial performance and cash flows. In determining the significance of the amount of a item, the Group considers the proportion of the amount to the amount of directly related items such as total assets, total liabilities, total shareholders' equity, operating revenue, costs of sales, net profit and total comprehensive income, or the proportion of the amount of the financial statement line item separately.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(6) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the Group in a business combination are measured at the carrying amount. If the absorbed party was bought by the ultimate controller from a third party in prior years, the value of its assets and liabilities (including goodwill generated due to the combination) are based on the carrying amount in the ultimate controller's consolidated financial statements. The difference between the carrying amount of the net assets obtained by the Group and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the Group in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

For business combinations achieved by stages involving enterprises not under common control, previously-held equity in the acquiree is remeasured at its fair value at the acquisition dates. For the equity interest held in the acquiree before the acquisition date under equity method, the difference between its fair value and carrying amount is recognised as investment income for the current period; for the other comprehensive income under the equity method and shareholders' equity changes other than those arising from the net profit or loss, other comprehensive income and profit distribution, the related other comprehensive income and other shareholders' equity changes are transferred into profit or loss for the current period to which the acquisition dates belong, excluding those arising from changes in the investee's remeasurements of net liability or net asset related to the defined benefit plan, and those arising from accumulative changes in fair value of investments in equity instruments not held for trading that are held by investees and designated as at fair value through other comprehensive income. For previously-held equity in the acquiree categorised as financial assets at fair value through profit or loss, the difference between its fair value and carrying amount is transferred to investment income under the cost method; for previously-held equity in the acquiree categorised as investments in equity instruments not held for trading at fair value through other comprehensive income, its accumulative changes in fair value that are originally recognised in other comprehensive income are directly reclassified to retained earnings. The excess of the sum of fair value of the previously-held equity and fair value of the consideration paid at the acquisition date over share of fair value of identifiable net assets acquired from the subsidiary is recognised as goodwill.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(7) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' shareholders' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributable to minority interests and total comprehensive income attributable to minority interests and presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. Where the loss for the current period attributable to the minority shareholders of the subsidiaries exceeds the share of the minority interests in the opening balance of owners' equity, the excess is deducted against minority interests. Unrealised profits and losses resulting from the sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the parent company. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent company and net profit attributable to minority interests in accordance with the allocation proportion of the parent company in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent company and net profit attributable to minority interests in accordance with the allocation proportion of the parent company in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

(8) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the equity items, the items other than undistributed profits are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are recognised in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(10) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset, a financial liability or an equity instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

- (10) Financial instruments (Cont'd)
 - (a) Financial assets (Cont'd)
 - (i) Classification and measurement (Cont'd)
 - (i-1) Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three ways:

Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest rate method. Such financial assets mainly comprise cash at bank and on hand, loan receivables, notes receivable, accounts receivable, other receivables, other current assets, debt investments, long-term receivables and other non-current assets. Debt investments and long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets; debt investments with maturities of no more than one year (inclusive) at the time of acquisition are included in other current assets.

Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to both collect the contractual cash flows and sell such financial assets, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value through other comprehensive income, except for the impairment gains or losses, foreign exchange gains and losses, and interest income calculated using the effective interest rate method which are recognised in profit or loss for the current period. Such financial assets mainly include receivables financing and other debt investments. Other debt investments of the Group that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets; other debt investments with maturities no more than one year (inclusive) at the time of acquisition are included in other current assets.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are classified as financial assets at fair value through profit or loss. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets that are due over one year as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets. Others are included in financial assets held for trading.

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

(i-2) Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

In addition, at initial recognition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under investments in other equity instruments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

(i-3) Derivative financial instruments

The derivative financial instruments held by the Group are mainly used in controlling risk exposures. Derivative financial instruments are initially recognised at fair value on the day when derivatives transaction contract was signed, and subsequently measured at fair value. The derivative financial instruments are recorded as assets when they have a positive fair value and as liabilities when they have a negative fair value.

The method for recognising changes in fair value of the derivative financial instrument depends on whether the derivative financial instrument is designated as a hedging instrument and meets the requirement for it, and if so, the nature of the item being hedged. For derivative financial instruments that are not designated as hedging instruments and fail to meet requirements on hedging instruments, including those held for the purpose of providing hedging against specific risks in interest rate and foreign exchange but not conforming with requirements of hedge accounting, the changes in fair value are recorded in gains or losses on changes in fair value in the consolidated income statement.

Cash flow hedge

At the inception of the hedge, the Group has completed relevant hedge documents, including the relationship between hedged items and hedging instruments, and risk management objectives and strategies corresponding to various hedging transactions. At the inception of the hedge and in subsequent periods, the Group continuously records whether the hedge is effectively evaluated, that is, whether the hedging instruments can largely offset the changes in the fair value or cash flows of hedged items.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

(i-3) Derivative financial instruments (Cont'd)

Cash flow hedge (Cont'd)

The effective portion of changes in fair value on hedging instruments is recognised in other comprehensive income as cash flow hedging reserve, while the gains or losses related to the ineffective portion of the hedge are recognised in profit or loss for the current period. Where the hedge is a forecast transaction which subsequently results in the recognition of a non-financial asset or liability, the amount originally recognised in other comprehensive income is transferred and included in the initially recognised amount of the asset or liability. For cash flow hedge beyond the foregoing scope, the amount originally recognised in other comprehensive income is transferred and included in profit or loss for the current period during the same time in which the profit or loss is influenced by the hedged expected cash flow. However, if all or part of net loss recognised directly in other comprehensive income will not be recovered in future accounting periods, the amount not expected to be recovered should be transferred to profit or loss for the current period. When the Group revokes the designation of a hedge, a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. Where the Group discontinues the hedge accounting treatment for cash flow hedging, for hedged future cash flows that will still happen, the accumulated gains or losses that have been recognised in other comprehensive income are retained and subject to accounting treatment under the subsequent treatment method of aforesaid cash flow hedging reserve; for hedged future cash flows that the forecast transaction will never happen, the accumulated gains or losses that have been recognised in other comprehensive income are transferred immediately and included in profit or loss for the current period.

(ii) Impairment

Loss provision for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, as well as contract assets and lease receivables is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information on past events, current conditions, forecasts of future economic conditions that is available without undue cost or effort at the balance sheet date, and weighted by the risk of default, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

For notes receivable, accounts receivable, receivables financing, lease receivables and contract assets arising from sales of goods and rendering of services in the ordinary course of operating activities, the Group recognises the lifetime ECL provision regardless of whether there exists a significant financing component. Since contract assets are mainly related to work on the stage of completion without invoice, essentially, their credit risk characteristics are similar to the accounts receivable for the same kind of contracts. Therefore, the ECL rate of the contract assets is an approximation to that of accounts receivable.

Except for the above notes receivable, accounts receivable, receivables financing, lease receivables and contract assets, at each balance sheet date, the ECL of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition. The Group treats them as financial instruments in Stage 1 and recognises a 12-month ECL.

For the financial instruments in Stage 1 and Stage 2, the Group calculates the interest income by applying the effective interest rate to the book balance (before deduction of the impairment provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the book balance).

In case the ECL of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables and contract assets into certain groupings based on credit risk characteristics, then pursuant to which, calculates the ECL. Basis and provision method for determining groupings are as follows:

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

Grouping of notes receivable 1	Bank acceptance notes grouping
Grouping of notes receivable 2	Trade acceptance notes grouping
Grouping of accounts receivable 1	Overseas business grouping
Grouping of accounts receivable 2	Domestic business grouping
Grouping of contract assets 1	Overseas business grouping
Grouping of contract assets 2	Domestic business grouping
Grouping of other receivables 1	Security deposit and guarantee receivables grouping
Grouping of other receivables 2	Receivables from related parties grouping
Grouping of other receivables 3	Other receivables grouping
Grouping of long-term receivables	Finance lease receivables grouping
Grouping of loan receivables	Loans business grouping

The Group, on the basis of the exposure at default and the lifetime ECL rate, calculates the ECL of notes receivable and receivables financing that are classified into groupings with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions.

With consideration to historical credit loss experience, current conditions and forecasts of future economic conditions, the Group prepares the cross-reference between the number of overdue days of accounts receivable and the lifetime ECL rate, and calculates the ECL of accounts receivable that are classified into groupings.

The Group, on the basis of the exposure at default and the 12-month or lifetime ECL rate, calculates the ECL of other receivables, loan receivables that are classified into groupings with consideration to historical credit losses experience, the current conditions and forecasts of future economic conditions.

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment loss or gain is recognised in profit or loss for the current period.

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[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iii) Derecognition of financial assets

A financial asset is derecognised when: (1) the contractual rights to the cash flows from the financial asset expire, (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those as investments in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including notes payable, accounts payable, other payables, borrowings, debentures payable and short-term financing bonds payable in other current liabilities, customer deposits and deposits from banks and other financial institutions, borrowings from the Central Bank, and long-term payables. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest rate method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Financial instruments (Cont'd)

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

(11) Inventories

(a) Classification of inventories

Inventories, including finished goods, raw materials, work in progress, consigned processing materials and low value consumables, are measured at the lower of cost and net realisable value.

(b) Costing of inventories

Cost is determined using the first-in, first-out method when issued. The cost of finished goods and work in progress comprises raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Inventories are initially measured at cost. The cost of inventories comprises purchase cost, processing cost and other expenditures to bring the inventories to current site and condition.

On the balance sheet date, inventories are measured at the lower of cost and net realisable value.

Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated contract fulfilment costs and costs necessary to make the sale and related taxes.

Provision for decline in the value of inventories is determined at the excess amount of the cost as calculated based on the classification of inventories over their net realisable value, and are recognised in profit or loss for the current period.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(11) Inventories (Cont'd)

(d) Inventory system

The Group adopts the perpetual inventory system.

(e) Amortisation methods of low value consumables and packaging materials

Low value consumables are expensed in full when issued and recognised in cost of related assets or in profit or loss for the current period.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its associates and joint ventures.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is an investee that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in associates and joint ventures are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For business combinations achieved by stages involving enterprises not under common control, the initial investment cost accounted for using the cost method is the sum of carrying amount of previously-held equity investment and additional investment cost. For previously-held equity investments accounted for using the equity method, the accounting treatment of related other comprehensive income from disposal of the equity is carried out on a same basis with the investee's direct disposal of related assets or liabilities. Owners' equity, which is recognised due to changes in investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution, is accordingly transferred into profit or loss for the period in which the investment is disposed.

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(All amounts in RMB '000 Yuan unless otherwise stated)

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(12) Long-term equity investments (Cont'd)

(a) Determination of investment cost (Cont'd)

For the investments in previously-held equity without significant influence or common control that previously recognised as financial assets at fair value through profit or loss, the difference between the fair value and carrying amount is transferred to investment income for the current period under cost method; for the investments previously recognised as investments in equity instruments not held for trading at fair value through other comprehensive income, the difference between the fair value and carrying amount and accumulated changes in fair value previously recognised in other comprehensive income are directly transferred to retained earnings.

For long-term equity investments acquired not through a business combination, the long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition methods of gains and losses

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of the net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the investment losses and the provisions at the amount it expects to undertake. The changes of the Group's share in investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution are recognised in capital surplus with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(12) Long-term equity investments (Cont'd)

(b) Subsequent measurement and recognition methods of gains and losses (Cont'd)

The unrealised profits or losses arising from the transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gains or losses of the Company's financial statements are recognised. When preparing consolidated financial statements, for the portion of unrealised profits or losses of internal transactions attributable to the Group arising from downstream transactions in which the Group invests in or sells assets to the investees, the Group shall, on the basis of offsetting the Company's financial statements, offset the portion of unrealised income and costs or asset disposal gains or losses attributable to the Group, and adjust investment income accordingly; for the unrealised profits or losses of internal transactions attributable to the Group arising from the upstream transactions in which the investees invest in or sell assets to the Group, the Group shall, on the basis of offsetting the Company's financial statements, offset the portion of unrealised profits or losses of internal transactions attributable to the Group included in the carrying amount of the relevant assets, and adjust the carrying amount of long-term equity investments accordingly. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

(c) Basis for determining existence of control, joint control, significant influence over investees

Control is the power to govern an investee and obtain variable returns from participating the investee's activities, and the ability to utilise the power of an investee to affect its returns.

Joint control is the contractually agreed sharing of control over an arrangement, and relevant economic activity can be arranged upon the unanimous approval of the Group and other participants sharing of control rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, associates and joint ventures are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(13) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(13) Investment properties (Cont'd)

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation (amortisation) rates of investment properties are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation (amortisation) rates
Buildings	20 to 40 years	5%	2.38% to 4.75%
Land use rights	30 to 50 years	-	2% to 3.33%

When an investment property is transferred to owner-occupied properties, it is reclassified as property, plant and equipment or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the property, plant and equipment or intangible asset is reclassified as investment properties at the date of the transfer. At the time of transfer, the property is recognised based on the carrying amount before transfer.

The investment properties' estimated useful lives, the estimated net residual values and the depreciation (amortisation) methods applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of an investment property is reduced to the recoverable amount if the recoverable amount is below the carrying amount.

(14) Property, plant and equipment

(a) Recognition and initial measurement of property, plant and equipment

Property, plant and equipment comprise buildings, overseas land, machinery and equipment, motor vehicles, electronic equipment and others.

Property, plant and equipment are recognised when it is probable that the related economic benefits will flow to the Group and the cost can be reliably measured. The initial cost of purchased property, plant and equipment include purchase price, related taxes and expenditures that are attributable to the assets incurred before the assets are ready for their intended use. The initial cost of self-constructed property, plant and equipment is determined based on Note 2(15).

Subsequent expenditures incurred for a property, plant and equipment are included in the cost of the property, plant and equipment when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

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[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(14) Property, plant and equipment (Cont'd)

(b) Depreciation method of property, plant and equipment

Property, plant and equipment are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the property, plant and equipment that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of the Group's property, plant and equipment are as follows:

Categories	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	15 to 50 years	0% to 10%	6.7% to 1.8%
Machinery and equipment	2 to 25 years	0% to 10%	50% to 3.6%
Motor vehicles	2 to 20 years	0% to 10%	50% to 4.5%
Electronic equipment and others	2 to 20 years	0% to 10%	50% to 4.5%
Overseas land	Permanent	Not applicable	Not applicable

The estimated useful lives and the estimated net residual values of the Group's property, plant and equipment and the depreciation methods applied to the assets are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of a property, plant and equipment is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(d) Disposal of property, plant and equipment

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of property, plant and equipment net of their carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to property, plant and equipment when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below its carrying amount (Note 2(19)).

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(16) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of a property, plant and equipment that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a property, plant and equipment qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by actual interest expenses deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a property, plant and equipment qualifying for capitalisation, the amount of general borrowing costs eligible for capital property, plant and equipmentisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

(17) Intangible assets

Intangible assets include land use rights, patents and non-patent technologies, trademark rights, trademark use rights and others, are measured at cost.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 30 to 50 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as property, plant and equipment.

(b) Patents and non-patent technologies

Patents are amortised on a straight-line basis over the statutory period of validity, the period as stipulated by contracts or the beneficial period of 2 to 20 years.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Intangible assets (Cont'd)

(c) Trademark rights

The trademark rights are measured at cost when acquired and are amortised over the estimated useful life of 4 to 30 years. The cost of trademark rights obtained in the business combinations involving enterprises not under common control is measured at fair value. As some of the trademarks are expected to attract net cash inflows injected into the Group, management considers that these trademarks have an indefinite useful life and are presented based upon the carrying amount after deducting the provision for impairment (Note 4(20)).

(d) Trademark use rights

The trademark use rights are measured at cost when acquired. The cost of trademark use rights obtained in the business combinations involving enterprises not under common control is measured at fair value, and is amortised over the estimated useful life of 40 years.

(e) Other intangible assets

Other intangible assets mainly are customers relationships, franchises and software, measured at cost when acquired or at fair value, and amortized over the estimated useful life of 2 to 25 years.

(f) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(g) Research and development (R&D)

The Group's R&D expenditure mainly includes the expenditure on materials consumed in conducting the Group's R&D activities, employee benefits in the R&D department, depreciation and amortisation of assets such as equipment and software used in R&D, R&D testing expenses, R&D technical service expenses and licensing expenses.

Expenditure on the planned investigation, evaluation and selection for the research of production processes or products is categorised as expenditure on the research phase, and it is recognised in profit or loss when it is incurred. Expenditure on design and test for the final application of the development of production processes or products before mass production is categorised as expenditure on the development phase, which is capitalised only if all of the following conditions are satisfied:

- The development of production processes or products has been fully justified by technical team;
- The budget on the development of production processes or products has been approved by management;
- There is market research analysis that demonstrates the product produced by the production process or product has the ability of marketing;
- There are sufficient technical and financial resources to support the development of production processes or products and subsequent mass production; and
- Expenditure attributable to the development of production processes or products can be reliably measured.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(17) Intangible assets (Cont'd)

(g) R&D (Cont'd)

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(h) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(19)).

(18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to right-of-use assets, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

Property, plant and equipment, construction in progress, right-of-use assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, associates and joint ventures are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. Intangible assets not ready for their intended use, intangible assets with infinite useful lives and overseas land are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include wages and salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds and employee education funds, and short-term paid absences. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are Toshiba Lifestyle Products & Services Corporation ("TLSC") and its subsidiaries ("TLSC Group") and KUKA Aktiengesellschaft ("KUKA") and its subsidiaries ("KUKA Group") provide supplemental retirement benefits beyond the national regulatory insurance system.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

Supplementary retirement benefits

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligations less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method at the interest rate of treasury bonds with similar obligation term and currency. The charges related to supplementary retirement benefits (including current service costs, historical service costs and gains or losses on settlement) and net interest are recognised in profit or loss for the current period or included in the cost of an asset, and the changes arising from remeasurement in net liabilities or net assets of defined benefit plans are recognised in other comprehensive income.

MIDEA GROUP CO., LTD.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Employee benefits (Cont'd)

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by management. The Group pays early retirement benefits to those early retired employees from the early retirement date until the normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period in which they occur.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

(21) General risk reserve

General risk reserve is the reserve appropriated from undistributed profits to cover part of unidentified potential losses, on the basis of the estimated potential risk value of risk assets assessed by the standardised approach, which is deducted from recognised provision for impairment losses on loans. Risk assets include loan receivables, long-term equity investments, deposits with banks and other financial institutions and other receivables of subsidiaries engaged in financial business.

(22) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(23) Provisions

Provisions for product warranties, onerous contracts, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expenses.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(24) Share-based payment

(a) Type of share-based payment

Share-based payment is a transaction in which the entity acquires services from employees as consideration for equity instruments of the entity or by incurring liabilities for amounts based on the equity instruments. Equity instruments include equity instruments of the Company, its parent company or other accounting entities of the Group. Share-based payments are divided into equity-settled and cash-settled payments. The Group's share-based payments are equity-settled payments.

Equity-settled share-based payment

The Group's equity-settled share-based payment contains stock option incentive plan, restricted share incentive schemes and stock ownership schemes. These plans are measured at the fair value of the equity instruments at grant date and the equity instruments are tradable or exercisable when services in vesting period are completed or specified performance conditions are met. In the vesting period, the services obtained in the current period are included in relevant cost and expenses at the fair value of the equity instruments at grant date based on the best estimate of the number of tradable or exercisable equity instruments, and capital surplus is increased accordingly. If the subsequent information indicates the number of tradable or exercisable equity instruments differs from the previous estimate, an adjustment is made and, on the exercise date, the estimate is revised to equal to the number of actual vested equity instruments.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(24) Share-based payment (Cont'd)

(b) Determination of fair value of equity instruments

The Group determines the fair value of stock options using option pricing model, which is Black-Scholes option pricing model.

The fair value of other equity instruments is based on the share prices, which exclude the price that incentive objects pay, and the number of the shares on the grant date, taking into account the effects of clause of the Group's relevant plans.

(c) Basis for determining best estimate of tradable or exercisable equity instruments

As at each balance sheet date in the vesting period, the Group would make best estimate in accordance with the newly acquired information such as changes in the number of employees entitled with exercisable or tradable equity instruments, and amend the estimated number of exercisable or tradable equity instruments. On the exercise or deactivation date, the final number of estimated exercisable or tradable equity instruments is consistent with the actual number of exercisable or tradable equity instruments.

(25) Treasury stock

The Group's treasury stock mainly comes from the repurchase of equity instruments and the issuance of restricted shares, etc.

Consideration and transaction costs paid by the Group for repurchasing equity instruments are deducted from owners' equity and not recognised as financial assets. The considerations paid by the Group for repurchasing equity instruments are presented as treasury stock, and the related transaction costs are recognised in owners' equity.

On the deregistration day of shares, relevant share capital and treasury stock are reversed with the difference included in capital surplus (share premium) based on actual deregistration results.

On the grant day of restricted shares, the Group recognises bank deposits when receiving subscription from the employees and measures the repurchase obligation as liability. On the day of release of restricted shares, relevant treasury stocks, liabilities and capital surplus recognised in the vesting period are reversed based on the actual vesting results.

(26) Revenue

The Group recognises revenue at the amount of the consideration which the Group is expected to receive when the customer obtains control over relevant goods or services. Revenue is stated net of discounts, rebates and returns.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(26) Revenue (Cont'd)

When any of the following conditions is met, the Group is subject to performance obligations within a period of time; otherwise, at a point in time:

- (1) Customers obtain and consume economic benefits coming from the Group's performance of contract while the Group performs the contract.
- (2) Customers can control goods under construction during the Group's performance of contract.
- (3) Goods produced during the Group's performance of contract are irreplaceable. During the whole contract period, the Group is entitled to collect payments for those which have been accumulated up to now.

For a contract obligation within a period of time, the Group recognises the revenue based on the progress of the obligation fulfilment within that period of time, except where the progress of the obligation fulfilment cannot be determined reasonably.

Where the status of completion cannot be reasonably determined, revenue is recognised at the amount of cost incurred if it is predicted that the cost can be compensated till the progress of the obligation fulfilment can be reasonably determined.

For a contract obligation at a point in time, the Group recognises the revenue when a customer is in control of the underlying goods.

(a) Sales of goods

The Group are principally engaged in the designing, manufacturing and selling residential air conditioner, central air-conditioner, heating and ventilation systems, kitchen appliances, refrigerators, washing machines, various small appliances, elevators, variable frequency drives, robotics, medical imaging equipment, automation system and sales of products and materials to buyers.

Revenue from domestic sales of goods is recognised when the Group has delivered products to the location specified in the sales contract and the buyer has confirmed the acceptance of the products, and the delivery order is signed by both parties. Upon confirming the acceptance, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas goods sale is recognised when the products have been declared to the customs and shipped out of the port in accordance with the sales contract.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(26) Revenue (Cont'd)

(a) Sales of goods (Cont'd)

The credit period granted to distributors by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component. The Group makes estimates based on past sales returns and takes into account the type of customer, type of transaction and characteristics of each arrangement.

The Group provides distributors with sales discount, and the relevant revenue is recognised at contract consideration net of the discount amount estimated.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

The rights to receive considerations for transferring goods to the customer (and such rights depend on factors other than the passage of time) are recognised as contract assets. The Group's obligation to transfer products to customers for consideration received or receivable is presented as contract liabilities.

(b) Rendering of services

The Group provides robotics and automation system construction service, intelligent logistics integration solution, storage services, delivery services, installation services and transportation service, which are recognised in a certain period of time based on the stage of completion. On the balance sheet date, the Group re-estimates the stage of completion to reflect the actual status of contract performance.

When the Group recognises revenue based on the stage of completion, the amount with unconditional collection right obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. Meanwhile, loss provision for accounts receivable and contract assets are recognised on the basis of ECL (Note 2(10)). If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(26) Revenue (Cont'd)

(b) Rendering of services (Cont'd)

Contract costs include contract performance costs and contract acquisition costs. The costs incurred by the Group for the provision of services are recognised as contract performance costs. The recognised revenue is carried forward to the cost of sales from main operations based on the stage of completion. Incremental costs incurred by the Group for the acquisition of contract are recognised as the costs to obtain a contract. For the costs to obtain a contract with the amortisation period within one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with the amortisation period beyond one year, the costs are charged in the current profit or loss on the same basis as aforesaid revenue of rendering of services recognised under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the costs to fulfil a contract is more than one year when initially recognised, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

(c) Interest income

Interest income from financial instruments is calculated by effective interest rate method and recognised in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortisation based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(d) Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

(e) Rental income

Rental income from investment prosperities is recognised in the income statement on a straight-line basis over the lease period.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(26) Revenue (Cont'd)

(f) Fee and commission income

Fee and commission income is recognised in profit or loss for the current period when the service is provided. The Group defers the initial charge income or commitment fee income arising from the forming or acquisition of financial assets as the adjustment to effective interest rate. If the loans are not lent when the loan commitment period is expired, related charges are recognised as fee and commission income.

(27) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are grants that are acquired by the Group and used for acquisition, construction or forming long-term assets in other ways. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised directly in profit or loss for the current period.

The same kind of government grants are presented with the same method.

Those related to ordinary activities are recorded into operating profit while the other in non-operating income and expenses.

Loans to the Group at political preferential rate are recorded at the actual amount received, and the related loan expenses are calculated based on the principal and the political preferential rate. Finance discounts directly received offset related loans expenses.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(28) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible losses) and whose initially recognised assets and liabilities do not result in equal taxable temporary differences and deductible temporary differences. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(29) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(29) Leases (Cont'd)

The Group as the lessee

At the lease commencement date, the Group recognises the right-of-use asset and measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets of the Group comprise leased buildings, machinery and equipment, motor vehicles, etc. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except the contract changes that may apply the practical expedient as specified by the Ministry of Finance. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group correspondingly decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

For the qualified rent concessions agreed on existing lease contracts, the Group applies the practical expedient and records the undiscounted concessions in profit or loss when the agreement is reached to discharge the original payment obligation with corresponding adjustment of lease liabilities.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(29) Leases (Cont'd)

The Group as the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

For the qualified rent concessions agreed on existing lease contracts, the Group applies the practical expedient to account for the concessions as variable lease payments and record the concessions in profit or loss during the waiving period.

Except the above qualified contract changes that are accounted for by applying the practical expedient, for a lease modification, the Group accounts for it as a new lease from the effective date of the modification, and considers any lease payments received in advance and receivable relating to the lease before modification as receivables of the new lease.

(b) Finance leases

At the commencement date, the Group recognises the lease payments receivable under a finance lease and derecognises relevant assets. The lease payments receivable under a finance lease are presented as long-term receivables; the lease payments receivable under a finance lease due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

(30) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(31) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) Provision for impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment. The recoverable amount of the asset group or group of asset groups that contain the apportioned goodwill is determined by the higher value between the present value of the future cash flows and the net value that is calculated by the fair value less the disposal costs. Accounting estimate is required for the calculation of the recoverable amount. The impairment testing is performed by assessing the recoverable amount of the asset group or group of asset groups containing the relevant goodwill, based on the present value of cash flows forecasts. Key assumptions adopted in the impairment testing of goodwill included forecast period revenue annual growth rate, gross margin, perpetual annual growth rate and pre-tax discount rate, etc. which involved critical accounting estimates and judgement.

If management revises the forecast period revenue annual growth rate and perpetual annual growth rate that are used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised rates are lower than the current rates, the Group will need to recognise further impairment against goodwill.

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised gross margin is lower than the current one, the Group will need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group will need to recognise further impairment against goodwill.

If the actual revenue annual growth rate, perpetual annual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(31) Critical accounting estimates and judgements (Cont'd)

(ii) Income tax and deferred income tax

The Group is subject to enterprise income tax in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As stated in Note 3(1), some subsidiaries of the Group are high-tech enterprises. The "High-Tech Enterprise Certificate" is effective for three years. Upon expiration, application for high-tech enterprise assessment should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

Deferred tax assets are recognised for the deductible tax losses that can be carried forward to subsequent years to the extent that it is probable that taxable profit will be available in the future against which the deductible tax losses can be utilised. Taxable profit that will be available in the future includes the taxable profit that will be realised through normal operations and the taxable profit that will be increased upon the reversal of taxable temporary differences incurred in prior periods. Judgements and estimates are required to determine the time and amounts of taxable profit in the future. Any difference between the reality and the estimate may result in adjustment to the carrying amount of deferred tax assets.

(iii) Fair value assessment of financial instruments at level 3 fair value hierarchy

Financial instruments subject to Level 3 fair value hierarchy include unlisted equity investments at fair value of other non-current financial assets, investments in other equity instruments and trading financial liabilities. The fair value of these financial instruments is determined using valuation techniques, and the assumptions of valuation model is based on unobservable inputs, where changes in assumptions and estimates may have an impact on the fair value of these investments. These valuation techniques, unobservable inputs and related assumptions are detailed in Note16(1).

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2 Summary of significant accounting policies and accounting estimates (Cont'd)

(32) Significant changes in accounting policies

The Ministry of Finance released the *Circular on Issuing Interpretation No. 16 of Accounting Standards for Business Enterprises* in 2022, which stipulates that deferred income taxes related to assets and liabilities arising from individual transactions are not applicable to initial recognition exemption and this is effective from 1 January 2023. The Ministry of Finance released the *Q&A on Implementation of Accounting Standards for Business Enterprises* in 2023. The financial statements for the year ended 31 December 2023 and for the year ended 31 December 2022 have been prepared by the Group and the Company in accordance with the above interpretation and Q&A, which have no significant impacts on the financial statements of the Group and the Company.

3 Taxation

(1) Main tax category and rate

Category	Tax base	Tax rate
Enterprise income tax	Levied based on taxable income	Note (a)
Value-added tax ("VAT")	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible input VAT of the current period)	Note (b)
City maintenance and construction tax	The amount of VAT paid	1% or 5% or 7%
Educational surcharge	The amount of VAT paid	3% or 5%
Local educational surcharge	The amount of VAT paid	2%
Property tax	Price-based property is subject to a 1.2% tax rate after a 30% cut in the original price of property; rental-based property is subject to a 12% tax rate for the rental income.	1.2% or 12%

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3 Taxation (Cont'd)

(1) Main tax category and rate (Cont'd)

(a) Notes to the enterprise income tax rate of the principal tax payers with different tax rates

(a-1) The following subsidiaries of the Group are subject to an enterprise income tax rate of 15% in 2023 as they qualified as high-tech enterprises and obtained the *High-tech Enterprise Certificate*:

Taxpayer	High-tech Enterprise Certificate number	Certificate acquisition date	Validity
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	GR202134003382	18 September 2021	3 years
Changsha Sunye Electric Co., Ltd.	GR202143000846	18 September 2021	3 years
Anhui Welling Auto Parts Corporation Limited	GR202134002578	18 September 2021	3 years
Hefei Hualing Co., Ltd.	GR202134000541	18 September 2021	3 years
Anhui Meizhi Precision Manufacturing Co., Ltd.	GR202134004969	18 September 2021	3 years
Hefei Midea Laundry Appliance Co., Ltd.	GR202134003561	18 September 2021	3 years
MR Semiconductor Ltd.	GR202131000701	10 September 2021	3 years
Reis Robotics (Kunshan) Co., Ltd.	GR202132000238	3 November 2021	3 years
Wuxi Filin Electronics Co., Ltd.	GR202132000964	3 November 2021	3 years
Welling (Wuhu) Motor Manufacturing Co., Ltd.	GR202134003666	18 November 2021	3 years
Beijing Huatairunda Energy Saving Co., Ltd.	GR202111004112	17 December 2021	3 years
Guangdong Midea Intelligent Technologies Co., Ltd.	GR202144008039	20 December 2021	3 years
WINONE ELEVATOR COMPANY LIMITED	GR202144006432	20 December 2021	3 years
Guangdong Midea Environmental Technologies Co., Ltd.	GR202144004692	20 December 2021	3 years
Meicloud Technology Co., Ltd.	GR202144008715	20 December 2021	3 years
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	GR202144008574	20 December 2021	3 years
GD Midea Heating & Ventilating Equipment Co., Ltd.	GR202144001270	20 December 2021	3 years
Guangdong Swisslog Technology Co., Ltd.	GR202144005648	20 December 2021	3 years
Toshiba HA Manufacturing (Nanhai) Co., Ltd.	GR202144002672	20 December 2021	3 years
Guangdong Meizhi Precision- Manufacturing Co., Ltd.	GR202144003890	20 December 2021	3 years
Shenzhen Hongzhi Software Co., Ltd.	GR202144200284	23 December 2021	3 years
Shenzhen CLOU Precision Measurement Co., Ltd.	GR202144202249	23 December 2021	3 years
Shenzhen Clou Intelligence Industry Co., Ltd.	GR202144200806	23 December 2021	3 years
CLOU Global Technology Co., Ltd.	GR202144206543	23 December 2021	3 years
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	GR202144012791	31 December 2021	3 years
Foshan Midea Chunggho Water Purification Equipment. Co., Ltd.	GR202144010400	31 December 2021	3 years
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	GR202234002343	18 October 2022	3 years
Anhui Meizhi Compressor Co., Ltd.	GR202234002700	18 October 2022	3 years
WDM Esaote(Suzhou)Medical Technology Co., Ltd.	GR202232006635	18 November 2022	3 years
Midea Group Wuhan Heating Ventilation Equipment Co.,Ltd.	GR202242004390	29 November 2022	3 years
Wuhan TTium Motor Technology Co., Ltd.	GR202242004712	29 November 2022	3 years
Huaian Welling Motor Manufacturing Co., Ltd.	GR202232018102	12 December 2022	3 years
KUKA Robotics Manufacturing China Co., Ltd.	GR202231004961	14 December 2022	3 years
Shenzhen Midea Payment Technology Co., Ltd.	GR202244208053	19 December 2022	3 years
Foshan Shunde Midea Electric Science and Technology Co., Ltd.	GR202244002733	19 December 2022	3 years
Guangzhou Midea Hualing Refrigerator Co., Ltd.	GR202244004828	19 December 2022	3 years

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3 Taxation (Cont'd)

(1) Main tax category and rate (Cont'd)

(a) Notes to the enterprise income tax rate of the principal tax payers with different tax rates(Cont'd)

(a-1) The following subsidiaries of the Group are subject to an enterprise income tax rate of 15% in 2023 as they qualified as high-tech enterprises and obtained the *High-tech Enterprise Certificate*(Cont'd):

Name of taxpayer	No. of the High-tech Enterprise Certificate	Dates of issuance	Term of validity
Guangdong Yueyun Industrial Internet Innovation Technology Co., Ltd.	GR202244006484	22 December 2022	3 years
GD Midea Environment Appliances Mfg. Co.,Ltd.	GR202244008573	22 December 2022	3 years
Wanliyun Medical Information Technology (Beijing) Co., Ltd.	GR202211008024	30 December 2022	3 years
Hubei Midea Laundry Appliance Co., Ltd.	GR202342000522	16 October 2023	3 years
Sichuan CLOU Energy Electric Co., Ltd.	GR202351003347	16 October 2023	3 years
Hubei Midea Building Technology Co., Ltd.	GR202342000405	16 October 2023	3 years
MiSiliconn Semiconductor Technologies Co., Ltd.	GR202351100902	16 October 2023	3 years
Handan Midea Air-Conditioning Equipment Co., Ltd.	GR202313000973	28 December 2023	3 years
Chongqing Midea General Refrigeration Equipment Co., Ltd.	GR202351101572	26 October 2023	3 years
Hubei Midea Refrigerator Co., Ltd.	GR202342000311	16 October 2023	3 years
Hiconics Eco-energy Drive Technology Co., Ltd.	GR202311003112	26 October 2023	3 years
Wuxi Little Swan Electric Co., Ltd.	GR202332003281	6 November 2023	3 years
Suzhou CLOU-MGE Electric Co., Ltd.	GR202332003299	6 November 2023	3 years
Jiangsu Midea Cleaning Appliances Co., Ltd.	GR202332002439	6 November 2023	3 years
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	GR202342003400	14 November 2023	3 years
Midea Network Information Services (Shenzhen) Co., Ltd.	GR202344206239	15 November 2023	3 years
Kuka Systems (China) Co., Ltd.	GR202331002862	15 November 2023	3 years
Shenzhen CLOU Electronics Co., Ltd.	GR202344204605	15 November 2023	3 years
Midea Intelligent Lighting & Controls Technology Co., Ltd.	GR202336001435	22 November 2023	3 years
Beijing Wandong Medical Technology Co.,Ltd.	GR202311003930	30 November 2023	3 years
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	GR202334004899	30 November 2023	3 years
Wuhu Midea Smart Kitchen Appliance Manufacturing Co., Ltd.	GR202334006446	30 November 2023	3 years
Shanghai Swisslog Healthcare Technology Co., Ltd.	GR202331005355	12 December 2023	3 years
Midea Welling Motor Technology (Shanghai) Co., Ltd.	GR202331003851	12 December 2023	3 years
Guangdong Midea Precision Mould Technology Co., Ltd.	GR202344005048	28 December 2023	3 years
KUKA Robotics Guangdong Co., Ltd.	GR202344010905	28 December 2023	3 years
Guangdong Shunkai Switch Co., Ltd.	GR202344003261	28 December 2023	3 years
Guangdong Witol Vacuum Electronic Manufacture Co., Ltd.	GR202344003728	28 December 2023	3 years
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	GR202344017927	28 December 2023	3 years
Guangdong Welling Motor Manufacturing Co., Ltd.	GR202344008685	28 December 2023	3 years
Foshan Welling Washer Motor Manufacturing Co., Ltd.	GR202344007566	28 December 2023	3 years
GD Midea Air-Conditioning Equipment Co., Ltd.	GR202344001853	28 December 2023	3 years
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	GR202344003947	28 December 2023	3 years
Guangdong Meizhi Compressor Limited	GR202344005746	28 December 2023	3 years
Guangdong Midea Consumer Electric Manufacturing Co., Ltd.	GR202344008924	28 December 2023	3 years
Foshan Shunde Midea Water Dispenser Manufacturing Co., Ltd.	GR202344017783	28 December 2023	3 years

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)

- (1) Main tax category and rate (Cont'd)
- (a) Notes to the enterprise income tax rate of the principal tax payers with different tax rates (Cont'd)
- (a-2) According to the *Notice of the Ministry of Finance, the State Taxation Administration on Preferential Enterprise Income Tax Policies for Hainan Free-trade Port* (Cai Shui [2020] No. 31), the Company's certain subsidiary in Hainan is subject to enterprise income tax at a rate of 15% from 1 January 2020 to 31 December 2024.
- (a-3) Pursuant to the *Notice on Extending the Preferential Enterprise Income Tax Policies for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen*, enterprises that meet the notice requirements are subject to a reduced enterprise income tax rate of 15%. Therefore, Midea Commercial Factoring Co., Ltd., a subsidiary of the Company, is subject to enterprise income tax at a rate of 15% from 1 January 2021 to 31 December 2025.
- (a-4) According to the *Announcement on Continuing the Enterprise Income Tax Policies for the Development of Western China* jointly issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on 23 April 2020, Chongqing Midea Air-Conditioning Equipment Co., Ltd., Chongqing Midea Commercial Factoring Co., Ltd., Chongqing Annto Logistics Technology Co., Ltd. and Guiyang Annto Logistics Technology Co., Ltd., subsidiaries of the Company, are subject to enterprise income tax at a rate of 15% from 1 January 2021 to 31 December 2030.
- (a-5) According to the *Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing the Preferential Income Tax Policies for the Development of Small and Micro Enterprises* (Announcement [2022], No. 13) and the *Announcement of the Ministry of Finance and the State Administration of Taxation on Implementing the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement [2023], No. 6) and Announcement of the General Administration of Taxation of the Ministry of Finance on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement [2023], No. 12) jointly issued by the Ministry of Finance and the State Taxation Administration, for Shenzhen Midea Capital Corporation Limited, Shanghai Andezhilian Supply Chain Technology Co., Ltd., Foshan Annto Logistics Technology Co., Ltd., Shenzhen Annto Intelligent Technology Co., Ltd., Tianjin Annto Network Technology Co., Ltd., Jingzhou Meian Storage and Transportation Co., Ltd., Chongqing Wanxiang Medical Equipment Co., Ltd, Shanghai Wandong Yingrui Medical Technology Co., Ltd, and Suzhou Wanying Medical Technology Co., Ltd, subsidiaries of the Company and qualified as small low-profit enterprises, in 2023, EIT is based on a 20% rate applied to 25% of its taxable income amount.
- (a-6) The Company's subsidiaries in the Chinese mainland other than those mentioned in (a-1) to (a-5) are subject to enterprise income tax at the rate of 25%.
- (a-7) In August 2008, Midea Electric Trading (Singapore) Co., Pte Ltd., the Company's subsidiary, was awarded with *the Certificate of Honour for Development and Expansion* (No. 587) by the Singapore Economic Development Board and is subject to the applicable preferential income tax rate of 6% for 2023. Lifestyle Orchestra Co.Pte.Ltd. and Little Swan International (Singapore) Co., Pte. LTD., the Company's subsidiaries, are subject to enterprise income tax at the rate of 17%.

MIDEA GROUP CO., LTD.

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(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)

- (1) Main tax category and rate (Cont'd)
- (a) Notes to the enterprise income tax rate of the principal tax payers with different tax rates (Cont'd)
- (a-8) The Company's subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5%. Such subsidiaries include Midea International Trading Company Limited, Midea International Corporation Company Limited, Midea Home Appliances Investments (Hong Kong) Co., Limited, Century Carrier Residential Air-conditioning Equipment Co., Limited, Midea Refrigeration (Hong Kong) Limited, Welling Holding Limited, Welling International Hong Kong Ltd., Chairing Holding Limited, Main Power Electrical Factory Limited and Midea Investment (Asia) Company Limited.
- (a-9) The Company's subsidiaries in BVI and Cayman Islands are exempted from enterprise income tax. Such subsidiaries include Mecca International (BVI) Limited, Titoni Investments Development Ltd., Midea Investment Holding (BVI) Limited, Midea Electric Investment (BVI) Limited, Welling Holding (BVI) Ltd., Midea Holding (Cayman Islands) Limited and Midea Investment Development Company Limited.
- (a-10) Springer Carrier Ltda., the Company's subsidiary in Brazil, is subject to Brazil enterprise income tax at the rate of 34%.
- (a-11) Some subsidiaries of TLSC, the Company's subsidiary in Japan, are subject to Japan enterprise income tax at the rate of 34.01%.
- (a-12) Clivet S.P.A ("Clivet"), the Company's subsidiaries in Italy, are subject to Italy enterprise income tax at the rate 24%.
- (a-13) KUKA Group, the Company's subsidiary in Germany, is subject to Germany enterprise income tax at the rate of 32%.
- (a-14) Servotronix Motion Control Ltd. ("SMC"), the Company's subsidiary in Israel, is subject to Israel enterprise income tax at the rate of 23%.
- (a-15) Misr Refrigeration and Air Conditioning Manufacturing Company, S.A.E., the Company's subsidiary in Egypt, is subject to Egypt enterprise income tax at the rate of 22.5%.
- (a-16) Midea America Corp., the Company's subsidiary in the USA, is subject to USA enterprise income tax at the rate of 21%.
- (a-17) Midea Consumer Electric (Vietnam) CO., LTD., the Company's subsidiary in Vietnam, is subject to Vietnam enterprise income tax at the rate of 20%.
- (a-18) Midea Refrigeration Equipment (Thailand) Co., Ltd., the Company's subsidiary in Thailand, is exempt from enterprise income tax under the investment promotion policy of the Thailand Board of Investment.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)

- (1) Main tax category and rate (Cont'd)
- (b) Notes to the VAT rate of the principal tax payers with different tax rates
 - (b-1) Pursuant to relevant provisions of the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* (Announcement [2019] No. 39) jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs and relevant regulations, the applicable tax rate of revenue arising from sales of goods and rendering of repairing and replacement services of the Company's certain subsidiaries is 13% from 1 April 2019, and that of revenue arising from real estate leasing and transportation services of the Company's certain subsidiaries is 9%.
 - (b-2) Financial services, consulting services and storage services provided by the Company and certain subsidiaries are subject to VAT at the rate of 6%.
 - (b-3) Rental revenue of the Company's certain subsidiaries is subject to easy levy of VAT at the rate of 5%.
 - (b-4) Pursuant to relevant provisions of the *Announcement on Clarifying the Value-added Tax Reduction and Exemption Policies for Small-scale Value-added Tax Taxpayers and Other Policies* (Announcement [2023] No. 1) issued by the Ministry of Finance and the State Taxation Administration, certain subsidiaries of the Company engaged in the production service sector are eligible for a 5% additional VAT deduction based on deductible input VAT in the current year from 1 January 2023 to 31 December 2023.
 - (b-5) Pursuant to relevant provisions of the *Announcement on Relevant Tax Policies for Further Supporting the Business Startup and Employment of Priority Groups* (Announcement [2023] No. 15) issued by the Ministry of Finance, the State Taxation Administration, the Ministry of Human Resources and Social Security and the Ministry of Agriculture and Rural Affairs, for certain subsidiaries of the Company that employ the people who have been lifted out of poverty and those who have been registered as unemployed for more than half a year and hold the *Certificate of Employment and Start-up* or the *Registration Certificate of Employment and Unemployment* (stating "tax policy for business absorption"), since the month of signing the labour contracts of more than 1 year and paying the social security contributions, their VAT, city maintenance and construction tax, educational surcharge, local educational surcharge and enterprise income tax will be deducted in sequence and based on quota in accordance with the actual number of employees in 3 years from 1 January 2023 to 31 December 2027.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)

(1) Main tax category and rate (Cont'd)

(b) Notes to the VAT rate of the principal tax payers with different tax rates (Cont'd)

(b-6) Pursuant to the *Notice on the Additional Value-added Tax Credit Policy for Advanced Manufacturing Enterprises* (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the current year from 1 January 2023 to 31 December 2027. The following subsidiaries of the Group are approved as advanced manufacturing enterprises for 2023 which can enjoy the above policy:

KUKA Robotics Guangdong Co., Ltd.

Guangdong Swisslog Technology Co., Ltd.

Kuka Robotics Manufacturing China Co., Ltd.

Reis Robotics (Kunshan) Co., Ltd.

Hefei Hualing Co., Ltd.

Hubei Midea Refrigerator Co., Ltd.

Guangzhou Midea Hualing Refrigerator Co., Ltd.

Toshiba HA Manufacturing (Nanhai) Co., Ltd.

Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.

Foshan Shunde Midea Washing Appliances
Manufacturing Co., Ltd.

Foshan Shunde Midea Water Dispenser Manufacturing
Co., Ltd.

Foshan Midea Chungho Water Purification Equipment
Co., Ltd.

Hiconics Eco-energy Drive Technology Co., Ltd.

Huaian Welling Motor Manufacturing Co., Ltd.

Dorna Technology Co., Ltd.

Anhui Meizhi Compressor Co., Ltd.

Anhui Welling Auto Parts Corporation Limited

Anhui Meizhi Precision Manufacturing Co., Ltd.

Welling (Wuhu) Motor Manufacturing Co., Ltd.

Guangdong Meizhi Compressor Limited

Guangdong Welling Motor Manufacturing Co., Ltd.

Foshan Welling Washer Motor Manufacturing Co., Ltd.

Guangdong Meizhi Precision- Manufacturing Co., Ltd.

Guangdong Midea Intelligent Technologies Co., Ltd.

Guangdong Midea Environmental Technologies Co., Ltd.

Changsha Sunye Electric Co., Ltd.

Wuhan TTium Motor Technology Co., Ltd.

Handan Midea Air-Conditioning Equipment Co., Ltd.

Midea Group Wuhan Refrigeration Equipment Co.,
Ltd.

Midea Group Wuhan Heating Ventilation Equipment
Co.,Ltd.

Guangzhou Hualing Refrigerating Equipment Co., Ltd.

GD Midea Air-Conditioning Equipment Co., Ltd.

Hefei Midea Heating & Ventilating Equipment Co., Ltd.

WINONE ELEVATOR COMPANY LIMITED

GD Midea Heating & Ventilating Equipment Co., Ltd.

Chongqing Midea General Refrigeration Equipment
Co., Ltd.

Guangdong Midea Consumer Electric Manufacturing
Co., Ltd.

Foshan Shunde Midea Electrical Heating Appliances
Manufacturing Co., Ltd.

GD Midea Environment Appliances Mfg. Co., Ltd.

Jiangsu Midea Cleaning Appliances Co., Ltd.

Guangdong Witol Vacuum Electronic Manufacture
Co., Ltd.

Guangdong Midea Kitchen Appliances Manufacturing
Co., Ltd.

Wuxi Filin Electronics Co., Ltd.

Wuxi Little Swan Electric Co., Ltd.

Hefei Midea Laundry Appliance Co., Ltd.

Hubei Midea Laundry Appliance Co., Ltd.

Shenzhen CLOU Electronics Co., Ltd.

Shenzhen CLOU Precision Measurement Co., Ltd.

Shenzhen Clou Intelligence Industry Co., Ltd.

CLOU Global Technology Co., Ltd.

Guangdong Shunde Switch Factory Co., Ltd.

Hubei Midea Building Technology Co., Ltd.

MiSiliconn SemiConductor Technologies Co., Ltd.

MIDEA GROUP CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2023	31 December 2022
Cash on hand	1,603	1,645
Cash at bank (a)	44,521,913	28,581,529
Other cash balances (b)	4,072,963	1,688,278
Statutory reserve with the Central Bank (c)	415,070	328,409
Surplus reserve with the Central Bank (d)	147,971	172,394
Deposits with banks and other financial institutions (e)	32,064,267	24,287,610
Interest receivable	450,059	210,234
	<u>81,673,846</u>	<u>55,270,099</u>

Including: Total amounts deposited with banks overseas (including Singapore, Japan, Hong Kong, China, Germany, Egypt and the USA), etc.	11,058,467	7,133,785
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- (a) As at 31 December 2023, cash at bank included fixed deposits with the term of over 3 months and due within 1 year, amounting to RMB 16,848,494,000 (31 December 2022: RMB 1,911,210,000).
- (b) Other cash balances mainly include letter of bank acceptance notes, letters of guarantee and letters of credit.
- (c) Statutory reserve with the Central Bank represents the statutory reserve deposited in People's Bank of China by the financial enterprise in accordance with relevant regulations. They are restricted cash and are not available for use in the Group's daily operations.
- (d) Surplus reserve with the Central Bank represents the excess over the required statutory reserve paid by financial institutions in the Central Bank, and it is bank deposit that can be readily drawn on demand.
- (e) As at 31 December 2023 and 31 December 2022, deposits with banks and other financial institutions included no fixed deposits with the term of over 3 months.

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(2) Financial assets held for trading

	31 December 2023	31 December 2022
Structural deposits (a)	53,750	1,606,608
Investments in equity instrument held for trading (b)	1,726,584	1,264,595
Others	10,254	413,390
	<u>1,790,588</u>	<u>3,284,593</u>

(a) Structural deposits were deposits with financial institutions due within 1 year, which were measured at fair value through profit or loss.

(b) Investments in equity instrument held for trading referred to equity investments in listed companies, which were measured at fair value through profit or loss.

(3) Notes receivable

	31 December 2023	31 December 2022
Bank acceptance notes	5,477,291	4,705,290
Trade acceptance notes	110,271	114,595
Less: Provision for bad debts (a)	(65,602)	(61,756)
	<u>5,521,960</u>	<u>4,758,129</u>

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(3) Notes receivable (Cont'd)

(a) Provision for bad debts

The Group's notes receivable are generated from the sale of goods, provision of services and other daily business activities, regardless of whether there is a significant financing component, are measured on the basis of expected credit losses throughout the duration of the provision for bad debts allowance for doubtful accounts

Allowance for doubtful accounts categories as follows:

	31 December 2023			
	Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	64,839	1.16%	(64,839)	100.00%
Provision for bad debts on a grouping basis (ii)	5,522,723	98.84%	(763)	0.01%
	<u>5,587,562</u>	<u>100.00%</u>	<u>(65,602)</u>	

	31 December 2022			
	Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	61,467	1.28%	(59,813)	97.31%
Provision for bad debts on a grouping basis (ii)	4,758,418	98.72%	(1,943)	0.04%
	<u>4,819,885</u>	<u>100.00%</u>	<u>(61,756)</u>	

(i) Notes receivable for which the related provision for bad debts was provided on an individual basis are analysed as follows:

As at 31 December 2022 and 2023, as the companies encountered financial distress, the Group has evaluated relative cash flow that might be collected under different scenarios, and recognised the present value of the difference between the present value of the cash flows that might be collected and the cash flows receivable according to the contract as provision for bad debts as provision for bad debts,.

(ii) Notes receivable for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

As at 31 December 2023, the Group considered that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks..

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(3) Notes receivable (Cont'd)

(b) As at 31 December 2023, notes receivable endorsed or discounted but unmatured are as follows:

	Derecognised	Not derecognised
Trade acceptance notes	—	25,747
Bank acceptance notes (i)	181,956	3,061,225
	<u>181,956</u>	<u>3,086,972</u>

(i) For the year ended 31 December 2023 and 31 December 2022, certain bank acceptance notes were discounted and endorsed and derecognised by some subsidiaries of the Group for the purpose of daily treasury management, and the business model for managing the notes receivable was aimed to both collect the contractual cash flows and sell such financial assets, which thereby categorised the balance of these bank acceptance notes that satisfied the above conditions as financial assets at fair value through other comprehensive income and presented them as receivables financing (Note 4(6)). The remained bank acceptance notes that did not meet the above conditions and business model were presented as notes receivable.

(4) Accounts receivable

	31 December 2023	31 December 2022
Accounts receivable	34,367,460	29,570,582
Less: Provision for bad debts (b)	(1,482,721)	(1,332,609)
	<u>32,884,739</u>	<u>28,237,973</u>

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2023	31 December 2022
Within 1 year	32,609,034	28,142,167
1 to 2 years	1,114,153	1,099,842
2 to 3 years	326,815	140,153
3 to 5 years	188,085	101,202
Over 5 years	129,373	87,218
	<u>34,367,460</u>	<u>29,570,582</u>

As at 31 December 2023 and 31 December 2022, the Group had no significant overdue accounts receivable.

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(4) Accounts receivable (Cont'd)

(b) Provision for bad debts

For accounts receivable, the Group recognises the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component.

As at 31 December 2023, accounts receivable for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Domestic customers	656,920	89.86%	(590,325)	The debtor encountered financial distress, etc.
Foreign customers	<u>624,425</u>	30.73%	<u>(191,906)</u>	
	<u>1,281,345</u>		<u>(782,231)</u>	

As at 31 December 2022, accounts receivable for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Domestic customers	1,061,199	52.13%	(553,196)	The debtor encountered financial distress, etc.
Foreign customers	<u>22,437</u>	97.37%	<u>(21,847)</u>	
	<u>1,083,636</u>		<u>(575,043)</u>	

As at 31 December 2023, accounts receivable for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

	31 December 2023		
	Book balance Amount	Lifetime ECL rate	Provision for bad debts Amount
Domestic business grouping	14,234,866	3.00%	(427,472)
Overseas business grouping	<u>18,851,249</u>	1.45%	<u>(273,018)</u>
	<u>33,086,115</u>		<u>(700,490)</u>

MIDEA GROUP CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(4) Accounts receivable (Cont'd)

(b) Provision for bad debts (Cont'd)

As at 31 December 2022, accounts receivable for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Domestic business grouping	12,494,592	2.72%	(340,084)
Overseas business grouping	15,992,354	2.61%	(417,482)
	<u>28,486,946</u>		<u>(757,566)</u>

(c) The provision for bad debts in the current year amounted to RMB 571,890,000 (2022: RMB 680,932,000). The provision for bad debts reversed in the current year amounted to RMB 384,196,000 (2022: RMB 205,575,000). The provision for bad debts written off in the current year amounted to RMB 75,948,000 (2022: RMB 55,411,000).

(d) As at 31 December 2023, the five largest accounts receivable and contract assets aggregated by debtor are summarised and analysed as follows:

	Amount	Provision for bad debts	% of total balance
Total amount of the five largest accounts receivable and contract assets	<u>3,568,439</u>	<u>(141,689)</u>	<u>9.26%</u>

(e) Certain accounts receivables were pledged for bank loan facilities as at 31 December 2023.

(5) Other receivables

	31 December 2023	31 December 2022
Other receivables	2,233,595	2,249,186
Less: Provision for bad debts	<u>(51,717)</u>	<u>(38,009)</u>
	<u>2,181,878</u>	<u>2,211,177</u>

The Group does not have amounts that are aggregated to other parties and reported in other receivables as a result of centralised fund management.

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(5) Other receivables (Cont'd)

- (a) Other receivables mainly include security deposit and guarantee, current accounts, petty cash to staff and receivables related to stock options.

The ageing of other receivables is analysed as follows:

	31 December 2023	31 December 2022
Within 1 year	1,688,987	1,932,646
1 to 2 years	208,857	137,213
2 to 3 years	162,943	97,205
3 to 5 years	98,851	48,616
Over 5 years	73,957	33,506
	<u>2,233,595</u>	<u>2,249,186</u>

(b) Provision for losses and changes in book balance statement

Provisions for bad debts of other receivables are analysed by category as follows:

	31 December 2023			
	Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	159,088	7.12%	(6,332)	3.98%
Provision for bad debts on a grouping basis (ii)	2,074,507	92.88%	(45,385)	2.19%
	<u>2,233,595</u>	<u>100.00%</u>	<u>(51,717)</u>	

	31 December 2022			
	Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	72,221	3.21%	(4,262)	5.90%
Provision for bad debts on a grouping basis (ii)	2,176,965	96.79%	(33,747)	1.55%
	<u>2,249,186</u>	<u>100.00%</u>	<u>(38,009)</u>	

	Stage 1				Stage 3		Sub-total Provision for bad debts
	12-month ECL (Grouping)		12-month ECL (Individual)		Lifetime ECL (Credit impaired)		
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts	
31 December 2022	2,176,965	33,747	67,959	-	4,262	4,262	38,009
Transfer to Stage 3	(6,166)	(268)	-	-	6,166	268	-
Net /(decrease) /increase in the current year	(96,292)	17,182	84,797	-	(4,096)	1,752	18,934
Including: Write-off in the current year	-	-	-	-	(4,096)	(4,096)	(4,096)
Derecognition	-	-	-	-	-	-	-
Differences on translation of foreign currency financial statements	-	(5,276)	-	-	-	50	(5,226)
31 December 2023	<u>2,074,507</u>	<u>45,385</u>	<u>152,756</u>	<u>-</u>	<u>6,332</u>	<u>6,332</u>	<u>51,717</u>

As at 31 December 2023 and 31 December 2022, the Group had no other receivables at Stage 2.

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4 Notes to the consolidated financial statements (Cont'd)

(5) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statement (Cont'd)

(i) As at 31 December 2023, other receivables for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	12-month ECL rate	Provision for bad debts	Reason
Stage 1	152,756	0.00%	-	Relatively low bad debt risks
	Book balance	lifetime ECL rates	Provision for bad debts	Reason
Stage 3	6,332	100.00%	(6,332)	The debtor encountered financial distress, etc.

As at 31 December 2022, other receivables for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	12-month ECL rate	Provision for bad debts	Reason
Stage 1	67,959	0.00%	-	Relatively low bad debt risks
	Book balance	lifetime ECL rates	Provision for bad debts	Reason
Stage 3	4,262	100.00%	(4,262)	The debtor encountered financial distress, etc.

(ii) As at 31 December 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on a grouping basis were all at Stage 1, which are analysed as follows:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts	Provision ratio	Book balance	Provision for bad debts	Provision ratio
	Amount	Amount	ratio	Amount	Amount	ratio
Security deposit/guarantee and other receivables grouping	2,074,507	(45,385)	2.19%	2,176,965	(33,747)	1.55%

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4 Notes to the consolidated financial statements (Cont'd)

(5) Other receivables (Cont'd)

(c) The provision for bad debts in the current year amounted to RMB 35,940,000 (2022: RMB 36,072,000). The provision for bad debts reversed in the current year amounted to RMB 12,910,000 (2022: RMB 38,848,000) The provision for bad debts written off in the current year amounted to RMB 4,096,000 (2022: RMB 1,565,000).

(d) As at 31 December 2023, the five largest other receivables aggregated by debtor are summarised and analysed as follows:

	Amount	Provision for bad debts	% of total balance
Total amount of the five largest other receivables	<u>283,102</u>	<u>(3,093)</u>	<u>12.67%</u>

(e) As at 31 December 2023 and 31 December 2022, the Group had no significant government grants recognised at amounts receivable.

(f) As at 31 December 2023 and 31 December 2022, the Group had no overdue dividends receivable.

(6) Receivables financing

	31 December 2023	31 December 2022
Receivables financing	<u>13,330,008</u>	<u>13,526,540</u>

The Group's receivables financing were mainly accounts receivable and bank acceptance notes transferred, discounted and endorsed for the purpose of daily treasury management and were qualified for derecognition. In 2023, the Group endorses and discounts the bank acceptance notes and the Group transfers substantially all the risks and rewards of ownership to the transferee. The carrying amount of bank acceptance notes derecognised were RMB 37,374,909,000(2022: RMB 39,064,235,000) and the relevant discount losses were RMB 19,609,000(2022: RMB 55,701,000)

As at 31 December 2023 and 31 December 2022, the Group measured provision for bad debts based on the lifetime ECL. As the credit risk characteristics of these bank acceptance notes were similar, no provision for impairment was made individually. In addition, the Group considered that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks.

As at 31 December 2023, in addition to Note 4(3)(b), the Group's bank acceptance notes endorsed or discounted but not matured amounted to RMB 10,285,438,000 (31 December 2022: RMB 12,368,841,000), all of which were derecognised.

In 2023, there was no material write-off of receivables financing in the Group (2022: Nil).

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4 Notes to the consolidated financial statements (Cont'd)

(7) Advances to suppliers

	31 December 2023	31 December 2022
Prepayments for raw materials and others	<u>3,316,194</u>	<u>4,367,211</u>

(a) The ageing of advances to suppliers is analysed below:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	3,175,857	95.76%	4,238,120	97.04%
1 to 2 years	94,533	2.85%	83,905	1.92%
2 to 3 years	21,058	0.64%	17,820	0.41%
Over 3 years	24,746	0.75%	27,366	0.63%
	<u>3,316,194</u>	<u>100.00%</u>	<u>4,367,211</u>	<u>100.00%</u>

As at 31 December 2023, advances to suppliers with ageing over 1 year with a carrying amount of RMB 140,337,000 (31 December 2022: RMB 129,091,000) were mainly unsettled prepayments for raw materials.

As at 31 December 2023, the five largest advances to suppliers aggregated by debtor are summarised and analysed as follows:

	Amount	% of total balance
Total amount of the five largest advances to suppliers	<u>488,504</u>	<u>14.73%</u>

(8) Contract assets

	31 December 2023	31 December 2022
Contract assets	4,163,267	4,572,177
Less: Provision for impairment of contract assets	<u>(117,342)</u>	<u>(73,221)</u>
Total	<u>4,045,925</u>	<u>4,498,956</u>

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component.

In 2023, there was no material write-off of contract assets in the Group (2022: Nil).

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4 Notes to the consolidated financial statements (Cont'd)

(8) Contract assets (Cont'd)

As at 31 December 2023, contract assets for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	Lifetime ECL rate	Provision for impairment	Reason
				The debtor encountered financial distress, etc.
Domestic business	<u>71,441</u>	<u>72.47%</u>	<u>(51,772)</u>	

As at 31 December 2022, there were no contract assets for which the related provision for bad debts was provided on an individual basis.

As at 31 December 2023, contract assets for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Domestic business grouping	1,359,776	2.31%	(31,467)
Overseas business grouping	<u>2,732,050</u>	1.25%	<u>(34,103)</u>
	<u>4,091,826</u>		<u>(65,570)</u>

As at 31 December 2022, contract assets for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Domestic business grouping	1,469,430	2.80%	(41,155)
Overseas business grouping	<u>3,102,747</u>	1.03%	<u>(32,066)</u>
	<u>4,572,177</u>		<u>(73,221)</u>

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4 Notes to the consolidated financial statements (Cont'd)

(9) Loan receivables

(a) By individual and corporation:

	31 December 2023	31 December 2022
loan receivables measured at amortised cost		
Loan receivables to individuals	1,555,477	1,820,952
Loan receivables to corporations	14,073,508	13,475,027
Including: Loans	10,939,505	11,138,739
Note discounting	3,134,003	2,336,288
	15,628,985	15,295,979
Less: Provision for loan losses	(356,755)	(463,929)
	<u>15,272,230</u>	<u>14,832,050</u>

As at 31 December 2023, loan receivables over 1 year amounted to RMB 975,272,000 (31 December 2022: RMB 693,294,000).

(b) By type of collateral held:

	31 December 2023	31 December 2022
Unsecured loans	1,553,285	1,818,768
Guaranteed loans	481,542	598,437
Pledged loans	13,594,158	12,878,774
Total loan receivables	<u>15,628,985</u>	<u>15,295,979</u>

(c) The provision for bad debts in the current year amounted to RMB 44,273,000 (2022: RMB 25,814,000), the provision for bad debts was written off amounted to RMB 9,466,000 (2022: Nil) and the provision for bad debts reversed in the current year amounted to RMB 170,274,000 (2022: RMB 14,612,000) (Note 4(25)).

(d) As at 31 December 2023, the cost of the Group's loan receivables for which the provision for bad debts was provided on an individual basis amounted to RMB 3,083,537,000 (December 31, 2022: RMB 2,202,392,000), and the provision for bad debts amounted to RMB 62,293,000(December 31, 2022:RMB 97,565,000).

(e) As at 31 December 2023 and 31 December 2022, the Group included the most of loan receivables in Stage 1 and measured provision for impairment based on the 12-month ECL.

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4 Notes to the consolidated financial statements (Cont'd)

(10) Inventories

(a) Inventories are summarised by category as follows:

	31 December 2023			31 December 2022		
	Book balance	Provision for decline in the value of inventories	Carrying amount	Book balance	Provision for decline in the value of inventories	Carrying amount
Finished goods	35,291,863	(353,307)	34,938,556	34,753,459	(458,121)	34,295,338
Raw materials	8,572,689	(344,224)	8,228,465	8,675,143	(241,247)	8,433,896
Work in progress	3,170,699	-	3,170,699	2,519,241	-	2,519,241
Consigned processing materials	444,995	-	444,995	427,838	-	427,838
Contract fulfilment costs (i)	556,540	-	556,540	368,584	-	368,584
	<u>48,036,786</u>	<u>(697,531)</u>	<u>47,339,255</u>	<u>46,744,265</u>	<u>(699,368)</u>	<u>46,044,897</u>

(i) The book balance of contract fulfilment costs mainly refers to transportation costs incurred to fulfil sales contracts prior to the transferring of control over goods to customers.

(b) Analysis of provision for decline in the value of inventories is as follows:

	31 December 2022	Increase in the current year	Decrease in the current year	Differences on translation of foreign currency financial statements	31 December 2023
		Provision	Reversal or write-off		
Finished goods	458,121	208,360	(316,901)	3,727	353,307
Raw materials	241,247	127,041	(34,095)	10,031	344,224
	<u>699,368</u>	<u>335,401</u>	<u>(350,996)</u>	<u>13,758</u>	<u>697,531</u>

(c) Provision for decline in the value of inventories is as follows:

	Specific basis for determining net realisable value	Reason for reversal or write-off of provision for decline in the value of inventories
Finished goods	Stated at the lower of cost and net realisable value	Sales
Raw materials	Stated at the lower of cost and net realisable value	Requisition for production

(11) Current portion of non-current assets

	31 December 2023	31 December 2022
Other debt investments due within 1 year (Note 4(13))	4,664,429	5,875,076
Long-term receivables due within 1 year (Note 4(14))	678,587	553,591
Current portion of other non-current assets (Note 4(24))	5,417,561	31,124,411
	<u>10,760,577</u>	<u>37,553,078</u>

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4 Notes to the consolidated financial statements (Cont'd)

(12) Other current assets

	31 December 2023	31 December 2022
Fixed-income products (a)	53,858,011	38,748,850
Input VAT to be deducted	5,852,464	3,875,519
Prepaid expenses	1,047,492	856,455
Others (b)	2,142,924	3,061,554
	<u>62,900,891</u>	<u>46,542,378</u>

(a) Fixed-income products were monetary investment products and certificate of deposit deposited in financial institutions with maturities of no more than 1 year at the time of acquisition, which were subsequently measured at amortised cost. As at 31 December 2023 and 31 December 2022, the Group considered that there was no significant increase in credit risk of fixed-income products since initial recognition, and made provision for loss based on 12-month ECL. The Group considered that there was no significant credit risk associated with them, and did not expect that there would be any significant losses from non-performance by these financial institutions. The restrictions on fixed-income products are detailed in Note(24)(b)

(b) As at 31 December 2023, the Group acquired transferable certificates of deposit with a maturity of less than one year of RMB 30,000,000 (31 December 2022: RMB 656,967,000), measured at fair value through other comprehensive income.

(13) Other debt investments

	31 December 2023	31 December 2022
Fair value through other comprehensive income		
- Transferable certificate of deposit	10,983,476	16,969,335
Less: Other debt investments due within 1 year (Note 4(11))	<u>(4,664,429)</u>	<u>(5,875,076)</u>
	<u>6,319,047</u>	<u>11,094,259</u>

At 31 December 2023 and 31 December 2022, the cost of the Group's transferable certificates of deposit was not materially different from its fair value.

As at 31 December 2023 and December 31 2022, the Group considered that there was no significant increase in credit risk of transferable certificate of deposit since initial recognition, and made provision for loss based on 12-month ECL. The Group considered that there was no significant credit risk associated with transferable certificate of deposit and did not expect that there would be any significant losses from non-performance by these financial institutions.

In current year, there was no material write-off of other debt investments in the Group (2022: Nil).

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4 Notes to the consolidated financial statements (Cont'd)

(14) Long-term receivables

	31 December 2023	31 December 2022
Long-term receivables	1,050,627	1,176,968
Less: Provision for bad debts	<u>(121,521)</u>	<u>(8,779)</u>
	929,106	1,168,189
Less: Long-term receivables due within 1 year (Note 4(11))	<u>(678,587)</u>	<u>(553,591)</u>
	<u>250,519</u>	<u>614,598</u>

The Group's long-term receivables are presented in net amount of finance lease receivables after offsetting the unrealised financing income.

(15) Long-term equity investments

Long-term equity investments are classified as follows:

	31 December 2023	31 December 2022
Investments in associates and joint ventures (a)	4,976,109	5,188,817
Less: Provision for impairment of long-term equity investments	<u>-</u>	<u>-</u>
	<u>4,976,109</u>	<u>5,188,817</u>

- (a) Investments in associates and joint ventures mainly refer to the investments in Guangdong Shunde Rural Commercial Bank Co., Ltd. (Shunde Rural Commercial Bank), Carrier Midea North America LLC., Hefei Royalstar Motor Co., Ltd., Foshan Micro Midea Filter Mfg. Co., Ltd., Concepcion Midea Inc., TWENTYTHREEC LLC, Shenzhen CEGN Co., Ltd., T. G. BATTERY CO. (HONG KONG) LIMITED, and other enterprises by the Group.

The changes in equity of the Group's investment in associates and joint ventures are as follows:

31 December 2022	Movements in the current year							Others	31 December 2023
	Increase in investments and transfer-in	Business combinations	Decrease in investments and transfer-out	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared		
5,188,817	15,348	366,938	(936,303)	680,759	8,031	3,412	(360,750)	9,857	4,976,109

- (b) In 2023, the Group's sales revenue to associates and joint ventures was RMB 2,587,058,000, with the closing balance of receivables from associates and joint ventures at RMB 275,963,000. The purchase amount to associates and joint ventures was RMB 859,288,000, with the ending balance of payables to associates and joint ventures at RMB 269,155,000. These transactions were conducted in accordance with normal commercial terms at agreed price by reference to the market price. These transactions are negotiated on normal commercial terms with reference to market prices.
- (c) As at 31 December 2023, the Group's cash deposited in Shunde Rural Commercial Bank amounted to RMB 4,604,976,000, and other non-current assets amounted to RMB 5,900,564,000. The interest income obtained by the Group from Shunde Rural Commercial Bank was RMB 293,347,000

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4 Notes to the consolidated financial statements (Cont'd)

(16) Other non-current financial assets

	31 December 2023	31 December 2022
Measured at fair value		
- Equity of unlisted companies, etc.	5,687,591	6,348,556
Others (a)	<u>2,082,347</u>	<u>4,276,688</u>
	<u>7,769,938</u>	<u>10,625,244</u>

(a) As at 31 December 2023 and December 31 2022, the main information of the Group's unmatured cross-currency interest rate swaps were set out in Note 4(37).

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4 Notes to the consolidated financial statements (Cont'd)

(17) Property, plant and equipment

	Buildings	Overseas land	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
Cost						
31 December 2022	22,049,136	1,335,277	24,331,913	773,893	6,376,643	54,866,862
Increase in the current year						
Purchase	270,762	61,793	2,987,375	65,439	1,298,264	4,683,633
Transfer from construction in progress	3,266,288	-	126,355	-	73,969	3,466,612
Increase by business combinations	1,024,144	-	413,976	102,997	108,537	1,649,654
Others	231,695	2,901	89,497	-	3,332	327,425
Decrease in the current year						
Disposal, retirement and others	(419,589)	(19,673)	(1,783,744)	(49,786)	(554,948)	(2,827,740)
Differences on translation of foreign currency financial statements	8,819	7,330	(55,246)	(1,694)	46,591	5,800
31 December 2023	26,431,255	1,387,628	26,110,126	890,849	7,352,388	62,172,246
Accumulated depreciation						
31 December 2022	9,928,550	-	13,686,225	552,718	4,560,855	28,728,348
Increase in the current year						
Provision	1,100,853	-	1,565,697	99,145	937,590	3,703,285
Others	145,263	-	61,441	-	41	206,745
Decrease in the current year						
Disposal, retirement and others	(144,871)	-	(876,895)	(29,828)	(413,141)	(1,464,735)
Differences on translation of foreign currency financial statements	(8,107)	-	(43,891)	(811)	28,527	(24,282)
31 December 2023	11,021,688	-	14,392,577	621,224	5,113,872	31,149,361
Provision for impairment						
31 December 2022	9,425	5,365	12,238	20,891	7,603	55,522
Increase in the current year						
Provision	9,978	-	20,555	-	3,417	33,950
Decrease in the current year						
Disposal, retirement and others	-	-	(2,449)	-	(1,991)	(4,440)
Differences on translation of foreign currency financial statements	(94)	(147)	(7)	(3)	141	(110)
31 December 2023	19,309	5,218	30,337	20,888	9,170	84,922
Carrying amount						
31 December 2023	15,390,258	1,382,410	11,687,212	248,737	2,229,346	30,937,963
31 December 2022	12,111,161	1,329,912	10,633,450	200,284	1,808,185	26,082,992

- (a) In 2023, the depreciation of property, plant and equipment amounted to RMB 3,703,285,000 (2022: RMB 3,365,445,000).
- (b) As at 31 December 2023, the Company was still in the course of obtaining the ownership certificate for the property, plant and equipment with a carrying amount of RMB 854,217,000 (31 December 2022: RMB 1,359,215,000).
- (c) Certain property, plant and equipment were pledged as securities for bank loan facilities, as at 31 December 2023.

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4 Notes to the consolidated financial statements (Cont'd)

(18) Construction in progress

	31 December 2023			31 December 2022		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shanghai Global Innovation Centre Project	2,009,875	-	2,009,875	1,427,405	-	1,427,405
Midea Headquarters A08 Land Parcel Project	749,805	-	749,805	357,612	-	357,612
Midea Digital Factory Project	358,801	-	358,801	142,595	-	142,595
Midea Xingtan Industrial Park Project	352,830	-	352,830	153,893	-	153,893
Gui'an Midea Cloud Project	150,126	-	150,126	419	-	419
Innovation and Technology Park Project	147,670	-	147,670	2,789	-	2,789
Midea Headquarters A04 Land Parcel Project	-	-	-	147,143	-	147,143
Thailand Factories	-	-	-	347,207	-	347,207
Welling Auto Parts Project	-	-	-	152,457	-	152,457
Other projects	966,692	(54,579)	912,113	1,146,399	(34,142)	1,112,257
	<u>4,735,799</u>	<u>(54,579)</u>	<u>4,681,220</u>	<u>3,877,919</u>	<u>(34,142)</u>	<u>3,843,777</u>

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4 Notes to the consolidated financial statements (Cont'd)

(18) Construction in progress (Cont'd)

(a) Movements of significant projects of construction in progress

	31 December 2022 Book balance	Increase in the current year	Transfer to property, plant and equipment in the current year	Other decreases	Differences on translation of foreign currency financial statements	31 December 2023 Book balance	Source of funds
Shanghai Global Innovation Centre Project	1,427,405	582,470	-	-	-	2,009,875	Self-financing
Midea Headquarters A08 Land Parcel Project	357,612	392,193	-	-	-	749,805	Self-financing Borrowings
Midea Digital Factory Project	142,595	216,206	-	-	-	358,801	/Self-financing
Midea Xingtan Industrial Park Project	153,893	198,937	-	-	-	352,830	Self-financing
Gui'an Midea Cloud Project	419	149,707	-	-	-	150,126	Self-financing
Innovation and Technology Park Project	2,789	144,881	-	-	-	147,670	Self-financing
Midea Headquarters A04 Land Parcel Project	147,143	104,116	(251,259)	-	-	-	Self-financing
Thailand Factories	347,207	20,929	(372,264)	-	4,128	-	Self-financing
Welling Auto Parts Project	152,457	77,000	(229,457)	-	-	-	Self-financing
Smart Energy Industrial Park Project	-	1,445,198	(1,445,198)	-	-	-	Self-financing
Other projects	1,146,399	1,055,211	(1,168,434)	(63,637)	(2,847)	966,692	Self-financing
	<u>3,877,919</u>	<u>4,386,848</u>	<u>(3,466,612)</u>	<u>(63,637)</u>	<u>1,281</u>	<u>4,735,799</u>	

(i) As at 31 December 2023 and December 31 2022, the cost of construction in progress matched the budget amount, and the projects were carried out on schedule.

(ii) In current year, the Group's self-constructed plants were transferred to property, plant and equipment upon completion and acceptance and when ready for their intended use; and the purchased machinery and equipment were transferred to property, plant and equipment when they met the design requirements and were ready for their intended use after installation, commissioning and acceptance.

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4 Notes to the consolidated financial statements (Cont'd)

(19) Right-of-use assets

	Buildings	Machinery and equipment	Land use rights and others	Total
Cost				
31 December 2022	3,542,397	292,273	121,807	3,956,477
Increase in the current year				
New lease contracts	1,994,030	129,722	48,773	2,172,525
Lease modifications and others	62,089	32,619	17,397	112,105
Decrease in the current year				
Expiration of lease contract	(728,458)	(84,936)	(26,261)	(839,655)
Lease modifications and others	(291,619)	(24,230)	(15,634)	(331,483)
Differences on translation of foreign currency financial statements	45,102	12,302	431	57,835
31 December 2023	4,623,541	357,750	146,513	5,127,804
Accumulated depreciation				
31 December 2022	1,391,933	189,696	34,970	1,616,599
Increase in the current year				
Provision	1,184,933	100,928	54,913	1,340,774
Decrease in the current year				
Expiration of lease contract	(728,458)	(84,936)	(26,261)	(839,655)
Lease modifications and others	(51,303)	(13,091)	(1,006)	(65,400)
Differences on translation of foreign currency financial statements	19,960	6,466	275	26,701
31 December 2023	1,817,065	199,063	62,891	2,079,019
Carrying amount				
31 December 2023	2,806,476	158,687	83,622	3,048,785
31 December 2022	2,150,464	102,577	86,837	2,339,878

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4 Notes to the consolidated financial statements (Cont'd)

(20) Intangible assets

	Land use rights	Patents and non-patent technologies	Trademark rights	Trademark use rights	Others	Total
Cost						
31 December 2022	7,623,704	3,232,374	4,894,654	2,188,283	5,841,999	23,781,014
Increase in the current year						
Purchase	200,757	4,971	-	214	108,227	314,169
Increase by business combinations	539,226	1,131,085	-	-	388,810	2,059,121
Others	19,900	-	-	-	272,154	292,054
Decrease in the current year						
Disposal and others	(181,999)	(13,616)	-	-	(511,011)	(706,626)
Differences on translation of foreign currency financial statements	(6,357)	60,689	221,783	(63,091)	308,364	521,388
31 December 2023	8,195,231	4,415,503	5,116,437	2,125,406	6,408,543	26,261,120
Accumulated amortisation						
31 December 2022	1,278,249	1,172,588	219,885	383,604	3,589,984	6,644,310
Increase in the current year						
Provision	164,023	295,578	66,969	52,334	589,146	1,168,050
Others	6,865	-	-	-	-	6,865
Decrease in the current year						
Disposal and others	(13,949)	(12,840)	-	-	(479,789)	(506,578)
Differences on translation of foreign currency financial statements	(255)	38,160	1,683	(5,510)	197,770	231,848
31 December 2023	1,434,933	1,493,486	288,537	430,428	3,897,111	7,544,495
Provision for impairment						
31 December 2022	-	107,427	-	-	120,362	227,789
Increase in the current year						
Provision	-	-	-	-	25,642	25,642
Decrease in the current year						
Disposal and others	-	-	-	-	-	-
Differences on translation of foreign currency financial statements	-	(405)	-	-	5,863	5,458
31 December 2023	-	107,022	-	-	151,867	258,889
Carrying amount						
31 December 2023	6,760,298	2,814,995	4,827,900	1,694,978	2,359,565	18,457,736
31 December 2022	6,345,455	1,952,359	4,674,769	1,804,679	2,131,653	16,908,915

- (a) In 2023, the amortisation of intangible assets amounted to RMB1,168,050,000 (2022: RMB1,016,824,000).
- (b) As at 31 December 2023, There was no intangible assets without the certificate of title(31 December 2022: RMB 33,814,900).
- (c) Certain intangible assets were pledged as securities for bank loan facilities as at 31 December 2023.

MIDEA GROUP CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

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4 Notes to the consolidated financial statements (Cont'd)

(21) Goodwill

The Group's goodwill had been allocated to the relevant cash generating unit and cash generating units at the acquisition date, without any change of goodwill allocation in 2023, and the allocation is as follows:

	31 December 2023	31 December 2022
Goodwill -		
KUKA Group	22,364,486	21,122,932
TLSC Group	2,338,037	2,437,914
Little Swan	1,361,306	1,361,306
Others	5,327,237	4,149,906
	<u>31,391,066</u>	<u>29,072,058</u>
Less: Provision for impairment	<u>(532,829)</u>	<u>(523,405)</u>
	<u>30,858,237</u>	<u>28,548,653</u>

When making an impairment testing of goodwill, the Group compares the carrying amounts of the relevant cash generating unit or cash generating units with their recoverable amounts. If the recoverable amount is lower than the carrying amount, the difference shall be included in profit or loss for the current period.

As at 31 December 2023, the recoverable amount of cash generating unit or cash generating units with goodwill was calculated using discounted future cash flows determined according to the budget approved by management (the forecast period is 5 to 6 years). The future cash flows beyond the forecast period are calculated based on the estimated perpetual annual growth rates. The perpetual annual growth rates (mainly 1%-2%) applied by management are consistent with the estimates of the industry, and do not exceed the long-term average growth rates of each product. Management determines forecast period revenue annual growth rates (mainly 2.89%-15.43%) and gross margins (mainly 22.79%-34.17%) based on past experience and forecast on future market development. The pre-tax discount rates (mainly 10.73%-14.92%) used by management are the pre-tax rates that are able to reflect the risks specific to the related cash generating unit or cash generating units. Management analyses the recoverable amount of each cash generating unit or cash generating units based on these assumptions and considers that no further provision for impairment is necessary for the goodwill.

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4 Notes to the consolidated financial statements (Cont'd)

(22) Long-term prepaid expenses

Long-term prepaid expenses mainly include expenses prepaid for software and project reconstruction.

(23) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deductible losses	10,350,251	2,126,566	6,424,498	1,500,622
Provision for asset impairment	4,706,740	1,038,938	3,562,556	753,511
Employee benefits payable	1,065,764	213,045	931,503	190,398
Other current liabilities	41,533,600	7,386,896	35,502,379	6,534,476
Others	16,388,482	3,915,192	14,889,531	3,233,559
	<u>74,044,837</u>	<u>14,680,637</u>	<u>61,310,467</u>	<u>12,212,566</u>
Including:				
Expected to be recovered within 1 year (inclusive)		10,595,710		8,754,919
Expected to be recovered after 1 year		<u>4,084,927</u>		<u>3,457,647</u>
		<u>14,680,637</u>		<u>12,212,566</u>

(b) Deferred tax liabilities before offsetting

	31 December 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value	982,749	202,257	1,043,209	236,440
Business combinations involving enterprises not under common control	12,819,515	3,124,747	10,898,558	2,921,290
Others	21,591,963	3,680,763	16,872,927	3,458,213
	<u>35,394,227</u>	<u>7,007,767</u>	<u>28,814,694</u>	<u>6,615,943</u>
Including:				
Expected to be recovered within 1 year (inclusive)		1,159,024		1,221,941
Expected to be recovered after 1 year		<u>5,848,743</u>		<u>5,394,002</u>
		<u>7,007,767</u>		<u>6,615,943</u>

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4 Notes to the consolidated financial statements (Cont'd)

(23) Deferred tax assets and deferred tax liabilities (Cont'd)

- (c) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	31 December 2023 Balance after offsetting	31 December 2022 Balance after offsetting
Deferred tax assets	12,771,150	10,244,296
Deferred tax liabilities	5,098,280	4,647,673

- (d) As at 31 December 2023, the amount of deductible temporary differences and tax losses not unrecognised deferred tax assets of the Group were approximately RMB 15,190,667,000.

- (e) Tax losses not recognised deferred tax assets can be carried forward to future years, with an amount of approximately RMB 264,348,000 expected to expire within one year, approximately RMB 495,325,000 to expire within one to two years, approximately RMB 702,361,000 to expire within two to three years, approximately RMB 991,896,000 to expire within three to four years, and approximately RMB 11,044,420,000 to expire after four years.

(24) Other non-current assets

	31 December 2023	31 December 2022
Fixed-income products (a)	84,538,948	73,157,118
Others	1,482,139	807,372
Less: Fixed-income products due within 1 year (Note 4(11))	<u>(5,417,561)</u>	<u>(31,124,411)</u>
	<u>80,603,526</u>	<u>42,840,079</u>

- (a) As at 31 December 2023 and 31 December 2022, fixed-income products were fixed deposits, monetary investment products and certificate of deposit deposited in financial institutions with maturities of more than 1 year at the time of acquisition, which were subsequently measured at amortised cost.

- (b) Certain fixed-income products were pledged for bank loan facilities as at 31 December 2023.

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4 Notes to the consolidated financial statements (Cont'd)

(25) Asset impairment and provision for loss

	31 December 2022	Increase in the current year	Decrease in the current year		Differences on translation of foreign currency financial statements and others	31 December 2023
			Reversal	Write-off		
Provision for bad debts	1,905,082	785,606	(586,982)	(89,510)	64,120	2,078,316
Less: Provision for bad debts of accounts receivable	1,332,609	571,890	(384,196)	(75,948)	38,366	1,482,721
Provision for losses of loan receivables	463,929	44,273	(170,274)	(9,466)	28,293	356,755
Provision for bad debts of notes receivable	61,756	22,472	(18,626)	-	-	65,602
Provision for bad debts of other receivables	38,009	35,940	(12,910)	(4,096)	(5,226)	51,717
Provision for bad debts of long- term receivables	8,779	111,031	(976)	-	2,687	121,521
Provision for decline in the value of inventories	699,368	335,401	(10,025)	(340,971)	13,758	697,531
Provision for impairment of property, plant and equipment	55,522	33,950	-	(4,440)	(110)	84,922
Provision for impairment of intangible assets	227,789	25,642	-	-	5,458	258,889
Provision for impairment of contract assets	73,221	47,814	(11,436)	-	7,743	117,342
Provision for impairment of investment properties	12,576	-	-	-	-	12,576
Provision for impairment of construction in progress	34,142	18,431	-	-	2,006	54,579
Provision for impairment of goodwill	523,405	-	-	-	9,424	532,829
	<u>3,531,105</u>	<u>1,246,844</u>	<u>(608,443)</u>	<u>(434,921)</u>	<u>102,399</u>	<u>3,836,984</u>

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4 Notes to the consolidated financial statements (Cont'd)**(26) Assets with use rights restricted**

As at 31 December 2023 and 31 December 2022, assets with use rights restricted were mainly as follows:

	31 December 2023	31 December 2022
Cash at bank and on hand		
Including: Cash at bank (Note 4(1))	16,848,494	1,911,210
Other cash balances (Note 4(1))	4,072,963	1,688,278
Statutory reserve with the Central Bank (Note 4(1))	415,070	328,409
	<u>21,336,527</u>	<u>3,927,897</u>

(27) Short-term borrowings

	31 December 2023	31 December 2022
Unsecured borrowings	4,681,574	3,192,163
Guaranteed borrowings	1,083,216	1,399,219
Pledged and mortgage borrowings	3,054,386	578,098
	<u>8,819,176</u>	<u>5,169,480</u>

As at 31 December 2023, the Group had no overdue short-term borrowings with annual interest rates ranging from 2.20% to 7.04% (31 December 2022: 1.40% to 15.45%).

(28) Financial liabilities held for trading

As at 31 December 2023, financial liabilities held for trading referred to the equities attributable to third parties in the structured entities included in the consolidation scope, and were measured at fair value through profit or loss.

(29) Notes payable

	31 December 2023	31 December 2022
Banker's Acceptance	21,626,514	25,572,421
Trade Acceptance	81,094	
	<u>21,707,608</u>	<u>25,572,421</u>

As at 31 December 2023, the Group had no matured but unpaid notes receivable (31 December 2022: Nil).

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4 Notes to the consolidated financial statements (Cont'd)**(30) Accounts payable**

	31 December 2023	31 December 2022
Payables for purchase of goods and services	67,091,595	59,880,772
Others	<u>5,438,870</u>	<u>4,352,453</u>
	<u>72,530,465</u>	<u>64,233,225</u>

As at 31 December 2023, accounts payable with ageing over 1 year with a carrying amount of RMB 1,672,797,000 (31 December 2022: RMB 1,168,348,000) were mainly unsettled accounts payable for materials.

(31) Contract liabilities

	31 December 2023	31 December 2022
Advances on sales and services	38,549,278	25,143,337
Advances for construction projects	<u>3,216,197</u>	<u>2,816,701</u>
	<u>41,765,475</u>	<u>27,960,038</u>

More than 90% of contract liabilities included in the carrying amount as at 31 December 2022 were transferred to operating revenue in 2023.

As disclosed in Note 5(1), due to business combinations involving entities not under common control in the current year, the amount of contract liabilities increased by RMB 1,078,665,000. More than 90% of the contract liabilities had been transferred to operating income in 2023.

(32) Employee benefits payable

	31 December 2023	31 December 2022
Short-term employee benefits payable (a)	8,972,512	7,041,973
Others	<u>103,515</u>	<u>110,244</u>
	<u>9,076,027</u>	<u>7,152,217</u>

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4 Notes to the consolidated financial statements (Cont'd)

(32) Employee benefits payable (Cont'd)

(a) Short-term employee benefits

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Wages and salaries, bonus, allowances and subsidies	6,539,923	33,546,497	(31,751,302)	8,335,118
Staff welfare	326,811	2,152,907	(2,063,183)	416,535
Social security contributions	79,340	2,229,097	(2,220,761)	87,676
Including: Medical insurance	78,163	2,141,044	(2,132,446)	86,761
Work injury insurance	778	61,140	(61,536)	382
Maternity insurance	399	26,913	(26,779)	533
Housing funds	25,687	798,695	(805,364)	19,018
Labour union funds and employee education funds	22,002	178,277	(175,341)	24,938
Other short-term employee benefits	48,210	980,540	(939,523)	89,227
	<u>7,041,973</u>	<u>39,886,013</u>	<u>(37,955,474)</u>	<u>8,972,512</u>

(33) Taxes payable

	31 December 2023	31 December 2022
Enterprise income tax payable	3,477,253	2,813,522
Unpaid VAT	1,082,424	975,035
Others	895,425	1,166,778
	<u>5,455,102</u>	<u>4,955,335</u>

(34) Other payables

	31 December 2023	31 December 2022
Other payables	<u>4,442,928</u>	<u>4,322,025</u>

(a) Other payables are mainly restricted share repurchase obligation, deposit and security deposit payable and reimbursed logistics expense.

(b) As at 31 December 2023, other payables with ageing over 1 year with a carrying amount of RMB 1,305,955,000 (31 December 2022: RMB 1,538,928,000) were mainly those recognised for performing equity incentive plan and deposit and security deposit payable, which were unsettled since related projects were uncompleted.

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4 Notes to the consolidated financial statements (Cont'd)

(35) Current portion of non-current liabilities

	31 December 2023	31 December 2022
Current portion of long-term borrowings (Note 4(37))	13,290,809	6,248,484
Current portion of lease liabilities (Note 4(39))	1,166,901	992,142
	<u>14,457,710</u>	<u>7,240,626</u>

(36) Other current liabilities

	31 December 2023	31 December 2022
Accrued sale rebates	48,311,934	40,041,953
Others	22,985,994	17,801,575
	<u>71,297,928</u>	<u>57,843,528</u>

(37) Long-term borrowings

	31 December 2023	31 December 2022
Guaranteed borrowings (a)	36,013,250	35,063,239
Unsecured borrowings	23,223,556	21,860,438
Pledged and mortgage borrowings	192,739	10,755
	<u>59,429,545</u>	<u>56,934,432</u>
Less: Current portion of guaranteed borrowings	(6,631,136)	-
Current portion of unsecured borrowings	(6,619,900)	(6,237,729)
Current portion of pledged and mortgage borrowings	(39,773)	(10,755)
	<u>46,138,736</u>	<u>50,685,948</u>

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4 Notes to the consolidated financial statements (Cont'd)

(37) Long-term borrowings (Cont'd)

- (a) As at 31 December 2023, bank guaranteed borrowings mainly included: (i) guaranteed borrowings equivalent to RMB 2,129,843,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, which will be due in April 2024; (ii) guaranteed borrowings equivalent to RMB 4,490,432,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every month, which will be due in May 2024; (iii) guaranteed borrowings equivalent to RMB 1,185,644,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every month, which will be due in June 2025; and (iv) After deducting the bank fee, guaranteed borrowings equivalent to RMB 24,157,339,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every quarter, which will be due in August 2025. (v) 3,929,600,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, which will be due in May 2025

As at 31 December 2022, bank guaranteed borrowings mainly included: (i) guaranteed borrowings equivalent to RMB 2,011,606,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, which will be due in April 2024; (ii) guaranteed borrowings equivalent to RMB 4,415,556,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every month, which will be due in May 2024; (iii) guaranteed borrowings equivalent to RMB 1,165,874,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every month, which will be due in June 2025; (iv) After deducting the bank fee, guaranteed borrowings equivalent to RMB 23,718,315,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every quarter, which will be due in August 2025; and (v) guaranteed borrowings equivalent to RMB 3,711,450,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, which will be due in May 2025.

- (b) As at 31 December 2023, the Group had no overdue long-term borrowings with annual interest rates mainly ranging from 0.30% to 4.50% (31 December 2022: 0.30% to 5.99%).
- (c) In 2022, the Group purchased cross-currency interest rate swap to mitigate the cash flow risk associated with the above-mentioned guaranteed borrowings ((a)(iv)) equivalent to USD 3,419,058,000 of principal. Under the swap, a nominal amount of USD 3,419,058,000 was converted into EUR at an agreed exchange rate, and the USD floating rate (SOFR+0.55% p.a.) was converted into the agreed EUR fixed rate. The agreed swap period was scheduled to start in August 2022 and end in August 2025. The Group designated such borrowings as the hedged item, and the change in the value of cross-currency interest rate swap (after excluding the foreign currency basis spread) as the hedging instrument for cash flow hedge. There was an economic relationship between the hedging instrument and the hedged item. The cross-currency interest rate swap matched the currency, amount and other major terms of financial liabilities denominated in USD.

In 2023, the Group included the effective part of the changes in fair value of the cross-currency interest rate swap (after excluding the foreign exchange basis spread) in "Other comprehensive income - cash flow hedges", and transferred them from other comprehensive income to financial expenses in the period in which the hedging relationship affected profit or loss, in a bid to offset the effect of hedged item on profit or loss for the current period. The changes in fair value of foreign currency basis spread were recorded in "Other comprehensive income - others", and the foreign currency basis spread was transferred from other comprehensive income to financial expenses in the period in which the hedging relationship affected profit or loss (Note 4(45)).

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4 Notes to the consolidated financial statements (Cont'd)

(38) Debentures payable

	31 December 2022	Business combination	Interest accrued on par value	Amortisation of premium/discount	Repayment in the current year	Differences on translation of foreign currency financial statements	31 December 2023
Debentures denominated in USD (a)	3,163,616		91,309	704	(89,177)	51,517	3,217,969
Corporate bonds in 2022 (b)	-	522,497	5,500	2,003	(530,000)	-	-
	<u>3,163,616</u>	<u>522,497</u>	<u>96,809</u>	<u>2,707</u>	<u>(619,177)</u>	<u>51,517</u>	<u>3,217,969</u>

(a) The information of debentures is as follows:

	Par value	Nominal interest rate	Issuance date	Maturity	Issuance amount	Default or not
Debentures denominated in USD	<u>2,848,500</u>	2.88%	16 February 2022	5 years	<u>2,848,500</u>	No

Interest of the debentures is paid on a semi-annual basis and calculated by the simple interest method, and the interest rate is 2.88% annually. The debenture is guaranteed by the Company.

(b) The information of debentures is as follows:

	Par value	Nominal interest rate	Issuance date	Maturity	Issuance amount	Default or not
Corporate bonds in 2022	<u>500,000</u>	6.00%	5 August 2022	2 years	<u>500,000</u>	No

This bond is a corporate bond issued by Clou Electronics Co., Ltd., subsidiary of the Company. The interest of such bond was calculated by adopting the simple interest method on an annual basis at an annual coupon rate of 6.00%, payable annually. The bond was redeemed in advance on 7 August 2023.

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4 Notes to the consolidated financial statements (Cont'd)

(39) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	3,214,220	2,499,622
Less: Current portion of non-current liabilities (Note 4(35))	<u>(1,166,901)</u>	<u>(992,142)</u>
	<u>2,047,319</u>	<u>1,507,480</u>

- (i) As at 31 December 2023, the future minimum lease payments of short-term leases and low value asset leases adopting the practical expedient totalled RMB 123,890,000 (31 December 2022: RMB 151,531,000) which should be paid within one year.

(40) Deferred income

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Government grants	<u>1,721,092</u>	<u>220,391</u>	<u>(206,551)</u>	<u>1,734,932</u>
	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Government grants related to industrial upgrading	1,394,882	164,746	(160,335)	1,399,293
Other government grants	<u>326,210</u>	<u>55,645</u>	<u>(46,216)</u>	<u>335,639</u>
	<u>1,721,092</u>	<u>220,391</u>	<u>(206,551)</u>	<u>1,734,932</u>

(41) Long-term employee benefits payable

	31 December 2023	31 December 2022
Supplementary retirement benefits (a)	1,302,495	1,368,513
Others	<u>131,379</u>	<u>119,943</u>
	<u>1,433,874</u>	<u>1,488,456</u>

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4 Notes to the consolidated financial statements (Cont'd)

(41) Long-term employee benefits payable (Cont'd)

(a) Supplementary retirement benefits

Supplementary retirement benefits obligation of the Group recognised on the balance sheet date is calculated using the projected unit credit method, and reviewed by external independent actuary institution.

(i) The Group's supplementary retirement benefits liabilities:

	31 December 2023	31 December 2022
Defined benefit obligation	3,208,084	3,209,466
Less: Fair value of planned assets	<u>(1,905,589)</u>	<u>(1,840,953)</u>
Liabilities of defined benefit obligation	<u>1,302,495</u>	<u>1,368,513</u>

(ii) The actuarial assumptions used to determine the present value of defined benefit obligation

	31 December 2023
Discount rate	0.22%~10.00%
Inflation rate	1.23%
Salary growth rate	0.00%~6.20%
Pension replacement rate	1.10%~2.50%
Early retirement rate	0.00%~11.60%
Rate of changes in cost of medical services	8.25%

(42) Share capital

	Movements in the current year						31 December 2023
	31 December 2022	Share-based payment incentive plan (a)	Desterilisation	Additional issuance	Repurchases and write-offs	Sub-total	
RMB-denominated ordinary shares subject to trading restriction	143,615	18,325	(18,383)	-	(9,994)	(10,052)	133,563
RMB-denominated ordinary shares not subject to trading restriction	<u>6,853,658</u>	<u>20,165</u>	<u>18,383</u>	<u>-</u>	<u>-</u>	<u>38,548</u>	<u>6,892,206</u>
	<u>6,997,273</u>	<u>38,490</u>	<u>-</u>	<u>-</u>	<u>(9,994)</u>	<u>28,496</u>	<u>7,025,769</u>

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4 Notes to the consolidated financial statements (Cont'd)

(42) Share capital (Cont'd)

	31 December 2021	Movements in the current year				Sub-total	31 December 2022
		Share-based payment incentive plan (a)	Desterilisation	Additional issuance	Repurchases and write-offs		
RMB-denominated ordinary shares subject to trading restriction	156,539	12,153	(17,184)	-	(7,893)	(12,924)	143,615
RMB-denominated ordinary shares not subject to trading restriction	6,830,025	6,449	17,184	-	-	23,633	6,853,658
	<u>6,986,564</u>	<u>18,602</u>	<u>-</u>	<u>-</u>	<u>(7,893)</u>	<u>10,709</u>	<u>6,997,273</u>

- (a) In 2023, the share-based payment incentive plan increased the share capital by 38,490,000 shares (2022: 18,602,000 shares).

(43) Treasury stock

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Treasury stock used for share-based payment incentive plan	<u>14,933,944</u>	<u>-</u>	<u>(2,062,206)</u>	<u>12,871,738</u>
	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Treasury stock used for share-based payment incentive plan	<u>14,044,550</u>	<u>2,637,021</u>	<u>(1,747,627)</u>	<u>14,933,944</u>

In 2023, the Group did not repurchase treasury stock, and the restricted shares and stock ownership schemes granted in 2023 were approximately RMB 2,089,493,000. As at 31 December 2023, treasury stock mainly comprised treasury stock of approximately RMB 8,748,331,000 used for share-based payment incentive plan, as well as restricted shares and stock ownership schemes amounting to approximately RMB 4,123,407,000 that have not met unlock condition, amounting to approximately RMB 12,871,738,000 in total (31 December 2022: RMB 14,933,944,000).

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4 Notes to the consolidated financial statements (Cont'd)

(44) Capital surplus

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Share premium (a)	15,507,577	3,348,091	(1,473,445)	17,382,223
Share-based payment incentive plan (b)	2,279,108	1,208,095	(1,466,598)	2,020,605
Others (c)	1,906,454	43,684	(109,810)	1,840,328
	<u>19,693,139</u>	<u>4,599,870</u>	<u>(3,049,853)</u>	<u>21,243,156</u>
	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Share premium	14,944,914	1,771,809	(1,209,146)	15,507,577
Share-based payment incentive plan	2,161,354	983,367	(865,613)	2,279,108
Others	3,410,662	41,636	(1,545,844)	1,906,454
	<u>20,516,930</u>	<u>2,796,812</u>	<u>(3,620,603)</u>	<u>19,693,139</u>

- (a) The increase in share premium arose from the exercise of stock options with the amount of approximately RMB 2,317,783,000, the unlocking or invalid sales of restricted shares and stock ownership schemes with the amount of approximately RMB 1,030,308,000; The reduction in the equity premium is from the repurchase cancellation of restricted shares, the release of restricted shares and the release or lapsed sale of stock ownership schemes.
- (b) The increase of share-based payment incentive plan arose from expenses attributable to shareholders' equity of the parent company in the share-based payment incentive plan with the amount of approximately RMB 1,208,095,000, while the decrease arose from the transfer of approximately RMB 1,466,598,000 to share premium due to exercise of share-based payment incentive plan.
- (c) The decrease of others mainly included the Group's capital contribution to the non-wholly-owned subsidiaries of Guangdong Meicloud Technology Co., Ltd.

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4 Notes to the consolidated financial statements (Cont'd)

(45) Other comprehensive income

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2023					
	31 December 2022	Attributable to the parent company after tax	Other comprehensive income transferred to retained earnings	31 December 2023	Amount arising before income tax	Less: Reclassification of other comprehensive income to profit or loss	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income items which will not be reclassified to profit or loss									
Changes arising from remeasurement of defined benefit plan	220,387	(87,280)	-	133,107	(84,660)	-	(3,357)	(87,280)	(737)
Changes in fair value of investments in other equity instruments	(1,490)	1,516	-	26	(1,025)	-	-	1,516	(2,541)
Other comprehensive income items which will be reclassified to profit or loss									
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	(71,822)	7,751	-	(64,071)	8,031	(280)	-	7,751	-
Cash flow hedging reserve (Note 4(37))	699,961	(135,204)	-	564,757	(414,173)	286,257	(11,794)	(135,204)	(4,506)
Differences on translation of foreign currency financial statements	(808,629)	(84,307)	-	(892,936)	(53,489)	-	-	(84,307)	30,818
Others (Note 4(37))	69,882	25,033	-	94,915	135,911	(110,878)	-	25,033	-
	<u>108,289</u>	<u>(272,491)</u>	<u>-</u>	<u>(164,202)</u>	<u>(409,405)</u>	<u>175,099</u>	<u>(15,151)</u>	<u>(272,491)</u>	<u>23,034</u>

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2022					
	31 December 2021	Attributable to the parent company after tax	Other comprehensive income transferred to retained earnings	31 December 2022	Amount arising before income tax	Less: Reclassification of other comprehensive income to profit or loss	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income items which will not be reclassified to profit or loss									
Changes arising from remeasurement of defined benefit plan	12,038	208,349	-	220,387	282,388	-	(62,980)	208,349	11,059
Changes in fair value of investments in other equity instruments	(1,949)	(892)	1,351	(1,490)	(2,482)	-	24	(892)	(1,566)
Other comprehensive income items which will be reclassified to profit or loss									
Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	(89,213)	17,391	-	(71,822)	17,391	-	-	17,391	-
Cash flow hedging reserve (Note 4(37))	304,344	395,617	-	699,961	(627,935)	954,423	39,490	395,617	(29,639)
Differences on translation of foreign currency financial statements	(1,984,168)	1,175,539	-	(808,629)	1,222,721	-	-	1,175,539	47,182
Others (Note 4(37))	-	69,882	-	69,882	106,716	(36,834)	-	69,882	-
	<u>(1,758,948)</u>	<u>1,865,886</u>	<u>1,351</u>	<u>108,289</u>	<u>998,799</u>	<u>917,589</u>	<u>(23,466)</u>	<u>1,865,886</u>	<u>27,036</u>

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4 Notes to the consolidated financial statements (Cont'd)

(46) Surplus reserve

	31 December 2022	Increase in the current year	31 December 2023
Statutory surplus reserve	<u>10,702,928</u>	<u>-</u>	<u>10,702,928</u>
	31 December 2021	Increase in the current year	31 December 2022
Statutory surplus reserve	<u>9,449,901</u>	<u>1,253,027</u>	<u>10,702,928</u>

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the losses or increase the share capital after approval from the appropriate authorities. According to the resolution of the Board of Directors, the Company appropriated 10% of net profit in 2022, amounting to approximately RMB 1,253,027,000. As at 31 December 2023, the Company's statutory surplus reserve had reached 50% of the registered capital.

(47) Undistributed profits

	2023	2022
Undistributed profits at the beginning of the year	119,679,202	102,982,763
Add: Net profit attributable to shareholders of the parent company for the current year	33,719,935	29,553,507
Other comprehensive income transferred to retained earnings	-	(1,351)
Others	-	1,412
Less: Ordinary share dividends payable (a)	(17,144,264)	(11,652,025)
Appropriation to general risk reserve (b)	(19,678)	-
Reversal of general risk reserve (b)	49,152	47,923
Appropriation to statutory surplus reserve (Note 4(46))	-	(1,253,027)
Undistributed profits at the end of the year	<u>136,284,347</u>	<u>119,679,202</u>

(a) Ordinary share dividends distributed in the current year

In accordance with the resolution at the Board of Shareholders' meeting, dated 19 May 2023, the Company distributed a cash dividend to the shareholders at RMB 2.50 per share, amounting to approximately RMB 17,188,858,000 calculated by 6,875,543,263 issued shares less those repurchased; 9,994,000 repurchased incentive shares in the restricted share incentive schemes plan were written off (Note 4(42)), and cash dividend amounting to approximately RMB 44,594,000 was cancelled. The actual cash dividend distributed in the current year amounted to approximately RMB 17,144,264,000.

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4 Notes to the consolidated financial statements (Cont'd)

(47) Undistributed profits (Cont'd)

(b) General risk reserve

In 2023, according to the *Notice on Strengthening the Supervision and Administration of Commercial Factoring Enterprises issued by China Banking and Insurance Regulatory Commission and the Administrative Measures for the Provision of Reserves of Financial Enterprises* issued by the Ministry of Finance, certain subsidiaries of the Group provided general risk reserve approximately RMB 19,678,000, reversed general risk reserve amounting to approximately RMB 49,152,000 (2022: reserved general risk reserve amounting to approximately RMB 47,923,000).

(48) Operating revenue and cost of sales

	2023	2022
Revenue from main operations	344,132,712	316,464,774
Revenue from other operations	27,904,568	27,452,757
	<u>372,037,280</u>	<u>343,917,531</u>
	2023	2022
Cost of sales from main operations	248,945,077	237,007,098
Cost of sales from other operations	24,536,296	23,531,603
	<u>273,481,373</u>	<u>260,538,701</u>

(a) Revenue and cost of sales from main operations

	2023		2022	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
HVAC	161,110,843	119,912,866	150,634,586	116,234,025
Consumer appliances	134,691,669	90,239,157	125,284,737	87,449,080
Robotics and automation system	33,016,554	25,226,852	29,927,674	23,664,772
Others	15,313,646	13,566,202	10,617,777	9,659,221
	<u>344,132,712</u>	<u>248,945,077</u>	<u>316,464,774</u>	<u>237,007,098</u>

In 2023, cost of sales from main operations was mainly material costs and labour costs, which accounted for over 80% of total cost of sales from main operations (2022: over 80%).

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4 Notes to the consolidated financial statements (Cont'd)

(48) Operating revenue and cost of sales (Cont'd)

(b) Revenue and cost of sales from other operations

	2023		2022	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Revenue from sales of materials	24,410,046	23,089,716	24,114,807	22,329,521
Others	3,494,522	1,446,580	3,337,950	1,202,082
	<u>27,904,568</u>	<u>24,536,296</u>	<u>27,452,757</u>	<u>23,531,603</u>

In 2023, cost of sales from other operations was mainly material costs, which accounted for over 80% of total cost of sales from other operations (2022: over 80%).

(c) In 2023, among the Group's revenue from main operations, the amount recognised at a point in time accounted for above 90% (2022: above 90%) of the total amount and the amount recognised within a certain period of time mainly included revenue from main operations of robotics and automation system segment. The Group's main revenue from other operations was recognised at a point in time.

(d) The Group had no significant contract changes or adjustments to transaction prices.

(49) Interest income and interest costs

The Group's interest income and expenses arising from financial business are presented as follows:

	2023	2022
Interest income from loan receivables	1,435,539	1,614,497
Including: Interest income from loan receivables to corporations and individuals	1,340,766	1,565,168
Interest income from note discounting	94,773	49,329
Interest income from deposits with banks, other financial institutions and the Central Bank	<u>236,369</u>	<u>175,957</u>
Interest income	1,671,908	1,790,454
Interest costs	<u>(31,660)</u>	<u>(49,461)</u>
	<u>1,640,248</u>	<u>1,740,993</u>

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4 Notes to the consolidated financial statements (Cont'd)

(50) Taxes and surcharges

	2023	2022
City maintenance and construction tax	756,551	543,225
Educational surcharge	565,534	406,480
Others	494,417	616,179
	<u>1,816,502</u>	<u>1,565,884</u>

(51) Selling and distribution expenses

	2023	2022
Selling and distribution expenses	<u>34,880,875</u>	<u>28,716,121</u>

In 2023, selling and distribution expenses were mainly advertisement and promotion fee, after-sale services expenses, employee benefits, E-commerce service fee, storage service fee and property management expenses, which accounted for over 80% of total selling and distribution expenses (2022: over 80%).

(52) General and administrative expenses

	2023	2022
General and administrative expenses	<u>13,476,908</u>	<u>11,582,664</u>

In 2023, general and administrative expenses were mainly employee benefits, depreciation and amortisation expenses, technical maintenance expenses, administrative office expenses, which accounted for over 80% of total general and administrative expenses (2022: over 80%).

(53) R&D expenses

	2023	2022
R&D expenses	<u>14,583,311</u>	<u>12,618,506</u>

In 2023, R&D expenses were mainly employee benefits, depreciation and amortisation expenses, technical development fee, trial products and material inputs expenses, which accounted for over 90% of total R&D expenses (2022: over 90%).

In 2023, the cost of sales, selling and distribution expenses, general and administrative expenses and R&D expenses in the income statement were mainly material costs and employee benefits, advertisement and promotion fee, which accounted for over 80% of total cost of sales, selling and distribution expenses, general and administrative expenses and R&D expenses (2022: over 80%).

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4 Notes to the consolidated financial statements (Cont'd)

(54) Financial income

The Group's financial income, other than those arising from financial business (Note 4(49)), are presented as follows:

	2023	2022
Interest expenses (a)	(2,808,104)	(1,830,915)
Less: Interest income	6,951,446	5,837,713
Exchange gains or losses	(904,738)	(507,081)
Others	23,052	(112,226)
	<u>3,261,656</u>	<u>3,387,491</u>

(a) In 2023, interest costs on lease liabilities of the Group amounted to approximately RMB 151,334,000 (2022: RMB 111,773,000).

(55) Asset impairment losses

	2023	2022
Losses on decline in the value of inventories (Note 4(10))	325,376	448,591
Impairment losses on intangible assets (Note 4(20))	25,642	48,593
Impairment losses on contract assets	36,378	24,422
Impairment losses on property, plant and equipment (Note 4(17))	33,950	5,578
Impairment losses on construction in progress (Note 4(18))	18,431	-
Impairment losses of long-term equity investments	-	6,179
	<u>439,777</u>	<u>533,363</u>

(56) Reversal of credit impairment

	2023	2022
Losses on bad debts of accounts receivable (Note 4(4))	187,694	475,357
Losses on/(Reversal of) bad debts of other receivables (Note 4(5))	23,030	(2,776)
Losses on bad debts of notes receivable (Note 4(3))	3,846	30,132
(Reversal of)/Losses on Impairment of loan receivables (Note 4(9))	(126,001)	11,202
Losses on/(Reversal of)/ impairment of long- term receivables (Note 4(14))	110,055	(229)
	<u>198,624</u>	<u>513,686</u>

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4 Notes to the consolidated financial statements (Cont'd)

(57) Losses on changes in fair value

	2023	2022
Derivative financial instruments	161,457	(815,922)
Structural deposits	6,300	44,562
Investments in equity instruments	58,735	1,022,531
	<u>226,492</u>	<u>251,171</u>

(58) Investment income

	2023	2022
Share of profit of associates and joint ventures	680,759	608,278
Investment income from holding of financial assets held for trading	213,095	167,002
Investment losses from disposal of derivative financial assets and liabilities	(356,081)	(519,923)
Others (b)	(74,212)	(47,303)
	<u>463,561</u>	<u>208,054</u>

(a) There is no significant restriction on recovery of investment income of the Group.

(b) Others mainly included gains/losses from disposal the long-term equity investments, losses on discounted notes receivable that have been derecognised(Note 4(3)(b),) and deem disposal gains arising from the remeasurement of a associate at fair value when the associate become a subsidiary.

(59) Losses on disposal of assets

	2023	2022
Gains on disposal of non-current assets	100,775	72,397
Losses on disposal of non-current assets	(161,643)	(132,251)
	<u>(60,868)</u>	<u>(59,854)</u>

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4 Notes to the consolidated financial statements (Cont'd)

(60) Other income

	2023	2022
Special subsidy	1,831,461	1,896,113
Additional deduction of input VAT	250,921	-
	<u>2,082,382</u>	<u>1,896,113</u>

(61) Income tax expenses

	2023	2022
Current income tax calculated based on tax law and related regulations	8,474,651	7,500,259
Deferred income tax	<u>(1,942,840)</u>	<u>(2,354,559)</u>
	<u>6,531,811</u>	<u>5,145,700</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is listed below:

	2023	2022
Total profit	<u>40,277,163</u>	<u>34,955,931</u>
Income tax calculated at tax rate of 25%	10,069,291	8,738,983
Effect of different tax rates applicable to subsidiaries	(2,932,107)	(2,302,968)
Effect of income tax annual filing for prior periods	36,833	(45,762)
Income not subject to tax	(387,848)	(544,607)
Costs, expenses and losses not deductible for tax purposes	642,991	486,777
Utilisation of previous temporary differences or deductible losses for which no deferred tax assets were recognised in prior periods	(304,850)	(106,106)
Others	<u>(592,499)</u>	<u>(1,080,617)</u>
Income tax expenses	<u>6,531,811</u>	<u>5,145,700</u>

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4 Notes to the consolidated financial statements (Cont'd)

(62) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares:

	Unit	2023	2022
Consolidated net profit attributable to ordinary shareholders of the parent company	RMB'000	33,719,935	29,553,507
Less: Dividends payable to restricted shares	RMB'000	(66,155)	(63,556)
		<u>33,653,780</u>	<u>29,489,951</u>
Weighted average number of outstanding ordinary shares	Thousand shares	<u>6,824,100</u>	<u>6,790,926</u>
Basic earnings per share	RMB Yuan/share	<u>4.93</u>	<u>4.34</u>
Including:			
- Basic earnings per share from continuing operations:		4.93	4.34
- Basic earnings per share for discontinued operations:		<u>-</u>	<u>-</u>

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the diluted weighted average number of outstanding ordinary shares:

	Unit	2023	2022
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company	RMB'000	<u>33,712,852</u>	<u>29,553,248</u>
Weighted average number of outstanding ordinary shares	Thousand shares	<u>6,824,100</u>	<u>6,790,926</u>
Weighted average number of ordinary shares increased from share-based payment	Thousand shares	<u>25,141</u>	<u>28,297</u>
Weighted average number of diluted outstanding ordinary shares	Thousand shares	<u>6,849,241</u>	<u>6,819,223</u>
Diluted earnings per share	RMB Yuan/share	<u>4.92</u>	<u>4.33</u>

(63) Notes to the cash flow statement

The significant cash flow items are presented as follows:

(a) Cash received relating to other operating activities

	2023	2022
Revenue from other operations	3,303,721	3,190,182
Other income	2,705,256	2,566,471
Financial income - interest income	997,711	765,716
Non-operating income	369,337	378,645
Others	<u>345,727</u>	<u>394,943</u>
	<u>7,721,752</u>	<u>7,295,957</u>

MIDEA GROUP CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in RMB '000 Yuan unless otherwise stated)

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4 Notes to the consolidated financial statements (Cont'd)

(63) Notes to the cash flow statement (Cont'd)

(b) Cash paid relating to other operating activities

	2023	2022
Selling and distribution expenses (excluding employee benefits and taxes and surcharges)	25,907,963	22,884,362
General and administrative expenses and R&D expenses (excluding employee benefits and taxes and surcharges)	10,464,563	10,504,557
Others	4,561,853	1,076,588
	<u>40,934,379</u>	<u>34,465,507</u>

(c) Cash received from disposal of investments

	2023	2022
Cash received from disposal of wealth management products and fixed deposits	97,988,091	87,932,257
Cash received from disposal of financial assets held for trading	17,664,542	10,481,901
Others	422,060	150,558
	<u>116,074,693</u>	<u>98,564,716</u>

(d) Cash paid to acquire investments

	2023	2022
Cash paid for wealth management products and fixed deposits	131,537,892	99,924,986
Cash paid for financial assets held for trading	15,439,694	7,930,989
Others	20,588	293,220
	<u>146,998,174</u>	<u>108,149,195</u>

MIDEA GROUP CO., LTD.

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4 Notes to the consolidated financial statements (Cont'd)

(63) Notes to the cash flow statement (Cont'd)

(e) Cash paid relating to other financing activities

	2023	2022
Payment of lease liabilities	1,553,852	1,198,421
Restricted share repurchase obligation	257,576	194,524
Acquisition of minority interests	36,357	2,773,676
Repurchase of outstanding shares	-	2,637,021
Others	416,091	129,877
	<u>2,263,876</u>	<u>6,933,519</u>

(f) Movements in liabilities arising from financing activities

	Bank borrowings and others (including the current portion)	Debentures payable (including the current portion)	Lease liabilities (including the current portion)	Total
31 December 2022	62,350,510	3,163,616	2,499,622	68,013,748
Net cash flows from financing activities	1,274,059	(500,000)	(1,430,001)	(655,942)
Interest on borrowings paid in the current year	(2,002,477)	(119,177)	-	(2,121,654)
The impact of combinations	3,425,076	522,497	56,876	4,004,449
Interest accrued in the current year	2,559,961	96,809	151,334	2,808,104
Other non-cash changes (i)	880,697	54,224	1,936,389	2,871,310
31 December 2023	<u>68,487,826</u>	<u>3,217,969</u>	<u>3,214,220</u>	<u>74,920,015</u>

(i) Other non-cash changes mainly include differences on translation of foreign currency financial statements of borrowings in 2023, as well as lease liabilities arising from new lease contracts.

(g) Non-cash receipts and payments

	2023	2022
Purchase of inventories and long- term assets in bank acceptance notes	65,413,361	55,682,577
Increase in right-of-use assets	2,284,630	1,273,326
	<u>67,697,991</u>	<u>56,955,903</u>

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4 Notes to the consolidated financial statements (Cont'd)

(63) Notes to the cash flow statement (Cont'd)

(h) Supplementary information to the cash flow statement

Reconciliation of net profit to cash flows from operating activities is as follows:

	2023	2022
Net profit	33,745,352	29,810,231
Add: Asset impairment losses	439,777	533,363
Credit impairment losses	198,624	513,686
Depreciation and amortisation	7,348,921	6,507,920
Losses on disposal of assets	60,868	59,854
Losses on changes in fair value	226,492	251,171
Financial income	(3,134,637)	(3,226,913)
Investment income	(463,561)	(208,054)
Increase in deferred tax assets	(1,865,724)	(1,896,424)
Decrease in deferred tax liabilities	(65,601)	(424,557)
Decrease/(Increase) in inventories	206,064	(423,933)
Increase in operating receivables	(9,747,941)	(19,423,895)
Increase in operating payables	29,692,141	21,556,429
Share-based payments and others	1,261,836	1,028,950
Net cash flows from operating activities	<u>57,902,611</u>	<u>34,657,828</u>

Net increase/(decrease) in cash and cash equivalents:

Cash and cash equivalents at the end of the year	59,887,260	51,131,968
Less: Cash and cash equivalents at the beginning of the year	<u>(51,131,968)</u>	<u>(40,550,039)</u>
Net increase in cash and cash equivalents	<u>8,755,292</u>	<u>10,581,929</u>

(i) Composition of cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	1,603	1,645
Cash at bank that can be readily drawn on demand	27,673,419	26,670,319
Deposits with the Central Bank that can be readily drawn on demand	147,971	172,394
Deposits with banks and other financial institutions that can be readily drawn on demand	<u>32,064,267</u>	<u>24,287,610</u>
Cash and cash equivalents at the end of the year	<u>59,887,260</u>	<u>51,131,968</u>

MIDEA GROUP CO., LTD.

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[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(64) Monetary items denominated in foreign currencies

	31 December 2023		
	Foreign currency balance	Exchange rate	RMB balance
Cash at bank and on hand			
USD	1,807,580	7.0827	12,802,549
JPY	67,585,697	0.0502	3,392,802
HKD	4,708,629	0.9062	4,266,960
EUR	125,066	7.8592	982,921
BRL	123,194	1.4630	180,233
VND	525,993,333	0.0003	157,798
Other currencies	Not applicable	Not applicable	4,167,818
Sub-total			<u>25,951,081</u>
Accounts receivable			
USD	1,438,670	7.0827	10,189,665
JPY	13,985,060	0.0502	702,050
HKD	58,968	0.9062	53,437
EUR	552,957	7.8592	4,345,803
BRL	1,201,854	1.4630	1,758,313
VND	1,553,600,000	0.0003	466,080
Other currencies	Not applicable	Not applicable	2,811,931
Sub-total			<u>20,327,279</u>
Other receivables			
USD	20,097	7.0827	142,344
JPY	1,357,410	0.0502	68,142
HKD	2,224	0.9062	2,015
EUR	19,016	7.8592	149,454
BRL	75,956	1.4630	111,123
Other currencies	Not applicable	Not applicable	272,520
Sub-total			<u>745,598</u>
Short-term borrowings			
USD	149,915	7.0827	1,061,802
EUR	264,869	7.8592	2,081,659
HKD	738,351	0.9062	669,094
Other currencies	Not applicable	Not applicable	74,093
Sub-total			<u>3,886,648</u>

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4 Notes to the consolidated financial statements (Cont'd)

(64) Monetary items denominated in foreign currencies (Cont'd)

	31 December 2023		
	Foreign currency balance	Exchange rate	RMB balance
Accounts payable			
USD	263,926	7.0827	1,869,310
JPY	5,454,183	0.0502	273,800
HKD	21,812	0.9062	19,766
EUR	221,088	7.8592	1,737,572
BRL	191,699	1.4630	280,456
Other currencies	Not applicable	Not applicable	2,031,534
Sub-total			<u>6,212,438</u>
Other payables			
USD	5,773	7.0827	40,892
JPY	5,429,602	0.0502	272,566
HKD	2,249	0.9062	2,038
EUR	7,696	7.8592	60,485
Other currencies	Not applicable	Not applicable	247,037
Sub-total			<u>623,018</u>
Current portion of non-current liabilities			
EUR	314,039	7.8592	2,468,095
Other currencies	Not applicable	Not applicable	4,626,072
Sub-total			<u>7,094,167</u>
Long-term borrowings			
USD	3,410,753	7.0827	24,157,339
Other currencies	Not applicable	Not applicable	5,118,109
Sub-total			<u>29,275,448</u>
Debentures payable			
USD	454,342	7.0827	3,217,969
Lease liabilities			
EUR	102,338	7.8592	804,298
JPY	974,661	0.0502	48,928
Other currencies	Not applicable	Not applicable	281,608
Sub-total			<u>1,134,834</u>

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4 Notes to the consolidated financial statements (Cont'd)

(64) Monetary items denominated in foreign currencies (Cont'd)

	31 December 2022		
	Foreign currency balance	Exchange rate	RMB balance
Cash at bank and on hand			
USD	609,434	6.9646	4,244,463
JPY	16,255,134	0.0524	851,769
HKD	1,425,846	0.8933	1,273,708
EUR	193,599	7.4229	1,437,066
BRL	42,876	1.3348	57,231
VND	368,026,667	0.0003	110,408
Other currencies	Not applicable	Not applicable	1,871,026
Sub-total			<u>9,845,671</u>
Accounts receivable			
USD	1,100,260	6.9646	7,662,872
JPY	11,525,763	0.0524	603,950
HKD	36,138	0.8933	32,282
EUR	474,305	7.4229	3,520,717
BRL	1,304,874	1.3348	1,741,746
VND	1,219,460,000	0.0003	365,838
Other currencies	Not applicable	Not applicable	2,718,768
Sub-total			<u>16,646,173</u>
Other receivables			
USD	50,652	6.9646	352,771
JPY	1,510,344	0.0524	79,142
HKD	3,427	0.8933	3,061
EUR	28,835	7.4229	214,039
BRL	76,722	1.3348	102,409
Other currencies	Not applicable	Not applicable	270,417
Sub-total			<u>1,021,839</u>
Short-term borrowings			
USD	84,705	6.9646	589,938
EUR	430,826	7.4229	3,197,982
BRL	176,101	1.3348	235,059
Other currencies	Not applicable	Not applicable	198,248
Sub-total			<u>4,221,227</u>

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4 Notes to the consolidated financial statements (Cont'd)

(64) Monetary items denominated in foreign currencies (Cont'd)

	31 December 2022		
	Foreign currency balance	Exchange rate	RMB balance
Accounts payable			
USD	296,297	6.9646	2,063,593
JPY	6,228,492	0.0524	326,373
HKD	15,264	0.8933	13,635
EUR	268,679	7.4229	1,994,377
BRL	341,988	1.3348	456,486
Other currencies	Not applicable	Not applicable	1,714,350
Sub-total			<u>6,568,814</u>
Other payables			
USD	13,402	6.9646	93,341
JPY	8,671,927	0.0524	454,409
HKD	1,863	0.8933	1,664
EUR	1,049	7.4229	7,784
Other currencies	Not applicable	Not applicable	100,053
Sub-total			<u>657,251</u>
Current portion of non-current liabilities			
EUR	33,566	7.4229	249,157
USD	50,031	6.9646	348,445
Other currencies	Not applicable	Not applicable	116,437
Sub-total			<u>714,039</u>
Long-term borrowings			
USD	3,405,553	6.9646	23,718,315
Other currencies	Not applicable	Not applicable	11,307,295
Sub-total			<u>35,025,610</u>
Debentures payable			
USD	454,242	6.9646	3,163,616
Lease liabilities			
EUR	91,819	7.4229	681,561
JPY	1,649,676	0.0524	86,443
Other currencies	Not applicable	Not applicable	74,986
Sub-total			<u>842,990</u>

Foreign currencies in which the above monetary items are denominated refer to all currencies other than RMB.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB '000 Yuan unless otherwise stated)

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5 Changes of consolidation scope

- (1) Business combinations involving enterprises not under common control
 - (a) Business combinations involving enterprises not under common control in the current year
 - (i) Acquisition of Shenzhen Clou

Listed on the Shenzhen Stock Exchange, Shenzhen Clou is a leading integrated service provider in the energy sector in China, mainly covering smart grid and new electrochemical energy storage. The group previously held 8.95% equity interest in Shenzhen Clou and was able to exert significant influence over it and account for it as an associate.

In May 2023, the Company purchased an additional 13.84% equity interest in Shenzhen Clou for a cash consideration of RMB828,094,000. Upon completion of the transaction, the Company's equity interest in Shenzhen Clou increased to 22.79% and Shenzhen Clou became a subsidiary of the Company.

The cost of the merger is the sum of the above cash consideration and the fair value of the equity held prior to the purchase date amounting to approximately RMB1,810,002,000.

The fair value of the identifiable net assets acquired at the purchase date is approximately RMB3,298,913,000, minority shareholders' equity is approximately RMB 2,563,373,000 and goodwill formed is approximately RMB1,074,462,000.

From the date of purchase to the end of the year, Shenzhen Clou's operating income was approximately RMB 3,090,363,000; Net loss of approximately RMB 433,904,000.

The net cash outflow resulting from the acquisition of Shenzhen was approximately RMB 463,137,000.

Except for the above acquisition, other acquisitions have no significant impact on the Group's consolidated financial statement.

- (2) Changes of consolidation scope due to other reasons
 - (a) Increase of consolidation scope

Midea Electric Trading (Singapore) Co. Pte. Ltd. and Midea Electrics Netherlands B.V., wholly-owned subsidiaries of the Company, established Midea Electrical Manufacturing México S. de R.L. de C.V. in June 2023, holding 99% and 1% of the shares respectively.

Hiconics Eco-energy Technology Co., Ltd., a wholly-owned subsidiary of the Company, established Hefei Midea Hiconics Energy Technology Co., Ltd. in July 2023, holding 100% of the shares.

Hefei Midea Hiconics Energy Technology Co., Ltd., a wholly-owned subsidiary of the Company and Wang Shizhen, established Hefei Midea Hiconics Photovoltaic Technology Co., Ltd. in July 2023, holding 80% and 20% of the shares respectively

MIDEA GROUP CO., LTD.

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[English translation for reference only]

5 Changes of consolidation scope (Cont'd)

(2) Changes of consolidation scope due to other reasons (Cont'd)

(a) Increase of consolidation scope (Cont'd)

In August 2023, Shenzhen Clou, a subsidiary of the Company, established Foshan CLOU Ess, Ltd., holding 100% of the shares.

Midea Electric Trading (Singapore) Co. Pte. Ltd. and Midea Electrics Netherlands B.V., wholly-owned subsidiaries of the Company, established MG LAND MEXICO, S. de R.L. de C.V in August 2023, holding 99% and 1% of the shares respectively.

Clivet S.p.A., a wholly-owned subsidiary of the Company, established CLIVET SOUTH EAST D.O.O. in September 2023, holding 100% of the shares.

In September 2023, Beijing Wandong Medical Technology Co., LTD., a subsidiary of the Company, established Shanghai Wandong Yingrui Medical Technology Co., LTD., holding 100% of the shares.

The Company and Foshan Midea Air-conditioning Industry Investment Co., Ltd., a wholly-owned subsidiary of the Company, established Zhejiang Midea Refrigeration Technology Co., Ltd. in October 2023, holding 95% and 5% of the shares respectively.

Swisslog Holding AG, a wholly-owned subsidiary of the Company, established Swisslog A/S and Swisslog Oy in October 2023, holding 100% of the shares.

Midea Home Appliances Investments (Hong Kong) Co., Limited and Midea Electric Trading (Singapore) Co. Pte. Ltd., wholly-owned subsidiaries of the Company, established PT Jaya Refrigeration Equipment in November 2023, holding 95% and 5% of the shares respectively.

Kuka Deutschland GmbH, a wholly-owned subsidiary of the Company, established KUKA Robotics Czech s.r.o., KUKA Robotics Hungary Kft. and KUKA Robotics d.o.o. Beograd in November 2023, holding 100% of the shares.

KUKA Deutschland GmbH and KUKA Aktiengesellschaft, wholly-owned subsidiaries of the Company, established KUKA Robotics Slovakia s.r.o. in November 2023, holding 97.5% and 2.5% of the shares respectively.

In November 2023, the Company's subsidiary Beijing Wandong Medical Technology Co., Ltd. established Suzhou Wanying Medical Technology Co.,Ltd., holding 100% of the shares.

KUKA Deutschland GmbH, a wholly-owned subsidiary of the Company, established Kuka Robotics Romania s.r.l. in December 2023, holding 100% of the shares.

KUKA Deutschland GmbH and KUKA CEE GmbH, wholly-owned subsidiaries of the Company, established KUKA Polska sp. z.o.o. in December 2023, holding 99.9% and 0.1% of the shares respectively.

Swisslog Holding AG, a wholly-owned subsidiary of the Company, established Swisslog France SAS in December 2023, holding 100% of the shares.

Midea Electric Trading (Singapore) Co. Pte. Ltd. and Midea International Corporation Company Limited, wholly-owned subsidiaries of the Company, established Midea Intelligent Manufacturing (Thailand) Co., LTD in December 2023, holding 99% and 1% of the shares respectively.

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5 Changes of consolidation scope (Cont'd)

(b) Decrease of consolidation scope(Cont'd)

Decrease of consolidation scope in the current year mainly includes deregistration and disposal of subsidiaries. Details are as follows:

Name of entity	Disposal method of the equity	Disposal time-point of the equity
Swisslog Technology Center Netherlands B.V.	Deregistration	January 2023
Taiyuan Andesuihua Logistics Co., Ltd.	Deregistration	January 2023
Foshan Shunde Bainian Tongchuang Plastic Industry Co., Ltd.	Deregistration	January 2023
Guangzhou Hualing Air-Conditioning & Equipment Co., Ltd.	Deregistration	February 2023
Shenzhen Hiconics Motor System Co., Ltd.	Change of equity	March 2023
Wuhu Aixili Technology Co., Ltd.	Change of equity	May 2023
KUKA Aerospace Holdings LLC	Deregistration	May 2023
Reis Holding GmbH	Change of equity	June 2023
KUKA Industries GmbH & Co. KG	Change of equity	June 2023
Guangdong Midea Electromechanical Technology Co., Ltd.	Deregistration	June 2023
KUKA S-Base s.r.o. i.L.	Deregistration	August 2023
Shanxi Clou New Energy Co., Ltd.	Deregistration	August 2023
Western-style Electric Products Company	Change of equity	September 2023
Hangzhou Long-termism Tech Co., Ltd.	Change of equity	September 2023
Swisslog Healthcare Netherlands B.V.	Deregistration	September 2023
Nanjing Wandong Medical Equipment Co., Ltd.	Deregistration	September 2023
Midea Middle East	Deregistration	September 2023
Shenzhen Helu Energy Co., Ltd	Deregistration	September 2023
Shenzhen Luxin Energy service Co., LTD	Deregistration	September 2023
Fujian Lurun Energy Co., Ltd	Deregistration	September 2023
Main Power Inno Tech (Shenzhen) Manufacturing Co., Ltd.	Deregistration	October 2023
Kangbao Ruikai new energy development Co., LTD	Deregistration	October 2023
Guangdong Shunyi Electrical Insulation Equipment Co., Ltd	Deregistration	October 2023
Ningxia Tongxin Sunrise Photovoltaic Power Generation Co., Ltd	Deregistration	November 2023
Beijing Clou New Energy Investment Co., LTD	Deregistration	November 2023
Zhejiang Clou Electricity Sales Co., Ltd	Deregistration	November 2023
Wuxi Lujin New Energy Technology Co., LTD	Deregistration	December 2023
Yixing Tongde energy Technology Co., LTD	Deregistration	December 2023
Hebei Zide new energy development Co., LTD	Deregistration	December 2023
Reis Robotics USA Inc.	Deregistration	December 2023
KUKA Robotics OOO	Change of equity	December 2023

MIDEA GROUP CO., LTD.

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6 Interests in other entities

(1) Interests in subsidiaries

(a) Composition of principal subsidiaries

Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding (%)		Acquisition method
				Direct	Indirect	
GD Midea Air-Conditioning Equipment Co., Ltd.	Foshan, PRC	Foshan, PRC	Manufacture and sales of household air conditioner	73%	7%	Business combinations involving enterprises not under common control
GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Manufacture and sales of household air conditioner	93%	7%	Business combinations involving enterprises not under common control
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Manufacture of air conditioner	87%	13%	Establishment
Chongqing Midea Air-Conditioning Equipment Co., Ltd.	Chongqing, PRC	Chongqing, PRC	Manufacture and sales of household air conditioner	95%	5%	Establishment
GD Midea Heating & Ventilating Equipment Co., Ltd.	Foshan, PRC	Foshan, PRC	Manufacture of air conditioner	90%	10%	Establishment
Zhejiang Meizhi Compressor Co., Ltd.	Ningbo, PRC	Ningbo, PRC	Manufacture and sales of air conditioner parts	100%	-	Establishment
Hefei Midea Refrigerator Co., Ltd.	Hefei, PRC	Hefei, PRC	Manufacture of refrigerator	75%	25%	Business combinations involving enterprises not under common control
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	Foshan, PRC	Foshan, PRC	Manufacture of small household appliances	-	100%	Establishment
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	Foshan, PRC	Foshan, PRC	Manufacture of small household appliances	75%	25%	Establishment
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	Foshan, PRC	Foshan, PRC	Manufacture of small household appliances	-	100%	Establishment
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Manufacture of small household appliances	90%	10%	Business combinations involving enterprises under common control
Wuxi Little Swan Electric Co., Ltd.	Wuxi, PRC	Wuxi, PRC	Manufacture of laundry appliance	100%	-	Establishment
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	Hefei, PRC	Hefei, PRC	Manufacture and sales of air conditioner	99%	1%	Establishment
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	Guangzhou, PRC	Guangzhou, PRC	Manufacture and sales of household air conditioner	75%	25%	Establishment
Wuhu Midea Life Appliances Mfg Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Manufacture of small household appliances	100%	-	Establishment
Midea Electric Trading (Singapore) Co., Pte. Ltd.	Singapore	Singapore	Export trade	-	100%	Establishment
Midea Group Finance Co., Ltd.	Foshan, PRC	Foshan, PRC	Financial industry	95%	5%	Establishment
Foshan Shunde Midea Household Appliances Industry Co., Ltd.	Foshan, PRC	Foshan, PRC	Investment holding	100%	-	Establishment
Midea International Corporation Company Limited	Hong Kong	Hong Kong	Investment holding	100%	-	Establishment
Midea Electric Netherlands (I) B.V.	Netherlands	Netherlands	Investment holding	-	100%	Establishment
Toshiba Consumer Marketing Corporation	Japan	Japan	Manufacture of household appliances	-	100%	Business combinations involving enterprises not under common control

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6 Interests in other entities (Cont'd)

(1) Interests in subsidiaries (Cont'd)

(a) Composition of principal subsidiaries (Cont'd)

Subsidiaries	Major business location	Place of registration	Nature of business	Shareholding (%)		Acquisition method
				Direct	Indirect	
TLSC	Japan	Japan	Manufacture of household appliances	-	100%	Business combinations involving enterprises not under common control
KUKA	Germany	Germany	Manufacture and sales of robots	-	100%	Business combinations involving enterprises not under common control
Ningbo Midea United Materials Supply Co., Ltd.	Ningbo, PRC	Ningbo, PRC	Wholesale and retail	100%	-	Establishment
Annto Logistics Supply Chain Technology Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Logistics	-	74%	Establishment
Wuhu Midea Annto Logistics Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Logistics	-	74%	Establishment
Midea Capital Corporation Limited.	Foshan, PRC	Foshan, PRC	Investment	95%	5%	Business combinations involving enterprises not under common control
Midea Innovation Investment Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment	85%	15%	Establishment
Midea Group (Shanghai) Co. Ltd.	Shanghai, PRC	Shanghai, PRC	Manufacture and sales of intelligent household appliances	90%	10%	Establishment
Midea Investment Development Company Limited	British Virgin Islands	British Virgin Islands	Investment	-	100%	Establishment
Anhui Meizhi Precision Manufacturing Co., Ltd.	Wuhu, PRC	Wuhu, PRC	Manufacture and sales of air conditioner parts	95%	5%	Establishment
Hubei Midea Refrigerator Co., Ltd.	Jingzhou, PRC	Jingzhou, PRC	Manufacture of refrigerator	97%	3%	Establishment

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6 Interests in other entities (Cont'd)

(2) Interests in associates and joint ventures

The Group's associates and joint ventures have no significant influence on the Group and are summarised as follows:

	2023	2022
Aggregated carrying amount of investments	<u>4,976,109</u>	<u>5,188,817</u>
Aggregate of the following items in proportion		
Net profit (i)	680,759	608,278
Other comprehensive income (i)	<u>8,031</u>	<u>17,391</u>
Total comprehensive income	<u>688,790</u>	<u>625,669</u>

- (i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment in associates and joint ventures and the unification of accounting policies adopted by the associates and joint ventures to those adopted by the Company.

7 Segment information

The reportable segments of the Group are the business units that provide different products or services, or operate in different areas. Different businesses or areas require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 4 reportable segments as follows:

- Heating & ventilation, as well as air-conditioner
- Consumer appliances
- Robotics and automation system
- Others

Inter-segment transfer prices are determined based on negotiation by both parties with reference to selling prices for third parties.

The assets are allocated based on the operations of the segments and the physical locations of the assets. The liabilities are allocated based on the operations of the segments. Expenses indirectly attributable to the segments are allocated based on the proportion of each segment's revenue.

Operating expenses include cost of sales, interest costs, fee and commission expenses, taxes and surcharges, selling and distribution expenses, general and administrative expenses, R&D expenses and financial income.

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8 Segment reporting

(a) Information on the profit or loss, assets and liabilities of reported segment

Segment information as at and for the year ended 31 December 2023 is as follows:

	Heating & ventilation, as well as air- conditioner	Consumer appliances	Robotics and automation system	Other segments and unallocated	Elimination	Total
Revenue from external customers	177,572,832	145,857,207	33,408,425	16,871,340	-	373,709,804
Inter-segment revenue	4,509,170	1,042,635	416,740	7,224,604	(13,193,149)	-
Operating costs and expenses	(161,702,897)	(130,269,783)	(33,235,551)	(22,669,546)	12,865,232	(335,012,545)
Segment profit	20,379,105	16,630,059	589,614	1,426,398	(327,917)	38,697,259
Other profit or loss						1,579,904
Total profit						<u>40,277,163</u>
Total assets	201,061,725	192,503,082	42,735,142	244,913,804	(195,175,569)	486,038,184
Total liabilities	144,034,536	147,021,198	35,887,893	221,726,906	(236,931,998)	311,738,535
Long-term equity investments in associates and joint ventures	648,200	130,710	13,371	4,183,828	-	4,976,109
Share of profit of associates and joint ventures	460,163	11,392	349	208,855	-	680,759
Increase in non-current assets (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	4,710,263	2,381,335	1,588,442	8,286,200	-	16,966,240
(Reversal of)/Losses on asset impairment	(45,838)	226,500	219,068	40,047	-	439,777
Losses/(Reversal of) on credit impairment	58,756	82,463	114,763	(159,449)	102,091	198,624
Depreciation and amortisation expenses	2,395,076	1,814,210	1,396,549	1,745,599	(2,513)	7,348,921

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8 Segment reporting (Cont'd)

(a) Information on the profit or loss, assets and liabilities of reported segment (Cont'd)

Segment information as at and for the year ended 31 December 2022 is as follows:

	Heating & ventilation, as well as air- conditioner	Consumer appliances	Robotics and automation system	Other segments and unallocated	Elimination	Total
Revenue from external customers	167,072,126	135,631,425	30,203,793	12,801,362	-	345,708,706
Inter-segment revenue	3,674,995	902,151	373,373	7,288,925	(12,239,444)	-
Operating costs and expenses	(155,057,892)	(121,217,521)	(30,107,864)	(17,488,764)	12,180,514	(311,691,527)
Segment profit	15,689,229	15,316,055	469,302	2,601,523	(58,930)	34,017,179
Other profit or loss						938,752
Total profit						<u>34,955,931</u>
Total assets	173,419,099	160,854,058	41,186,669	203,093,817	(155,998,376)	422,555,267
Total liabilities	122,574,760	126,523,988	33,478,351	186,475,612	(198,421,246)	270,631,465
Long-term equity investments in associates and joint ventures	396,327	113,029	39,183	4,640,278	-	5,188,817
Investment income/(losses) from associates and joint ventures	254,487	(134)	1,220	352,705	-	608,278
Increase in non-current assets (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	4,663,285	3,318,915	1,303,041	2,021,440	-	11,306,681
Asset impairment losses	107,496	191,771	221,592	12,504	-	533,363
(Reversal of)/Losses on credit impairment	(26,109)	468,842	10,611	29,377	30,965	513,686
Depreciation and amortisation expenses	2,208,139	1,825,681	1,275,870	1,205,750	(7,520)	6,507,920

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8 Segment reporting (Cont'd)

(b) Geographical area information

The Group's revenue from external customers domestically and in foreign countries or geographical areas, and the total non-current assets other than long-term equity investments, financial assets, goodwill and deferred tax assets located domestically and in foreign countries or geographical areas (including Germany, Hong Kong of China, Singapore, Japan, the USA, Italy and South America) are as follows:

Revenue from external customers	2023	2022
Domestic	222,804,120	203,063,764
In other countries/geographical areas	150,905,684	142,644,942
	<u>373,709,804</u>	<u>345,708,706</u>
Total non-current assets	31 December 2023	31 December 2022
Domestic	43,020,433	34,458,577
In other countries/geographical areas	18,617,238	17,914,192
	<u>61,637,671</u>	<u>52,372,769</u>

In 2023 and 2022, revenue from each individual customer is lower than 10% of the Group's total revenue.

9 Related parties and significant related party transactions

(1) Information of the parent company

(a) General information of the parent company

Name of the parent company	Relationship	Place of registration	Nature of business
Midea Holding Co., Ltd.	Controlling shareholder	Shunde District, Foshan	Commercial

The Company's ultimate controlling person is Mr. He Xiangjian.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2023 and 31 December 2022
Midea Holding Co., Ltd.	<u>330,000</u>

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9 Related parties and significant related party transactions (Cont'd)

(1) Information of the parent company (Cont'd)

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	31 December 2023			31 December 2022		
	Shareholding (%)		Voting rights (%)	Shareholding (%)		Voting rights (%)
	Direct	Indirect		Direct	Indirect	
Midea Holding Co., Ltd.	30.87%	-	30.87%	31.00%	-	31.00%

(2) Information of the Company's subsidiaries

Please refer to Note 6(1) for the information of the Company's material subsidiaries.

(3) Information of other related parties

Name of other related parties	Relationship
Orinko Advanced Plastics Co., Ltd.	Controlled by direct relatives of the Company's ultimate controlling shareholder
Guangdong Hekang Medical Management Co., Ltd.	Controlled by the Company's ultimate controlling shareholder
Guangdong Ruizhu Intelligent Technology Co., Ltd.	Controlled by the Company's ultimate controlling shareholder

(4) Information of related party transactions

Other significant related party transactions of the Company other than those already mentioned in this report are as follows

(a) Pricing strategy

The following primary related party transactions are conducted in accordance with normal commercial terms at agreed price by reference to the market price.:

(b) Purchase of goods

Related parties	Content of related party transactions	2023		2022	
		2023	2022	2023	2022
Orinko Advanced Plastics Co., Ltd.	Purchase of goods	1,419,679	1,399,675		

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9 Related parties and significant related party transactions (Cont'd)

(4) Information of related party transactions (Cont'd)

(c) Sales of goods

Related parties	Content of related party transactions	2023	2022
Guangdong Ruizhu Intelligent Technology Co., Ltd.	Sales of goods	242,513	197,787
Guangdong Hekang Medical Management Co., Ltd.	Sales of goods	165,188	14,952
		<u>407,701</u>	<u>212,739</u>

(d) Remuneration of key management (including share payment)

	2023	2022
Remuneration of key management	<u>247,191</u>	<u>211,681</u>

Remuneration of key management includes stock option incentive plan, restricted stock schemes and stock ownership schemes.

(5) Balances with related parties

Other significant related party transactions of the Company other than those already mentioned in this report are as follows:

	31 December 2023	31 December 2022
Accounts payable Orinko Advanced Plastics Co., Ltd.	<u>181,281</u>	<u>93,665</u>

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10 Share-based payment

(1) Stock option incentive plan

- (a) Pursuant to the ninth stock option incentive plan (the “Ninth stock option incentive plan”) approved at the 2021 annual shareholders’ meeting in 2022, the Company actually granted 107,693,000 stock options with exercise price of RMB 54.61 to 2,813 employees. Under the circumstance that the Company meets expected performance, 30%, 30% and 40% of the total stock options granted will become effective after 2 years, 3 years and 4 years respectively since 8 June 2022.

Determination method for fair value of stock options at the grant date

	Ninth stock option
Exercise price of options:	RMB 54.61
Effective period of options:	5 years
Current price of underlying shares:	RMB 52.99
Estimated fluctuation rate of share price:	35.70%
Estimated dividend rate:	2.17%
Risk-free interest rate within effective period of options:	2.00%

The fair value of the Ninth Stock Option Incentive Plan calculated pursuant to the above parameters is: RMB 1,334,978,000.

(b) Movements in stock options during the year ended 31 December 2023

	2023 (Share in thousands)	2022 (Share in thousands)
stock options issued at the beginning of the year	275,548	198,770
stock options granted during the year	-	107,693
stock options exercised during the year	(38,490)	(18,602)
stock options lapsed during the year	(48,900)	(12,313)
stock options issued at the end of the year	<u>188,158</u>	<u>275,548</u>

As at 31 December 2023, the residual contractual maturity date of the Fifth Stock Option Incentive Plan is on 6 May 2024. The residual contractual maturity date of the Fifth Reserved Stock Option Incentive Plan is on 10 March 2025. The residual contractual maturity date of the Sixth Stock Option Incentive Plan is on 29 May 2025. The residual contractual maturity date of the Seventh Stock Option Incentive Plan is on 4 June 2024. The residual contractual maturity date of the Eighth Stock Option Incentive Plan is on 3 June 2026. The residual contractual maturity date of the Ninth Stock Option Incentive Plan is on 7 June 2027.

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10 Share-based payment (Cont'd)

(2) Restricted Share Incentive Schemes

- (a) Pursuant to the restricted share incentive schemes for 2023 (the “Restricted Share Incentive Schemes for 2023”) approved at the 2022 annual shareholders’ meeting in 2023, the Company granted 18,325,000 restricted shares with exercise price of RMB 25.89 to 415 incentive recipients. Under the circumstance that the Company meets expected performance, 40%, 30% and 30% of the total restricted shares granted will be unlocked after 1 year, 2 years and 3 years respectively since 20 June 2023. The listing date for the granted restricted shares of this scheme is 14 July 2023.

Pursuant to the restricted share incentive schemes for 2022 (the “Restricted Share Incentive Schemes for 2022”) approved at the 2021 annual shareholders’ meeting in 2022, the Company granted 12,152,500 restricted shares with exercise price of RMB 26.47 to 191 incentive recipients. Under the circumstance that the Company meets expected performance, 30%, 30% and 40% of the total restricted shares granted will be unlocked after 2 years, 3 years and 4 years respectively since 8 June 2022. The listing date for the granted restricted shares of this scheme is 13 July 2022.

- (b) Movements in restricted shares during the year ended 31 December 2023

	2023	2022
	(Share in thousands)	(Share in thousands)
Restricted shares issued at the beginning of the year	50,211	62,267
Restricted shares granted during the year	18,325	12,153
Restricted shares unlocked during the year	(18,639)	(16,316)
Restricted shares lapsed during the year	(9,994)	(7,893)
Restricted shares issued at the end of the year	<u>39,903</u>	<u>50,211</u>

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10 Share-based payment (Cont'd)

(3) Stock ownership schemes

Pursuant to the Midea Group stock ownership schemes for 2023 (the “stock ownership schemes for 2023”) approved at the 2022 annual shareholders’ meeting in 2023, the Company granted 9,946,276 shares to employees, and the exercise periods of the granted shares are one year, two years and three years from the date of grant. Based on the Company’s performance appraisal and individual performance appraisal, 40%, 30% and 30% of the stock ownership schemes will be granted, respectively.

Pursuant to the eighth stock ownership schemes of the Midea Global Partner Plan (the “Eighth Global Partner Plan”) approved at the 2021 annual shareholders’ meeting in 2022, the Company granted 3,770,433 shares to employees, and the exercise periods of the granted shares are 1 year, 2 years and 3 years from the date of grant. Based on the Company’s performance appraisal and individual performance appraisal, 40%, 30% and 30% of the stock ownership schemes will be granted, respectively.

Pursuant to the fifth stock ownership schemes of the Midea Business Partner Plan (the “Fifth Business Partner Plan”) approved at the 2021 annual shareholders’ meeting in 2022, the Company granted 2,826,759 shares to employees, and the exercise periods of the granted shares are 1 year, 2 years and 3 years from the date of grant. Based on the Company’s performance appraisal and individual performance appraisal, 40%, 30% and 30% of the stock ownership schemes will be granted, respectively.

Shares granted under the stock ownership schemes are repurchased from the secondary market through the company’s dedicated securities account. The fair value of the stock granted under the ESOP is determined by the market closing price of the outstanding shares on the date the equity instrument is granted less the exercise price.

In 2023, the fair value of shares granted under the stock ownership scheme was RMB 564,849,000.

- (4) The total expenses due to the above share-based payment incentive plan, which were granted, recognised for the year ended 31 December 2023 were approximately RMB 1,245,456,000 (2022: RMB 1,028,950,000). As at 31 December 2023, the balance relating to the share-based payment incentive plan and accrued from capital surplus was approximately RMB 2,020,605,000 (31 December 2022: RMB 2,279,108,000).

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11 Contingencies

As at 31 December 2023, the maximum potential loss amount in tax disputes involving Brazilian subsidiary with 51% interests held by the Company was about BRL 735 million (equivalent to RMB 1080 million) (Some cases have lasted for more than 10 years. The above amount included the principal, penalties and interest). Original shareholders of the Brazilian subsidiary have agreed to compensate the Company according to verdict results of the above tax disputes. The maximum compensation amount is about BRL 157 million (equivalent to RMB 230 million). As at the date on which the financial statements were authorised for issue, relevant cases are still at court. With reference to judgements of third-party attorneys, management believes that the probability of losing lawsuits and making compensation is small, and has correspondingly accrued provisions based on the probability of making compensation.

12 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

	31 December 2023	31 December 2022
Buildings, machinery and equipment	<u>4,005,911</u>	<u>5,145,982</u>

13 Events after the balance sheet date

(1) Overview of profit distribution

On 26 March 2024, on the basis of the total shares 6,920,391,836 to be distributed (total 6,968,950,724 shares net of repurchased 48,558,888 shares) of the Company at the date on which the financial statements were authorised for issue, the Board of Directors proposed a distribution of cash dividends of RMB 20,761,175,508 at RMB 30 every 10 shares (including tax). Such proposal is pending for approval at the shareholders' meeting. The distribution of cash dividends proposed after the balance sheet date is not recognised as liabilities at the balance sheet date.

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14 Operating lease proceeds after the balance sheet date

As the lessor, the Group's undiscounted lease proceeds receivable after the balance sheet date are as follows:

	31 December 2023	31 December 2022
Within 1 year	79,835	62,028
1 to 2 years	73,144	62,643
2 to 3 years	70,872	56,275
3 to 4 years	68,363	58,624
4 to 5 years	63,130	57,669
Over 5 years	429,492	471,342
	<u>784,836</u>	<u>768,581</u>

15 Financial instruments and risks

The Group is exposed to various financial risks in the ordinary course of business, mainly including:

- Market risk (mainly including foreign exchange risk, interest rate risk and other price risk)
- Credit risk
- Liquidity risk

The following mainly relates to the above risk exposures and relevant causes, objectives, policies and process of risk management, method of risk measurement, etc.

The objective of the Group's risk management is to seek balance between risk and income, minimising the adverse impact of financial risks on the Group's financial performance. Pursuant to the risk management objective, the Group has made risk management policies to identify and analyse the risks it is exposed to and set appropriate risk resistant level and design relevant internal control procedures to monitor the Group's risk level. The Group reviews regularly these risk management policies and relevant internal control systems to adapt to changes in market condition or its operating activities.

(1) Market risk

(a) Foreign exchange risk

The Group mainly operates in China, Europe, the USA, Asia, South America and Africa for the manufacturing, sales, investments and financing activities. Any foreign currency denominated monetary assets and liabilities other than in RMB would subject the Group to the risk arising from fluctuation of exchange rate.

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15 Financial instruments and risks (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

The Group's finance department has a professional team to manage the risk arising of fluctuation of exchange rate, with approach of the natural hedge for settling currencies, signing forward foreign exchange hedging contracts and controlling the scale of foreign currency assets and liabilities, to minimise foreign exchange risk, and to reduce the impact of exchange rate fluctuations on business performance.

As at 31 December 2023, for the financial assets and financial liabilities held by subsidiaries whose functional currency is not denominated in USD, if the functional currency had appreciated or depreciated by 5% against the USD and other factors remain unchanged, the Group will increase or reduce its pre-tax profit by approximately RMB 1,051,858,000 (31 December 2022: approximately RMB 607,437,000).

As at 31 December 2023, for the financial assets and financial liabilities held by subsidiaries whose functional currency is not denominated in EUR, if the functional currency had appreciated or depreciated by 5% against the EUR and other factors remain unchanged, the Group will increase or reduce its pre-tax profit by approximately RMB 27,850,000 (31 December 2022: approximately RMB 39,468,000).

As at 31 December 2023, for the financial assets and financial liabilities held by subsidiaries whose functional currency is not denominated in RMB, if the functional currency had appreciated or depreciated by 5% against the RMB and other factors remain unchanged, the Group will increase or reduce its pre-tax profit by approximately RMB 317,553,000 (31 December 2022: approximately RMB 266,658,000).

(b) Interest rate risk

The Group's interest rate risk arises from interest bearing borrowings including long-term borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions.

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 31 December 2023, after taking into account the interest rate swap arrangements, the Group had no floating rate borrowings (31 December 2022: interest rates had risen/fallen by 50 basis points while holding all other variables constant, the Group's profit before tax would have decreased/increased by approximately RMB 1,739,000).

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15 Financial instruments and risks (Cont'd)

(1) Market risk (Cont'd)

(c) Other price risk

The Group's other price risk arises mainly from financial assets held for trading (Note 4(2)), other non-current financial assets (excluding the hedging instruments mentioned in Note 4(16)) and investments in other equity instruments measured at fair value. As at 31 December 2023, if expected price of the investments held by the Group fluctuated, the Group's gains or losses on changes in fair value and other comprehensive income would be affected accordingly.

As at 31 December 2023, if the Group's expected price of above mentioned investments in equity instruments had risen or fallen by 10% while other factors had been remained constant, the Group would have an increase or decrease in profit before tax amounting to approximately RMB 606,750,000, and an increase or decrease in other comprehensive income amounting to approximately RMB 3,787,000.

(2) Credit risk

Credit risk is managed on a grouping basis. Credit risk mainly arises from cash at bank and on hand, deposits with the Central Bank, deposits with banks and other financial institutions, notes receivable, accounts receivable, receivables financing, loan receivables, other receivables, contract assets, lease receivables, other debt investments, other current assets, other non-current assets and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope.

The Group expects that there is no significant credit risk associated with cash at bank, deposits with the Central Bank and deposits with banks and other financial institutions since they are deposited at state-owned banks and other medium or large size listed banks with good reputation and high credit rating. Management does not expect that there will be any significant losses from non-performance by these banks.

Other debt investments held by the Group mainly consist of transferable certificates of deposit. The Group controls its credit risk exposure by setting overall investment limits, which are reviewed and approved annually. The Group regularly monitors the credit risk exposure of debt investments, changes in credit ratings of debt investments and other relevant information to ensure the overall credit risk is limited to a controllable extent.

The Group has policies to limit the credit exposure on notes receivable, accounts receivable, contract assets, loan receivables, other receivables, lease receivables, fixed-income products in other current assets, other debt investments and fixed-income products in other non-current assets. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

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15 Financial instruments and risks (Cont'd)**(2) Credit risk (Cont'd)**

In addition, the amount and type of collateral required for loan receivables depend on an assessment of the credit risk of the counterparty. The collaterals pledged for pledged loans are mainly receivables and inventories. The Group monitors the market value of the collaterals, requests additional collaterals according to relevant agreements and monitors the market value of collaterals when reviewing the adequacy of provision for impairment.

In addition, financial guarantee obligations and loan commitments may give rise to risks as a result of defaults by counterparties. The Group has set stringent application and approval requirements for financial guarantee obligations and loan commitments, takes into account internal and external credit ratings and other information, and continuously monitors credit risk exposure, changes in the credit ratings of counterparties and other relevant information to ensure that the overall credit risk is limited to a controllable extent.

As at 31 December 2023, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2022: Nil).

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

At the balance sheet date, the Group's undiscounted contractual cash flows are consistent with its carrying amount and financial liabilities within one year include notes payable, accounts payable, other payables, financial liabilities held for trading, derivative financial liabilities and other current liabilities; The remaining financial liabilities are presented as undiscounted contract cash flows by maturity date as follows:

	31 December 2023				Total
	On demand or within a year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings (including interest)	8,870,346	-	-	-	8,870,346
Customer deposits and deposits from banks and other financial institutions (including interest)	89,022	-	-	-	89,022
Current portion of non-current liabilities (including interest)	13,549,559	-	-	-	13,549,559
Long-term borrowings (including interest)	611,563	38,259,251	7,812,923	154,216	46,837,953
Debentures payable (including interest)	91,792	91,792	3,324,903	-	3,508,487
Lease liabilities (including interest)	-	815,583	1,069,277	446,468	2,331,328
Other non-current liabilities	-	2,218	36,947	-	39,165
	<u>23,212,282</u>	<u>39,168,844</u>	<u>12,244,050</u>	<u>600,684</u>	<u>75,225,860</u>

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(All amounts in RMB '000 Yuan unless otherwise stated)

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15 Financial instruments and risks (Cont'd)**(3) Liquidity risk (Cont'd)**

	31 December 2022				Total
	On demand or within a year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings (including interest)	5,239,105	-	-	-	5,239,105
Customer deposits and deposits from banks and other financial institutions (including interest)	77,523	-	-	-	77,523
Current portion of non- current liabilities (including interest)	7,508,788	-	-	-	7,508,788
Long-term borrowings (including interest)	593,936	12,730,569	36,356,095	-	49,680,600
Debentures payable (including interest)	90,261	90,261	3,359,723	-	3,540,245
Lease liabilities (including interest)	-	659,201	778,483	312,797	1,750,481
Other non-current liabilities	-	-	680,482	-	680,482
	<u>13,509,613</u>	<u>13,480,031</u>	<u>41,174,783</u>	<u>312,797</u>	<u>68,477,224</u>

- (i) As at the balance sheet date, the Group did not provide financial guarantees to external parties or loan commitments to related parties.

16 Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

MIDEA GROUP CO., LTD.

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16 Fair value estimates (Cont'd)

(1) Assets and liabilities measured at fair value on a recurring basis

As at 31 December 2023, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value -				
Financial assets held for trading	1,726,584	64,004	-	1,790,588
Derivative financial assets	-	1,278,161	-	1,278,161
Receivables financing	-	13,330,008	-	13,330,008
Other current assets - hedging instruments and transferable certificate of deposit	-	422,593	-	422,593
Other debt investments (including the current portion)	-	10,983,476	-	10,983,476
Investments in other equity instruments	-	-	37,874	37,874
Other non-current financial assets	-	2,082,347	5,687,591	7,769,938
Total assets	1,726,584	28,160,589	5,725,465	35,612,638
Financial liabilities measured at fair value -				
Financial liabilities held for trading	-	-	1,346,674	1,346,674
Derivative financial liabilities	-	257,668	-	257,668
Other current liabilities - hedging instruments	-	155,554	-	155,554
Other current liabilities	-	2,282	-	2,282
Total liabilities	-	415,504	1,346,674	1,762,178

As at 31 December 2022, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value -				
Financial assets held for trading	1,264,595	2,019,998	-	3,284,593
Derivative financial assets	-	665,484	-	665,484
Receivables financing	-	13,526,540	-	13,526,540
Other current assets - hedging instruments and transferable certificate of deposit	-	743,934	-	743,934
Other debt investments (including the current portion)	-	16,969,335	-	16,969,335
Investments in other equity instruments	-	-	41,359	41,359
Other non-current financial assets	-	4,276,688	6,348,556	10,625,244
Total assets	1,264,595	38,201,979	6,389,915	45,856,489
Financial liabilities measured at fair value -				
Financial liabilities held for trading	-	-	1,580,771	1,580,771
Derivative financial liabilities	-	234,606	-	234,606
Other current liabilities - hedging instruments	-	79,933	-	79,933
Total liabilities	-	314,539	1,580,771	1,895,310

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16 Fair value estimates (Cont'd)

(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There was no significant transfer of fair value measurement level of the above financial instruments.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. Inputs of valuation technique mainly comprise risk-free interest rate, floating rate, foreign exchange rate, volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketabilities, etc.

There were no changes in the valuation technique for the fair value of the Group's financial instruments in the current year.

The changes in Level 3 assets and liabilities are analysed below:

	Investments in other equity instruments and other non-current financial assets	Financial liabilities held for trading
1 January 2023	6,389,915	(1,580,771)
Increase	172,008	-
Decrease	(282,046)	364,272
Transfer out of Level 3	(375,466)	-
Total gains for the current period		
Investment losses recognised in the income statement	(199,037)	(130,175)
Gains recognised in other comprehensive income	20,091	-
31 December 2023	<u>5,725,465</u>	<u>(1,346,674)</u>

MIDEA GROUP CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
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16 Fair value estimates (Cont'd)**(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)**

The changes in Level 3 assets and liabilities are analysed below (Cont'd):

	Investments in other equity instruments and other non-current financial assets	Financial liabilities held for trading
1 January 2022	5,958,620	-
Increase	1,746,172	(1,766,953)
Decrease	(190,586)	99,876
Transfer out of Level 3	(838,345)	-
Total gains for the current period		
Investment losses recognised in the income statement	(409,005)	86,306
Gains recognised in other comprehensive income	123,059	-
31 December 2022	<u>6,389,915</u>	<u>(1,580,771)</u>

- (a) Financial assets and liabilities subject to Level 3 fair value hierarchy are included unlisted equity investments at fair value of other non-current financial assets, investments in other equity instruments and trading financial liabilities. The valuation techniques using market approach, net asset value and other pricing models. These assumptions are based on unobservable inputs, including risk-free interest rate, floating rate, financial data of target company, market multiple of comparable companies, discount for lack of marketabilities and recent market data (such as subsequent adjustments for observable price changes resulting from recent financing transactions executed by the investment company).

Financial assets and liabilities subject to Level 2 fair value hierarchy are included receivables financing, structured deposits, transferable certificate of deposits and derivatives (including cross currency interest rate swap contracts), which are valued using discounted cash flow method, market approach and income method.

- (2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

The Group's financial assets and financial liabilities measured at amortised cost mainly include: cash at bank and on hand, notes receivable, accounts receivable, contract assets, loan receivables, other receivables, long-term receivables, current portion of non-current assets (excluding other debt investments due within one year mentioned in Note 4(11)), other current assets (excluding those mentioned in Note 16(1)), notes payable, accounts payable, contract liabilities, short-term borrowings, lease liabilities, long-term borrowings, debentures payable, current portion of non-current liabilities, customer deposits and deposits from banks and other financial institutions, other payables and other current liabilities.

Carrying amounts of the Group's financial assets and financial liabilities measured at amortised cost as at 31 December 2023 and 31 December 2022 approximated to their fair value.

MIDEA GROUP CO., LTD.

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[English translation for reference only]

17 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is not subject to external mandatory capital requirements, and monitors capital structure on the basis of gearing ratio (total liabilities divide total assets).

As at 31 December 2023 and 31 December 2022, the Group's debt-to-asset ratio is as follows:

	31 December 2023	31 December 2022
Total liabilities	311,738,535	270,631,465
Total assets	486,038,184	422,555,267
Debt-to-asset ratio	<u>64.14%</u>	<u>64.05%</u>

MIDEA GROUP CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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[English translation for reference only]

18 Notes to the Company's financial statements

(1) Other receivables

	31 December 2023	31 December 2022
Other receivables	19,621,009	26,182,925
Less: Provision for bad debts	<u>(6,650)</u>	<u>(7,824)</u>
	<u>19,614,359</u>	<u>26,175,101</u>

The Company has no amounts that are aggregated with other parties and included in other receivables as a result of centralised fund management.

(a) Other receivables are analysed by ageing as follows:

	31 December 2023	31 December 2022
Within 1 year	19,277,501	26,069,074
1 to 2 years	340,449	110,631
Over 2 years	<u>3,059</u>	<u>3,220</u>
	<u>19,621,009</u>	<u>26,182,925</u>

(b) Provision for losses and changes in book balance statement

	31 December 2023			
	Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	152,756	0.78%	-	0.00%
Provision for bad debts on a grouping basis (ii)	<u>19,468,253</u>	<u>99.22%</u>	<u>(6,650)</u>	0.03%
	<u>19,621,009</u>	<u>100.00%</u>	<u>(6,650)</u>	

	31 December 2022			
	Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	67,959	0.26%	-	0.00%
Provision for bad debts on a grouping basis (ii)	<u>26,114,966</u>	<u>99.74%</u>	<u>(7,824)</u>	0.03%
	<u>26,182,925</u>	<u>100.00%</u>	<u>(7,824)</u>	

MIDEA GROUP CO., LTD.

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18 Notes to the Company's financial statements (Cont'd)

(1) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statement (Cont'd)

	Stage 1				Sub-total Provision for bad debts
	12-month ECL (Grouping)		12-month ECL (Individual)		
	Book balance	Provision for bad debts	Book balance (i)	Provision for bad debts	
31 December 2022	26,114,966	7,824	67,959	-	7,824
Transfer to Stage 3 in the current year	-	-	-	-	-
Net (decrease)/increase in the current year	(6,646,713)	(1,174)	84,797	-	(1,174)
Including: Write-off in the current year	-	-	-	-	-
Derecognition	-	-	-	-	-
31 December 2023	<u>19,468,253</u>	<u>6,650</u>	<u>152,756</u>	<u>-</u>	<u>6,650</u>

(i) As at 31 December 2023 and 31 December 2022, the Company had no other receivables at Stage 2 or Stage 3:

(c) Provision for bad debts

As at 31 December 2023 and 31 December 2022, other receivables of the Company at Stage 1 are analysed as follows:

(i) As at 31 December 2023, other receivables for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	12-month ECL rate	Provision for bad debts	Reason
Stage 1	<u>152,756</u>	<u>0.00%</u>	<u>-</u>	Relatively low bad debt risks

As at 31 December 2022, other receivables for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Book balance	12-month ECL rate	Provision for bad debts	Reason
Stage 1	<u>67,959</u>	<u>0.00%</u>	<u>-</u>	Relatively low bad debt risks

MIDEA GROUP CO., LTD.

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18 Notes to the Company's financial statements (Cont'd)

(1) Other receivables (Cont'd)

(c) Provision for losses and changes in book balance statement (Cont'd)

(ii) As at 31 December 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on a grouping basis were all at Stage 1, which are analysed as follows:

	31 December 2023			31 December 2022		
	Book balance	Provision for bad debts	Provision ratio	Book balance	Provision for bad debts	Provision ratio
	Amount	Amount		Amount	Amount	
Related parties and security deposit/guarantee payables grouping	19,468,253	(6,650)	0.03%	26,114,966	(7,824)	0.03%

(d) As at 31 December 2023, the five largest other receivables aggregated by debtor are analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Company A	Current accounts	17,071,391	Within 1 year	87.00%	(5,660)
Company B	Current accounts	1,088,000	Within 1 year	5.54%	(361)
Company C	Current accounts	339,172	Within 1 year	1.73%	(112)
Company D	Current accounts	254,700	Within 1 year	1.30%	(84)
Company E	Current accounts	155,998	Within 1 year	0.80%	(52)
		<u>18,909,261</u>		<u>96.37%</u>	<u>(6,269)</u>

(2) Long-term equity investments

Long-term equity investments are classified as follows:

	31 December 2023	31 December 2022
Subsidiaries (a)	72,398,113	69,705,046
Associates (b)	<u>3,559,731</u>	<u>3,398,523</u>
	75,957,844	73,103,569
Less: Provision for impairment	-	-
	<u>75,957,844</u>	<u>73,103,569</u>

MIDEA GROUP CO., LTD.

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[English translation for reference only]

18 Notes to the Company's financial statements (Cont'd)

(2) Long-term equity investments (Cont'd)

(a) Subsidiaries

	Movements in the current year					31 December 2023	Provision for impairment Ending balance	Cash dividends attributable to the parent company declared in the current year
	31 December 2022	Increase in investment	Decrease in investment	Provision for impairment	Others			
Wuxi Little Swan Electric Co., Ltd.	20,313,623	-	-	-	62,108	20,375,731	-	1,815,850
Foshan Shunde Midea Household Appliances Industry Co., Ltd.	5,950,999	-	-	-	1,053	5,952,052	-	-
Guangdong Midea Electric Co., Ltd.	5,001,072	-	-	-	2,070	5,003,142	-	-
Beijing Wandong Medical Technology Co., Ltd.	4,349,003	-	-	-	4,199	4,353,202	-	38,350
Midea Group Finance Co., Ltd.	3,363,479	-	-	-	1,844	3,365,323	-	-
Midea Innovation Investment Co., Ltd.	2,135,000	-	-	-	-	2,135,000	-	-
GD Midea Air-Conditioning Equipment Co., Ltd.	1,987,281	-	-	-	98,294	2,085,575	-	174,382
Guangdong Midea Microwave Oven Manufacturing Co., Ltd.	1,880,041	-	-	-	-	1,880,041	-	554,117
Guangdong Midea Intelligent Technologies Co., Ltd.	1,860,540	-	-	-	1,671	1,862,211	-	-
Guangdong Meizhi Compressor Limited	1,418,863	-	-	-	534,882	1,953,745	-	576,730
Shenzhen CLOU Electronics Co., Ltd.	-	828,094	-	-	833,580	1,661,674	-	-
Guangdong Midea Consumer Electric Manufacturing Co., Ltd.	1,201,861	-	-	-	19,880	1,221,741	-	-
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	1,083,420	-	-	-	4,196	1,087,616	-	1,706,052
Hainan Midea Building Technology Co., Ltd.	921,500	-	-	-	-	921,500	-	-
Midea Group (Shanghai) Co. Ltd.	920,427	-	-	-	26,178	946,605	-	-
GD Midea Heating & Ventilating Equipment Co., Ltd.	899,435	-	-	-	54,982	954,417	-	1,016,476
Hubei Midea Refrigerator Co., Ltd.	885,138	-	-	-	28,042	913,180	-	1,475,941
Anhui Meizhi Precision Manufacturing Co., Ltd.	834,812	-	-	-	3,906	838,718	-	-
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	776,756	-	-	-	4,025	780,781	-	1,404,750
Guangdong Midea Building Technology Co., Ltd.	769,430	-	-	-	-	769,430	-	-
Wuhu Xinhe Technology Co., Ltd.	742,684	-	-	-	-	742,684	-	-
Guangdong Meizhi Precision- Manufacturing Co., Ltd.	625,877	-	-	-	14,853	640,730	-	-
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	595,045	-	-	-	31,636	626,681	-	-
Hefei Midea Refrigerator Co., Ltd.	556,199	-	-	-	6,479	562,678	-	-
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	533,343	-	-	-	9,509	542,852	-	-
Ningbo Midea United Materials Supply Co., Ltd.	503,420	-	-	-	2,565	505,985	-	689,901
Guangdong Midea Electromechanical Technology Co., Ltd.	500,000	-	-	-	(500,000)	-	-	-
GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.	481,769	-	-	-	-	481,769	-	-
Guangzhou Midea Hualing Refrigerator Co., Ltd.	444,415	-	-	-	20,473	464,888	-	-
GD Midea Environment Appliances Mfg. Co., Ltd.	417,382	-	-	-	10,679	428,061	-	-
Others	7,752,232	60,949	(30,246)	-	557,166	8,340,101	-	6,294,849
	<u>69,705,046</u>	<u>889,043</u>	<u>(30,246)</u>	<u>-</u>	<u>1,834,270</u>	<u>72,398,113</u>	<u>-</u>	<u>15,747,398</u>

MIDEA GROUP CO., LTD.

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18 Notes to the Company's financial statements (Cont'd)

(2) Long-term equity investments (Cont'd)

(b) Associates

Investments in associates mainly refer to the investments in Guangdong Shunde Rural Commercial Bank Co., Ltd., and Hefei Royalstar Motor Co., Ltd. and other companies by the Company.

The equity movements of the Group's investment in associates are as follows:

31 December 2022	Increase in investment and transfers in	Decrease in investment and transfers out	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared	Others	31 December 2023
3,398,523	942,444	(832,614)	157,844	(960)	(1,455)	(104,051)	-	3,559,731

(3) Operating revenue

Operating revenue mainly comprises other operating revenue including the trademark royalty income, rental income and management fee income, obtained by the Company from the subsidiaries.

(4) Investment income

	2023	2022
Income from long-term equity investments under equity method	15,747,398	10,279,124
Investment income from associates	157,844	260,651
Investment income from holding of financial assets held for trading	77,581	95,277
Others	(13,933)	282,904
	<u>15,968,890</u>	<u>10,917,956</u>

There is no significant restriction on repatriation of the Company's investment income.

MIDEA GROUP CO., LTD.

SUPPLEMENTARY INFORMATION

(All amounts in RMB '000 Yuan unless otherwise stated)
[English translation for reference only]

1 Details of non-recurring profit or loss for the year ended 31 December 2023

	2023
Gains or losses on disposal of non-current assets	(233,657)
Except for the effective hedging activities related to the Group's ordinary activities, gains or losses on changes in fair value arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, other non-current financial assets, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, other non-current financial assets.	(345,146)
Others (mainly including government grants, reversal of provision for impairment of receivables tested for impairment on an individual basis, compensation income, penalty income and other non-operating income and expenses)	1,345,521
	<u>766,718</u>
Less: Effect of income tax	(143,692)
Effect of minority interests (after tax)	122,001
	<u>745,027</u>

(1) Basis of preparation of details of non-recurring profit or loss for the year ended 31 December 2023

The China Security Regulatory Commission ("CSRC") issued the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring Profit or Loss (Revised in 2023)* ("No. 1 Explanatory Announcement of the 2023 Version") in 2023, which has come into effect since the date of issuance. The Group prepares the details of non-recurring profit or loss for the year ended 31 December 2023 in accordance with the requirements of No. 1 Explanatory Announcement of the 2023 Version.

Under the requirements of the No. 1 Explanatory Announcement of the 2023 Version, non-recurring profit or loss refers to that arises from transactions and events that are not directly relevant to ordinary activities, or that is relevant to ordinary activities, but is extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

(2) Impact of the implementation of No. 1 Explanatory Announcement of the 2023 Version on non-recurring profit or loss for the year ended 31 December 2022

Under the relevant requirements of the *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring Profit or Loss (2008)*, ("No. 1 Explanatory Announcement of the 2008 Version"), government grants included as non-recurring profit or loss for the year ended 31 December 2022 by the Group include government grants related to assets of RMB105,573,000. As the subsidy is relevant to normal operating business and conforms to national industrial policies, the Group is entitled to the subsidy in accordance with established standards and the subsidy has a continuing impact on the Group's profit or loss over the useful life of the asset. Therefore, according to the relevant requirements of the No. 1 Explanatory Announcement of the 2023 Version, the above subsidy of RMB105,573,000 shall be included as recurring profit or loss.

MIDEA GROUP CO., LTD.**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB '000 Yuan unless otherwise stated)

[English translation for reference only]

2 Details of non-recurring profit or loss for the year ended 31 December 2022

	2022
Gains or losses on disposal of non-current assets	(59,854)
Except for the effective hedging activities related to the Group's ordinary activities, gains or losses on changes in fair value arising from financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, other non-current financial assets, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, other non-current financial assets.	(604,446)
Others (mainly including government grants, reversal of provision for impairment of receivables tested for impairment on an individual basis, compensation income, penalty income and other non-operating income and expenses)	1,777,103
	<u>1,112,803</u>
Less: Effect of income tax	(103,624)
Effect of minority interests (after tax)	<u>(63,645)</u>
	<u>945,534</u>

The Group prepares the details of non-recurring profit or loss for the year ended 31 December 2022 in accordance with relevant requirements of No. 1 Explanatory Announcement of the 2008 Version.

3 Return on net assets and earnings per share

The Group's return on net asset and earnings per share calculated pursuant to the *Compilation Rules for Information Disclosure of Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Asset and Earnings per Share* (revised in 2010) issued by CSRC and relevant requirements of accounting standards are as follows:

	Weighted average return on net assets (%)		Earnings per share (in RMB Yuan)			
	2023	2022	Basic earnings per share		Diluted earnings per share	
	2023	2022	2023	2022	2023	2022
Net profit attributable to ordinary shareholders of the Company	22.23%	22.21%	4.93	4.34	4.92	4.33
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	<u>21.74%</u>	<u>21.50%</u>	<u>4.82</u>	<u>4.20</u>	<u>4.81</u>	<u>4.20</u>

3. Differences in Accounting Data under Domestic and Overseas Accounting Standards

(1) Differences in the net profit and net assets disclosed in the financial reports prepared under China Accounting Standards (CAS) and International Financial Reporting Standards (IFRS)

Applicable N/A

(2) Differences in the net profit and net assets disclosed in the financial reports prepared under CAS and foreign accounting standards

Applicable N/A

(3) Reasons for the differences. Where any reconciliation is made to any data that have been audited by an overseas auditor, the name of the overseas auditor shall be provided.

Midea Group Co., Ltd.

Legal Representative: Fang Hongbo

28 March 2024