

# **Midea Group Co., Ltd.**

## **Semi-Annual Report 2024**



**August 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, CFO and Director of Finance of the Company, and Ms. Chen Lihong, head of the accounting department 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 Company plans not to distribute cash dividends or bonus shares or convert capital reserves into share capital.**

**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 Semi-Annual Report 2024 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 originals of all company documents and announcements that are disclosed to the public via newspaper designated for information disclosure during the Reporting Period; and**
- 4. The electronic version of The Semi-Annual Report 2024 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.
TLSC	Toshiba Lifestyle Products & Services Corporation
KUKA	KUKA Aktiengesellschaft
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 2024 to 30 June 2024

## 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 (if any)	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		

### 2. Contact Us

	Board Secretary	Representative for Securities Affairs
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### 3. Other Information

#### 3.1 Ways to Contact the Company

Changes to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period:

☐Applicable ☒N/A

No such changes in the Reporting Period. The said information can be found in the 2023 Annual Report.

#### 3.2 Information Disclosure and Place Where the Semi-Annual Report Is Kept

Changes to the media for information disclosure and the place where materials carrying disclosed information such as this Report were kept in the Reporting Period:

☐Applicable ☒N/A

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing this Report and the place where materials carrying disclosed information such as this Report were kept did not change in the Reporting Period. The said information can be found in the 2023 Annual Report.

### 3.3 Other Information

Changes to other information in the Reporting Period:

☐Applicable ☒N/A

## 4. Key Accounting Data and Financial Indicators

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

☐Yes ☒No

	H1 2024	H1 2023	Change (%)
Operating revenue (RMB'000)	217,274,086	196,988,402	10.30%
Net profit attributable to shareholders of the Company (RMB'000)	20,804,176	18,232,291	14.11%
Net profit attributable to shareholders of the Company before non-recurring gains and losses (RMB'000)	20,180,878	17,651,853	14.33%
Net cash flows from operating activities (RMB'000)	33,488,170	29,784,674	12.43%
Basic earnings per share (RMB/share)	3.02	2.67	13.11%
Diluted earnings per share (RMB/share)	3.01	2.66	13.16%
Weighted average ROE (%)	12.20%	12.14%	0.06%
	30 June 2024	31 December 2023	Change (%)
Total assets (RMB'000)	506,631,909	486,038,184	4.24%
Net assets attributable to shareholders of the Company (RMB'000)	164,797,591	162,878,825	1.18%

## 5. Differences in Accounting Data under Domestic and Overseas Accounting Standards

### 5.1 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.

### 5.2 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.

### 5.3 Reasons for differences in accounting data under domestic and overseas accounting standards

☐Applicable ☒N/A

## 6. Non-recurring Gains and Losses

☒Applicable ☐N/A

Unit: RMB'000

Item	Amount	Note
Gain or loss from disposal of non-current assets	99,217	
Except for effectively hedging business related to normal business operations of the Group, 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	364,409	
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.)	683,733	
Less: Corporate income tax	367,479	
Minority interests (after tax)	156,582	
Total	623,298	--

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 Profits 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 Solutions, Energy Solutions & 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 Solutions 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 & 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 over 400 subsidiaries, 33 R&D centers, 43 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 22 major manufacturing bases in more than ten countries.

## 1.2 Position in the home appliance industry

Midea Group ranks No. 277 on the *Fortune Global 500* list unveiled in August 2024, marking its ninth consecutive year on the list. Meanwhile, Midea has also been named to the 2024 *Fortune China ESG Impact* list for its environmental, social and corporate governance excellence and industry leadership. In 2024, the Forbes magazine released its *Global 2000* list and Midea ranks No. 205. In June 2024, Midea Group's programme of “Air Source Heat Pump Multi-grade Heat Energy Efficient Supply Key Technology and Application” won a second prize of 2023 National Science and Technology Progress Award. This award is not only an authoritative recognition of Midea's technological innovation ability, but also a state-level certification of Midea's contribution to promoting industry innovation and serving the society. Meanwhile, Midea takes the lead among domestic home appliance makers by ranking No. 236 on the *Global 500 2024* list released by Brand Finance, a British brand assessment institution. Driven by the “Global Impact” strategy, Midea continued to strengthen its brand presence in overseas markets and is selected as one of the “2024 Kantar BrandZ Top 50 Chinese Global Brand Builders” jointly released by Google and Kantar BrandZ. In June 2024, Midea officially joined UN Women's WEPs (Women's Empowerment Principles) programme and became one of the programme's corporate members across the world, marking another important step in Midea's promotion of gender equality and women's empowerment. As of June 2024, Midea had 28 state-level green factories, three zero-carbon

factories, nine 5G factories, and five “Lighthouse” factories, which demonstrates its leading position in intelligent manufacturing and digital development among manufacturers worldwide. 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, Moody’s has upgraded Midea Group’s credit rating from A3 to A2 in 2024.

In the first half of 2024, 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 nine home appliance categories, namely, residential air conditioners, clothes dryers, countertop pan-microwave ovens, countertop electric ovens, induction cookers, electric radiators, electric fans, electric kettles, and air fryers.

The table below shows the offline market shares and rankings of the Company’s primary home appliance products (by value of retail sales) in the first half of 2024.

Product category	Market share	Ranking
Residential air conditioners	37.7%	1
Laundry appliances	29.6%	2
Clothes dryers	31.3%	1
Refrigerators	17.4%	2
Countertop pan-microwave ovens	65.1%	1
Induction cookers	44.8%	1
Electric fans	44.1%	1
Countertop electric ovens	43.0%	1
Electric radiators	41.8%	1
Electric kettles	36.5%	1
Air fryers	35.6%	1
Water dispensers	25.0%	1
Electric pressure cookers	38.5%	2
Rice cookers	37.4%	2
Electric water heaters	30.2%	2
Electric baking pans	28.5%	2
Water purifiers	18.3%	2

Product category	Market share	Ranking
Freezers	16.8%	2
Blenders	27.6%	3

The table below shows the online market shares and rankings of the Company's primary home appliance products (by value of retail sales) in the first half of 2024.

Product category	Market share	Ranking
Residential air conditioners	33.2%	1
Laundry appliances	38.3%	1
Clothes dryers	38.7%	1
Refrigerators	22.5%	2
Induction cookers	54.6%	1
Countertop pan-microwave ovens	53.8%	1
Electric kettles	30.6%	1
Electric fans	28.8%	1
Countertop electric ovens	27.2%	1
Air fryers	26.3%	1
Electric radiators	24.1%	1
Water purifiers	20.6%	1
Electric pressure cookers	37.6%	2
Electric water heaters	29.6%	2
Rice cookers	26.7%	2
Electric baking pans	28.0%	2
Blenders	14.8%	2
Freezers	13.5%	2
Water dispensers	12.9%	3

\* Residential air conditioners refer to floor-standing and wall-mounted ones only.

### 1.3 Industry Overview

#### A. Home Appliance Industry

In the first half of 2024, the overall operation of China's national economy remained stable, with steady progress and stable production growth. The domestic GDP increased by 5.0% year-on-year. During this

period, the export scale of China's home appliance industry achieved rapid growth, while the domestic retail market faced pressure. According to the General Administration of Customs, the cumulative export amount of China's home appliances in the first half of 2024 reached RMB347.9 billion, marking a year-on-year increase of 18.3%. The domestic retail market for white goods saw a decline, with the market size reaching RMB231.9 billion, down by 7.0% year-on-year, according to the data from AVC. From a category perspective within the domestic home appliance market, the air conditioning industry, after experiencing strong market performance in 2022-2023, entered a replenishment phase in the second half of 2023. However, in 2024, overall retail demand has been weak, exacerbated by significant weather-related factors. It is anticipated that there will be a correction in market demand this year; The cooling and refrigeration industry continues to be driven by replacement needs, with demand gradually being released under the policy of promoting the replacement of old appliances with new ones. The market remains generally stable. However, in the context of consumption downgrades, the structural upgrading driven by the supply side of the refrigerator market has encountered bottlenecks, posing new challenges to the industry logic of driving growth through high-end products and premium brands. The wash and care industry saw some recovery in 2023, but overall market competition intensified due to strategy adjustments by leading enterprises. In 2024, after adjusting its pace, the wash and care industry has been witnessing rapid growth in washer-dryer combos and a clear downward trend in overall structure. The major appliances market in the first half of 2024 faced pressure, linked to both the internal and external environment of the industry, as well as the inevitable path of the industry's development cycle. In summary, the home appliance market is undergoing significant changes: (a). Consumption changes: Domestic consumption paths have been evolving from upgrading, to differentiation, and to downgrading. (b). Brand changes: Brand loyalty has diminished, with users' brand perceptions being reshaped. (c). Marketing changes: Traditional marketing methods are losing effectiveness. Current marketing strategies are highly focused on "seeding", with social media platforms integrating the processes of "seeding and harvesting". Precisely targeting real needs and implementing efficient and accurate product seeding have become new directions for companies to attract customers. (d). Product changes: White goods have entered a mature phase, while emerging categories are experiencing rapid growth. High-quality, cost-effective products are increasingly being brought to consumers, driven by supply-side initiatives.

According to the data from AVC, the domestic retail sales of air conditioners were RMB111.4 billion in the first half of 2024, down 14.5% year on year. This decline can be attributed to last year's high industry base, as well as external factors such as the continuous decline in the real estate market and frequent rainfall across the country, leading to weak domestic demand for air conditioning. On the pricing side, consumption downgrading coexists with sluggish demand, and the air conditioning industry faces intense price competition. In the first half of 2024, the average price of air conditioners in online and offline retail markets decreased by 4.8% and 2.3%, respectively, year-on-year. However, from a product perspective, the functional structure continues to show an upgrading trend. In the first half of 2024, the market share of retail sales for new Energy Efficiency Grade 1 products continued to rise,

exceeding 86%. The market share of comfort wind air conditioners also increased further, with the sales volume share in online and offline markets rising to over 17% and 21%, respectively. The market share of fresh air function air conditioners in the offline market also steadily increased, with fresh air wall-mounted units accounting for 6.8% and fresh air floor-standing units accounting for 8.5% of the sales.

According to the data from AVC, in the first half of 2024, the domestic retail sales of washing machines were RMB42.7 billion, up 1.8% year on year, while those of clothes dryers reached RMB6.7 billion, an increase of 16.9% year on year. The wash and care sector has a large market scale, with diverse demand scenarios and strong rigid demand, where washer-dryer combos have become the primary driving force. The online retail sales of washer-dryer combos exceeded RMB4.3 billion, with a year-on-year growth of over 42%. At the same time, the product structure continued to steadily upgrade, with the sales share of heat pump clothes dryers increasing further in both online and offline markets.

According to the data from AVC, the domestic retail sales of refrigerators reached RMB65 billion in the first half of 2024, marking a 0.4% year-on-year increase, with significant product structure optimization. From the product perspective, in terms of door structure, the market share of French multi-door products in the online market has risen, with their online retail sales share reaching 22%. The share of cross-four-door products in the offline market has significantly increased, with their offline retail sales share approaching 43%. Mid-to-high-end products have focused on "large freezing compartment" and "built-in" features as their main competitive advantages. For instance, in the first half of 2024, the retail sales share of built-in refrigerators increased to 28.1% in the online market and 53.9% in the offline market. From the perspective of product functionality, features such as "dual systems," "freshness preservation," and "intelligence" have further emerged and gained attention.

Based on the AVC data, in the first half of 2024, the domestic market for major kitchen and bathroom appliances saw retail sales of RMB14.9 billion for range hoods and RMB8.4 billion for gas stoves, with the gas stove market experiencing a slight increase in scale. From the perspective of functional trends, the market share of products with smart features such as range hood-stove linkage, hand wave control, and timer functions has grown significantly. Additionally, features such as "slim design," "self-cleaning," and "intelligence" have also garnered significant market attention. In the first half of 2024, the domestic retail sales for dishwashers reached RMB5.8 billion, a year-on-year increase of 5%. On the pricing side, the average price of dishwashers in the offline market saw a significant increase year-on-year. The product mix trend indicated a market preference for "buying larger products rather than smaller ones," with products continuing to develop toward larger capacities and more specialized functions. Among these, the offline retail sales share of dishwashers with a capacity of 15 sets or more has increased to 62%, with product technology focusing on "cleanliness," "energy-saving," and "intelligence." In the first half of 2024, the domestic retail sales of water heaters reached RMB23.5 billion, a year-on-year decrease of 0.9%, with the replacement and upgrading of gas water heaters continuing, and their retail volume share increasing to 42.1%. Features such as constant temperature, low noise, and increased

capacity in water heaters are promoting structural upgrades. In the first half of 2024, the domestic retail sales of water purifiers reached RMB9 billion, a year-on-year decrease of 1%. From the perspective of flux, the market share of 1,200G products further increased, and the share of 1,000G all-in-one purification and heating water purifiers also expanded rapidly. In the first half of 2024, the domestic retail sales of built-in microwave-steamer-ovens reached RMB3.73 billion, a year-on-year increase of 2.2%. From the perspective of product structure, the online market emphasized cost-effectiveness, while the share of mid-range products in the offline market significantly increased. The product technology trend indicated a rapid expansion in the layout of microwave-steamer-ovens.

According to the data from AVC, in the first half of 2024, the overall retail sales of small kitchen appliances in the domestic market reached RMB26.1 billion, a year-on-year decline of 5.4%. Despite the overall downward trend in the small kitchen appliance category, the retail sales of soybean milk makers, electric stew pots, and coffee machines showed significant year-on-year increases, reaching 38.6%, 14.6%, and 12.9%, respectively. Additionally, for core essential large items such as rice cookers, as consumer demand increasingly favors higher quality, product features like low sugar, variable frequency and voltage, and non-coating are continuously attracting attention, leading to an increase in the industry's average price.

According to AVC data, in the first half of 2024, the retail sales of cleaning appliances in the domestic market reached RMB16.5 billion, representing a year-on-year growth of 9.8%. By category, robotic vacuum cleaners led the market, with retail sales increasing by 18.8% year-on-year and sales volume by 11.9%, driven significantly by the launch of new products. The price of floor scrubbers continued to decline, resulting in a sales growth rate of only 7.0%. From the perspective of floor sweeper products, there have been several key upgrades: firstly, suction performance has been enhanced, with flagship models now starting at 10,000 Pa; secondly, there have been further improvements to address user pain points, such as the anti-hair tangling function, hot water mop washing, and dual mechanical arms; thirdly, the application of AI large models has enhanced interaction capabilities; and finally, in terms of product design, both solid-state radar and retractable radar emphasize a slim design, with embedded products that integrate seamlessly with home decor gradually being introduced.

## **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.

In the first half of 2024, domestic manufacturing enterprises experienced a decline in production expectations and faced pressure on market demand. The industrial robotics sector remains in the destocking phase. From the perspective of downstream industry demand, investment in new energy-related fields has seen a sharp decline, with the photovoltaic industry cooling down and entering a downward adjustment cycle. The overall demand in the terminal market of the lithium battery industry has weakened, leading to a slowdown in domestic capacity construction. The main theme of 2024 remains "destocking," although certain demand still exists in sectors such as automotive, consumer electronics, and general industries.

According to MIR statistics, the sales volume of the industrial robotics market in the first half of the year was approximately 140,000 units, with a slight year-over-year growth of around 5%, indicating that the market as a whole has maintained some resilience. Specifically, collaborative robots have continued to grow rapidly, while sales of other types, such as horizontal multi-joint robots, vertical multi-joint robots, and parallel robots, have grown at a slower rate compared to the overall market growth. MIR forecasts that market demand in the second half of 2024 will continue to face pressure, with high inventories, declining average prices, and a situation where robotics companies see revenue growth without corresponding profit increases. Industry competition and elimination will further intensify, and the year-on-year growth rate of China's industrial robot shipments in 2024 is expected to be around 2% to 3%.



### 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, covering industrial, hospital, infrastructure, industrial park, commercial, hotel, school and other scenarios.

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, ChinalOL.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 ChinalOL.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. The 2024 Government Work Report puts retrofitting old buildings with elevators as a key task this year, which is expected to further expand the scale of the elevator industry. 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 intelligent building industry amounted to as much as RMB400 billion, and by revenue, the compound annual average growth rate of the industry is probably 5%-10%. 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 the first half of 2024, consumer demand in the domestic market grew at a slower rate compared to last year and the domestic retail market of white goods was under significant pressure. Meanwhile, 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, faithfully implemented its annual operating principle of “enhancing value chain-wide efficiency alongside structural growth through upgrades”, and continued to focus on its core businesses and products. As a result, Midea achieved particularly remarkable growth in its overseas operations, a bigger business size, and better key indicators such as profitability and cash flow, demonstrating its operational resilience and long-term, high-quality growth. For the first half of 2024, Midea achieved, on a consolidated basis, total revenue of RMB218.1 billion, up 10% YoY; and a net profit attributable to its shareholders of RMB20.8 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 been focused on its technological strategy of “cooling, heating, energy conservation, intelligence, health, and comfort”, and exploring disruptive and differentiated product technologies to enhance product competitiveness. In the first half of 2024, for the European air conditioning market, Midea rolled out the industry's first user-DIY PortaSplit portable split air conditioner that can be easily installed in three steps through the factory-reserved small, lightweight outdoor unit and the innovative, self-developed multi-scenario-adapted mounting bracket, saving thousands of euros in installation costs. The product has a cooling and heating effect far beyond traditional portable air conditioners, its energy efficiency reaches the EU A++ level, and its new 3D air guide design can evenly and quickly cool or heat the entire house. With a compressor with multi-layer composite acoustic isolation design, the product's operation noise is far lower than that of traditional portable air conditioners. It has won a number of international awards, such as the iF Design Award, and has been praised by overseas professional media, such as Germany's EMT Evaluation Magazine and The Verge, a U.S. technology medium. For North America's

heating needs, Midea rolled out a modular heat pump air duct for cold weather, which is designed for the North American market's diverse installation scenarios. With the industry's first quick-dismantle modular structure, it allows for free combination and matching of different sub-modules, and in combination with a compact low-flow-resistance, high-energy-flow-density heat exchanger and a self-developed constant-air-flow-driven DC motor, it can replace the traditional gas heater through direct installation with a smaller size. The energy efficiency of the product reaches the leading level of the U.S. CEE Advanced Tier standard, and enables 100% output of heating performance at low temperatures down to  $-15^{\circ}\text{C}$ , being an alternative solution to most gas heaters. With the industry's first self-adaptive wide-voltage adaptation technology that realises 230/115 V voltage self-adaptation, the product can respond to power grid load regulation instructions, thus providing more efficient electrified heating solutions for North American families and helping North American brands make breakthroughs. For users' energy-saving needs and comfortable experience, Midea rolled out the Kushengdian Pro-series Wall-mounted Air Conditioner that enables self-adaptation of user demands precise temperature control under environmental loads and machine capacity with the new-generation iECO technology, providing users with a more comfortable and energy-saving experience. The product achieved good market performance after roll-out. For domestic heating demands in China, Midea's "Zhennuan" series integral heat pump heater, as the first integral heat pump heater covering 14 kw to 18 kw for domestic use and backed by high-pressure-ratio continuous sensible heat injection compression technology and high-efficiency spiral grooved mesh-teeth casing technology, realises stable operations in ultra-low temperature environments down to  $-35^{\circ}\text{C}$  and at ultra-wide voltage range of 150 V to 264 V, and can maintain the effluent temperature of  $60^{\circ}\text{C}$  without attenuation at  $-20^{\circ}\text{C}$  ambient temperature, reaching the industry-leading full Energy Efficiency Grade 1. For the domestic high-end market, Midea launched COLMO Turing 2.0 Residential Central Air Conditioner that breaks through the industry's technological limitations with the homegrown AI three-tube multimodal technology and nine-square variable temperature technology, providing comfortable experience during full cooling seasons and precise temperature and humidity control. With the dual-engine dehumidification technology, the product dehumidifies at 200 L/day, and with whole-chain noise source suppression and elimination, the product achieves significant noise reduction effects of its indoor and outdoor units, supporting its development in the high-end market.

### **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 wash and care industry. COLMO New Image Zero Built-In Washer-Dryer Suite is equipped with the industry's first pure-flat, seamless, zero built-in and automatic electronic pop-open doors, realizing pure-flat integration of door glasses and machines. To be specific, the washer features clean care soft washing, realises "second-speed" dissolution of detergent through high-pressure multi-pre-mixing and instant dissolution, Venturi suction foaming and high-pressure mousse spraying, as well as non-porous inner drum gentle washing, reducing the wear and tear of the

clothes by 40% and achieving the industry's leading utilisation rate of detergent; and the clothes dryer, equipped with AI Light Dry Cleaning 2.0, a full variable frequency system, a steam care function and the energy-efficient drying technology, dries clothes efficiently while caring for clothes delicately. This product suite won the Best of the Best Award of 2024 Red Dot Design Award. Toshiba T27 Zero Built-in Washer-Dryer Suite, equipped with pure-flat push-open doors and innovative timber control panels, is coated with Japan-imported paints. To be specific, the washer is innovatively equipped with Ultra Fine Bubble (UFB)/Nano Particle Fresh Clothes technology for intensive cleaning of clothes and healthy washing, and bears the green mark of "Wool Hand Wash Safe", and the clothes dryer, equipped with the full variable frequency system, high power density compressor and motor integrated variable frequency drive, realises high-efficiency and even drying, can dry clothes of 3 kg in 59 minutes the fastest, and together with nano-particle clothes caring function, effectively deodorises, sterilises and purifies clothes, bearing the blue mark of "Wool Hand Wash Safe". Little Swan Washer-Scrubber Max, equipped with the brand-new and self-developed heat pump platform and the front drawer lint collection unit, quickly dries clothes at low temperatures through dual-cooling and dual-heating of the patented dual-boosting heat pump system. Together with Little Swan Blue Oxygen colour protection technology, the product features blue oxygen deodorisation in different scenarios. Backed by AI large model technology and Lingxi smart interaction system, the product facilitates full-scenario smart home based on the sweeping robot as the mobile terminal. With 10,000 Pa suction power, the product integrates washing, drying, caring, sweeping and mopping functions. Little Swan Bense Wall-mounted Washer-Dryer adopts the new Blue Oxygen II technology and silver ion, Blue Oxygen, high-temperature boiling de-bacteria technologies, provides four special programs for fine zoning washing and drying with first-class energy efficiency. The innovative product form, with 303 mm ultra-thin body and 280 mm ultra-large pick-up opening suiting balconies and bathrooms and the full-screen anti-scald glass door, won the 2024 Red Dot Design Award.

Midea's high-end brand COLMO rolled out AVANT Big Cube Built-in Refrigerator for unlimited food storage and placement in all kinds of houses. With Module A for nutrition and Module B for enjoyment, the free combination of A and B modules enables diversified modular space. The pure-flat and zero built-in design align doors and kitchen cabinets and enables wide opening of doors, and bottom heat dissipation saves the efforts to reserve room for dissipation. Module A uses light quantum enrichment technology to increase anthocyanins, enhance high efficiency antioxidants and improve nutrient elements by 38%, uses the AI purine inhibition technology to reduce the risk of consumption of aquatic seafood, uses the DPS<sup>+</sup> high-energy ion sterilisation technology to effectively inhibit the corruption of the ingredients and rapidly eliminate odours for healthier food, and uses the -30°C deep-freeze fresh maintenance technology for sharp freezing and faster and more even refrigeration. Module B adopts panoramic sensor window, three-in-one light filtering door, glazed porcelain coating and inner LOW-E filming, and is filled with argon gas to reduce ultraviolet transmission and maintain the best quality of wines and beverages, with the fresh storage cabin ensuring the quality of high-end ingredients. The automatic ice-making function can be remotely activated and controlled for clean and fresh ice at any

time. Toshiba Master Series Refrigerator is the industry's first flagship star-rated cooking refrigerator and leads the way in the industry with a volume up to 702 L. It adopts a high-efficiency energy-saving variable-frequency compressor and premium vacuum insulation materials to achieve the best energy-saving and silence performance among refrigerators of the same volume. In the refrigerator, the fruit and vegetable storage zone is equipped with industry-leading fruit and vegetable constant humidity preservation technology and the meat storage zone is equipped with industry-leading meat refreshing technology so that ingredients can be maintained fresh in seven days in slightly frozen state at  $-3^{\circ}\text{C}$  and can be defrosted in 30 minutes. The 122 L wide-range variable temperature zone allows for four-tier temperature regulation to meet ingredient storage demands in diverse scenarios, such as chilled fish at  $0^{\circ}\text{C}$ , soft-frozen steak at  $-8^{\circ}\text{C}$  and fresh freezing at  $-18^{\circ}\text{C}$ . The 24 L ultra-large independent ice storage zone features the industry's leading ice making speed in 60 minutes and automatic cleaning at twice per two minutes. Being the first product equipped with UV sterilisation for ice making, the refrigerator enjoys a sterilisation rate of 99%, makes clean ices. With an 8kg freezing capacity for deep freezing at  $-30^{\circ}\text{C}$  (an ultra-low temperature), the refrigerator maintains the original taste and flavour of ingredients.

#### **Kitchen appliances and other home appliances:**

For whole-house water use, COLMO Yunshu Electric Water Heater has a brand new double-layer water tank, the inner layer of which is coated with aerospace-grade polymer materials and the outer layer is of high-strength one-piece tensile stainless steel design evenly and entirely coated with precision polymer materials that forms a dense shield to greatly enhance anti-corrosion performance for 10 years of use. The internal polymer surface is smooth, hydrophobic and scale-proof without the use of the magnesium bar, thus preventing magnesium dregs from making water alkaline and saving the efforts of subsequent maintenance and replacement. COLMO Energy Efficiency Grade 1 Condenser-free AVANT Gas Water Heater, equipped with the international leading Reco dual-core technology, is a perfect solution to the problems encountered by users as to the discharge of condensate water from traditional Energy Efficiency Grade 1 gas water heaters. The machine's thermal efficiency is close to 105%, saving gas substantially. The product is also backed by a number of patented technologies and has been certified by authorities of the industry. Midea Fresh Mineral Water + Purified Water Machine adopts the industry's pioneer fresh mineral reduction technology to absorb and degrade heavy metals and harmful microorganisms and retain the characteristic mineral elements of the water source, so that users can have fresh mineral water and purified water for drinking, cooking and tea making through one machine at any time, which has been certified as "Internationally Leading". Also equipped with anti-bacteria technology, the product can remove 99.9% of heavy metals and bacteria while restoring local water quality to the maximum extent. The newly developed homogeneous membrane filtration technology for pure water quality enjoys a desalination rate up to 96%, and has won the first prize of Science and Technology Award from the Membrane Industry Association of China. In view of its Southeast Asian market demands, Toshiba Origipure Water Purifier products adopt local innovative technologies and the self-developed 10-filter-cartridge 13-grade pure natural filtration system, and

extracts minerals from natural rocks through Ro Plus fixed-ratio macro-mineral retention technology to meet the local demand for mineral, alkaline, and hydrogen-rich water. The four-dimensional aseptic system of the products ensures full sterilisation of water, the powerful refrigeration and control system discharges ice water up to 1.3 L at 4°C per time, providing better localized water intake experience in diverse scenarios, and low-pressure water discharge without electricity and Touchless hovering water intake meet local needs in washing and cooking scenarios.

Aiming at delivering a more comfortable kitchen environment, Midea starts with the kitchen environment and cooking smoke, grease and odours and has rolled out efficient and intelligent range hoods and stoves. To protect users' health, a range of products, including dishwashers, steamer-ovens, and rice cookers, has been introduced to respond to users' demands for kitchenware cleaning and sterilisation, and healthy cooking. Midea AK5 PRO Series Steam Wash-Suction Range Hood is of European-style design, equipped with an open-close smoke gathering function, and is 25% smaller in the front and rear to perfectly fit in kitchen cabinets. With Midea's variable frequency technology, the product's air volume in flash-fry mode is up to 23 m<sup>3</sup>/min, which, working together with the open-close smoke gathering plate, ensures great smoke suction performance. With Midea's exclusive steam wash function, the product's cleaning rate is up to 99.1%. Midea Q518S Gas Stove, focusing on "Creating Fragrance", continues to use the volcano-shape fire so that the flame is close to pans for flash fry. Backed by co-frequency precision valve control, fire sizes can be synchronized for same temperatures at every spot of a pot. The newly upgraded Midea Anti-Dry 3.0 technology boosts firepower to 5.2 kW and thermal efficiency to 65% through the upgraded temperature sensing probe. Updates to the intelligent algorithm enable faster and more responsive recognition of water cooking scenarios to prevent kitchen fire accidents, protect pots and pans, and lower the possibility of food scorching.

COLMO's brand new TURING Dishwasher, EVOLUTION Heshu Zero Built-in Dishwasher and EVOLUTION Tianshu Zero Built-in Dishwasher adopt the unique full-coverage water curtain spray technology to solve the problems of low coverage, blind sides and uneven water pressure of water streams from traditional sprinkler arms. The innovative fan-shaped water streams realise a more uniform flow rate and a coverage ratio of 100%, greatly improving the washing capacity and effectively washing and caring for tableware. TURING Dishwasher saves users from frequent bending through its lifting basket that can be smoothly and quietly pushed in and pulled out and has passed the 43,800-times service life test and the 144-hours salt spray test, and its highly integrated water flow system provides more usable space and has the industry-leading first-class volume ratio. Media Jingyan Series Dishwasher, the first product equipped with Midea's self-developed double-vented drying system, features instant whole-cavity drying and significantly saves washing and drying time. The standard self-developed intelligent phased detergent application function uses micro-spectral sensing and the fuzzy algorithm to intelligently detect and judge the degree of contamination for thorough washing. The variable frequency washing technology improves the washing pressure to 73%, and the five-arm partition enhanced washing improves the washing rate of heavy oil stains by more than 60%.



Toshiba Qinmichui Vacuum Pressure IH Rice Cooker adopts the technology of vacuum water absorption at normal negative pressure to increase the water absorption rate of rice grains by 20% at the water absorption stage and the sweetness by 39.4% for better taste of rice. Cooked at 20 kPa variable pressure and 105°C, the best temperature for gelatinization, rice is evenly heated and boiled at 720° through multi-stage IH technology. The imported forged inner liner, featuring sufficient heat storage and fast heat transfer, wrap the pot sufficiently and evenly and thus thoroughly gelatinize rice. The Steam-Fire Air Fryer takes humidity as the key parameter of air frying, and adopts the patented micro steam structure for continuous feed-in of 130°C steam. With AI intelligent control three-step water locking curtain, the humidity of the cavity can be improved by 3.6 times, and the water retention rate of the food can be improved to more than 95%, so as to realise the "crispy outside and tender inside" mouthfeel. The micro steam light fire program can lower the fire factor, and the aluminium alloy casting plate structure allows for the maximum temperature of 220°C and improves the degreasing rate by 76.4%.

COLMO BLANC 2.0 High-end Built-in Steamer-Oven adopts the world's leading RF radio frequency technology, the self-developed AI-based adaptive multi-functional cooking centre, the RF radio frequency directional zone-based cooking technology, the world's leading band algorithms and structures and the radar phased array technology for precise and directional control of food energy and simultaneous partition cooking of different ingredients. RF radio frequency pattern recognition and superposition technology realise extremely even heating and quick defrosting, and better retain food nutrition. The AI smart camera function and the deep learning algorithms enable real-time perception of food status and accurate matching of firepower. The quantum sensing light interaction technology and RGB lamps allow for dynamic and visual interactions and real-time presentation of the working state. Toshiba Kiln Microwave-Steamer-Oven-Fryer YD5000 innovatively adopts the kiln dome structure and the distinct automatic AI kiln baking function to make superheated-water-steamed dishes.

With respect to whole-house intelligent cleaning, Midea continued to iterate products and technologies. Eureka E20 Plus Sweeping Robot has a large suction power of 8,000 Pa, its new vacuum fan brings stronger cleaning performance, its new V-shaped whole-rubber brush effectively reduces hair entanglement, and its DuoDetect AI 3D precision obstacle avoidance unit allows for dual-line and cross-line laser obstacle avoidance and can accurately perceive obstacle contours for higher cleaning coverage. Midea's new Floor Scrubber X11, featuring light dry cleaning, anti-tangling and hot washing and quick drying, uses the innovative floating scraper technology for effective control of residual water stains on the ground. Its upgraded dense rectangular-ambulatory-shaped double-layer tooth comb scraper has an anti-tangling rate up to 99% as tested. The base that can be heated up to 85°C uses hot water for better self-cleaning, and dries the roller brush in five minutes through two-way timed rotation with 80°C hot wind while keeping all the runners dry, effectively avoiding odours and bacteria. The original three-way edge brush is designed with a unique double-hanging bracket structure to realise

zero-distance edge cleaning.

For living rooms, Midea Lucky Clover Quiet and Soft Floor Fan adopts the innovative and patented fan blade to reduce blade rotation noise. With submarine-propeller-shaped blades, the vortex generated by the rotation of the blades is distributed to the whole fan and innovatively makes a Möbius Strip-shaped airflow passage to further reduce noise.

**B. Adhered to technological innovation, established a digital R&D system for agile innovation, improved the "Three Generations" R&D model, implemented the standardization strategy of "Innovation Patentability, Patent Standardization, Standard Internationalization and Midea Standard Goes Out", continuously strengthened the commercialization of R&D results, 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 June 2024, 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, national demonstration bases for talent introduction, post-doctoral research stations, etc.; as well as 80 provincial- or ministerial-level science and innovation platforms, including provincial and ministerial-level corporate technology centres, innovation centres, engineering technology research centres, industrial design centres or key laboratories, and doctoral workstations. 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, through the "AI Data-driven Variable Frequency Control Key Technology and Application" project, pioneered precise temperature control, fixed-point dehumidification and continuous wind control technologies for better-than-industry precision in temperature control, wind control and humidity control, which has been applied to a variety of air conditioning products to make its AI variable frequency technology more advantageous. In the "Key Technology and Application of Preparation of Graphene Modified Anti-corrosion Coating for Air Conditioner Heat Exchangers" project, Midea developed the high-performance heat exchanger graphene-modified coatings on the basis of self-developed life assessment model and a new evaluation method for coated aluminium foils, which enhances not only the anti-corrosion ability and thermal conductivity but also the anti-light aging performance of the coating for long-lasting energy saving. This achievement, with a service life equivalent to that of more than 20 years in salt-containing industrial environments, has passed the accelerated test of Intertek and has been applied to a number of high-end products for breakthroughs in the high-end market. In the "Green Design and Manufacturing Key Technology and Application of Split Floor-standing Air Conditioners", Midea proposed the industry's first green design technology of core parts of cabinet air conditioners, with an industry-leading cold-to-weight ratio, realizing large air volume of 1,800 m<sup>3</sup>, heating at -35°C, cooling at 65°C, and up-down 120° air supply, boosting the structural upgrading of air conditioner products. In the "Key Technology for Efficient Utilisation of Energy in Household Photovoltaic Storage, Cooling and Heating System and its Industrialization Application" project, Midea significantly improved the single-circuit inverter power of energy storage and the communication anti-jamming ability, optimized multi-energy scheduling and enabled efficient utilisation of household energy, bringing a more low-carbon and energy-saving home experience to the users. In the "Key Technology and Industrialization of Zero Built-in Washer-Dryer Suite Electrocatalytic Stain Removal and Colour Protection with Frequency Conversion and Silent Drying" project, Midea developed the multi-phase quick dissolving and direct spraying of detergents and rare-earth alloy electrocatalytic activated oxygen stain removal and colour protection technology with first-class anti-colour stringing performance, which, working together with high power-density compressor and motor with variable frequency drive, composite material of stacked structure, double-ring independent inner-outer air ducts and clothes even drying control technology, significantly reduces low noise effect and improves drying evenness. In the "Research and Application of Key Technology of High Power Density Dual-Stage Booster Pump for Gas Water Heaters" project, Midea, for the first time, developed the high power density dual-engine booster pump for gas water heaters for super high flow rate and high lift of gas water heaters. In the "Research and Application of Directional Oxygen Replenishment and Dual Internal Flame Combustion Technology for Gas Stoves" project, Midea re-designed the combustion and heat exchange system of gas stoves and developed the directional turbine oxygen replenishment technology so that the energy efficiency performance of gas stoves can far exceed the national Energy Efficiency Grade 1 standard.

In the "Research and Application of Key Technologies for Efficient Utilisation of Thermal Energy in Dishwashers" project, Midea developed the small heat exchanger for dishwashers with high heat transfer performance and the ultra-integrated system for efficient utilisation of thermal energy so that the energy efficiency of the whole machine can be significantly better than the international A-grade standard. In the "Research and Application of Key Technology of Water Purification for Fresh Mineral Water + Purified Water" project, Midea developed a dual-path water purifier that can accurately remove heavy metals and provide mineral water and pure water, and equipped it with antibacterial activated carbon fibre composite (MPC) cartridges to meet users' needs for healthy water in different scenarios. In the "Microwave Rapid Cooking Key Technology Research and Its Product Application" project, Midea developed the microwave energy enhancement technology with double-arc back plate and the hot air cooking technology with porous air ducts for microwave-hot air rapid cooking to effectively shorten the cooking time. In the "Research on the Key Technology of Long-lasting Steaming and its Application in Microwave-steamer-oven Products", Midea developed the double-helix steam generating technology based on the Dion vortex, which not only greatly improves the heat transfer coefficient and steam utilisation efficiency but also reduces the size of the evaporator and the accumulation of water and effectively extends the scale-resistant life of the evaporator.

In the field of commercial and industrial solutions, Midea, through the "Research and Industrialisation of Key Technologies for Highly Adaptable Silent Variable Frequency Compressor" project, developed the harmonic magnetic field modulation technology that uses TFSS methodology to alleviate from the source the vibration and noise problems of the compressor system through dimensional analysis of energy flow and noise vibration of the system, and greatly improved product reliability by making comprehensive optimization of the flow field of variable frequency compressors. In the "Research and Industrialization of the Key Technology of High Power Density Permanent Magnet Motor and its Compressor" project, Midea greatly enhanced the power density of variable frequency compressors, made compressors smaller and improved products' energy efficiency, in order to provide end-users with economic and energy-saving quality products. In the "High Torque Density Low Torque Pulsating Direct Drive Permanent Magnet Motor" project, Midea focused on the research and application of the key technology for high power density low torque pulsating direct drive permanent magnet motors, developed the high power density system component technology that can reduce the total volume of the "motor+electronic control+wind turbine", increase the power density of the product, reduce the amount of materials used, and reduce carbon emissions. In the "Global Low-carbon Heating Technology for the Ultra-low-temperature Gas-liquid Co-injection Heat Pump System and its Industrialization" project, we targeted the problems of difficult operation of air source heat pump in ultra-low temperature environment, high defrost loss in cold and wet environment, high energy consumption in transmission and distribution and mismatch of temperature difference, proposed the quasi-secondary compression gas-liquid joint injection heat pump cycle technology and the optimal solution to control the heat pump injection volume, broadened the operation range of air source heat pumps to  $-35^{\circ}\text{C}$ , significantly improved the capacity energy efficiency of low-temperature heating, and developed the

self-learning defrosting technology based on dynamic identification to improve the capacity energy efficiency of low-temperature heating defrosting cycle by more than 8% and the optimal temperature difference intelligent matching load demand heating technology that scientifically matches the optimal temperature difference between the system source and load to significantly reduce the energy consumption of the transmission and distribution, reducing the energy consumption of the air-source heat pump heating system. In the first half of 2024, Midea received one national and 30 provincial/ministerial science and technology awards, along with 26 technologies being certified as “Internationally Leading/Advanced”. Cumulatively, Midea has won four national science and technology awards, and more than 470 provincial and ministerial science and technology awards, as well as received over 350 “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 the first half of 2024, Midea won a total of 112 industrial design awards, including 36 Red Dot Design Awards, 47 iF Design Awards, and 29 IDEA Awards. On a cumulative basis, it has received nearly 900 industrial design awards.

While engaging in core technology research, Midea continued to intensify the transformation of innovative results and protection of patents. Now Midea has become one of the world's largest holders of patent families, and ranked eighth in the world in this respect according to 2023 Global 250: The World's Largest Patent Holders released by the U.S. IFI in January 2024. In the first half of 2024, it was granted over 5,000 new patents. As of June 2024, Midea has lodged more than 100,000 patent applications across the globe and is holding more than 85,000 valid patent. Midea has continued to promote the improvement of patent quality, and has won more than 130 prizes of China Patent Awards, including six golden prizes and 12 silver prizes.

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 standards. In the first half of 2024, Midea took part in the formulation/revision of 89 new or existing technological standards, including eight international standards, 35 national standards, nine industry standards, and 37 local or association standards. Cumulatively, it has participated in the formulation/revision of over 1,900 new or existing technological standards in total. Midea takes charge of an international standardization taskforce at the Institute of Electrical and Electronics Engineers (IEEE), and won the Standardization Organisation Award and the Standard Project Award (third prize) of Guangdong Provincial Standard Outstanding Contribution Award.

**C. Always being user- and customer-oriented, highlighted retail service capability, promoted business model upgrades and DTC transformation to achieve direct connection with customers**

Being user- and customer-oriented, Midea continued to advance the construction of the "Midea Cloud Sales" ecosystem and improve whole-chain retail experiences by building exclusive store bases, optimizing outlet supply experience and performing digital retail transformation DTC reform. First, it kept upgrading the "Midea Cloud Sales" ecosystem, made grid layout of its exclusive stores in the domestic market, constructed its flagship stores at district and county levels, promoted full-category, front-loading, digital and online upgrading and transformation of nearly 30,000 outlets, and built 15,000 Midea digital retail demonstration stores to boost the high-quality development of its self-run channels. Second, it reconstructed the retail system of stores based on the "Midea Cloud Sales" App and the "Midea Home Delivery" applet to continuously optimize supply experience as to visual delivery period, overdue compensation, simplified online policies, and empowered cloud warehouses and online to offline (O2O) services. This resulted in 100% delivery visibility, 95% delivery accuracy, a simple online transaction policy of 99% automation, and automatic refunding for overdue orders. Meanwhile, the cloud warehouse-based shared inventory system helped reduce own inventories by 50%, and asset-light operation of stores are enabled through home delivery service, cloud credit, the returnable and exchangeable policy, etc. Third, with the help of digital marketing tools, it promoted stores' online and offline whole-scene marketing and promotions through multiple flow platforms such as model rooms in residential communities, trade-in the old for the new, targeted customer attraction and Midea partner sales, in order to promote online-offline integration and realise high-efficiency customer attraction and potential customer conversion and retention. 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, stores can carry out rapid analysis and precise operation and business can be offered online on Midea's industry-leading digital service platform.

In the first half of 2024, e-commerce sales (including e-commerce sales in lower-tier markets) accounted for nearly 50% of Midea's total domestic sales. Midea continued to promote scenario experience in e-commerce channels, provided one-stop whole-house solutions, upgraded product services to meet consumers' different segmented needs, deepened its layout for interest-based e-commerce platforms, and achieved continuous breakthroughs. During the "18 June" sale, Midea ranked first in the industry for 12 consecutive years in terms of total sales online. Midea built its capabilities in a shared inventory system and local marketing services, promoted the integration of online and offline business in the domestic market, and achieved breakthroughs in new business capabilities such as O2O and OMO which covered over 40,000 offline stores cumulatively. Midea simultaneously deepened the development of the omnichannel Midea e-commerce ecosystem customer system and improved customer operational efficiency. Midea actively responded to the national "double carbon" strategy, cooperated deeply with JD, Tmall, Douyin, Pinduoduo and other platforms to promote "trade-in", and assisted users in low-carbon consumption. Midea made vigorous efforts to expand into the new retail market (the lower-tier market) and core channels such as offline chains. As a result, Midea's overall

market share in the core channel platform ranked first in the industry, promoting direct system connections with major customers and improving digital operational efficiency. Targeting different user needs, Midea provided consumers with a brand new experience of series procurement experience by displaying samples based on product suite scenarios. Midea continued to promote the launch of new categories and products, launching five new product suites, continuously tapping into new market consumption potential, and through OMO and other methods for attracting traffic, it continuously attracted customers to stores, and implemented various marketing models to improve consumption conversion. At the same time, by offering cleaning services, clothing care, and exchange instead of repair in a year services, Midea provided high-quality whole-chain consumer services from pre-sale stage to in-sale and post-sale stages, and kept strengthening the consumer royalty by building channels. Despite the continuous cooling of macro market demand, the engineering business still demonstrated strong resilience, with sales growth of 8% in the first half of the year. By optimizing the goods sharing mechanism and implementing direct delivery strategies, overall operational efficiency and customer satisfaction were significantly improved. Media built new growth driving forces, deeply acquired professional customers, and expanded cross-industry cooperation, with professional customers increasing by 16%, and business opportunities increasing by 11%. Midea built a benchmark for COLMO product real estate supporting facilities and upgraded cooperation with real estate developers.

In terms of marketing, Midea used "humanizing technology, M-Smart Sense and human-oriented design" as carriers to release multiple product suites such as "Muse" and "Xingrui" targeting differentiated user needs, continuously upgrading comfortable and high-quality life for users, and conveying Midea's brand concept of humanizing technology. Midea tracked changes in consumer lifestyles and catalytic habits, transformed towards digital and precision marketing, integrated brand strategy, content, and delivery, and built an "exposure - search - traffic attraction" whole-chain marketing through higher quality content and more precise outreach, accumulating brand audience assets and improving marketing efficiency. In the first half of 2024, Midea's crowd assets ranked first among home appliance makers on both the Xiaohongshu platform and the Douyin platform. In terms of user operation, Midea further integrated user interaction tools to create an integrated automated operation scenario for the entire pre-sale stage to in-sale and post-sale stages. Midea accurately divided user behaviour, preferences, and values, designed personalised services and product recommendations for different users, built a b/C integrated operation system, empowered stores to provide proactive operations to consumers, and achieved active operations for 15 million people in the first half of 2024, further improving user experience and satisfaction, and creating the best mode of user reach efficiency. As at June 2024, Midea's registered membership had exceeded 200 million people. Midea developed a whole-house intelligent system with a leading performance that integrates four core technologies of "wired + wireless" stable connection, full space environment and human perception, natural distributed interaction, and "cloud + edge and terminal" multi-dimensional autonomous decision-making, continuously strengthening the foundation of whole-house intelligent technology. Midea

improved the whole-house intelligent products and solutions, launched a series of whole-house intelligent products, and connected Midea's full range of home appliances and smart home products through three core terminals of smart central control, home gateway, and smart sensors, forming a unique deep integration solution of "smart home appliances + smart home". By building a whole-house intelligent super experience centre and a smart sensory experience hall, Midea created a scenario-based user store journey experience, promoted the "smart home and home appliance integration" sales model to form a replicable standardised store model, and enabled smart homes and smart appliances to attract traffic together, promoting sales growth. The online application of the digital solution design tool "Midea Home Master" empowered store solution design services and created a whole-process service capability for intelligent solution design, delivery, and debugging.

For users, customers, and engineers, Midea insisted on promoting the transformation of its user service system business model and digital transformation, improving service quality and user satisfaction, creating a third-party service platform, and providing one-stop solutions for whole-house smart home appliance services. First, Midea upgraded service standards based on the peak experience principle, updated the service procedure and technical process for various categories of home appliances and introduced them to the public through press conferences and mainstream media. It implemented proactive push of service standards and reports, and allowed users to query online at any time and confirm the service loop through user confirmation. Second, in terms of promoting the large model application in the customer service field, Midea helped improve service efficiency from three aspects of intelligent diversion, representative assistance, and knowledge management. It launched IoT proactive service functions to assist customer service personnel in real-time troubleshooting and rapid response, and promoted front-line authorisation mechanisms, to quickly solve user problems. Midea promoted 1+N butler services for front-end users, with dedicated butlers providing standardised and visualised services throughout the entire process. Based on the global Voice of Customer (VOC) system, Midea achieved a "unified language" for the entire value chain, streamlined and reconstructed customer voice tags, and gained in-depth insights into user needs and pain points. Third, Midea improved the service capabilities of product suite installation and delivery, created a "one district, one county, one point" product suite service network layout, and achieved comprehensive coverage of all categories of product suites in domestic district and county markets. It built a technical training and capability certification system for engineers in the prefecture-level cities, enhanced the multi-category service capabilities of engineers, and achieved a service model of "one contact person, one visit" for users buying a series of products with service network transformation and multi-skill engineer cultivation. Fourth, Midea developed the whole-house smart service capacity, established a whole-house intelligent service training base based on the distribution of stores and provided special training, improved the certification system for the whole-house intelligent service capabilities of engineers, and achieved comprehensive coverage of whole-house intelligent services. Fifth, Midea simplified the return and exchange process and optimised relevant policies, enhanced the return and exchange service experience, established user evaluation scenarios for returns, exchanges, and repairs, and used user evaluation supervision to



drive service improvement. Sixth, Midea enhanced the differentiated service experience of high-end brands, achieved "one appointment and one delivery and installation" for product suites. It upgraded its high-end brand service standards and comprehensively carried out high-end brand engineer certification. Through projects such as "Customised Installation", "Butler-style Service", and "High-end Private Care", Midea created 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 end-to-end integrated, digital and intelligent supply chain solutions. It enhances the whole-chain value of enterprise customers and the service experience of individual users, insists on deepening mechanism reform, and feeds back business flow with logistics and digital technology innovation. 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.

In the first half of 2024, Annto continued to increase its digital capabilities, achieved cost reduction, efficiency improvement, and operational quality enhancement through various innovative applications, improved end-to-end service capabilities, and achieved an integrated efficiency upgrade of "a shared inventory system" and "warehouse distribution logistics" across all channels. Through the "1+3" end-to-end digital supply chain solution, it provided one-stop services of "consulting + digital products + logistics operation" for customers in multiple industries. Production 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. On the one hand, it realised the whole-chain digital application from suppliers, VMI warehouses to pre-production plants, including VMI intelligent replenishment, circular pickup, intelligent scheduling, quality pre-service, intelligent sorting, and intelligent control of materials and equipment. On the other hand, it shortened the pre-production material preparation cycle and reduced logistics costs through the online JIT distribution of materials and the whole-process intelligence.- In the field of warehousing, with the direction of "warehouse network planning, area integration, labour reform, and efficiency breakthroughs", Annto optimised

warehousing efficiency and costs through operational mode changes, labour cost management, lean operations, and storage planning; through the application of online elements, online business, online management, and IoT smart parks, Annto created a digital service platform, build digital warehousing capabilities, and established a whole-chain warehousing operation capability from base warehouses to regional warehouses. It established an industry-leading warehousing operation system and provided customers with whole-scene and whole-chain warehousing operation solutions. In the field of trunk line distribution, Annto integrated line resources, built the line traffic monitoring system and line cost capacity. Meanwhile, it promoted online management of single vehicles, made the whole chain visible online, and built a 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, established a line-based business model, 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. In the field of urban distribution, Annto 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 over 7,000 units of new energy transport capacity. The distribution network covered over 99% of towns and villages across the country, and through adjustments in operational modes and optimisation of vehicle routing, more than 80% of ToC orders were delivered on the same day/next day, and over 98% of orders were delivered within 48 hours. Annto fully promoted the application of intelligent algorithm for vehicle scheduling, with an adoption rate of over 98%. In the field of end services, 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 Service +" applet, 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 June 2024, it had cooperated with over 4,000 domestic outlets and had 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, and new energy-related "surveying and installation" services. It optimised service processes through strong-control appointment, text message rescheduling, emergency delivery, suite delivery, positioning signing, trade-in and so on. Combined with integrated and smart supply chain service capabilities, it comprehensively improved and enhanced customer/user service experience in the field of order services. Through a series of digital platforms, it achieved quality monitoring and feedback

throughout the whole process from ordering, delivery, to after-sales, responded promptly to each service process, achieved visual and controllable control of the whole order process, and enhanced customer satisfaction. In the field of data applications, by strengthening the building of data floor price capabilities and end-to-end data connectivity, Annto improved big data portals, real-time and offline data warehouses, and unified data service centres, and enhanced the real-time and security of data processing. In terms of the building of smart supply chain platforms, Annto continued to build warehouse network planning and supply chain control towers to promote refined management and optimization of the supply chain. In addition, in response to the needs of industry channel transformation and change, Annto launched the Annto Link digitalised channel solution, provided transparent and efficient solutions for channel data by relying on an integrated "business flow + logistics" digital platform, and connecting numerous distribution networks, provided operational support for customer transformation and helped customers implement DTC strategic changes.

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

In the first half of 2024, a variety of 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 in performance. Aiming at the local primary markets, Midea continued to forward-deploy its overseas business organisations. In order to respond to the market more quickly and meet local customer demands more effectively, 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 overseas regions, accelerated investment and scale expansion of overseas R&D centre, and continuously promoted a diverse, equitable, and inclusive (DEI) corporate culture, continuously increased the building of overseas local talent teams, continuously integrated localisation talents into the system of internationalisation and optimisation talents, and 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, enhancing team cohesion. It continued to build a digitalised human resources system, and a whole-module human resources system will be in use worldwide by 2025.

Midea continued to expand its overseas manufacturing layout, accelerated the promotion of the "China-based Supply for the World + Local Supply" model, promoted the smooth production of four national manufacturing bases and the construction of new plants in four production bases, and promoted collaborative support between domestic and overseas plants in the manufacturing end. It strengthened

the management of overseas joint venture plants, drew on the successful practices of domestic Lighthouse factories, continuously cultivated overseas lean manufacturing talents, carried out production line layout improvement and automation transformation projects in overseas manufacturing bases, and enhanced overseas manufacturing efficiency and delivery capabilities. Midea improved its global service system and global service capacity, adhered to customer-centred approach, made improvements from four dimensions of spare parts delivery, customer contact, service network, and service technology engineering, optimised customer service experience, and continuously and efficiently operated the global spare parts centre. It realised online and visualised order fulfillment, transformed its operation into global professional operation, continuously built a warehouse network layout for the spare parts supply chain that covered global manufacturing bases, and ensured the globalisation of spare parts supply. It launched regional warehouses covering the Middle East and the European Union in 2023, and started the construction of new base spare parts warehouses in 2024. Midea optimised service networks of iService system (an overseas post-sale system) and cloud call centre platform, and master data management of global outlets and service projects, realised interface sharing between call centre and post-sale service system, and significantly improved the accuracy and efficiency of service. Meanwhile, it deeply promoted the digital transformation of services, gradually improved end-to-end system procedures, and achieved standardised and normalised service procedures. Midea introduced Amazon Connect, a global, omnichannel cloud contact service system, 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 through the cloud-based transformation of the call centre. Amazon cloud security tool was adopted to satisfy the compliance requirements of all relevant countries for data security management. By June 2024, Midea had launched the cloud call system in the 18 countries and regions. Meanwhile, Midea additionally incorporated such functions as speech analysis, semantic recognition and access to social media by intelligent voice robots in an effort to construct a fast-response and proactive global service system. Midea continued to build international logistics delivery capabilities for overseas self-owned brand manufacturing, channels, and customer service. Midea Group's global production base export business saw a year-on-year increase of over 20% in cumulative shipment volume in the first half of 2024. It continuously deepened the integrated operation mode, deepened cooperation among strategic partners, trunk line distribution, trailers, railways, ports and other parties, and created an efficient and cost-effective digital international logistics delivery system. It strengthened the quality control of the whole operation chain of export orders, and improved the operational quality and delivery efficiency of each process. Midea continued to build its overseas local logistics capabilities and customs compliance system, piloted pre-production logistics operations in the ASEAN region, connected the whole operation process domestically and internationally, and achieved efficiency improvement and cost reduction. It established central warehouses in multiple locations in Europe to achieve shared warehousing and centralised distribution of goods of different categories for different customers. It continuously built e-commerce logistics fulfillment and operation

capabilities, and realised Amazon e-commerce logistics business and Amazon Global Logistics (AGL) direct delivery business in multiple overseas regions with overseas warehouse delivery. Midea focused on improving its own brand product structure, firmly promoted user orientation, and integrated market data analysis and consumer insights into the whole process of product development and launch. From January to May 2024, the sales growth rate of mid- to high-end products in the Asia Pacific market was nearly 20% higher than the average growth rate, and the mid- to high-end products in the air conditioning category maintained high-speed growth in the Americas; sales of mid- to high-end multi-door refrigerators increased by over 100% year-on-year, while sales of front-loading washing machines increased by over 40% year-on-year. At the same time, Midea continued to develop the overseas smart home industry and improved user experience. In the first half of 2024, the new registered overseas users of the MSmartLife App exceeded 1 million and its registered users reached 3.1 million, and the average monthly active users increased by nearly 150% year-on-year. 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-based branding, and enhanced the brand awareness in all links of operation and service. It further deepened the cooperation with the world-famous Manchester City Football Club (Manchester City) and team star Erling Haaland, effectively reached hundreds of millions of fans around the world, and continued to enhance brand value and expanded brand influence. By reference to 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 whole-house product suites, in global markets. Besides, it boosted online content-based marketing inside and outside its websites, advanced the building of its brands' official websites, refined the brand matrix, upgraded its content planning, visual presentation and shopping experience in all aspects, and established marketing resource pool. Midea accelerated the expansion and improvement of its overseas channel layout, continued to promote the building of terminal outlets and breakthroughs in professional channels, upgraded and improved its channel structure, improved the display of new products in terminal outlets, and enhanced user interaction and brand awareness. It insisted on digital transformation, empowered overseas terminal retail with digital tools, added over 1,500 digital terminal outlets, and used digital tools to empower traffic acquisition, conversion improvement, and user retention. It launched digital business assistants to enhance retail terminal efficiency and improve customer service timeliness. It utilised new media content marketing to enhance product and user interaction, and optimised the contents launched at various contact points in quality and efficiency. Midea accelerated its overseas e-commerce business to support the development of its own brands. In the first half of 2024, its e-commerce sales revenue increased by more than 50% year-on-year. It continued to optimise its business quality and made continuous efforts in product innovation, business diversification, and digital operations, fully leveraging Midea's overall advantages. It combined market big data insights to promote product innovation, enhanced the competitiveness of e-commerce channel products, and maintained a core category

advantage in online channels in multiple countries, with multiple products listed on the Amazon's best-seller list. It made channel business diversified, actively expanded new channels globally, cooperated with leading emerging e-commerce platforms, promoted influencer sales models, increased brand and product exposure on social media, and launched a global brand advertising strategy. In terms of operational digitisation, Midea leveraged internal and external resources to gradually build AI whole chain empowerment for operations.

In the first half of 2024, despite multiple challenges such as rising costs caused by the depreciation of JPY, shrinking demand in the overall home appliance market, and increasingly fierce market competition, TLSC remained calm and flexible in responding to market uncertainty challenges based on enhancing customer experience value. On the one hand, it strengthened communication with key customers, continuously improved services, increased marketing efforts through various channels, increased investment in online channels, focused on exploring new channels, optimised product pricing strategies, and actively promoted new product sales, thus achieving overall performance that outperformed the market. At the same time, it signed new brand spokespersons to support its medium - and long-term brand development strategy. On the other hand, by strengthening the collaboration with the Group and related product divisions, it significantly improved the product quality and optimised the product development flow to ensure launch of new products and supply of products, and continued to exert synergy effects in brand building, research and development innovation, supply chain integration, and quality improvement.

#### **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 the domestic sales field, Midea continued to promote the digital upgrade of "DTC strategy", "worry-free retail 2.0" and "a shared inventory system". Through cloud warehouse inventory sharing, the physicals fulfillment rate increased by 11%, on-time delivery rates were improved, and the separation of warehousing and distribution capabilities were piloted to support flexible and changing business scenarios. It promoted policy onlineisation and automation, with significantly increased automatic redeeming of customer policies, as well as online and automatic redeeming of retail policies; it launched OMO multi-platform traffic project, focused on the three major traffic platforms of Douyin, Meituan and Amap, and relied on the social media platform to reach consumers directly, realising the real-time experience of local services and commodity distribution. The gross merchandise volume (GMV) of this business exceeded RMB1.5 billion. By digitising the whole marketing process, Midea improved its marketing efficiency, covering over 16,000 stores and more than 40,000 events; the registered membership size of Midea exceeded 200 million, with over 24 million new members added in the first half of 2024. The user experience continued to improve, and the net

promoter score (NPS) increased by 30% year-on-year. Midea continuously iterated and upgraded the "Midea Cloud Sales" App, and significantly improved customer operational efficiency and experience, with an average daily page view (PV) of over three million.

Concerning overseas sales, Midea focused on the "Digitalization 3.0" project to enhance global business efficiency. Through end-to-end panoramic analysis of the value chain, it focused on the digital capability improvement 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. The iBOS system was planned to cover 11 business units throughout the year, and it integrated end-to-end whole-process information on project production, shipment, logistics, and orders, realised whole-chain data visualisation, improved overseas order fulfillment efficiency by 20%, and achieved online credit risk management. It promoted the improvement of overseas channel management systems, with over 4,000 registered channel customers and installed in over 7,000 supermarkets, further enhancing the channel operation framework system and online installation service data overseas. In the field of international logistics, Midea completed the global planning of the overall informationisation route in the logistics sector. In the first half of 2024, Midea carried out online projects for overseas finished product warehousing in Vietnam, Thailand, and Egypt, effectively improving the efficiency, warehousing accuracy, and service quality of overseas logistics. Midea established three sets of digital solutions in the field of overseas manufacturing, namely "basic, standard, and advanced", to accelerate the digital transformation of overseas manufacturing bases. These solutions were applied in manufacturing bases such as Thailand, Vietnam, Indonesia, and Egypt to enhance overseas delivery capabilities. At the same time, through the integration of information throughout the whole process from order to delivery, Midea reduced the risk of production stoppage caused by material shortages and achieved a 50% reduction in delivery cycles. In the field of research and development, Midea further built key capabilities in "technological innovation, R&D efficiency improvement, global R&D, and value chain collaboration", deepened the implementation of the "Three Generations", promoted key projects from planning to implementation, and achieved an on-time project initial rate of over 90% and an on-time completion rate of 95%. More than 80% of researchers' labour hours were dedicated to research, resulting in a 20% increase in procedure efficiency. This enhanced digital planning and technological innovation capabilities, enabling AI empowerment in scenarios such as planning, technology research, and industrial drawing. Midea continuously improved the R&D system and tool building, built a virtual experimental platform for whole-house home environments, achieved simulation testing as a substitute for experiments, and empowered R&D with automated and intelligent virtual testing. In the field of manufacturing, Midea improved efficiency through breakthroughs in digital capabilities such as quality, process, manufacturing, EHS, and energy carbon. It used market quality data to automatically analyse warnings and trigger improvements, and applied dynamic inspection models to increase detection rates and enhance manufacturing quality. Combined with the large-scale implementation of process digitisation production lines, Midea integrated the whole process

from product planning to manufacturing, achieving automatic generation of process routes and automatic optimization of process parameters, and shortening the product development cycle by 10%. It built multiple sheet metal and injection moulding dark factories and digital unmanned laboratories to enhance unmanned production capabilities. It built an EHS centralised control centre based on Midea's ESG strategy, enhanced the intelligent operation capability of the park, and achieved risk control in the manufacturing park. By using microgrid technology to achieve integrated scheduling of photovoltaic and energy storage in the park, the green electricity consumption rate of the Hefei Laundry appliances factory park increased by 19% and carbon emissions reduced by 18.5%. In terms of industrial empowerment, the M.IoT Platform served more than 1,000 enterprises in more than 50 subdivisions, including auto parts, electronic semiconductors, agriculture and animal husbandry food, around the five scenarios of digital transformation, Lighthouse/digital factory, smart supply chain, digital park, and industrial cluster solutions. Midea Cloud "M.IoT Digital Twin Global Operation Platform based on Industrial Internet of Things" was successfully selected into the list of "2023 Industrial Internet of Things Pilot Demonstration" by the Ministry of Industry and Information Technology. In the ToB business, Midea built ToB marketing templates and manufacturing templates. Based on the unified planning and building of a multi-industry form, it built a ToB repurchase marketing platform, achieving a 46% and 72% increase in end-to-end procedure efficiency for domestic and foreign sales fulfillment, respectively. Midea explored ToB project-based business templates, designed digital business solutions that lead the whole value chain around "marketing services - research and development - manufacturing - data operations", promoted the mobility of business opportunity management, and shortened data transmission time by 75%. For project-based pre-sales business, Midea connected various channel leads through digital means, and automatically introduced and accurately pushed channel follow-up. In terms of business management, Midea carried out digital building of functional departments to support the domain, achieved cost reduction, efficiency improvement and compliance risk control, promoted the building of digital finance, digital human resources and other fields, implemented digital building of overseas human resources, deepened the efficiency and consistency of overseas financial accounting, supported the deepening of global financial sharing mode, and empowered global tax compliance and trade compliance with digital tools.

Midea steadily advanced its data empowerment initiatives, and concentrated on data empowerment within core business scenarios such as research and development, marketing, supply chain, overseas markets, and ToB domains. In terms of R&D, Midea continued to deepen digital-driven product innovation, created exclusive AI planning assistants for domestic, ToB, and overseas markets, achieving intelligent analysis of multiple planning scenarios, improving planning efficiency, and helping create popular products during the "18 June" sale. In terms of manufacturing, Midea focused on data empowerment in workshop operations. Through real-time scheduling of abnormal operations in the sheet metal workshop, it assisted in the standardisation of dark scenarios and achieved a 30% reduction in pilot workshop work hour losses. In terms of the logistics, a real-time analysis model framework was built to help pilot units reduce their logistics tail rate by nearly 10% and improve their



on-time performance at N points by over 6%. In terms of marketing, it accelerated the deepening of DTC transformation, completed the building of a full staff cockpit, and promoted data consistency building among stores, merchants, operators, operation centres, and headquarters through a multi-terminal data sharing model. Midea optimised user interaction and user demand acquisition to enhance user satisfaction and help convert transaction amounts of nearly RMB4 billion. In terms of channels, by utilising digital site selection empowerment, Midea provided accurate recommendations for over 2,000 model room events, helping the "trade-in" activities held in more than 30,000 properties and providing data support for channel expansion. In terms of services, the coverage rate of user service digitalization scenarios exceeded 70%. By providing regional maps to view "work order density", Midea supported differentiated operations of network business in remote areas, reconstructed the VOC label system of the VOC platform, and optimised algorithm models to provide accurate and effective data support for channel optimisation and product pricing of overseas business.

Midea continued to strengthen the building of its digital base and information security protection system, initiated the Global Neutral Cloud Platform (GNC) construction, and initially completed deployment in the Asia Pacific and North American regions, achieving the "two unifications" of its digital base, namely domestic and foreign unification, and the unification of public and private clouds. Midea built "one global network", a unified virtual network that spans the physical networks of private and public clouds, avoiding repeated adaptation and development of multi-cloud applications by upper level applications, enhancing the flexibility of public cloud selection, improving the research and deployment efficiency of digital applications, and enhancing Midea's global business response capabilities. It continuously improved the building of the data platform, completed the independent research and development of the cloud host platform, and launched applications in Gui'an data centre and some overseas regions. It is expected to save over RMB10 million in costs every year, with an increase of over 30% in data processing volume and computing tasks. In addition, the Company continued to explore new breakthroughs in enterprise digital transformation and upgrading in new technology fields such as Artificial Intelligence Generated Content (AIGC), middle-office technology, and big data. On the one hand, it actively attempted and successfully practised the application of large models in different fields such as administrative office, visual art, intelligent Q&A, and digital humans, greatly saving time and improving operational efficiency. The cumulative saved time reached nearly 400,000 hours. On the other hand, with the application of AIGC in the field of maritime logistics, automated booking projects was implemented, resulting in an overall efficiency improvement of 20% in terms of booking services, an automation coverage rate of 80%, and an overall business efficiency improvement of over 8%.

Midea promoted the strategy of "Digitization & Intelligence Driven" and accelerated the implementation of "Comprehensive Intellectualization" to "Customise a Smarter Midea Life for You". In the first half of 2024, the MSmartLife App continued to improve its application experience, reducing device abnormal offline rate by 19% and plugin white screen rate by 71%, and cloud SLA availability reached over 99%. The comprehensive performance reached an industry-leading level, creating a stable and smooth user

experience. As at June 2024, the registered users of the MSmartLife App exceeded 58 million, and the average monthly active users exceeded 9.3 million for the first half of the year. Midea fully upgraded its edge and terminal algorithm and deployment toolchain, empowering various intelligent products, and applied them to products such as washer-scrubbers, floor sweepers, voice-enabled air conditioners, and energy-conservation air conditioners. Its operator library covered and supported fields such as speech recognition, language understanding, computer vision, and energy-conservation deep learning algorithms. The edge and terminal algorithm and its toolchain were upgraded and adapted to run efficiently on various chips and hardware platforms, and four series of modules including communication, sensing, computing, and sensing computing were mass-produced, significantly improving research and development efficiency in different business scenarios. In addition, Midea actively participated in promoting the establishment and formulation of relevant industry standards at home and abroad, including the international standard N1241 in the field of edge and terminal algorithms, the IEEE P3342 international standard for edge and terminal algorithms, and the national standard, Functional Requirements of Edge and Terminal Device Model Deployment Toolchain.

**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 the first half of 2024, Midea continued to promote the "COLMO+Toshiba" dual high-end brand strategy. For the same period, overall retail sales of the dual high-end brands saw a year-on-year growth of over 20%. COLMO has been at the forefront of technological innovation, using AI technology to offer consumers new suite-based smart high-end home appliances designed for the future. In terms of products, COLMO launched the AVNAT suite, featuring "free, flexible embedding" and "small size, big capacity", allowing for adaptable integration into various home layouts and designs. COLMO BLANC Built-in Steamer-oven uses globally leading radio frequency (RF) technology to precisely control the energy directed at food, enabling multiple ingredients to be cooked simultaneously in different zones, achieving a perfectly even molecular-level cooking effect. COLMO TURING Residential Central A/C System introduces a groundbreaking temperature and humidity control mode, allowing users to set their desired temperature and humidity in one mode for year-round comfort. The new COLMO AVANT Refrigerator, Big Cube, redefines traditional 1+1 refrigerator expansion with a unique AB dual-cabinet configuration that allows for flexible combinations, earning it an honour at the China Refrigerator Industry Symposium and the iF Design Award. COLMO New Image Zero Built-In Washer-Dryer Suite, which pushes the boundaries of design by blending home aesthetics, won the prestigious "Best of Best" award in the 2024 Red Dot Design Award. COLMO Dishwasher, equipped with AI Pro technology that mimics handwashing, ensures thorough cleaning without missing a spot, earning certifications from TÜV Rheinland for tableware protection and high cleaning efficiency. COLMO Platinum Fresh Water Series Electric Water Heater uses innovative polymer materials in the inner tank to achieve natural anti-corrosion, coupled with multiple patented technologies, eliminating water quality issues caused by

magnesium rods in traditional electric water heaters. In terms of brands, for the new product in the COLMO AVNAT Suite launched, Midea partnered with top-tier key opinion leaders (KOLs), achieving an overall exposure of 500 million unique visitors (UVs). Brand searches saw a significant increase year on year. At the same time, during the "18 June" sale, COLMO's brand asset value among its target audience grew by nearly 45%, with the average transaction value (ATV) per customer increasing by nearly 30% and gross merchandise value (GMV) on Douyin growing by more than 170% year on year. 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 1.8 million member users. At the same time, Midea has accelerated the development of high-end, whole-scene channels, establishing nearly 900 COLMO Intelligent Experience Centres in over 260 cities. According to data from AVC, in the first half of 2024, the proportion of COLMO products in the high-end market increased significantly, with floor-standing air conditioners and water dispensers capturing over 20% of the high-end market. Meanwhile, wall-mounted air conditioners and water purifiers held more than 10% of the high-end market share.

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 the first half of 2024, Toshiba's domestic retail sales exceeded RMB2.3 billion, marking a year-on-year increase of over 47%. The brand also saw continued growth in e-commerce, with total online retail sales during the "18 June" sale up by 45% compared to the previous year. In terms of products, Toshiba continued to solidify its position in the high-end market for refrigerators. Toshiba 548 White Pearl Refrigerator, within just two months of its launch, became the top-selling French-door model among joint-venture brands in the RMB8,000 and above price segments. Toshiba Washing Machine, particularly focused on the zero built-in models, saw a sales increase of over 300% year on year in the first half of the year. Additionally, Toshiba's electric toilets reached retail sales of RMB100 million in the first half of the year, achieving a year-over-year growth of 21%. Toshiba's high-end multifunctional microwave-steamer-ovens, Toshiba Vacuum Qinmichui Rice Cooker, and Toshiba's fans such as Huaxinfeng and Fengdaiyue also delivered outstanding market performance during the same period. 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 high-end designer tour salons in 15 cities across the country, store designer experience events, and quarterly store experiences. In terms of channel, Toshiba actively promoted retail transformation. Toshiba completed the cooperation with over 200 brand operators, built 350 star-level life pavilions of Toshiba brand and over 470 Toshiba brand joint halls, promoted the realisation of a latest unified terminal image and preliminarily completed the building of the national retail system.

WAHIN positions itself as a brand for "young, high-tech and trendy appliances", creating trendy home environments with "Trendy Designs, Practical Functions and Fun Interactions". The brand keenly identifies the demands in the young home appliance market, focusing on product performance development and upgrading trendy interactive designs. In the first half of 2024, WAHIN's overall sales approached RMB6 billion. During the "18 June" sale, WAHIN ranked among the top three self-operated residential air conditioner brands on JD.com. The brand's hit air conditioner model, 35HE1PRO, consistently stayed on JD.com's top-selling list and Tmall's hot-selling quiet air conditioner list. In terms of brand marketing, WAHIN continued to engage deeply with the youth demographic, leveraging diverse cross-industry collaborations. During China's Youth Day in 2024, WAHIN partnered with pioneering youth communities such as Polaris Youth, using cutting-edge artificial intelligence-generated content (AIGC) technology to enhance its marketing efforts and interact deeply with young consumers. During the "618" festival, WAHIN teamed up with Bilibili for the Graduation Concert, offering home appliance shopping guides to help graduates start their new life chapters. WAHIN also collaborated with Mr. Zhang Xuefeng, a career planning expert popular with graduates, to embody the brand's philosophy of "Growing with Young People". In the first half of 2024, WAHIN's total online exposure exceeded 430 million UVs, with over 300,000 new followers gained across platforms. In terms of products and distribution channels, WAHIN remains committed to differentiated innovation with a focus on users, products, and experiences, expanding into multiple categories, striving for peak product performance, and providing users with smart, comfortable, and connected scenarios. WAHIN has also continued to improve its conversion chain, maintain a synergy between quality and effectiveness, empower e-commerce sales, and solidify its "Social Media + Content + E-commerce" model, driving sales growth.

**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 & 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 the first half of 2024, Midea Energy Solutions & Industrial Technology received quite a few awards for its R&D achievements. The project "Air Source Heat Pump Multi-grade Heat Energy Efficient Supply Key Technology and Application" in which Midea participated was awarded a second prize of 2023 National Science and Technology Progress Award. Midea Energy Solutions & Industrial Technology also led the project "Research and Industrialisation of Key Technologies for Highly Adaptable Silent Variable Frequency Compressor", which won a first prize of 2023 Science and Technology Progress Award of China National Light Industry Council. Furthermore, the project "Research and Industrialisation of Key Technologies for High Power Density Permanent Magnet Motors and Their Compressors" led by Midea Energy Solutions & Industrial Technology earned the first prize in the 2023 Science and Technology Award of China General Chamber of Commerce. Additionally, Guangdong Welling Motor Manufacturing Co., Ltd. was recognised for its "Air Conditioning Fan Motors", being included in the eighth batch of National Single Champions in Manufacturing Industry in 2023 by the Ministry of Industry and Information Technology and the China Federation of Industrial Economics. In the first half of 2024, Midea Energy Solutions & Industrial Technology filed over 680 new patent applications, with a total of more than 2,700 granted invention patents to date. It also received one Gold Award and two Excellence Awards at the 10th Guangdong Province Patent Awards, and a Silver Award at the 10th Anhui Province Patent Awards. The "High Torque Density, Low Torque Ripple Direct Drive Permanent Magnet Motor" technology led by Midea Energy Solutions & Industrial Technology offers more compact and silent motor solutions for air conditioning products. In 2024, this technology was appraised by an industry expert panel and was recognised as "Internationally Leading". Midea Energy Solutions & Industrial Technology's "High-Efficiency Miniaturised Drive Motor System for Front-loading Washing Machines" and "Integrated Rotary Compressor" both won the AWE 2024 Award for Core Component, while the "Green High-Quality Thin Permanent Magnet Motor" was awarded the "Golden Award Product" at the China Refrigeration Expo 2024.

By maintaining the focus on the field of core industrial components for consumer appliances, Midea Energy Solutions & Industrial Technology continued to consolidate its leading position in the industry. According to data from ChinalOL.com, in the first half of 2024, Midea maintained its global number-one market share for residential air conditioner compressors. Meanwhile, it achieved over 10% growth in market share in industry segmentations such as dehumidifier compressors, heat pump clothes dryer compressors, and base station air conditioning compressors. Midea also remained a top player in the global refrigerator compressor market. At the same time, it firmly advanced structural upgrades and overseas growth strategies, with the sales of inverter products up by more than 60% and overseas sales rising by 14%. The global sales shares of residential air conditioner motors and laundry appliance motors remained industry-leading, with continual breakthroughs made in key international markets and clients. Midea Energy Solutions & Industrial Technology has been dedicated to digital transformation and has constantly improved its production capacity. The Foshan Xingtian Base had three new

production lines put into operation. At the same time, Midea Energy Solutions & Industrial Technology is working to build an industry-leading smart manufacturing base for refrigerator compressors to further strengthen its global supply capability for core components. Additionally, Midea Energy Solutions & Industrial Technology has continued to invest more in R&D of chip products and technologies, as 12 chip products of four major series (namely, master control, touch control, inverter, and IPM) have been put into mass production, 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.

In response to the rapid growth of the renewable energy industry, Midea Energy Solutions & 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, 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 measurement solutions. In the field of new energy, in the first half of 2024, CLOU Electronics successfully delivered multiple overseas energy storage projects, particularly making a breakthrough in the US market, which demonstrated its product strength. Domestically, CLOU Electronics gradually expanded its influence among key clients. In terms of market, CLOU Electronics collaborated with Midea's ToB business to establish a nationwide integrated channel sales and operational service system, covering investment, development, and sales in the commercial and industrial energy storage sectors. This enhanced its industry influence and rapidly built up its capabilities of developing energy storage channels. In April 2024, with its excellent system integration capability, product innovation capability and commercial application of energy storage, CLOU Electronics was selected by Bloomberg New Energy Finance (BNEF), a world-renowned data provider, onto its "Energy Storage Tier 1 List 2Q 2024". As to products, the energy storage products of CLOU Electronics' Aqua C Series received the world's first Mean Time Between Failure (MTBF) third-party certification for energy storage systems from the international authoritative certification body, DEKRA. This series employs advanced active balancing technology, achieving full-chain active balancing throughout "battery cells-battery clusters-battery boxes", significantly enhancing the overall performance and safety of the energy storage system while reducing operational costs. The system also utilises an efficient liquid cooling temperature control strategy to ensure efficient and stable operation in extreme environments. By optimising the integration of battery modules, the energy density reaches 111.47 Wh/kg, and the discharge capacity over the system's lifecycle is increased by 10%, further reducing the levelised cost of electricity (LCOE). Hiconics continued to invest in R&D to strengthen its core product competitiveness in the first half of

2024. It collaborated deeply with globally renowned testing and certification organizations such as TÜV and CSA. Hiconics' Residential Energy Storage and Solar Inverter Testing Centre has been certified as a "TÜV Nord Witness Laboratory", "TÜV Rheinland Witness Laboratory", "TÜV SÜD Qualified Laboratory", and "CSA Authorized Laboratory". And its all-in-one solution for residential energy storage has been VDE-AR-E 2510-50 and ISO 13849 certified by TÜV, and the functional safety level of its battery system has reached "PL d", proving that this product has leading safety and reliability performance across the industry. Hiconics' PV engineering, procurement, and construction (EPC) business also saw rapid growth in the first half of 2024. At the 9th Century Photovoltaic Conference, Hefei Midea-Hiconics Photovoltaic Technology Co., Ltd. was recognised with the "PVBL 2024 Fastest Growing Company in Global PV&ES Industry". Additionally, at the 17th (2024) International Photovoltaic Power Generation and Smart Energy Exhibition, Hiconics launched new products, including solar inverters, charger points, balcony solar energy storage systems, and green power solutions for villas, fully expanding its presence in the PV and storage new energy sector.

Deepening its focus on intelligent transportation components, Midea Energy Solutions & Industrial Technology leverages its solid core technology in the consumer appliances field to quickly develop three major product lines: Automotive Grade thermal management, electric drive systems, and chassis actuation systems. In the first half of 2024, Midea's compressors continued to gain recognition from multiple clients and were integrated into the best-selling models of several emerging domestic automobile manufacturers. Additionally, for its newly launched air pump, Midea Energy Solutions & Industrial Technology secured project contracts with renowned overseas automobile manufacturers, marking another breakthrough in the market. Midea Welling's next-generation 900V round wire stator was rolled out to match customers' newly launched vehicle models through customised supply chains. These products are at the forefront of the industry. The production line, with an automation level of up to 93%, significantly enhances production efficiency and quality. The line not only allows for agile and rapid model changes during the entire production process but also enables precise traceability of process parameters during assembly. Furthermore, in April 2024, Midea executed a strategic cooperation agreement with NIO. The two parties will collaborate extensively in areas such as new energy vehicle components, automation, digitalisation, low-carbon, sustainable campuses, and smart logistics, aiming to create a model of intelligent manufacturing within the new energy vehicle industry.

In the field of industrial automation, Servotronix, Hiconics, and SUNYE under Midea Energy Solutions & 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. Servotronix, as a specialist in industrial automation control, has focused on layout in programmable logic controllers (PLCs), direct drives, standard servos, motion controllers, and industrial automation. It continues to provide motion control solutions for clients across various sectors and expands its product technology applications into new fields. In the first half of 2024, Servotronix launched several new products, including the BD3+PH3

Third-Generation Standard Servo, the CDHD2S Direct Drive Extended Specification Product, the smartPX All-in-One Servo Drive, the SC301/302 Controllers, and the PLC product SP2N. These new offerings further enhance the competitiveness of its servo products and expand their application scenarios. Hiconics, a leading domestic brand in the high-voltage variable frequency drive field, continued to drive product technology development and application innovation in the first half of 2024. It rolled out the first “high-voltage variable frequency drive high-speed direct drive electric feed pump” solution on the domestic market of high-voltage variable frequency drives, marking a new breakthrough for the application of high-voltage variable frequency drives. Furthermore, Midea Energy Solutions & Industrial Technology actively works on reducer and other key component technologies. It has completed the development of four series of harmonic reducers: High-torque, short-barrel, integrated, and customised harmonic reducers. These products are designed to meet the performance requirements of multi-joint industrial robots, SCARA robots, collaborative robots, and humanoid robots. In the first half of 2024, Midea Energy Solutions & Industrial Technology made significant breakthroughs in the application market for harmonic reducers in industrial and humanoid robots. Thanks to industry-leading product performance and rapid service response, Midea Energy Solutions & Industrial Technology has established partnerships with several leading international and domestic brands. At the 2024 China Humanoid Robot Technology Application Summit, Midea Energy Solutions & Industrial Technology was recognised as a “2024 Quality Enterprise in the Humanoid Robot Supply Chain”. Leveraging Midea's well-proven manufacturing management system and supply chain advantages, Midea Energy Solutions & Industrial Technology now has the intelligent manufacturing capability of producing 80,000 harmonic reducers annually.

**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 the first half of 2024, according to data from ChinalOL.com, Midea continued to rank first in terms of domestic sales of commercial air conditioners. It also had the largest market share of around 36% and 13%, respectively, for unitary units and modular units, among other core products. And its domestic market share of VRFs was also among the largest at over 21%. Data from the Central Air Conditioning Market magazine show that by sales volume, Midea's market share exceeded 14% in the domestic market of centrifuges in the first half of 2024, representing the largest market share in the competition



with top foreign brands in China. 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 its competitiveness in the European market. In March 2024, the groundbreaking ceremony for Midea Intelligent Manufacturing (Thailand) Technology Park was held in Rayong Province, Thailand. This base will further enhance Midea's global market competitiveness in heating, ventilation, and air conditioning (HVAC) products.

In early 2024, Midea Intelligent Building Technology unveiled new products in five major business areas—iBUILDING, fluorine-based systems, chillers, building automation, and elevators—at the 3rd TRUE Building Technology Summit, themed "Green · Symbiosis · TRUE Evolution". The summit focused on the concept of "Digitalisation+" and showcased how the integration of core products of Midea Building Technologies (MBT) with iBUILDING can drive digital transformation and facilitate the upgrading and evolution of various industries. Among these, iBUILDING released the 2024 Digitalisation, Engineering, Procurement, Construction, and Operation (DEPCO) Research Report, marking an upgrade from Version 1.0 to 2.0. DEPCO 2.0 enhances intelligent buildings across four key dimensions: Experience, cost reduction and efficiency enhancement, operations, and environmental, social, and governance (ESG). This makes intelligent buildings more quantifiable, assessable, and improvable. Additionally, iBUILDING introduced the iBUILDING aPaaS platform, which assists users in easily developing various building management applications. The fluorine-based system brand MDV launched the Air C+ 2.0 Cross-Flow Air-Duct Indoor Unit, which features rapid sewage discharge in just one second, quick fan wheel removal in one minute, and left-right piping connection with a single-step operation. Additionally, MDV introduced a new-generation floor-standing indoor unit for industrial and agricultural use, equipped with a DC-driven fan, constant airflow technology, an all-metal fan air duct, and aluminium alloy motorised air deflector blades. The high-quality product is aimed at helping industrial and agricultural users enhance production efficiency and economic value. The chiller brand K WING has unveiled its next-generation, fully self-developed magnetic levitation product, designed to be "reliable", "efficient", and "intelligent". This cutting-edge unit boasts a host of advanced features, including integrated electromechanical control, comprehensive thermal management, magnetic levitation bearings, and intelligent anti-surge algorithms. It also comes with a self-powering mode and long-life backup bearings, ensuring stable and precise operation even under the most demanding conditions. Due to its innovative design, which includes a high-efficiency compressor, a new efficient heat exchanger, and AI-driven adaptive technology, this product achieves double Grade 1 energy efficiency and approximately a 50% reduction in operating costs. The magnetic levitation technology helps the high-efficiency integrated cooling station improve the overall operating efficiency. Additionally, the system offers a streamlined selection process with its efficient software and provides intelligent operational and maintenance services through the chiller's intelligent operations and maintenance platform and expert diagnostics from ChillerDoctor. The building automation brand KONG has launched the KONG DDS Smart Space Perception Control System and the KONG Smart Control HVAC

Equipment Operation Optimisation System. The KONG Smart Control system is equipped with three key capabilities: System simulation and prediction, real-time global optimisation, and health diagnostics analysis, all of which contribute to the efficient operation of building HVAC equipment systems. In the elevator segment, the brand LINVOL unveiled its Chinese name, "领沃", along with a whole-scene smart vertical transportation solution for buildings. This includes digital and intelligent elevator solutions tailored for commercial, residential, sightseeing, medical, villa, and private home settings under the LINVOL brand. Additionally, WINONE has released an industrial park freight elevator solution, covering heavy-duty freight elevators, high-speed freight elevators, and specialised freight elevators designed to meet the demands of specific scenarios.

In the first half of 2024, Midea Intelligent Building Technology participated in several major exhibitions, including the 14th China Heat Pump Exhibition (HPE), the Mostra Convegno Expocomfort (MCE) in Milan, the China Refrigeration Expo 2024, the 89th China International Medical Equipment Fair (CMEF), the 2024 ISH China & CIHE, the China Hospital Construction Conference, International Hospital Build and Infrastructure Exposition (CHCC), and the 17th (2024) International Photovoltaic Power Generation and Smart Energy Conference & Exhibition (SNEC). At these events, Midea showcased various R&D achievements and solutions, including the MDV-FIT Series of large multi-split systems, the TR+ Series of All DC Inverter air duct units, the MDV Power Series of light commercial air conditioners, the light commercial TR Series of air duct units, the MDV industrial floor-standing units, the Xueyan Air Source Heat Pump, the Nuanjia III Air Source Heat Pump, the Arctic HT Air Source Heat Pump, the Lieyan R32 All DC Inverter Air-Cooled Large Scroll Heat Pump Unit, the K WING 10MW Large Temperature Rise High-Temperature Centrifugal Heat Pump Unit, the Second-Generation iEasyEnergy Energy Management System, the R290 Thunder Commercial Heat Pump, the LINVOL EVIN-X "Age-friendly" Retrofit Smart Lift, Midea's lift-specific air conditioners, the Smart Control Building HVAC Equipment AI Energy-Saving System, and the Smart Hospital LIFE3.0 Solution.

In terms of market expansion, in the first half of 2024, Midea Intelligent Building Technology continued to establish benchmark projects across various industries. For example, the Dezhou Smart Agricultural Industrial Park Project utilised Midea's K WING high-temperature heat pump unit to implement an energy upgrade, replacing natural gas with "1,500-metre mid-deep geothermal energy". In Chongqing Guangyang Island, Midea's large-scale energy EPC model was adopted, achieving 100% clean energy utilisation across the island and an overall HVAC energy-saving rate of over 50%. The Gui'an Midea Cloud Data Centre, which implemented a dual cooling source system combining Midea's direct vent air handling unit (AHU) and chilled water, was awarded the China IDC Industry Innovative Technology and Product Award. Additionally, Midea provided a full range of fluorine-based system products for Alibaba's global headquarters in Hangzhou, creating a low-carbon, energy-efficient, and green intelligent experience. Other notable benchmark projects include China Telecom's first large-scale fully liquid-cooled intelligent computing power data centre in the Guangdong-Hong Kong-Macao Greater Bay Area, Lanzhou Zhongchuan International Airport, Suzhou Metro Line 6, and the Shanghai Li-Ning Centre

Flagship Store.

In terms of technological innovation and standardisation, in the first half of 2024, Midea Intelligent Building Technology continuously increased its R&D investment, achieving notable results. The "Air Source Heat Pump Multi-grade Heat Energy Efficient Supply Key Technology and Application" project won a second prize of 2023 National Science and Technology Progress Award. The "Global Low-Carbon Heating Technology and Industrialisation of the Ultra-Low Temperature Air-Liquid Combined Spray Heat Pump System" project received the first prize in the Guangdong Provincial Science and Technology Progress Award. The "Research and Application of Key Technologies for Efficient Air Conditioning and Refrigeration Plant Rooms" project won the 2023 China Award for Science and Technology in Construction. The "Submicron Magnetic Levitation Key Technology and Its Application in Centrifugal Compressors" project was honoured with the 2023 Chongqing Municipal Science and Technology Award. Additionally, the "MDV-Link Communication Technology Research and Application" project secured the 2023 Chinese Institute of Electronics Science and Technology Award. At the beginning of 2024, Midea was approved by the Department of Science and Technology of Guangdong Province to establish the Guangdong Provincial Key Laboratory for Thermal Energy Storage Technology in Buildings. Midea also actively participated in the drafting and revision of various standards, including the energy storage industry's first national standard for thermal management, Thermal Management of Energy Storage: Refrigeration (Heat Pump) Units, and GB/T 19412 Method of Measurement and Rating of Air Conditioning System with Cold (Heat) Storage. Furthermore, Midea's new commercial heat pump product MARS received Ultra-High-Temperature Hot Water Performance Certification from Intertek. The Midea iBUILDING Smart Building Series Digital Service Platform successfully passed SOC 2 Type II and SOC 3 certifications, comprehensively covering all five dimensions: Security, availability, confidentiality, process integrity, and privacy. This platform possesses globally leading multi-dimensional comprehensive service capabilities and long-term, sustained effectiveness in control execution.

**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. KUKA, a subsidiary of Midea, is a world-renowned 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 the first half of 2024, KUKA achieved significant progress in both technological innovation and product development, launching new, higher-

performance products targeted at segmentations. As the demand for precision assembly in high-end manufacturing sectors such as consumer electronics, semiconductors, medical equipment, and automotive parts continues to grow, KUKA introduced clean versions of the KR SCARA CS Series of robots to meet the increasing demand for cleanliness. These robots cater to load capacities of 6 kg and 20 kg, offering enhanced rigidity, precision, and stability, and meeting stringent cleanliness requirements. KUKA also launched the KR SCARA CS 60 kg Robot, which addresses the heavy load requirements in the lithium battery industry. With a maximum payload of 60 kg, a compact design, and a total weight of 120 kg, it boasts an industry-leading load-to-weight ratio of 1:2, a standard cycle time of 0.8 seconds, efficient and rapid completion of work, and IP54 protection, making it highly resistant to water and dust, and capable of operating in harsh environments. To address industry pain points and demands such as insufficient production takt time, limited workspace, and high precision requirements in specific scenarios, KUKA has launched new products in the KR Cybertech-2 Series: KR 12 R1450-2 E and KR 35 R1840-2 E. These new products feature a lightweight design and stable performance, meeting automation requirements in various industries, including automotive manufacturing, electronics assembly, metal processing, and food processing. KUKA has also launched a new version of the KR FORTEC Industrial Robot, which features dynamic performance, cost-efficiency, and reliability. With its high dynamic performance and compact form, this robot is particularly well-suited for tasks such as material handling and spot welding. The product includes an extendable arm that can handle loads of up to 240 kg within a reach of 3,700 millimetres. The cross-model modular design of this heavy-duty robot ensures high component transferability and reduced spare parts storage costs, enabling a lower total cost of ownership (TCO). At the LogiMAT 2024 in Stuttgart, KUKA introduced KMP 3000P, an omnidirectional heavy-duty autonomous mobile robot (AMR) that integrates laser Simultaneous Localization and Mapping (SLAM) and QR code navigation technology. It has a rated load capacity of 3,000 kg, enabling omnidirectional movement, 360-degree safety coverage, five-layer full-dimensional protection, and rapid inductive charging. The robot features a new inductive charging system, enabling round-the-clock operation, and integrates a 3D visual system and laser scanner to ensure the flexibility and safety of the working environment. It is suitable for material handling and assembly tasks in industries such as automobiles, aerospace, PV, lithium batteries, and construction machinery. In the field of logistics automation, Swisslog Logistics, a subsidiary of KUKA, has launched the MegaStore pallet carrier shuttle system. This is a multi-deep automated storage system for handling palletised goods. It offers a highly customisable logistics solution with a high return on investment. The system supports a maximum load of 1,500 kg, with the mother vehicle reaching speeds of 3.5 m/s and the child vehicle at 1.36 m/s. It also features a single-column high-speed hoist that can reach heights of up to 40 metres, with a lift speed of 1.5 m/s. The system is not only efficient and reliable but also provides high storage density and throughput, significantly enhancing storage capacity by 40-60% compared to traditional flat storage. KUKA has also introduced a new version of its KUKA.MixedReality Software, which integrates augmented reality (AR) technology. This software allows users to visualise robot cells' environments in real-time via a smartphone, facilitating quick, safe, and intuitive robot start-up. By

linking the physical and virtual worlds, it provides clear and concise digital information about the robot cell's environment, enabling users to swiftly detect and correct errors, thereby accelerating installation and enhancing safety. Moreover, KUKA and Swisslog are actively exploring the application of AI in the industry. KUKA is training AI chatbots with extensive robot programming codes and is working to make its AI chatbot available to customers, aiming to enable them to operate robots using voice commands in the future. Swisslog is leveraging AI, cameras, and robots to interact seamlessly, delivering higher-quality services. Its AI models are already capable of identifying waste and differentiating between shampoo and shower gel, enabling the automatic picking of various items to meet the combined delivery needs of customer orders.

In terms of market expansion, in the first half of 2024, KUKA concluded a framework agreement with Volkswagen Group to supply over 700 robots for body-in-white production at Volkswagen in Spain over the course of this year and the next two years, including the popular KR QUANTEC Robot. KUKA is supporting its customers in transitioning to more sustainable transportation methods with cutting-edge technology. KUKA will provide a customer in the automotive industry with 23 friction stir welding units integrated with KUKA's industrial robots for an electric vehicle welding production line. This order is worth tens of millions of euros. KUKA is also supplying its KUKA iiQoT System to automotive supplier BOOSTER Precision Components GmbH. This system helps monitor the entire robot fleet and consolidates all essential information in an open and clear manner on the KUKA iiQoT Dashboard, making the robots smarter. By collecting intelligent data on the secure platform Microsoft Azure, KUKA's customers can minimise machine downtime in their production operations and maximise uptime.

KUKA continues to advance its resource integration and expansion in the Chinese market and deepen organisational transformation and product iteration while focusing on industry applications and key customers. In terms of market, according to statistics from MIR, KUKA's domestic market share of industrial robot sales increased to around 7.8% in the first half of 2024. KUKA China saw a significant rise in orders within the consumer electronics sector during this period. With the accelerated global expansion of Chinese manufacturing, KUKA China's overseas orders also grew substantially year on year. Regarding the mobile robotics business, the overseas operating revenue accounted for nearly 50% in the first half of 2024. Fully leveraging its overseas channel network and market access advantage, it supports market development abroad with China's homegrown robotics. Leveraging the multi-industry resource coordination advantage of Midea Group, KUKA China continues to focus on market segmentations such as glass, education, and aerospace, establishing multi-level partnerships with leading domestic enterprises. It has also set up corporate business modules to drive the acquisition and conversion of opportunities in centralised procurement. In terms of manufacturing and supply chains, KUKA China has further increased its localisation efforts, extending the range of localised products from robot bodies to integrated applications, thereby enhancing product competitiveness. The localisation of materials for robot bodies accelerated. Special efforts have been made to localise the

manufacturing of overseas products, including the heavy-duty automated guided vehicle (AGV) robot, as well as Swisslog's system integration projects such as PTS, Unipick, Megastore, and SuperCarry. In the first half of 2024, KUKA Robotics Guangdong Co., Ltd. was recognised in the "2023 Industrial Internet of Things Pilot Demonstration List" of the Ministry of Industry and Information Technology and the "2024 Guangdong Provincial Single Champions in Manufacturing Industry" of the Department of Industry and Information Technology of Guangdong Province for its "High-Quality Design Verification and Manufacturing System Platform Development for High-End Heavy-Duty Robots Based on Industrial Internet of Things" and "Medium to Large Payload Multi-Functional Six-Axis Industrial Robots". Furthermore, KUKA also proactively assisted Midea Group in boosting its intelligent manufacturing. By June 2024, the robot density of Midea reached 620 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 the first half of 2024, 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 and 2024 stock ownership schemes, 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 exceeds RMB107 billion 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 ninth 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 2023, 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 value of retail sales in 2023, Midea's products ranked first in eight 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 2023, with a global market share of over 45%. Also, based on production volume, Midea ranked first in residential air conditioner and laundry appliance motors, with global market shares of 40% and 22%, respectively. According to a report by Frost & Sullivan, based on revenue in 2023, 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 and revenue in 2023.

### **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 RMB7.6 billion in the first half of 2024, showing a year-on-year growth of over 15%. As of 30 June 2024, 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 2023, Midea ranks among the top 10 globally in the total number of patent families, 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 centres 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, South China University of Technology, and Jiangnan University, 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 5,000 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 2020 to 2023, the project development cycle (calculated based on the average time from project initiation to completion) has been shortened by approximately 30%. 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 tens of thousands 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. 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 43 major production bases globally, 22 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 30 June 2024, Midea has over 35,000 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 & 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 20% in 2023.

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 30 June 2024, Midea has launched nine Stock Option Incentive Schemes, seven Restricted Share Incentive Schemes, and 15 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 over RMB107 billion in cash dividends and implemented share repurchases totalling over RMB27.1 billion. Midea attaches great importance to environmental and social responsibility, striving for sustainable development. It was named to the 2023 *Fortune China ESG Impact* list, and in "Forbes China 2023 ESG Inspiring Cases" selection, it was recognised as one of the ESG Case Companies with Practical Reference Significance.

### **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 the second half of 2024:**

In the second half of 2024, Midea will adhere to the four core strategic focuses with "Technology

Leadership" at the centre. It will further solidify the operational principle of "enhancing value chain-wide efficiency alongside structural growth through upgrades". enhancing value chain-wide efficiency will be achieved by improving efficiency and reducing costs to establish a cost advantage. Structural growth through upgrades will involve creating a competitive advantage based on timing differences. Midea will continue to drive domestic DTC reform, the Overseas OBM Priority strategy, and the industrial upgrade strategy. The Company will also firmly implement the following four core tasks: Firstly, Midea will firmly adhere to the OBM Priority strategy and fully expand into overseas markets. Midea will completely change its approach, learn from outstanding overseas companies, and strive to become a global enterprise. Wherever there is demand for household appliances, Midea will seek growth opportunities. At the same time, Midea will continue to promote the layout of overseas factories, further increase overseas investments, and strengthen brand promotion. Secondly, Midea will actively engage in dual competition in both the digital and physical worlds. This approach will help Midea establish a competitive advantage based on timing differences. Digitalization and artificial intelligence are inevitable trends. Midea will actively embrace generative AI and other new technologies and applications. Midea will use digital and AI technologies to reconstruct its traditional value chain, creating new competitive advantages. Thirdly, Midea will develop the "Three Generations" capability. Global development experience over the past century shows that technological progress, transformation and innovation are the core of any corporate succession and industry transition. Achieving industrial upgrading is the key to ensuring long-term success. The critical aspects of developing the "Three Generations" capability are breaking through mental barriers, clarifying key technological directions, and identifying critical technical talents. Fourthly, Midea will continuously optimize its business structure, organizational structure, and personnel structure. The business structure will be dynamically evaluated and adjusted in a timely manner; the organizational structure will be constantly reviewed and refined; and the personnel structure will be continuously optimized. These efforts should yield positive results in the Company's financial performance and key data indicators.

Midea 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. Key tasks for the second half of 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 for its global development. 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 offline channels, Midea will continue to deepen the DTC transformation, focusing on cost, experience, and efficiency, with digitization as the main driving force. Midea will drive the transformation of the value chain and business model around customers and users, focusing on developing retail capabilities and enhancing user experience. Midea will achieve digital operation empowerment centered on the customer by providing delivery visibility, overdue compensation, simplified online policies, and cloud warehouse empowerment mechanisms, all of which will enhance delivery efficiency. Midea will promote inventory sharing and the integration of online and offline product pools to implement a shared inventory system, improving store inventory rates and turnover efficiency. Midea will use O2O as the core method for offline stores to acquire and retain users and will accelerate its coverage and application. Midea will implement cost-reduction and efficiency-enhancement initiatives such as cloud warehouses, home delivery, O2O, cloud credit, and cloud warehouse return/exchange processes. Midea will focus on tool iteration to promote merchants' full-category operations, improving the quality of the shared inventory system, with a user-centric approach in the b2C channel. Midea will empower users with digitalized full-link retail, continuously optimizing user rights, improving the user experience across the entire service chain, and cultivating user operation capabilities and intelligent analysis and decision-making abilities. Midea will integrate C-end resources and unify online and offline entry points to aggregate its own traffic, driving direct user engagement. Midea will focus on integrating distribution tools and upgrading the user experience across thousands of stores, and promoting short-chain transformation. In online channels, Midea will optimize the input of on-site and off-site traffic resources and strengthen user operations, particularly in content/interest e-commerce channels. Midea will continuously enhance the construction of the online customer ecosystem, advance the simplification and digitalization policies, and further improve the customer ecosystem, making cooperation between customers and Midea simpler and more efficient. Midea will also further promote the integration of multi-platform online and offline operations, unify cross-category marketing, and continuously deepen the shared inventory capability across online and offline channels. In marketing, Midea will continue to expand the OMO multi-channel platform marketing capabilities, empowering retail customers and experience consultants. Midea will link with social media platforms such as Douyin, Meituan, and Amap through digital marketing systems to co-create content marketing activities and connect with a wide range of users without boundaries. Midea will focus on nationwide marketing activities and high-quality content marketing centered around trade-in and green branding, driving the transition to green, low-carbon consumption and lifestyle. The annual focus will be on the "trade-in" campaign, launching an 8 billion RMB subsidy plan to strengthen Midea's brand effect. Midea will continuously expand the base of private domain users to enhance user satisfaction and loyalty. In user operations and services, In user operations and services, Midea will integrate offline and online experiences across private and public domain markets, increase investment in user rights, enhance user online interaction, and deliver a full-process, high-standard service within private domain traffic, thereby improving the consumer experience. Through refined hierarchical management of service outlets and engineer training



certification systems, service capabilities and service quality will be enhanced. Midea will expand customer service evaluation scenarios, achieve digital and intelligent analysis of evaluation results, and implement closed-loop management. Midea will build a service product operation platform through enhancing fulfillment capabilities, optimizing products, and reshaping channels, enabling commercial operations and continuously advancing various reform projects to provide users with a one-stop service experience. Midea will improve the service quality of high-end brand engineers by further optimizing high-end brand services, settlement, and return/exchange processes. Midea will also pilot innovative measures in certain regions, such as direct manufacturer management and dedicated engineers, to explore new operational models for high-end home appliance services. In the field of whole-house intelligence, Midea will continue to advance AI generative models and apply them to products, launching exclusive AI service capabilities for whole-house intelligent users. Midea will provide users with a new experience of proactive sensing, proactive reminders, proactive adjustment, and proactive service, based on products like smart central control. Midea will develop a whole-house intelligent system that leads the industry in key indicators, based on a system architecture of "omnidirectional connection, home space sensing, natural interaction, and proactive decision-making". Midea will continuously enrich and improve the differentiated product matrix, emphasizing the deeply integrated user experience of "smart home appliances + smart home". Midea will rapidly expand the sales network for whole-house intelligence using the existing sales system, diversify channel structures, and introduce a one-stop product suite-based shopping experience that includes both home appliances and smart home products. Midea will strengthen the "smart home and home appliance integration" sales model. Midea will strengthen the construction of the intelligent service network, covering multi-regional integrated sales and service capabilities, promoting growth in intelligent user sales. Midea will build a user-centric whole-house intelligent delivery system, ensuring service chain visibility online, and will guarantee the user experience through an exclusive service steward mechanism.

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, Midea will continuously 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, improve consumer experience at retail stores, 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. In logistics and warehousing, Midea will further deepen the specialization and refinement of pre-production logistics operations at overseas manufacturing bases. Midea will ensure timely replenishment and allocation according to production needs to guarantee smooth production operations. Midea will establish central warehouses and distribution

networks at overseas pilot bases, empowering the sales system to enhance the rapid delivery experience of after-sales logistics. Midea will create a one-stop management platform through digital transformations, including control towers, end-to-end visibility, and collaborative platforms, enabling online supply chain management. In the service sector, Midea will continue to build a global service system. This system will cover multi-language, multi-channel customer contact centres, a spare parts supply chain and warehousing network, multi-technology and multi-scenario localized global repair and delivery capabilities, and intelligent-driven digital IT systems and organizational capabilities. Midea will also pilot the creation of an overall overseas service solution in three countries, using industry benchmarks as a reference. 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 on-time 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 the second half of 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 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. The Toshiba brand will continue to expand its network of outlets, increasing both brand awareness and reputation to better meet customer needs. The total number of star-rated living halls and brand joint halls is expected to exceed 1,000. The Toshiba brand will continuously innovate products and improve their quality and performance to satisfy the diverse needs of different customers. A new high-end product suite has been launched in late July, further enhancing Toshiba's product lineup and strengthening its position in the high-end market. The Toshiba brand will continue to enhance its channel integration capabilities, utilizing new retail formats

such as Douyin OMO and O2O to integrate online and offline channels, empowering brand stores and consistently driving traffic to them. The Toshiba brand will place greater emphasis on customer service quality, offering a series of membership benefits and services to both new and existing customers in the second half of the year to increase user loyalty. WAHIN will continue to focus on differentiated innovation centered on users, products, and experiences, expanding multi-category products and developing products with exceptional performance to provide users with an intelligent, comfortable, and intelligent scenario-based experience. It will continuously innovate its marketing strategies, targeting the forward-looking youth segment, and engaging in diverse cross-sector collaborations during graduation and job-hunting seasons. It will consistently improve the conversion chain, maintaining synergy between branding and effectiveness, empowering e-commerce sales conversion, and strengthening the "social media + content + e-commerce" model to drive sales growth.

f. Midea will continue to focus on the "Digitization & Intelligence Driven" strategy, emphasizing key digital transformation projects such as Digitalization 3.0, DTC reform, the ToB business platform, and user operations. In the domestic sales sector, Midea will rely on the "Midea Cloud Sales" platform to strengthen DTC direct-to-user connections, optimize short-chain transformations, and enhance the sharing of data, goods, and logistics. Midea will upgrade the "Worry-Free Retail 2.0" and "Shared Inventory" strategies to increase in-stock rates across all channels and accelerate inventory turnover. Midea will combine public and private domain traffic matrix operations, using social media platforms to reach consumers and precisely meet user needs. In the overseas sales sector, Midea will further explore the transformation of the OBM business model, improving overall business capabilities through the introduction and piloting of digital tools in areas such as NPI, digital marketing, e-commerce expansion, and after-sales satisfaction enhancement. In the ToB sector, Midea will deepen and drive digital transformation based on the ToB project-based marketing platform, reducing order fulfillment cycles, achieving full-process order visibility and early warnings, and enhancing customer satisfaction. In the manufacturing sector, Midea will focus on driving OBM order model transformation and continuously improving OBM product delivery efficiency. Midea will support the addition of new "Lighthouse Factories" and expand the scope of "Sustainable Lighthouse Factories". In the operations and HR digitalization sector, Midea will use AIGC to expand digital applications and transformation in employee services, continuing to achieve digitalization in performance and compensation management, global assignments, and recruitment.

Midea will establish a cloud-native application management platform centered around applications, unifying the tenant model, object management model, permission management, and user experience. Midea will build an intelligent computing platform, standardizing the GPU computing pool across the entire group, providing GPU virtualization and sharing capabilities to improve GPU resource utilization and ensure stability. Midea will create a global network by integrating data center and public cloud network capabilities, with the Gui'an Data Center as the core, forming a "two locations, three centres" architecture encompassing the Gui'an Public Cloud and Nanhai Data Center. The Company will

establish an industry-leading active-active disaster recovery system, significantly enhancing the resilience and scalability of the Group's digital infrastructure, providing a solid foundation for continuous business innovation and steady growth. Midea will continue to build big data and database platform capabilities to achieve unified management and services for global data platforms. Midea will further strengthen the construction of intelligent office capabilities, continuously improving daily operational management efficiency.

g. Midea aims to drive further growth in its energy solutions and industrial technology business, continuously expand business boundaries, and accelerate growth. In the second half of 2024, CLOU Electronics will continue to uphold the philosophy of providing outstanding value to customers, focusing on the European and American markets, expanding along the Belt and Road Initiative, and deeply cultivating relationships with the five major and six minor power generation groups, as well as the two grid and two construction companies. CLOU Electronics will establish ecosystem relationships with energy enterprises, with a focus on developing and building commercial and industrial channel networks, fully deploying in the energy storage market, continuously increasing customer diversity, and strengthening its market position. At the same time, CLOU Electronics will continue to strengthen internal R&D investment, improve product quality and performance, and develop products that meet the demands of all market scenarios. CLOU Electronics will establish localized after-sales teams, enhance talent pipeline construction, and strengthen the recruitment of industry-expert talents, attracting and cultivating more high-quality professionals to continuously support the growth of the energy storage business. Hiconics will continue to invest resources in building core competencies, enhancing product strength, and expanding new industrial markets to accelerate business growth. Hiconics will continue to invest resources in building core competencies, enhancing product strength, and expanding into new industrial markets, continuously accelerating business growth. Hiconics will systematically complete the construction and commissioning of the Anqing manufacturing base, vigorously promote new products such as photovoltaic inverters and the "Meishu" villa green power solutions, and continuously improve operational quality. Hiconics will continue to advance platform-based R&D, optimize product processes, and accelerate the development and certification of new overseas products. At the same time, Hiconics will collaborate with Midea's supply chain resources to continuously promote cost reduction and efficiency improvement, optimize inventory management capabilities, and enhance operational management quality. Midea will focus on its core business and accelerate the growth of new industries, initially building differentiated competitive capabilities for the future. In the smart transportation field, Midea will integrate the innovation advantages of the Midea system, increase product technology investment to achieve new breakthroughs in new energy vehicle components. Midea will continue to expand the market by acquiring more key domestic and international customers, focusing on industry-leading new energy vehicle customers, and increasing the market coverage and share of various thermal management products for different vehicle models to ensure rapid sales growth. Midea will continuously enhance manufacturing capabilities, complete the production launch of new electric power steering motor production lines, and continuously increase capacity to meet the growing demand from

customers. In the industrial automation field, Midea will continue to invest in R&D to strengthen its competitiveness in motion control, planning to launch several new products, including economic, general-purpose, and high-performance drive products, to maintain its leading position in the domestic direct drive market. Midea will also focus on expanding overseas and e-commerce businesses, deeply cultivating high-end application fields such as semiconductors, lasers, photovoltaics, lithium batteries, 3C, robotics, and consumer electronics. Midea will further solidify its technological accumulation in the field of motion control, combining market conditions and competitive strategies to conduct differentiated research and development based on its technological advantages. Midea will focus on iterating and improving controller products, pairing controllers with drives, and expanding coverage to more applications, with an emphasis on promoting industry-wide integrated solutions. Midea will also further refine the layout of its harmonic reducer product line and continuously expand its presence among top-tier industry customers to achieve scale breakthroughs. 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 and technologies, providing customers with eco-friendly, efficient, and intelligent products and technology solutions. Continued breakthroughs will be driven in market segments such as valve, pump and other products in terms of production capacity. 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 overseas factories. 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 sales and production capacity, as well as attract other major home appliance makers.

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, leverage domestic manufacturing bases to accelerate the formation of advantages in the industrial robot industry chain, further enhance operational efficiency, shorten product delivery cycles, 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. KUKA China will take faster and decisive actions to ensure localization, internationalization, and diversification, actively seeking new growth opportunities. KUKA China will be bold in deploying and investing in new businesses to explore greater growth potential.

i. Annto will continue to advance the 1+3 strategy and implement the "shared inventory + one link less" cost reduction and efficiency improvement initiative to help customers enhance operational efficiency across all channels. In the warehousing sector, It will build integrated supply chain capabilities centered on warehousing operations. Annto will promote end-to-end lean operations and resource development to drive cost reduction and efficiency improvement throughout the entire process. It will develop scenario-specific service capabilities for fast-moving consumer goods, large items, small items, etc., standardizing costs, efficiencies, and SOPs to enhance operational capabilities across all scenarios, thereby creating more value for partners. In the urban distribution and installation sector, Annto will continue to strengthen its B2C integrated delivery fulfillment capabilities. It will continuously improve fulfillment timeliness and service quality through adjustments to warehousing and distribution operation patterns and route scheduling. Annto will adhere to the Green Strategy, driving digital transformation in transportation capacity to achieve platform-based, visualized, intelligent, and ecological transportation management. It will establish a transparent, long-term stable new transportation capacity cooperation ecosystem to provide comprehensive integrated supply chain service solutions for brand partners. Annto will increase investment in new energy vehicles to promote energy conservation and emission reduction. It will also build an operations and dispatching platform to enable full-process online operations, ensuring complete transparency of all orders. In the delivery and installation service sector, Annto will achieve business, service, and management digitalization through the construction of a digital platform, building a self-managed and self-controlled service network. It will diversify network supply based on business needs. Returning to the end-business scenario, Annto will promote the "direct-from-warehouse + landing match" ToC delivery model. It will provide the most cost-effective, efficient, and user-friendly delivery method based on route and ToC order distribution. At the same time, Annto will improve the layout of installation service points to enhance coordination efficiency between delivery and installation, as well as overall delivery efficiency.

## 4. Analysis of Main Business

### Overview

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

YoY changes in key financial data:

Unit: RMB'000

	H1 2024	H1 2023	YoY Change (%)	Main reasons for
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				change
Operating revenue	217,274,086	196,988,402	10.30%	
Cost of sales	158,407,597	147,276,358	7.56%	
Interest costs	1,781	19,681	-90.95%	Changes in the operations of the finance business
Selling and distribution expenses	21,455,838	17,133,216	25.23%	
General and administrative expenses	6,693,799	5,670,400	18.05%	
Research and development expenses	7,662,534	6,610,954	15.91%	
Financial income	606,893	1,363,661	-55.50%	Increased exchange losses
Income tax expenses	4,310,302	3,578,491	20.45%	
Other income	1,367,008	772,764	76.90%	Increased additional deduction of input VAT
Investment income	545,292	410,154	32.95%	Increased profits from associates and joint ventures
Gains/(losses) on changes in fair value	248,977	-103,703	340.09%	Changes in the fair value of derivative financial instruments
Asset impairment losses	-325,371	-189,060	-72.10%	Increased inventory valuation losses
Credit impairment losses	-42,273	-221,424	80.91%	Decreased losses on bad debts of accounts receivable
Gains on disposal of assets	114,007	8,525	1237.33%	Increased gains on disposal of non-current assets
Non-operating income	190,580	124,256	53.38%	Increased other income
Non-operating expenses	52,072	101,742	-48.82%	Decreased other expenses
Net cash flows from operating activities	33,488,170	29,784,674	12.43%	
Net cash flows from investing activities	-20,635,554	-27,046,688	23.70%	
Net cash flows from financing activities	-20,977,156	-6,437,928	-225.84%	Increased cash repayments of borrowings
Net increase in cash and cash equivalents	-8,386,546	-3,571,173	-134.84%	Decreased net cash flows from financing activities

Major changes to the profit structure or sources of the Company in the Reporting Period:

☐Applicable ☒N/A

No such cases in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB'000

	H1 2024		H1 2023		YoY Change (%)
	Amount	As a percentage of total operating revenue (%)	Amount	As a percentage of total operating revenue (%)	
Total	217,274,086	100%	196,988,402	100%	10.30%
By business segment					
Manufacturing	194,900,088	89.70%	177,405,216	90.06%	9.86%
By product category					
HVAC	101,461,115	46.70%	92,006,787	46.71%	10.28%
Consumer appliances	75,138,372	34.58%	68,136,204	34.59%	10.28%
Robotics, automation systems and other manufactured products	18,300,601	8.42%	17,262,225	8.76%	6.02%
By geographical segment					
Mainland China	126,197,955	58.08%	116,452,278	59.12%	8.37%
Other countries or regions	91,076,131	41.92%	80,536,124	40.88%	13.09%

During the Reporting Period, the Company's Smart Home Solutions, Energy Solutions & Industrial Technology, Intelligent Building Technology, and Robotics & Automation recorded respective revenue of RMB147.6 billion (up 11% year on year), RMB17.1 billion (up 26% year on year), RMB15.7 billion (up 6% year on year), and RMB13.9 billion (down 9% year on year).

The slowdown in revenue growth of Intelligent Building Technology in the Reporting Period was mainly attributed to changes in subsidy policies for heat pumps in some countries and the continuous decline in energy prices in Europe. Except for heat pumps, revenue of other product categories recorded a year-on-year growth of 18%.

The year-on-year decline in revenue of Robotics & Automation in the Reporting Period was mainly due to the put-off of production ramp-up plans of domestic automobile manufacturers and product strategy adjustments of overseas automobile manufacturers.

Business segments, products or geographical segments 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	194,900,088	138,692,981	28.84%	9.86%	6.73%	2.09%
By product category						



HVAC	101,461,115	74,725,772	26.35%	10.28%	5.99%	2.98%
Consumer appliances	75,138,372	50,052,891	33.39%	10.28%	8.01%	1.40%
Robotics, automation systems and other manufactured products	18,300,601	13,914,318	23.97%	6.02%	6.14%	-0.09%
By geographical segment						
PRC	126,197,955	93,198,104	26.15%	8.37%	6.51%	1.29%
Outside PRC	91,076,131	65,209,493	28.40%	13.09%	9.09%	2.62%

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 period is calculated based on adjusted statistical standards at the end of the Reporting Period

☐Applicable ☒N/A

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

☐Applicable ☒N/A

## 5. Analysis of Non-Core Business

☐Applicable ☒N/A

## 6. Assets and Liabilities

### 6.1 Material changes of asset items

Unit: RMB'000

	30 June 2024		31 December 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	101,949,934	20.12%	81,673,846	16.80%	3.32%	
Accounts receivable	43,859,227	8.66%	32,884,739	6.77%	1.89%	
Contract assets	3,617,571	0.71%	4,045,925	0.83%	-0.12%	
Inventories	40,329,230	7.96%	47,339,255	9.74%	-1.78%	
Investment properties	1,234,600	0.24%	1,293,629	0.27%	-0.03%	
Long-term equity investments	4,840,550	0.96%	4,976,109	1.02%	-0.06%	
Fixed assets	31,535,431	6.22%	30,937,963	6.37%	-0.15%	
Construction	4,774,313	0.94%	4,681,220	0.96%	-0.02%	

in progress						
Right-of-use assets	2,881,293	0.57%	3,048,785	0.63%	-0.06%	
Short-term borrowings	18,545,127	3.66%	8,819,176	1.81%	1.85%	
Contract liabilities	34,683,769	6.85%	41,765,475	8.59%	-1.74%	
Long-term borrowings	39,832,425	7.86%	46,138,736	9.49%	-1.63%	
Lease liabilities	1,911,438	0.38%	2,047,319	0.42%	-0.04%	

## 6.2 Main assets overseas

☐Applicable ☒N/A

## 6.3 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)	1,790,588	-166,708	0		1,957,011	842,037	6,237	2,745,091
2. Derivative financial assets	1,670,754	1,035,054	-201,779		166,300	1,083,293	-30,195	1,556,841
3. Receivables financing	13,330,008	0	0		6,562,095	0		19,892,103
4. Other debt investments	10,983,476				0	4,689,535	130,929	6,424,870
5. Investments in other equity instruments	37,874	0	48		0	0	-212	37,710
6. Other non-current financial assets	7,769,938	937,884	-11,729		218,540	2,170,059	491,397	7,235,971
7. Other investments	30,000					30,000		0
Sub-total of financial assets	35,612,638	1,806,230	-213,460	0	8,903,946	8,814,924	598,156	37,892,586
Investment properties								
Productive living assets								
Others								
Sub-total of the above	35,612,638	1,806,230	-213,460	0	8,903,946	8,814,924	598,156	37,892,586
Financial liabilities	1,762,178	204,711	45,470		0	232,866	-1,831	1,777,662

Contents of other changes

Whether there were any material changes on the measurement attributes of major assets of the Company during the Reporting Period

☐ Yes ☒ No

#### 6.4 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 the same period of last year (RMB'000)	YoY Change (%)
82,114,656	87,829,148	-6.51%

#### 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
Domestically listed stock	688249	Nexchip	1,000,000	Fair value method	1,455,244	-164,077				-164,077	1,291,167	Financial assets held for trading	Own funds

Domestically listed stock	688322	Orbbec	300,000	Fair value method	285,282	-82,518				-82,518	202,764	Financial assets held for trading	Own funds
Overseas listed stock	1810	XIAOMI-W	718,641	Fair value method	791,674	11,485	5,692		-693,458	89,985	193,893	Financial assets held for trading	Own funds
Domestically listed stock	688165	EFORT	130,845	Fair value method	299,001	-87,211			-15,803	-94,808	188,390	Financial assets held for trading	Own funds
Overseas listed stock	SOUN	SoundHound AI	157,203	Fair value method	63,204	54,748	543			54,748	118,495	Financial assets held for trading	Own funds
Domestically listed stock	688097	BOZHON	55,000	Fair value method	114,087	-37,479			-	-37,479	76,608	Financial assets held for trading	Raised funds
Domestically listed stock	688162	JEE	88,180	Fair value method	112,218	-43,259			-	-43,259	68,959	Financial assets held for trading	Raised funds
Domestically listed stock	301135	Real-Design	39,435	Fair value method	69,297	-10,362			-1,658	-9,703	57,936	Financial assets held for trading	Raised funds
Domestically listed stock	688159	Neoway	2,671	Fair value method	6,365	-3,694			-7,424	1,059	-	Financial assets held for trading	Raised funds
Domestically listed stock	001283	Highpower Technology	3,514	Fair value method	7,245	-3,731			-6,053	-1,192	-	Financial assets held for trading	Raised funds
Domestically listed stock	002157	Zhengbang Technology	210	Fair value method	210	17				17	227	Financial assets held for trading	Debt restructuring
Total			2,495,699	-	3,203,827	-366,081	6,235	-	-724,396	-287,227	2,198,439	-	-

#### 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	81,092	81,092	0	-76,006	0	0	5,086	0.0031%
Forex contracts	118,788	118,788	808,276	-171,243	78,071	128,792	673,474	0.4087%
Cross-currency interest rate swaps	3,137,717	3,137,717	736,906	-11,729	218,540	1,462,229	3,107,163	1.8854%
<b>Total</b>	<b>3,337,597</b>	<b>3,337,597</b>	<b>1,545,182</b>	<b>-258,978</b>	<b>296,611</b>	<b>1,591,021</b>	<b>3,785,723</b>	<b>2.2972%</b>
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 gain from derivatives investments during the Reporting Period was RMB2,219.868 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> <p>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.</p> <p>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.</p> <p>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.</p>					

	<p>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.</p> <p>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 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 &amp; 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.</p> <p>Changes in the fair value of derivatives were recognized at RMB1,286.204 million during the Reporting Period.</p> <p>1. The fair value of futures contracts was determined on the basis of publicly quoted prices in the futures market.</p> <p>2. The fair value of forex contracts was determined based on banks' quoted prices for foreign exchange products.</p> <p>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, USD interest rate curve, EUR interest rate curve, USD/EUR exchange rate curve, etc.</p>
Litigation involved (if applicable)	N/A
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	28 March 2024
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	20 April 2024

## 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

During the Reporting Period, there were no important subsidiaries of the Company of which the information should be disclosed.

## 10. Structured Entities 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. 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 saw 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. Implementation of the Action Plan for "Dual Enhancement of Development Quality and Investor Returns"**

Indicate whether the Company has disclosed its Action Plan for “Dual Enhancement of Development Quality and Investor Returns”.

☐ Yes ☒ No

## Section IV Corporate Governance

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

#### 1.1 General meetings of shareholders convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Resolution of the meeting
First Extraordinary General Meeting of Shareholders of 2024	Extraordinary	60.9148%	29 January 2024	30 January 2024	Announcement No. 2024-008 on Resolutions of First Extraordinary General Meeting of Shareholders of 2024, disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
2023 Annual General Meeting of Shareholders	Annual	57.9500%	19 April 2024	20 April 2024	Announcement No. 2024-027 on Resolutions of 2023 Annual General Meeting of Shareholders, disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Second Extraordinary General Meeting of Shareholders of 2024	Extraordinary	56.6184%	2 July 2024	3 July 2024	Announcement No. 2024-063 on Resolutions of Second Extraordinary General Meeting of Shareholders of 2024, disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

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

☐ Applicable ☒ N/A

### 2. Changes in Directors, Supervisors and Senior Management

☐ Applicable ☒ N/A

The Company's directors, supervisors and senior management remained unchanged during the Reporting Period. For their information, see the 2023 Annual Report.

### 3. Preliminary Plan for Profit Distribution and Converting Capital Reserves into Share Capital for the Reporting Period

☐ Applicable ☒ N/A

The Company plans not to distribute cash dividends or bonus shares or convert capital reserves into share capital for the first half of the year.

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

☒ Applicable ☐ N/A

#### 4.1 Equity incentive schemes

##### A. Overview of the Fifth Stock Option Incentive Scheme

a. The Company has implemented the 2023 Annual Profit Distribution Plan. Based on the 6,926,759,241 shares that were eligible for the profit distribution (the total share capital of 6,975,318,129 shares minus the repurchased 48,558,888 shares), under an unchanged dividend per share, a cash dividend of RMB30 per 10 shares was paid out to all the shareholders. The record date was 14 May 2024 and the ex-date was 15 May 2024.

b. The Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the exercise price for the reserved stock options under the Fifth Stock Option Incentive Scheme was revised from RMB38.54 to RMB35.56 per share.

c. The Proposal for the Retirement of Unexercised Stock Options in the First Grant under the Fifth Stock Option Incentive Scheme upon Expiry and the Proposal for the Retirement of Unexercised Reserved Stock Options under the Fifth Stock Option Incentive Scheme upon Expiry were approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, 144,900 stock options of 14 awardees that had been unexercised upon expiry were retired.

d. 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 awardees and their exercisable stock options for the reserved stock options under the Fifth Stock Option Incentive Scheme due to the resignation, substandard individual or business unit performance, or other factors of some awardees. Upon the adjustments, the number of locked-up reserved stock options under the Fifth Stock Option Incentive Scheme was reduced from 880,000 to 555,000.

e. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for

the Fourth Exercise Period for the Reserved Stock Options under the Fifth Stock Option Incentive Scheme was approved. As the exercise conditions have been satisfied for the fourth exercise period for the reserved stock options under the Fifth Stock Option Incentive Scheme, a total of 36 awardees who are eligible for the reserved stock options under the Fifth Stock Option Incentive Scheme have been allowed to exercise 555,000 stock options in the fourth exercise period (ended 10 March 2025).

f. During the Reporting Period, 4,849,110 shares were exercised with respect to the first grant under the Fifth Stock Option Incentive Scheme.

g. During the Reporting Period, 442,950 shares were exercised with respect to the reserved stock options under the Fifth Stock Option Incentive Scheme.

## **B. Overview of the Sixth Stock Option Incentive Scheme**

a. The Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the exercise price for the Sixth Stock Option Incentive Scheme was revised from RMB45.54 to RMB42.56 per share.

b. The Proposal for the Retirement of Unexercised Stock Options under the Sixth Stock Option Incentive Scheme upon Expiry was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, 15,100 stock options of three awardees that had been unexercised upon expiry were retired.

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 awardee list and their exercisable stock options under the Sixth Stock Option Incentive Scheme due to the resignation, substandard individual/business unit performance 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 8,491,250 to 7,518,250.

d. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the Fourth Exercise Period for the Sixth Stock Option Incentive Scheme was approved. As the exercise conditions have been satisfied for the fourth exercise period for the Sixth Stock Option Incentive Scheme, a total of 777 awardees who are eligible for the Sixth Stock Option Incentive Scheme have been allowed to exercise 7,518,250 stock options in the fourth exercise period (ended 29 May 2025).

e. During the Reporting Period, 4,799,167 shares were exercised under the Sixth Stock Option Incentive Scheme.

## **C. Overview of the Seventh Stock Option Incentive Scheme**

a. The Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the exercise price for the Seventh Stock Option Incentive Scheme was revised from RMB44.69 to RMB41.71 per share.

b. During the Reporting Period, 14,903,638 shares were exercised under the Seventh Stock Option Incentive Scheme.

#### **D. Overview of the Eighth Stock Option Incentive Scheme**

a. The Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the exercise price for the Eighth Stock Option Incentive Scheme was revised from RMB77.24 to RMB74.26 per share.

b. The Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the Eighth Stock Option Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. It was agreed to adjust the awardee list and their exercisable stock options under the Eighth Stock Option Incentive Scheme due to the resignation, substandard individual/business unit performance 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 45,785,250 to 39,939,684.

c. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the Second Exercise Period for the Eighth Stock Option Incentive Scheme was approved. As the exercise conditions have been satisfied for the second exercise period for the Eighth Stock Option Incentive Scheme, a total of 1,278 awardees who are eligible for the Eighth Stock Option Incentive Scheme have been allowed to exercise 15,861,350 stock options in the second exercise period (ended 3 June 2025).

#### **E. Overview of the Ninth Stock Option Incentive Scheme**

a. The Proposal for the Adjustment to the Exercise Prices for the Stock Option Incentive Scheme was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the exercise price for the Ninth Stock Option Incentive Scheme was revised from RMB52.11 to RMB49.13 per share.

b. The Proposal for the Adjustments to the Awardees and Their Exercisable Stock Options for the Ninth Stock Option Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. It was agreed to adjust the awardee list and their exercisable stock options under the Ninth Stock Option Incentive Scheme due to the resignation, substandard individual/business unit

performance or other factors of some awardees. Upon the adjustments, the number of locked-up stock options granted to them under the Ninth Stock Option Incentive Scheme was reduced from 107,673,000 to 90,715,622.

c. At the above-mentioned meeting, the Proposal for Matters Related to the Stock Option Exercise for the First Exercise Period for the Ninth Stock Option Incentive Scheme was approved. As the exercise conditions have been satisfied for the first exercise period for the Ninth Stock Option Incentive Scheme, a total of 2,399 awardees who are eligible for the Ninth Stock Option Incentive Scheme have been allowed to exercise 26,610,964 stock options in the first exercise period (ended 6 June 2025).

## **F. 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 24th Meeting of the Fourth Board of Directors on 10 January 2024. As such, it was agreed to repurchase and retire 29,584 restricted shares that had been granted to four awardees but were still in lockup due to the resignation, reassignment, or other factors of these awardees.

b. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2018 Restricted Share Incentive Scheme was approved at the First Extraordinary General Meeting of Shareholders of 2024 on 29 January 2024. As such, it was agreed to repurchase and retire 29,584 restricted shares that had been granted to four awardees but were still in lockup due to the resignation, reassignment, or other factors of these awardees.

c. The Company filed the application to the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (CSDC Shenzhen) for the retirement of the 29,584 restricted shares that had been granted to four awardees but were still in lockup under the 2018 Restricted Share Incentive Scheme. On 25 March 2024, as reviewed and confirmed by CSDC Shenzhen, the retirement of the said restricted shares was completed.

d. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the repurchase price for the reserved restricted shares under the 2018 Restricted Share Incentive Scheme was revised from RMB14.96 to RMB11.96 per share.

e. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2018 Restricted Share Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, it was agreed to repurchase and retire 12,500 reserved restricted shares that had been granted to one awardee but were still in lockup due to the 2022 and 2023 annual operating performance being “average” or “poor” for the business unit of the awardee.

f. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Fourth Unlocking Period for the Reserved Restricted Shares under the 2018 Restricted Share Incentive Scheme was approved. A total of 15 awardees were eligible for this unlocking, with 277,916 restricted shares (0.0040% of the Company's total existing share capital) unlocked for public trading on 24 June 2024, of which 25,000 shares were unlocked for senior management Zhao Wenxin.

## **G. 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 24th Meeting of the Fourth Board of Directors on 10 January 2024. As such, it was agreed to repurchase and retire 234,230 restricted shares that had been granted to 18 awardees but were still in lockup due to the resignation, reassignment, violation of the Company's "Red Lines", or other factors of these awardees.

b. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2019 Restricted Share Incentive Scheme was approved at the First Extraordinary General Meeting of Shareholders of 2024 on 29 January 2024. As such, it was agreed to repurchase and retire 234,230 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.

c. The Company filed the application to the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (CSDC Shenzhen) for the retirement of the 234,230 restricted shares that had been granted to 18 awardees but were still in lockup under the 2019 Restricted Share Incentive Scheme. On 25 March 2024, as reviewed and confirmed by CSDC Shenzhen, the retirement of the said restricted shares was completed.

d. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the repurchase price for the 2019 Restricted Share Incentive Scheme was revised from RMB18.46 to RMB15.46 per share.

e. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2019 Restricted Share Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, it was agreed to repurchase and retire 428,698 restricted shares that had been granted to 38 awardees but were still in lockup due to the resignation, reassignment, substandard individual or business unit performance for 2022 and 2023, or other factors of these awardees.

f. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Fourth Unlocking Period for the 2019 Restricted Share Incentive Scheme was approved. A total of 280 awardees were eligible for this unlocking, with 4,614,947 restricted shares unlocked for public trading on 11 July 2024, 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.

## **H. 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 24th Meeting of the Fourth Board of Directors on 10 January 2024. As such, it was agreed to repurchase and retire 190,750 restricted shares that had been granted to eight awardees but were still in lockup due to the resignation, reassignment, violation of the Company's "Red Lines", or other factors of these awardees.

b. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2021 Restricted Share Incentive Scheme was approved at the First Extraordinary General Meeting of Shareholders of 2024 on 29 January 2024. As such, it was agreed to repurchase and retire 190,750 restricted shares that had been granted to eight awardees but were still in lockup due to the resignation, reassignment or other factors of these awardees.

c. The Company filed the application to the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (CSDC Shenzhen) for the retirement of the 190,750 restricted shares that had been granted to 18 awardees but were still in lockup under the 2021 Restricted Share Incentive Scheme. On 25 March 2024, as reviewed and confirmed by CSDC Shenzhen, the retirement of the said restricted shares was completed.

d. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the repurchase price for the 2021 Restricted Share Incentive Scheme was revised from RMB35.75 to RMB32.75 per share.

e. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2021 Restricted Share Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, it was agreed to repurchase and retire 299,904 restricted shares that had been granted to 35 awardees but were still in lockup due to the resignation, reassignment, substandard individual or business unit performance for 2022 and 2023, or other factors of these awardees.

f. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the Second Unlocking Period for the 2021 Restricted Share Incentive Scheme was approved. A total of 99 awardees were eligible for this unlocking, with 1,923,726 restricted shares unlocked for public trading on 25 July 2024, of which 24,000 shares, 30,000 shares, 30,000 shares, and 24,000 shares were unlocked for senior management Zhao Wenxin, Li Guolin, Wang Jinliang, and Jiang Peng, respectively.

## **I. 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 24th Meeting of the Fourth Board of Directors on 10 January 2024. As such, it was agreed to repurchase and retire 463,250 restricted shares that had been granted to 11 awardees but were still in lockup due to the resignation, reassignment, violation of the Company's "Red Lines", or other factors of these awardees.
- b. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2022 Restricted Share Incentive Scheme was approved at the First Extraordinary General Meeting of Shareholders of 2024 on 29 January 2024. As such, it was agreed to repurchase and retire 463,250 restricted shares that had been granted to 11 awardees but were still in lockup due to the resignation, reassignment or other factors of these awardees.
- c. The Company filed the application to the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (CSDC Shenzhen) for the retirement of the 463,250 restricted shares that had been granted to 11 awardees but were still in lockup under the 2022 Restricted Share Incentive Scheme. On 25 March 2024, as reviewed and confirmed by CSDC Shenzhen, the retirement of the said restricted shares was completed.
- d. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the repurchase price for the 2022 Restricted Share Incentive Scheme was revised from RMB23.97 to RMB20.97 per share.
- e. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2022 Restricted Share Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, it was agreed to repurchase and retire 617,938 restricted shares that had been granted to 22 awardees but were still in lockup due to the resignation, reassignment, substandard individual or business unit performance for 2022 and 2023, or other factors of these awardees.
- f. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the First Unlocking Period for the 2022 Restricted Share Incentive Scheme was approved. A total of 153 awardees were eligible for this unlocking, with 2,837,812 restricted shares unlocked for public trading on 22 July 2024, of which 24,000 shares, 24,000 shares, 24,000 shares, and 24,000 shares were unlocked for senior management Zhao Wenxin, Li Guolin, Wang Jinliang, and Jiang Peng, respectively.

## **J. Overview of the 2023 Restricted Share Incentive Scheme**

- a. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2023 Restricted Share Incentive Scheme was approved at the 24th Meeting of the Fourth Board of Directors on 10 January 2024. As such, it was agreed to repurchase and retire 3,000 restricted shares that had been granted to one awardee but were still in lockup due to the reassignment of the awardee.

b. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2023 Restricted Share Incentive Scheme was approved at the First Extraordinary General Meeting of Shareholders of 2024 on 29 January 2024. As such, it was agreed to repurchase and retire 3,000 restricted shares that had been granted to one awardee but were still in lockup due to the reassignment of the awardee.

c. The Company filed the application to the Shenzhen branch of China Securities Depository and Clearing Corporation Limited (CSDC Shenzhen) for the retirement of the 3,000 restricted shares that had been granted to one awardee but were still in lockup under the 2023 Restricted Share Incentive Scheme. On 25 March 2024, as reviewed and confirmed by CSDC Shenzhen, the retirement of the said restricted shares was completed.

d. The Proposal for the Adjustments to the Repurchase Prices for the Restricted Share Incentive Schemes was approved at the 27th Meeting of the Fourth Board of Directors on 15 May 2024. As the 2023 Annual Profit Distribution Plan had been carried out, the repurchase price for the 2023 Restricted Share Incentive Scheme was revised from RMB23.97 to RMB20.97 per share.

e. The Proposal on the Repurchase and Retirement of Certain Incentive Shares under the 2023 Restricted Share Incentive Scheme was approved at the 28th Meeting of the Fourth Board of Directors on 14 June 2024. As such, it was agreed to repurchase and retire 484,358 restricted shares that had been granted to 46 awardees but were still in lockup due to the resignation, reassignment, substandard individual or business unit performance for 2022 and 2023, or other factors of these awardees.

f. At the above-mentioned meeting, the Proposal on the Satisfaction of the Conditions for the First Unlocking Period for the 2023 Restricted Share Incentive Scheme was approved. A total of 402 awardees were eligible for this unlocking, with 7,054,767 restricted shares unlocked for public trading on 30 July 2024.

## 4.2 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	Change	As a percentage of the Company's total share capital	Funding source
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 the Eighth Global Partner Stock Ownership Scheme	15	3,770,433	N/A	0.05%	Special fund for the 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
Employees under the 2024 Stock Ownership Scheme	604	20,106,662	N/A	0.29%	Special fund for the scheme

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	Shares held at the end of the Reporting Period	As a percentage of the Company's total share capital
Fang Hongbo	Chairman of the Board and CEO	1,882,065	4,366,240	0.06%
Wang Jianguo	Director and Vice President			
Fu Yongjun	Director and Vice President			
Guan Jinwei	Director and Vice President			
Gu Yanmin	Director and Vice President			
Bai Lin	Vice President			
Zhao Lei	Vice President			
Zhong Zheng	Vice President, CFO and Director of Finance			
Zhang Xiaoyi	Vice President			
Wang Jinliang	Vice President			
Li Guolin	Vice President			
Hu Ziqiang	Vice President			
Wei Chang	Vice Director and CTO			
Zhao Wenxin	Chief People Officer			

Jiang Peng	Board Secretary			
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#### 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 2023. 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 RMB224.87 million for the first half of 2024, which was included in the relevant expense items and capital surplus.

Termination of employee stock ownership schemes during the Reporting Period

☐Applicable ☒N/A

### 4.3 Other incentive measures for employees

☐Applicable ☒N/A

## 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 (DB44/1597-2015), 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 (GB9078-1996), 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
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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	114mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	12.654	70.898	No
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)				1.75mg/L		0.194	2.496	No
	Physical and comprehensive indicators	Five-day BOD				54.6mg/L		6.061	/	No
	Oil	Petroleum				14.5mg/L		1.610	/	No
	Inorganic pollutants	Total phosphorus (by P)				0.04mg/m³		0.004	/	No
	Inorganic pollutants	Fluoride (by F-)				8.92mg/m³		0.990	/	No
	Particles	Soot	15m high altitude discharge	45	Plants at each workshop	3.96mg/m³	Emission Standard of Air Pollutants for Boiler (GB13271-2014)	6.49	/	No
	Gaseous inorganic substances	Sulfur dioxide				<3mg/m³		1.16	/	No
	Gaseous inorganic substances	Oxynitride				<3mg/m³		1.16	/	No
	Particles	Dust	High altitude discharge after being treated by waste gas treatment station			3.68mg/m³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.53	/	No
	Aromatic compounds	Xylene				<0.0015mg/m³		0.0001	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Overall volatile organic compounds (VOCs)				5.25mg/m³	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13-2322-2016)	3.765	/	No

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)	114mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	8.892	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				1.75mg/L		0.137	/	No
	Physical and comprehensive indicators	Five-day BOD				54.6mg/L		4.259	/	No
	Oil	Petroleum				14.5mg/L		1.131	/	No
	Inorganic pollutants	Total phosphorus (by P)				0.04mg/m <sup>3</sup>		0.003	/	No
	Inorganic pollutants	Fluoride (by F-)				8.92mg/m <sup>3</sup>		0.696	/	No
	Particles	Soot	15m high altitude discharge	10	Plants at each workshop	5.69mg/m <sup>3</sup>	Emission Standard of Air Pollutants for Boiler (GB13271-2014)	1.71	/	No
	Gaseous inorganic substances	Sulfur dioxide		6		<3mg/m <sup>3</sup>		0.299	/	No
	Gaseous inorganic substances	Oxynitride		6		4.2mg/m <sup>3</sup>		0.39	/	No
	Particles	Dust	High altitude discharge after being treated by waste gas treatment station	6		5.75mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.05	/	No
	Aromatic compounds	Xylene		2		<0.0015mg/m <sup>3</sup>		0.00005	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Overall volatile organic compounds (VOCs)		13		3.04mg/m <sup>3</sup>	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13-2322-2016)	1.34	/	No



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	57.84mg/L	Takeover Standards for Sewage Treatment Plants in Western Clusters of Hefei City Integrated Wastewater Discharge Standard (GB8978-1996), Level 3	1.781	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				0.8mg/L		0.0286		
	Physical and comprehensive indicators	Five-day BOD				16.37mg/L		0.59		
	Inorganic pollutants	Total nitrogen (by N)				8.14mg/L		0.302		
	Inorganic pollutants	Total phosphorus (by P) (by P)				0.04mg/L		0.00159		
	Other indicators	Anionic surfactant				0mg/L		0		
	Physical and comprehensive indicators	Suspended matters				7.67mg/L		0.277		
	Oil	Petroleum				0.057mg/L		0.02		
	Physical and comprehensive indicators	pH value				7.23		/		
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons								
			RTO equipment	2	1 set in 3# plant and 1 unit in 4# plant	3.69mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants GB16279-1996 Level 2	0.149	/	No
			Water spray and activated carbon	3	2 sets at 1# plant and 1 set at 2# plant	8.35mg/m <sup>3</sup>		0.12		
			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	5.695mg/m <sup>3</sup>		0.561		

	Particles	Soot	Filter cartridge dust collector	8	2 at 1# plant, 3 at 2# plant, 2 at 3# plant and 1 at 4# plant	2.49mg/m <sup>3</sup>		0.428	/	No
Hefei Midea Laundry Appliance Co., Ltd. (monitored by the municipal government)	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment station	1	The eastern side of wastewater treatment station	88.153mg/L	Takeover Standards for Sewage Treatment Plants in Western Clusters of Hefei City	3.65	58.150	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)			The eastern side of wastewater treatment station	0.481mg/L	Integrated Wastewater Discharge Standard (GB8978-1996), Level 3	0.021	/	No
	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	0.75mg/m <sup>3</sup>	Table 5 of the Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572-2015): Special Emission Limit Requirements	1.52	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons			Plants at each workshop	1.85mg/m <sup>3</sup>		2.13	/	No
GD Midea Air-Conditioning Equipment Co.,	Physical and comprehensive indicators	COD	Discharge after being treated by wastewater treatment station	1	The southeastern side of 4# plant	32mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	0.7475	9.59	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				0.065mg/L		0.1518	/	No

Ltd.	Physical and comprehensive indicators	Suspended matters				11mg/L		0.25698	/	No
	Oil	Petroleum				0.11mg/L		0.025698	/	No
	Physical and comprehensive indicators	COD				39mg/L		0.085176	9.59	No
	Physical and comprehensive indicators	Suspended matters	Discharge after being treated by wastewater treatment station	1	The eastern side of 2# plant	14mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	0.030576	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				1.625mg/L		0.0035	/	No
	Oil	Petroleum				1.17mg/L		0.0025552	/	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	0.57mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) the second time period	0.039	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	0.49mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	0.064	/	No
	Other organic compounds	Overall volatile organic compounds (electronics)	15m high altitude discharge after being treated by environmental protection equipment	2	10# plants	0.61mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	0.5267	/	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	4.61mg/m <sup>3</sup>	Emission Limits of Air Pollutants (DB44/27- 2001) the second time period	1.302	/	No
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	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	59.0mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	1.687	7.5	No
	Physical and comprehensive indicators	Suspended matters				33.85mg/L		0.909	/	
	Physical and comprehensive indicators	Five-day BOD				23.775mg/L		0.785	/	
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				19.75mg/L		0.560	0.675	
	Oil	Petroleum				0.2835mg/L		0.00768	/	
	Particles	Soot	15m high altitude discharge after being treated by environmental protection equipment	11	1#, 2#, 3#, 4# plants	0	Integrated Emission Standard of Air Pollutants (GB16297-1996)	4.54	/	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons		10	1#, 2#, 3#, 4# plants	9.314mg/m <sup>3</sup>	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB13-2322-2016)	9.36	/	
	Gaseous inorganic pollutants	Oxynitride		3	3# plant	1.26mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)	0.192	2.209	
	Gaseous inorganic pollutants	Sulfur dioxide		3	3# plant	1.53mg/m <sup>3</sup>		0.162	/	

Guangdong Meizhi Precision Manufacturing Co., Ltd.	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	24mg/L	Discharge Standard of Water Pollutants for Electroplating DB 44/1597-2015	6.3648	16.28	No
	Physical and comprehensive indicators	Suspended matters				11mg/L		2.9172	/	No
	Oil	Petroleum				1.27mg/L		0.336804	/	No
	Inorganic pollutants	Total phosphorus (by P)				0.43mg/L		0.114036	/	No
	Metals and metal compounds	Total zinc				0.09		0.0238	/	No
	Physical and comprehensive indicators	pH value				7.8mg/L		/	/	No
	Inorganic pollutants	Total nitrogen				5.28mg/L		1.400256	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				0.1mg/L	Discharge Limits of Water Pollutants in Guangdong DB44/26-2001	0.0265	2.034	No
	Inorganic pollutants	Fluoride (by F <sup>-</sup> )				0.442mg/L		0.11721	/	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	1.523mg/m³	Emission Limits of Air Pollutants (DB44/27-2001) / Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB 9078-1996)	0.2543	/	No
	Gaseous inorganic pollutants	Sulfur dioxide	15m high altitude discharge after being treated by environmental protection equipment	4	Roof of the plant	0	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	10.25mg/m³		0.99388	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	0.307mg/m³	Emission Standard of Volatile Organic Compounds for Surface Coating of Automobile Manufacturing Industry (DB44/816-2010)	0.217836	4.553	No
	Aromatic compounds	Benzene	15m high altitude discharge after being treated by environmental protection equipment	2	Roof of the plant	0.01mg/m³		0	/	No
	Aromatic compounds	Total toluene and xylene	15m high altitude discharge after being treated by environmental protection equipment		Roof of the plant	0.035mg/m³		0.000576	/	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	64mg/L	Discharge Standard of Water Pollutants for Electroplating of Guangdong Province DB-441597-2015, before 1 September 2012	4.64	6.046	No
	Physical and comprehensive indicators	Suspended matters				20mg/L		3.62	/	No
	Oil	Petroleum				2.16mg/L		0.1566	/	No

	Inorganic pollutants	Total phosphorus (by P)				0.82mg/L		0.0594	/	No
	Metals and metal compounds	Total zinc				0.038mg/L		0.002755	/	No
	Physical and comprehensive indicators	pH value				7.5mg/L		/	/	No
	Inorganic pollutants	Total nitrogen				6.44mg/L		0.712	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				5.14mg/L		0.37265	0.756	No
	Inorganic pollutants	Fluoride (by F <sup>-</sup> )				0.536mg/L		0.03886	/	No
	Metals and metal compounds	Total nickel				0		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	0	Discharge Limits of Air Pollutants (DB44/27-2001)/ Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)	0	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	0	Emission Standard of Air Pollutants for Boiler (DB44/765-2019)	0	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	13.8mg/m <sup>3</sup>		2.8729	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	Emission Standard of Volatile Organic Compounds for Surface	0	/	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	0.02mg/m³	Coating of Automobile Manufacturing Industry (DB44/816-2010)	0.002562	/	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	0.64375mg/m³		0.2792	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	85.5	Discharge Standard of Water Pollutants for Electroplating (DB44/1597-2015)	6.434	16.87	No
	Oil	Petroleum				0.22		0.015	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)				11.11		1.710	2.103	No
	Aromatic compounds	Total toluene and xylene	High altitude discharge after being treated by waste gas treatment station	17	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	0.14	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	0.199	/	No
	Other organic compounds	Overall volatile organic compounds (VOCs)	High altitude discharge after being treated by waste gas treatment station			1.2		2.167	36.43	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	High altitude discharge after being treated by waste gas treatment station	2	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	4.89	Table 4 of the Emission Standard of Pollutants for Synthetic Resin Industry (GB 31572- 2015): Emission Limits of Air Pollutants	0.988	/	No
	Particles	Inhalable particles (aerodynamic diameter 10 below 100um)	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	17.06	Table 2 of the Emission Limits of Air Pollutants (DB44/27-2001): Emission Limits of Industrial Waste Gas (Time Period 2), Level 2	7.640	/	No



	Gaseous inorganic pollutants	Sulfur dioxide	High altitude discharge after being treated by waste gas treatment station	4	Oxidation wire roof of 3# plant, Drying furnace of 3# plant	0		0	3.8231	No
	Gaseous inorganic pollutants	Oxynitride				13.07		3.201	13.132	No
	Particles	Fume	Discharge after being treated by waste gas treatment station	2	South and north section canteens	0.33	Emission Standard of Cooking Fume (Trial) (GB 18483-2001)	0.110	/	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	43mg/L	Takeover Standards for Sewage Treatment Plants in Western Clusters of Hefei City	8.59	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)				Integrated Wastewater Discharge Standard (GB8978-1996), Level 3	0.962	/	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	1.4mg/m³	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.394	65.45	No
					No.3 workshop discharge outlet for the welding waste gas	1.4mg/m³				
					Waste gas outlet of 1# heat-treating furnace at No. 2 workshop	3.6mg/m³	Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)			
					Waste gas outlet of 2# heat-treating furnace at No. 2 workshop	5.3mg/m³				
					Waste gas outlet for die casting at No. 2 workshop	5.9mg/m³	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
					Waste gas outlet for die casting at No. 4 workshop	5.1mg/m³	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
	Waste gas outlet of 1# heat-treating furnace at No. 4 workshop	3.03mg/m³	Emission Standard of Air Pollutants for Industrial Kiln							

					Waste gas outlet of 2# heat-treating furnace at No. 4 workshop	1.31mg/m <sup>3</sup>	and Furnace (GB9078-1996) Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB9078-1996)			
					Waste gas outlet for electrophoresis and drying at No. 1 workshop	3.2mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996)			
					Waste gas outlet for electrophoresis and drying at No.3 workshop	2.95mg/m <sup>3</sup>	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	38mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996) Standard Level 2	8.404	112.2	No
					Outlet of 2# heat-treating furnace at No.2 workshop	27.6mg/m <sup>3</sup>				
					Waste gas outlet for die casting at No. 2 workshop	10mg/m <sup>3</sup>				
					Outlet of 1# heat-treating furnace at No.4 workshop	47.6mg/m <sup>3</sup>				
					Outlet of 2# heat-treating furnace at No.4 workshop	32.5mg/m <sup>3</sup>				
					Waste gas outlet for die casting at No.4 workshop	<3mg/m <sup>3</sup>				
	Gaseous inorganic pollutants	Oxynitride	Collected by gas trap hood + 15m high exhaust cylinder	6	Outlet of 1# heat-treating furnace at No.2 workshop	7.8mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996) Standard Level 2	3.133	33.24	No
					Outlet of 2# heat-treating furnace at No.2 workshop	9.3mg/m <sup>3</sup>				
					Waste gas outlet for die casting at No. 2 workshop	10.6mg/m <sup>3</sup>				
					Outlet of 1# heat-treating furnace at No.4 workshop	20.3mg/m <sup>3</sup>				
					Outlet of 2# heat-treating furnace at No.4 workshop	22mg/m <sup>3</sup>				
					Waste gas outlet for die casting at No.4 workshop	5.3mg/m <sup>3</sup>				

	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	28.4mg/m³	Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB12/ 524-2020)	2.006	21.6	No
					Waste gas outlet of 1# drying furnace at No. 3 workshop	1.42mg/m³				
					Die casting at No. 2 workshop	6.2mg/m³				
					Die casting at No. 4 workshop	3.7mg/m³				
Guangdong Welling Motor Manufacturing Co., Ltd.	Aromatic compounds	Benzene	Zeolite drum + RO	1	Waste gas outlet around plant C	0mg/m³	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	0mg/m³	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/m³	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.,	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	36	Discharge Limits of Water Pollutants in Guangdong DB-44/26-2001	8.51	22.77	No
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)				0.603	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010)/	0.143	4.554	No
		Particles	Soot	20m high altitude discharge after	114	27 outlets at A1 plant, 47	<20	Emission Standard of Volatile Organic	0	/

Ltd.	Gaseous inorganic pollutants	Sulfur dioxide	being treated by waste gas treatment equipment and reaching the standard		outlets at A2 plant, 20 outlets at B2 plant, 11 outlets at C2 plant, 2 outlets at C3 plant, 1 outlet at wastewater treatment station and 6 outlets at canteen	3	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 for Printing Industry (DB44/815-2010)/ Emission Standard of Cooking Fume (on Trial) (GB 18483-2001)	0.007	1.055	No
	Gaseous inorganic pollutants	Oxynitride				3		1.67	10.314	No
	Aromatic compounds	Benzene				0.01		0.002	/	No
	Aromatic compounds	Total toluene and xylene				0.1		0.31	/	No
	Other organic compounds	Overall volatile organic compounds (VOCs)				1.02		1.6	35.051	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons				2.49		0.41	/	No
	Aromatic compounds	Ethylbenzene				0.42		0.035	/	No
	Particles	Fume	15m high altitude discharge after being treated by oil fume purification facility and reaching the standard			0.3		0.128	/	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)	70.335mg/L	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	33.038082	185.61	No
Inorganic pollutants	Ammonia-nitrogen (NH3-N)	6.014 mg/L				2.773727		9.81	No	

	Physical and comprehensive indicators	Five-day BOD				23.9 mg/L		11.0324	/	No
	Physical and comprehensive indicators	Suspended matters				27.5 mg/L		12.667823	/	No
	Oil	Petroleum				2.02 mg/L		0.9324	/	No
	Metals and metal compounds	Total nickel		Outlet in the sewage station		0.091 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996), the first class pollutant standard	0.042	0.108	No
	Metals and metal compounds	Total zinc				0.24 mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	0.11	2.03	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	2.49mg/m3	Relevant standard limit requirements in Table 1 of Shanghai Integrated Emission Standard of Air Pollutants (DB31/933-2015)	2.71	/	No
					Outlet for molybdenum-containing waste gas 2	2.40 mg/m3				
					Outlet for molybdenum-containing waste gas 3	6.74mg/m3				
			Collected by gas trap hood + 25m high exhaust cylinder	7	1# Outlet for waste gas from machining	1.31mg/m3				No
					2# Outlet for waste gas from machining	1.71mg/m3				
					3# Outlet for waste gas from machining	1.72mg/m3				
					4# Outlet for waste gas from machining	1.89mg/m3				
					5# Outlet for waste gas from machining	3.05mg/m3				
					6# Outlet for waste gas from machining	4.07mg/m3				
					7# Outlet for waste gas from machining	3.68mg/m3				

				4	Outlet for waste gas from coating 1	4.25mg/m3				
					Outlet for waste gas from coating 2	2.29mg/m3				
					Outlet for waste gas from coating 3	21.2mg/m3				
					Outlet for waste gas from coating 4	2.31mg/m3				
	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	Collected by gas trap hood + 25m high exhaust cylinder	22	Outlet for heat treatment 1	<20mg/m3	Comprehensive Control Plan for Air Pollution of Industrial Furnaces (H.D.Q. [2019] No. 56)	8.0678	/	No
					Outlet for heat treatment 2	11.45mg/m3				
					Outlet for heat treatment 3	<20mg/m3				
					Outlet for heat treatment 4	23.2mg/m3				
					Outlet for heat treatment 5	<20mg/m3				
					Outlet for heat treatment 6	10.4mg/m3				
					Outlet for heat treatment 7	22.5mg/m3				
					Outlet for heat treatment 8	25.2mg/m3				
					Outlet for heat treatment 9	<20mg/m3				
					Outlet for heat treatment 10	<20mg/m3				
					Outlet for heat treatment 11	<20mg/m3				
					Outlet for heat treatment 12	<20mg/m3				
					Outlet for heat treatment 13	<20mg/m3				
					Outlet for heat treatment 14	21.7mg/m3				
					Outlet for heat treatment 15	<20mg/m3				
					1# outlet for waste gas from pre-coating treatment and kiln	<20mg/m3				
					2# outlet for waste gas from pre-coating treatment and kiln	<20mg/m3				

					3# outlet for waste gas from pre-coating treatment and kiln	<20mg/m3				
					3rd stage sintering furnace outlet	4.5mg/m3				
					5th stage coating sintering furnace outlet	23.2mg/m3				
					Outlet for waste gas from aluminum melting 1	<20mg/m3				
					Outlet for waste gas from aluminum melting 2	<20mg/m3				
			Collected by gas trap hood + 21m high exhaust cylinder	8	Outlet for the welding waste gas 1	<20mg/m3				
					Outlet for the welding waste gas 2	20.8mg/m3				
					Outlet for the welding waste gas 3	21.9mg/m3				
					Outlet for the welding waste gas 4	27.7mg/m3				
					Outlet for the welding waste gas 5	25.6mg/m3				
					Outlet for the welding waste gas 6	20.1mg/m3				
					Outlet for the welding waste gas 7	24.1mg/m3				
					Outlet for the welding waste gas 8	14mg/m3				
	Gaseous inorganic pollutants	Sulfur dioxide	Collected by gas trap hood + 25m high exhaust cylinder	22	Outlet for heat treatment 1	<3mg/m3	Comprehensive Control Plan for Air Pollution of Industrial Furnaces (H.D.Q. [2019] No. 56)	5.8799	/	No
					Outlet for heat treatment 2	<3mg/m3				
					Outlet for heat treatment 3	<3mg/m3				
					Outlet for heat treatment 4	12mg/m3				
					Outlet for heat treatment 5	<3mg/m3				
					Outlet for heat treatment 6	6mg/m3				
					Outlet for heat treatment 7	18mg/m3				
					Outlet for heat treatment 8	9mg/m3				
					Outlet for heat treatment 9	66mg/m3				

					Outlet for heat treatment 10	<3mg/m3				
					Outlet for heat treatment 11	70mg/m3				
					Outlet for heat treatment 12	<3mg/m3				
					Outlet for heat treatment 13	3mg/m3				
					Outlet for heat treatment 14	32mg/m3				
					Outlet for heat treatment 15	123mg/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	22mg/m3				
					3# outlet for waste gas from pre-coating treatment and kiln	22mg/m3				
					3rd stage sintering furnace outlet	4.5mg/m3				
					5th stage coating sintering furnace outlet	35mg/m3				
					Outlet for waste gas from aluminum melting 1	10mg/m3				
					Outlet for waste gas from aluminum melting 2	9mg/m3				
	Gaseous inorganic pollutants	Oxynitride	Collected by gas trap hood + 25m high exhaust cylinder	22	Outlet for heat treatment 1	<3mg/m3	Comprehensive Control Plan for Air Pollution of Industrial Furnaces (H.D.Q. [2019] No. 56)	3.35	/	No
					Outlet for heat treatment 2	14.5mg/m3				
					Outlet for heat treatment 3	<3mg/m3				
					Outlet for heat treatment 4	<3mg/m3				
					Outlet for heat treatment 5	<3mg/m3				
					Outlet for heat treatment 6	14mg/m3				
					Outlet for heat treatment 7	32mg/m3				
					Outlet for heat treatment 8	18mg/m3				



					Outlet for heat treatment 9	4mg/m3				
					Outlet for heat treatment 10	<3mg/m3				
					Outlet for heat treatment 11	<3mg/m3				
					Outlet for heat treatment 12	<3mg/m3				
					Outlet for heat treatment 13	<3mg/m3				
					Outlet for heat treatment 14	9mg/m3				
					Outlet for heat treatment 15	<3mg/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	32mg/m3				
					3# outlet for waste gas from pre-coating treatment and kiln	7mg/m3				
					3rd stage sintering furnace outlet	18mg/m3				
					5th stage coating sintering furnace outlet	8mg/m3				
					Outlet for waste gas from aluminum melting 1	3mg/m3				
					Outlet for waste gas from aluminum melting 2	10mg/m3				
GD Midea Environment	Other organic compounds	Overall volatile organic compound	Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	1	During the screen printing process of the south plant	1.980	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	0.06368	/	No

Appliances Mfg. Co., Ltd.	Other organic compounds	s (VOCs)	Gas trap hood + dry filtering + UV + activated carbon + 15m high altitude discharge	1	During the screen printing process of the north plant	1.710	Emission Standard of Volatile Organic Compounds for Printing Industry (DB44/815-2010)	0.08174	/	No
	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	0.592	Emission Standard of Pollutants for Synthetic Resin Industry (BG 31572-2015)	0.73626	/	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	1.210	Emission Standard of Pollutants for Synthetic Resin Industry (BG 31572-2015)	0.25714	/	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	0.453	Emission Standard of Pollutants for Synthetic Resin Industry (BG 31572-2015)	0.04879	/	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	1.320	Emission Limits of Air Pollutants (DB44/27-2001)	0.09606	/	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	1.470	Emission Limits of Air Pollutants (DB44/27-2001)	0.01375	/	No

	Fatty hydrocarbons and halogenated fatty hydrocarbons		Water spray + dry separation + activated carbon device	1	Metal spray painting, outlet for waste gas from drying	1.550	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.24522	/	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	7.050	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.68799	/	No
	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 $\mu\text{m}$ )	Gas trap hood + water spraying + dry filtering + UV + activated carbon + 15m high altitude discharge	1	Metal plate dusting, waster gas hardening	4.000	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.07834	/	No
	Particles		Gas trap hood + Water wash spray + 15m high exhaust	1	Outlet for waste gas from aluminum casting machine polishing and grinding	10.000	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.39822	/	No
	Particles		Gas trap hood + Water wash spray + Oil fume purifie + 15m high exhaust	1	Outlet for waste gas from die casting	4.200	Emission Standard of Air Pollutants for Casting Industry (GB 39726-2020)	0.28699	/	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	4.400	Emission Standard of Air Pollutants for Casting Industry (GB 39726-2020)	0.23850	/	No
	Particles		Water spray + dry separation + activated carbon device	1	Metal spray painting, outlet for waste gas from drying	10.000	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	1.58209	/	No
	Particles		Water spray + dry separation + activated carbon device	1	Outlet for waste gas from ceramic spraying, drying, sandblasting, powder spraying and hardening	10.000	Emission Limits of Air Pollutants (DB44/27-2001): Time Period 2, Level 2	0.46261	/	No
	Particles	Fume	Fume hood + electrostatic range hood + 15m high altitude discharge	7	Cooking fume outlet at canteen	0.800	Emission Standard of Cooking Fume GB18483-2001	0.02061	/	No
	Physical and comprehensive indicators	Suspended matters	Oil separation and slagging - hydrolysis and acidification - contact oxidation - MBR	1	Domestic wastewater treatment station	4.500	Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant GB18918-2002 Emission standard	0.12868	/	No

	Physical and comprehensive indicators	COD				15.137	GB18918-2002	0.42745	/	No
	Oil	Animal and vegetable oil				0.245	0.00647	/	No	
	Inorganic pollutants	Ammonia-nitrogen (NH3-N)				0.166	0.00483	/	No	
	Physical and comprehensive indicators	pH value				6.600	/	/	No	
	Physical and comprehensive indicators	Five-day BOD				3.550	0.09964	/	No	
	Metals and metal compounds	Total zinc	Coagulation and sedimentation + hydrolysis and acidification + aeration + biological tank + MBR + water reuse	1	Production wastewater treatment station	0.005	Discharge Standard of Water Pollutants for Electroplating DB 44/1597-2015	0.00051	0.08	No
	Physical and comprehensive indicators	COD				11.265		1.31782	3.9191	No
	Physical and comprehensive indicators	Suspended matters				3.500		0.42469	/	No
	Physical and comprehensive indicators	pH value				7.650		/	/	No

	Inorganic pollutants	Total phosphorus (by P)				0.048		0.00617	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				0.300		0.02663	0.6279	No
	Oil	Petroleum				0.115		0.01461	/	No
	Metals and metal compounds	Aluminum				0.414		0.04591	/	No
	Metals and metal compounds	Total iron				0.005		0.00057	/	No
Hubei Midea Refrigerator Co., Ltd.	Physical and comprehensive indicators	COD	Discharge to municipal domestic sewage network and then to the wastewater treatment plant of Jingzhou Shenlian Environmental Technology Co., Ltd. for reaching the standard before discharge	1	Outlets for domestic sewage at the plant	94mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	2.27	5.715	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				13.4mg/L		0.29	0.9975	No
	Physical and comprehensive indicators	Five-day COD				25.8mg/L		0.72	/	No
	Physical and comprehensive indicators	Suspended matters				20mg/L		0.34	/	No
	Oil	Animal and vegetable oil				0.08mg/L		0.01	/	No
	Physical and comprehensive indicators	COD	After deep treatment by industrial waste water treatment station, discharge to municipal industrial sewage network and then to the wastewater treatment plant of	1	Freezer waste water outlet	24mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	0.65	5.715	No

	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)	Jingzhou Shenlian Environmental Technology Co., Ltd. for reaching the standard before discharge			0.0125mg/L		0.002	0.9975	No
	Physical and comprehensive indicators	Five-day COD				3.5mg/L		0.12	/	No
	Physical and comprehensive indicators	Suspended matters				6mg/L		0.22	/	No
	Oil	Petroleum				0.3mg/L		0.02	/	No
	Oil	Animal and vegetable oil				0.03mg/L		0.01	/	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	0.29mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants (GB16297-1996) Emission Standard of Pollutants for Synthetic Resin Industry (GB31572-2015)	0.02	/	No
			After photo-catalytic oxidation + activated carbon, 15m high altitude discharge	1	Second installation branch waste gas outlets	0.82mg/m <sup>3</sup>		0.02	/	No
			After photo-catalytic oxidation + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the injection molding workshop	0.64mg/m <sup>3</sup>		0.03	/	No
			After dry filtering + photo-catalytic oxidation + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the extrusion workshop	0.71mg/m <sup>3</sup>		0.07	/	No
			V photocatalysis + activated carbon, 15m high altitude discharge	1	New injection molding outlet	0.42mg/m <sup>3</sup>		0.03	/	No
			Cooling and dehumidification + UV photocatalysis + activated carbon, 15m high altitude discharge	1	Foam outlet	20.2mg/m <sup>3</sup>		0.03	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Two-door gallbladder molding outlet	12.5mg/m <sup>3</sup>		0.61	/	No
			After wet scrubber + rotating-stream-tray scrubber + demister + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the freezer branch	0.7mg/m <sup>3</sup>		0.04	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	One-box gallbladder molding outlet	21.5mg/m <sup>3</sup>		0.75	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Two-box gallbladder molding outlet	16.6mg/m <sup>3</sup>		0.39	/	No

			Rotating-stream-tray scrubber + dry filter + two-stage activated carbon, 15m high altitude discharge	1	Freezer No.2 # plant outlet	1.24mg/m³		0.27	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Injection molding machine and injection granulation outlet	28.1mg/m³		4.26	/	No
			Rotating-stream-tray scrubber + dry filter + activated carbon, 15m high altitude discharge						/	No
			Rotating-stream-tray scrubber + dry filter + activated carbon, 15m high altitude discharge	1	Extruder outlet	17.5mg/m³		0.31	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Molding machine outlet	12.2mg/m³		0.59	/	No
			Rotating-stream-tray scrubber + dry filter + activated carbon, 15m high altitude discharge	1	Molding and extrusion granulation outlet	13.6mg/m³		0.44	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Door foam outlet	17.5mg/m³		0.31	/	No
			Dry filter + two-stage activated carbon, 15m high altitude discharge	1	Box foam outlet	26.7mg/m³		1.14	/	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	2.2mg/m³		0.05	/	No
			Cartridge dust removal, 15m high altitude discharge	1	Injection crushing outlet	1.5mg/m³		0.11	/	No
			After wet scrubber + rotating-stream-tray scrubber + demister + activated carbon, 15m high altitude discharge	1	Waste gas outlets at the freezer branch	10mg/m³		0.62	/	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	239.5mg/L	Integrated Wastewater Discharge Standard (GB8978-1996)	44.87	123.9074	No
	Physical and comprehensive indicators	Suspended matters				34.5mg/L		6.46	87.2553	No

	Oil	Animal and vegetable oil				0.72mg/L		0.13	10.7034	No
	Inorganic pollutants	Total phosphorus (by P)				3.03mg/L		0.56	1.0701	No
	Inorganic pollutants	Total nitrogen				34.21mg/L		6.41	11.2612	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				21.96mg/L		4.11	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 <sup>3</sup>	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)	0.207	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	1.31mg/m <sup>3</sup>		0.428	1.2199	No
	Gaseous inorganic pollutants	Sulfur dioxide	Hight altitude discharge		Natural gas for the metal plate process	0mg/m <sup>3</sup>		0	0.624	No
	Gaseous inorganic pollutants	Oxynitride	Hight altitude discharge		Natural gas for the metal plate process	5mg/m <sup>3</sup>		0.028	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 mg/m³	Integrated Emission Standard of Air Pollutants (GB16297-1996) for particles and chemical compounds	0	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	5.35 mg/m³	Subject to Tianjin Emission Control Standard for Industrial Enterprises Volatile Organic Compounds (DB12/524-2014)	1.1388	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.	10	1, 2, 3# plants	1.35mg/m3	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.272	3.806	No
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons				3.66mg/m3		0.2226	0.835	No
	Aromatic compounds	Styrene				0.04mg/m3		0.01188	0.032	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	7.7	Integrated Wastewater Discharge Standard (GB8978-1996)	/	/	No

Equipm ent Co., Ltd.	Physical and comprehensive indicators	COD			69.5mg/L		0.7613	9.951	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)			0.456mg/L		0.0043	1.002	No
	Physical and comprehensive indicators	Suspended matters			7mg/L		0.0693	/	No
	Oil	Petroleum			2.59mg/L		0.0246	/	No
	Inorganic pollutants	Total phosphorus (by P)			0.035mg/L		0.0004	/	No
	Inorganic pollutants	Fluoride (by F <sup>-</sup> )			6.235mg/L		0.0621	/	No
	Metals and metal compounds	Total zinc			3.125mg/L		0.0348	/	No
	Physical and comprehensive indicators	Five-day BOD			19.2mg/L		0.2107	/	No
	Particles	Soot	Discharge after being treated by environmental protection equipment	20	1# plant, 3# plant, 4# plant, 5# plant	Integrated Emission Standard of Air Pollutants (GB16297-1996)	1.1775	/	No
	Gaseous inorganic pollutants	Sulfur dioxide		16			0.5944	/	No
	Gaseous inorganic pollutants	Oxynitride		16			5.4938	/	No
	Metal elements and their compounds	Tin and its compounds		3	3# plant		0.0012	/	No

	Other organic compounds	Acrylonitril e		1	5# plant	0.2mg/m³		0.0291	/	No
	Aromatic compounds	Styrene		1		0.007mg/m³		0.001	/	No
	Other organic compounds	Overall volatile organic compound s (VOCs)		7	1# plant, 3# plant, 4# plant	1.96mg/m³		1.8068	/	No
Handan Midea Air-Conditioning Equipm ent Co., Ltd.	Fatty hydrocarbon s and halogenated fatty hydrocarbon s	Non-methane hydrocarb ons	15m high altitude discharge after being treated by environmental protection equipment	9	1#, 2# plants	5.84mg/m³	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)	3.848	/	No
	Particles	Soot		2	1# plant	5.2mg/m³		0.8516	7.135	No
	Gaseous inorganic pollutants	Oxynitride		2	1# plant	3.22mg/m³		0.5109	9.369	No
	Gaseous inorganic pollutants	Sulfur dioxide		2	1# plant	3mg/m³		0.4751	9.408	No
	Metal elements and their compounds	Tin and its compound s		4	2# plant	0.0035mg/m³		0.0014	/	No
	Physical and comprehens ive indicators	COD	Discharge after being treated by wastewater treatment system and reaching the standard	1	North side of the power house	135mg/L	Requirements for inflow water quality of wastewater treatment plant in Handan Economic and Technological	1.09	9.42	No

	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				2.66mg/L	Development Zone	0.02	0.7	No
	Physical and comprehensive indicators	pH				7.05		/	/	No
	Physical and comprehensive indicators	Suspended matters				18mg/L		0.139	/	No
	Oil	Petroleum				1.57mg/L		0.012	/	No
	Inorganic pollutants	Fluoride (by F-)				1.1mg/L		0.009	/	No
Chongqing Midea General Refrigeration Equipment Co., Ltd.	Physical and comprehensive indicators	pH value				7.4		/	/	
	Physical and comprehensive indicators	Suspended matters				12.5mg/l		0.9028	/	
	Physical and comprehensive indicators	COD				89.5mg/l	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	6.4640	/	No
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)				7.225mg/l		0.5218	/	
	Oil	Petroleum				Below detection limit		0.0000	/	
	Physical and comprehensive indicators	Five-day BOD				22.45mg/l		1.6214	/	

	Other indicators	Anionic surfactant				0.1715mg/l		0.0124	/	
	Inorganic pollutants	Phosphate				0.03mg/l		0.0022	/	
	Inorganic pollutants	Fluoride (by F-)				0.69mg/l		0.0498	/	
	Metals and metal compounds	Total copper				Below detection limit		0.0000	/	
	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)				2.475mg/l		0.0390	/	
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons	5	2 sets for paint spraying waste gas of 1# and 4# plants each, and 1 set for paint spraying waste gas of 2# plant	4.823mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB 50/418-2016 Table 1 Central Downtown	0.8568	1.0937	/	
	Particles	Sulfuric acid mist								
	Gaseous inorganic pollutants	Hydrogen chloride	2	Acid pickling waste gas outlets for 1# and 4#	2.390mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants	0.0013	/		

	Particles	Total suspended particulate matter (TSP) (aerodynamic diameter below 100 μm)	occasional emergency cleaning of abnormal materials)		plants	5.150mg/m³	DB 50/418-2016 Table 1 Central Downtown	0.0029	/	
	Gaseous inorganic pollutants	Sulfur dioxide	1 set of RTO	1	Volatile oil drying waste gas outlet	6.300mg/m³	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	0.0602	/	
	Gaseous inorganic pollutants	Oxynitride				6.500mg/m³		0.0972	/	
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons				6.500mg/m³		0.0857	/	
	Physical indicator	Ringelmann emittance				5.080mg/m³		0.0644	/	
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	7.4	Integrated Wastewater Discharge Standard (GB8978-1996) Table 4, Level 3	/	/	No
	Physical and comprehensive indicators	COD				219mg/L		5.04	76.63	No
	Physical and comprehensive indicators	Suspended matters				17mg/L		0.53	/	No

	ive indicators									
	Inorganic pollutants	Ammonia-nitrogen (NH <sub>3</sub> -N)								
	Oil	Petroleum								
	Inorganic pollutants	Fluoride (by F-)								
	Physical and comprehensive indicators	Five-day BOD								
	Other indicators	Anionic surfactant								
	Metals and metal compounds	Total zinc								
	Oil	Animal and vegetable oil								
	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	9.4mg/m <sup>3</sup>	Integrated Emission Standard of Air Pollutants DB 50/418-2016 Table 1 Central Downtown			
	Gaseous inorganic pollutants	Sulfur dioxide								
	Gaseous inorganic pollutants	Oxynitride								
	Metal elements and their compounds	Tin and its compounds								
	Fatty hydrocarbons and halogenated fatty hydrocarbons	Non-methane hydrocarbons								

Guang zhou Hualing Refrige rating Equipm ent 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	67.029	/	No
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### 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.

### 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.

### **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 CODcr, 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.

### **Administrative penalties received during the Reporting Period due to environmental issues**

The Company received no administrative penalties during the Reporting Period due to environmental issues.

### **Other environment-related information that should be made public**

None

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

a. Midea improved its carbon emissions management organizational structure. Under the Group's ESG Committee, Midea established eight sub-committees, including the Green Design and Product Carbon Footprint Sub-committee and the Green Manufacturing and Carbon Emissions Management Sub-committee, to comprehensively coordinate and advance the Group's carbon emissions management efforts. Starting from the four dimensions of "Protecting the Blue Planet, Building Harmonious Communities, Bringing Great Innovations to Life, and Co-creating a Prosperous Ecosystem", Midea has built a global green, safe, and stable supply chain to provide green, intelligent, and user-friendly products and services to global users. This initiative has promoted the maintenance of a green, ecological, and sustainable community environment, working together with global users to build a green and beautiful world.

b. Midea continuously implemented energy-saving and carbon-reduction projects. In the first half of 2024, Midea planned and advanced 1,415 energy-saving and carbon-reduction projects, with an expected annual energy-saving and carbon-reduction benefit of approximately RMB171.62 million. Among these, photovoltaic power generation reached 141 million kWh, with green electricity accounting for approximately 10.1%. As of the end of the reporting period in 2024, the cumulative photovoltaic carbon reduction amounted to 80,000 tons. Midea's residential air conditioner factory in Thailand, in partnership with Constant Energy and Hiconics, a subsidiary of Midea Industrial Technology, completed the signing of a 12MW photovoltaic project contract for the Thailand factory. Midea promoted the procurement of external green electricity, completing approximately 45 million kWh of green electricity/green certificates in 2024. Midea continued to improve the energy management system certification of its manufacturing plants, with 36 plants certified as of June 2024. In response to the national "Zero Waste City" initiative, all domestic manufacturing bases comprehensively advanced the construction of waste management systems, and as of June 2024, 10 factories had been awarded the "Zero Waste Factory" honor by local governments. Midea accelerated the green and low-carbon transformation of its manufacturing bases, with 28 manufacturing bases recognized as national "Green Factories" and 9 companies recognized as national "Green Supply Chain Management Enterprises" by the end of the reporting period.

c. Midea continuously promoted carbon reduction across the entire value chain, including green design, green sourcing, green logistics, and green recycling. Midea Building Technology won a second prize of 2023 National Science and Technology Progress Award for its project "Air Source Heat Pump Multi-grade Heat Energy Efficient Supply Key Technology and Application". Annto advanced the adjustment of its new energy vehicle transport capacity structure, completing the registration of over 1,500 new energy vehicles by June 2024, with a cumulative total of over 10,000 dispatch trips. Through recycling channels such as trade-in programs, after-sales service points, and other collection methods, Midea successfully completed the recycling and compliant

dismantling of 2.15 million units/sets of discarded home appliances.

### **Other environment-related information**

None

## **2. Corporate Social Responsibility (CSR)**

### **A. Exploring new models for rural revitalisation**

Since 2024, Midea Group has collaborated with Huanglong Village in Beijiao, Shunde, and Baiqiao Village in Gaozhou, Maoming, to carry out the "Village-Enterprise Co-construction and Village-Pairing" activities. Midea Group, utilizing its resource advantages, has concentrated on resolving issues concerning infrastructure construction and industrial development in Baiqiao Village. At the current stage, multiple support projects have been formulated, which will be gradually implemented throughout this year to enhance the village's appearance and environment, thereby contributing to the "High-Quality Development Project for Hundreds of Counties, Thousands of Towns, and Tens of Thousands of Villages" and the rural revitalization pairing and co-construction efforts.

### **B. Practicing long-termism with the "Education First" approach**

In the first half of 2024, Midea Group's Zhongshan factory donated RMB1 million for the reconstruction of Dongfeng No. 2 Middle School, aiming to improve the school's teaching and learning environment. This initiative was also intended to inspire more philanthropic individuals and enterprises to invest in the development of Dongfeng's education sector, thereby supporting the successful implementation of the "High-Quality Development Project for Hundreds of Counties, Thousands of Towns, and Tens of Thousands of Villages" in the local area.

Additionally, Midea Group has cumulatively donated RMB400,000 to Beijing Dandelion School to support the school's award programs for teaching and learning and to improve the living conditions of both teachers and students. Beijing Dandelion School is the first non-profit middle school in Beijing established specifically for the children of migrant workers. Since its establishment in 2005, more than 3,000 school-age students have received education at this school, which has been recognized as a 5A social organization by Daxing District, Beijing.

### **C. Subsequent plans**

It is Midea Group's vision to "Bring Great Innovations to Life". Midea hopes to deliver the power of science and technology through public welfare activities, adhere to the sustainable long-termism with the "Education First" approach, 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. 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 Overdue at the Period-end

☐Applicable ☒N/A

No such cases in the Reporting Period.

### 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. Engagement and Disengagement of CPA Firm

Have the semi-annual financial statements been audited by a CPA firm?

☐ Yes ☒ No

The semi-annual financial statements are unaudited by a CPA firm.

### 5. Explanation of the Board of Directors and the Supervisory Committee Regarding the "Non-standard Audit Opinion" for the Reporting Period

☐Applicable ☒N/A

### 6. Explanation of the Board of Directors Regarding the "Non-standard Audit Opinion" for Last Year

☐Applicable ☒N/A

### 7. Bankruptcy and Reorganization

☐Applicable ☒N/A

No such cases in the Reporting Period.

## 8. Litigation

Material litigation and arbitration:

☐Applicable ☒N/A

No such cases in the Reporting Period.

Other legal matters:

☐Applicable ☒N/A

## 9. Punishments and Rectifications

☐Applicable ☒N/A

No such cases in the Reporting Period.

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

☐Applicable ☒N/A

## 11. Significant Related Transactions

### 11.1 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 transaction 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	-	627,320	0.45%	1,900,000	No	Payment after delivery	-	28 March 2024	www.cninfo.com.cn
Midea Real Estate Holding Limited	Controlled by Company's actual controller	Sale	Sale of goods	Market price	-	80,870	0.04%	250,000	No	Payment after delivery	-	28 March 2024	www.cninfo.com.cn
				-	-	708,190	-	2,150,000	-	-	-	-	-
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

## 11.2 Related transactions regarding purchase or sales of assets or equity interests

☐Applicable ☒N/A

No such cases in the Reporting Period.

## 11.3 Related transactions arising from joint investments in external parties

☐Applicable ☒N/A

No such cases in the Reporting Period.

## 11.4 Credits and liabilities with related parties

☐Applicable ☒N/A

No such cases in the Reporting Period.

## 11.5 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 or any of its related parties.

## 11.6 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.

## 11.7 Other significant related transactions

☐Applicable ☒N/A

No such cases in the Reporting Period.

## 12. Significant Contracts and Their Execution

### 12.1 Trusteeship, contracting and leasing

#### 12.1.1 Trusteeship

☐Applicable ☒N/A

No such cases in the Reporting Period.

#### 12.1.2 Contracting

☐Applicable ☒N/A

#### 12.1.3 Leasing

☐Applicable ☒N/A

### 12.2 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	Disclosur e date of the guarant e line announce ment	Line of guarant e	Actual occurrence date (date of agreement signing)	Actual guarante e amount	Type of guarantee	Term of guaran tee	Due or not	Guar antee for a relate d 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	Disclosur e date of the guarant e line announce ment	Line of guarant e	Actual occurrence date (date of agreement signing)	Actual guarante e amount	Type of guarantee	Term of guaran tee	Due or not	Guar antee for a relate d party or not
Midea Group Finance Co., Ltd.	2024/3/28	1,500,000	2024/2/29	40,450	Joint liability	One year	No	No
GD Midea Air-Conditioning Equipment Co., Ltd.	2024/3/28	14,700,000	2024/1/12	6,012,100	Joint liability	One year	No	No
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	2024/3/28	900,000	2024/1/1	800	Joint liability	One year	No	No
Foshan Midea Carrier Air-Conditioning Equipment Co., Ltd.	2024/3/28	170,000		-	Joint liability	One year	No	No



GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.	2024/3/28	1,250,000			-	Joint liability	One year	No	No
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	2024/3/28	250,000	2024/1/29	44,970		Joint liability	One year	No	No
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	2024/3/28	300,000			-	Joint liability	One year	No	No
Guangdong Midea Precision Molding Technology Co., Ltd.	2024/3/28	25,000			-	Joint liability	One year	No	No
Handan Midea Air-Conditioning Equipment Co., Ltd.	2024/3/28	50,000			-	Joint liability	One year	No	No
Chongqing Midea Air-Conditioning Equipment Co., Ltd.	2024/3/28	1,000,000			-	Joint liability	One year	No	No
Midea Group Wuhan Heating & Ventilating Equipment Co., Ltd.	2024/3/28	150,000			-	Joint liability	One year	No	No
Foshan Welling Washer Motor Manufacturing Co., Ltd.	2024/3/28	258,530	2024/3/25	3,550		Joint liability	One year	No	No
Guangdong Welling Motor Manufacturing Co., Ltd.	2024/3/28	735,250	2024/2/22	151,780		Joint liability	One year	No	No
Welling (Wuhu) Motor Manufacturing Co., Ltd.	2024/3/28	17,000	2024/1/1	30		Joint liability	One year	No	No
Huaian Welling Motor Manufacturing Co., Ltd.	2024/3/28	67,500			-	Joint liability	One year	No	No
Wuhu Welling Motor Sales Co., Ltd.	2024/3/28	2,600,000	2024/1/29	240,000		Joint liability	One year	No	No
Hainan Welling Motor Sales Co., Ltd.	2024/3/28	250,000			-	Joint liability	One year	No	No
Anhui Welling Auto Parts Co., Ltd.	2024/3/28	34,000			-	Joint liability	One year	No	No
Anqing Welling Auto Parts Co., Ltd.	2024/3/28	250,000			-	Joint liability	One year	No	No
Guangdong Meizhi Compressor Limited	2024/3/28	943,500	2024/1/18	348,270		Joint liability	One year	No	No
Guangdong Meizhi Precision-Manufacturing Co., Ltd.	2024/3/28	34,000			-	Joint liability	One year	No	No
Anhui Meizhi Compressor Co., Ltd.	2024/3/28	34,000	2024/2/21	300		Joint liability	One year	No	No
Anhui Meizhi Precision Manufacturing Co., Ltd.	2024/3/28	102,000			-	Joint liability	One year	No	No
Zhejiang Meizhi Compressor Co., Ltd.	2024/3/28	4,800,000	2024/1/30	340,000		Joint liability	One year	No	No
Guangdong Midea Environmental Technologies Co., Ltd.	2024/3/28	34,000			-	Joint liability	One year	No	No
Guangdong Midea Intelligent Technologies Co., Ltd.	2024/3/28	75,000			-	Joint liability	One year	No	No
Dorna Technology Co., Ltd.	2024/3/28	25,000			-	Joint liability	One year	No	No
Guangdong Jiya Precision Machinery Technology Co., Ltd.	2024/3/28	90,000			-	Joint liability	One year	No	No
MiSiliconn SemiConductor Technologies Co., Ltd.	2024/3/28	130,000			-	Joint liability	One year	No	No
Servotronix Motion Technology Development (Shenzhen) Ltd.	2024/3/28	125,000			-	Joint liability	One year	No	No
WuHan TTium Motor Technology Co., Ltd.	2024/3/28	5,000			-	Joint liability	One year	No	No
Guangdong Midea Kitchen Appliances	2024/3/2	5,500,00	2024/1/15	858,600		Joint liability	One	No	No

Manufacturing Co., Ltd.	8	0				year		
Guangdong Witol Vacuum Electronic Manufacture Co., Ltd.	2024/3/28	60,000	2024/3/29	320	Joint liability	One year	No	No
Jiangsu Midea Cleaning Appliances Co., Ltd	2024/3/28	550,000	2024/1/31	-	Joint liability	One year	No	No
Wuhu Midea Kitchen Appliances Manufacturing Co., Ltd.	2024/3/28	1,800,000		-	Joint liability	One year	No	No
GD Midea Heating & Ventilating Equipment Co., Ltd.	2024/3/28	2,292,000	2024/1/5	126,620	Joint liability	One year	No	No
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	2024/3/28	240,000		-	Joint liability	One year	No	No
Chongqing Midea General Refrigeration Equipment Co., Ltd.	2024/3/28	60,000	2024/1/5	12,780	Joint liability	One year	No	No
Meitong Energy Technology (Chongqing) Co., Ltd.	2024/3/28	47,600	2024/4/23	8,570	Joint liability	One year	No	No
Guangdong MeiKong Intelligent Building Co., Ltd.	2024/3/28	40,000		-	Joint liability	One year	No	No
Shanghai M-BMS Intelligent Construction Co., Ltd.	2024/3/28	50,000		-	Joint liability	One year	No	No
Winone Elevator Company Limited	2024/3/28	1,000,000	2024/1/5	124,180	Joint liability	One year	No	No
Hubei Midea Building Technology Co., Ltd.	2024/3/28	45,000		-	Joint liability	One year	No	No
Guangdong WINONE Elevator Engineering Co., Ltd.	2024/3/28	15,000		-	Joint liability	One year	No	No
MeiKong Smart Environment (Xi'an) Co., Ltd.	2024/3/28	46,500		-	Joint liability	One year	No	No
Ningbo Midea United Materials Supply Co. Ltd.	2024/3/28	1,540,000	2024/1/24	153,170	Joint liability	One year	No	No
Shanghai Kaizhao Commercial and Trading Co., Ltd	2024/3/28	200,000		-	Joint liability	One year	No	No
Guangdong Midea Consumer Electric Manufacturing Co., Ltd.	2024/3/28	50,000	2024/6/14	-	Joint liability	One year	No	No
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	2024/3/28	280,000	2024/1/4	10,560	Joint liability	One year	No	No
GD Midea Environment Appliances Mfg. Co., Ltd.	2024/3/28	200,000	2024/6/26	150,000	Joint liability	One year	No	No
Wuhu Midea Life Appliances Mfg Co., Ltd.	2024/3/28	1,250,000	2024/6/26	550,000	Joint liability	One year	No	No
Foshan Midea Chungho Water Purification Equipment. Co., Ltd.	2024/3/28	17,000		-	Joint liability	One year	No	No
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	2024/3/28	1,400,000	2024/1/1	2,430	Joint liability	One year	No	No
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	2024/3/28	1,600,000	2024/1/23	181,090	Joint liability	One year	No	No
Wuhu Midea Smart Kitchen Appliance Manufacturing Co., Ltd.	2024/3/28	33,000		-	Joint liability	One year	No	No
Foshan Shunde Midea Water Dispenser Manufacturing Company Limited	2024/3/28	280,000	2024/1/4	-	Joint liability	One year	No	No
Guangdong Midea Kitchen & Bath Appliances Manufacturing Co., Ltd.	2024/3/28	600,000		-	Joint liability	One year	No	No
Hubei Midea Laundry Appliance Co., Ltd.	2024/3/28	25,000		-	Joint liability	One year	No	No
Hefei Midea Laundry Appliance Co., Ltd.	2024/3/28	2,000,000	2024/1/5	595,290	Joint liability	One year	No	No

Wuxi Filin Electronics Co., Ltd.	2024/3/28	50,000			-	Joint liability	One year	No	No
Wuxi Little Swan Electric Co., Ltd.	2024/3/28	3,300,000	2024/1/19	270,000		Joint liability	One year	No	No
Hefei Midea Refrigerator Co., Ltd.	2024/3/28	3,400,000	2024/5/16	403,270		Joint liability	One year	No	No
Hefei Hualing Co., Ltd.	2024/3/28	1,000,000	2024/1/24	545,110		Joint liability	One year	No	No
Hubei Midea Refrigerator Co., Ltd.	2024/3/28	1,000,000	2024/1/22	252,450		Joint liability	One year	No	No
Guangzhou Midea Hualing Refrigerator Co., Ltd.	2024/3/28	500,000	2024/1/25	285,320		Joint liability	One year	No	No
Toshiba Home Appliances Manufacturing (Nanhai) Co., Ltd.	2024/3/28	50,000			-	Joint liability	One year	No	No
Midea Group E-Commerce Co., Ltd.	2024/3/28	155,000			-	Joint liability	One year	No	No
Guangdong Midea Smart Link Technologies Co., Ltd.	2024/3/28	68,000			-	Joint liability	One year	No	No
Reis Robotics (Kunshan) Co., Ltd.	2024/3/28	60,000	2024/1/25	28,310		Joint liability	One year	No	No
KUKA Systems (China) CO., Ltd.	2024/3/28	630,000	2024/1/25	146,650		Joint liability	One year	No	No
KUKA Robotics Manufacturing China Co., Ltd.	2024/3/28	25,000			-	Joint liability	One year	No	No
KUKA Robotics Guangdong Co., Ltd.	2024/3/28	75,000			-	Joint liability	One year	No	No
KUKA Robotics (Shanghai) Co., Ltd.	2024/3/28	170,000	2024/1/5	740		Joint liability	One year	No	No
Shanghai Swisslog Healthcare Co., Ltd.	2024/3/28	51,000	2024/4/22	18,840		Joint liability	One year	No	No
Guangdong Swisslog Technology Co., Ltd.	2024/3/28	20,000			-	Joint liability	One year	No	No
Swisslog (Shanghai) Co., Ltd.	2024/3/28	60,000			-	Joint liability	One year	No	No
Shanghai Swisslog Technology Co., Ltd.	2024/3/28	190,000	2024/1/4	96,800		Joint liability	One year	No	No
Guangdong Meikurusi Medical Technology Co., Ltd.	2024/3/28	2,500			-	Joint liability	One year	No	No
Guangdong Midea Electric Co., Ltd.	2024/3/28	50,000			-	Joint liability	One year	No	No
Guangdong Midea Intelligent Robotics Co., Ltd.	2024/3/28	2,500			-	Joint liability	One year	No	No
Guangdong Midea-SIIX Electronics Co., Ltd.	2024/3/28	150,000	2024/1/2	4,000		Joint liability	One year	No	No
Hefei Midea-SIIX Electronics Co., Ltd.	2024/3/28	50,000			-	Joint liability	One year	No	No
Guangdong Meichuangxi Technology Co., Ltd.	2024/3/28	150,000			-	Joint liability	One year	No	No
Foshan Meicloud Technology Co., Ltd.	2024/3/28	5,000			-	Joint liability	One year	No	No
Suzhou Meicloud Technology Co., Ltd.	2024/3/28	20,000			-	Joint liability	One year	No	No
Meicloud Technology Co., Ltd.	2024/3/28	20,000	2024/1/1	6,370		Joint liability	One year	No	No
Midea International Corporation	2024/3/2	20,022,600	2024/1/1	12,755,000		Joint liability	One year	No	No

Company Limited	8	00		00		year		
Midea Investment Development Company Limited	2024/3/28	3,285,000	2024/1/1	3,150,000	Joint liability	One year	No	No
Midea Electric Netherlands (I) B.V.	2024/3/28	24,000,000	2024/1/1	23,100,000	Joint liability	One year	No	No
Total guarantee line for subsidiaries approved during the Reporting Period (B1)		110,687,480		Total actual guarantee amount for subsidiaries during the Reporting Period (B2)			51,482,150	
Total approved guarantee line for subsidiaries at the end of the Reporting Period (B3)		110,687,480		Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)			51,018,720	
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.	2024/3/28	35,480			- Joint liability	One year	No	No
Toshiba Lifestyle Products & Services Corporation	2024/3/28	1,200,890			- Joint liability	One year	No	No
Toshiba Lifestyle Electronics Trading Co., Ltd	2024/3/28	10,500			- Joint liability	One year	No	No
Toshiba Consumer Products (Thailand) Co.,Ltd.	2024/3/28	330,350			- Joint liability	One year	No	No
Thai Toshiba Electric Industries Co., Ltd.	2024/3/28	33,780			- Joint liability	One year	No	No
Control Component Co. Ltd.	2024/3/28	16,590			- Joint liability	One year	No	No
Toshiba Thailand Co., Ltd.	2024/3/28	107,970			- Joint liability	One year	No	No
Toshiba Vietnam Consumer Products Co., Ltd.	2024/3/28	49,060			- Joint liability	One year	No	No
Toshiba Home Technology Corporation	2024/3/28	7,960			- Joint liability	One year	No	No
Midea America Corp.	2024/3/28	400,000			- Joint liability	One year	No	No
Midea America (Canada) Corp.	2024/3/28	67,500			- Joint liability	One year	No	No
Midea Mexico, S. DE R.L. DE C.V.	2024/3/28	168,750	2024/1/3	18,980	Joint liability	One year	No	No
Midea Emerging Technology Co., Ltd.	2024/3/28	50,000			- Joint liability	One year	No	No
Midea Electrical Manufacturing México, S. de R.L. de C.V.	2024/3/28	168,750			- Joint liability	One year	No	No
MG Land Mexico, S. DE R.L. DE C.V.	2024/3/28	895,000			- Joint liability	One year	No	No
Midea Industria E Comercio Do Brasil Ltda.	2024/3/28	601,500			- Joint liability	One year	No	No
Midea Colombia Equipments SAS	2024/3/28	80,000			- Joint liability	One year	No	No
Midea Peru S.A.C.	2024/3/28	50,000			- Joint liability	One year	No	No

Midea India Private Limited	2024/3/28	273,750			- Joint liability	One year	No	No
Midea Electrics Netherlands B.V.	2024/3/28	8,000,000			- Joint liability	One year	No	No
PT Jaya Refrigeration Equipment	2024/3/28	189,800			- Joint liability	One year	No	No
Wuhu Midea Annto Logistics Co., Ltd.	2024/3/28	800,000	2024/1/1	4,760	Joint liability	One year	No	No
Ningbo Annto Logistics Co., Ltd.	2024/3/28	300,000			- Joint liability	One year	No	No
Hainan Annto Logistics Supply Chain Management Co., Ltd.	2024/3/28	200,000			- Joint liability	One year	No	No
Total line for guarantees between subsidiaries approved during the Reporting Period (C1)		14,037,630		Total actual guarantee amount between subsidiaries during the Reporting Period (C2)		206,860		
Total approved line for guarantees between subsidiaries at the end of the Reporting Period (C3)		14,037,630		Total actual guarantee balance between subsidiaries at the end of the Reporting Period (C4)		23,740		
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
GD Midea Group Wuhu Air-Conditioning Equipment Co.,Ltd.	2024/3/28	700,000			- Joint liability	One year	No	No
GD Midea Air-Conditioning Equipment Co.,Ltd.	2024/3/28	5,900,000	2024/1/16	2,966,240	Joint liability	One year	No	No
Midea Group Wuhan Refrigeration Equipment Co.,Ltd.	2024/3/28	1,300,000	2024/1/25	866,170	Joint liability	One year	No	No
Wuhu Maty Air-Conditioning Equipment Co., Ltd	2024/3/28	500,000			- Joint liability	One year	No	No
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	2024/3/28	850,000	2024/3/25	489,210	Joint liability	One year	No	No
Handan Midea Air-Conditioning Equipment Co., Ltd.	2024/3/28	500,000			- Joint liability	One year	No	No
Chongqing Midea Air-Conditioning Equipment Co., Ltd.	2024/3/28	900,000			- Joint liability	One year	No	No
Anhui Welling Auto Parts Co., Ltd.	2024/3/28	100,000			- Joint liability	One year	No	No
Anqing Welling Auto Parts Co., Ltd.	2024/3/28	150,000			- Joint liability	One year	No	No
Wuhu Welling Motor Sales Co., Ltd.	2024/3/28	2,150,000	2024/3/19	280,000	Joint liability	One year	No	No
Zhejiang Meizhi Compressor Co., Ltd.	2024/3/28	2,500,000	2024/2/20	280,000	Joint liability	One year	No	No
Servotronix Motion Technology Development (Shenzhen) Ltd.	2024/3/28	100,000			- Joint liability	One year	No	No
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	2024/3/28	1,875,000	2024/4/28	583,620	Joint liability	One year	No	No
Jiangsu Midea Cleaning Appliances Co., Ltd	2024/3/28	500,000	2024/3/21	114,550	Joint liability	One year	No	No
Wuhu Midea Kitchen Appliances	2024/3/2	125,000	2024/1/12	102,790	Joint liability	One	No	No

Manufacturing Co., Ltd.	8					year		
Hefei Midea Laundry Appliance Co., Ltd.	2024/3/28	1,000,000			- Joint liability	One year	No	No
Wuxi Little Swan Electric Co., Ltd.	2024/3/28	1,500,000	2024/1/23	420,000	Joint liability	One year	No	No
Hubei Midea Laundry Appliance Co., Ltd.	2024/3/28	500,000			- Joint liability	One year	No	No
Hefei Midea Refrigerator Co., Ltd.	2024/3/28	1,800,000	2024/4/18	267,000	Joint liability	One year	No	No
Hefei Hualing Co., Ltd.	2024/3/28	900,000			- Joint liability	One year	No	No
Hubei Midea Refrigerator Co., Ltd.	2024/3/28	800,000			- Joint liability	One year	No	No
Guangdong Midea Intelligent Robotics Co., Ltd.	2024/3/28	17,500			- Joint liability	One year	No	No
Reis Robotics (Kunshan) Co., Ltd.	2024/3/28	175,000	2024/1/25	25,940	Joint liability	One year	No	No
Shanghai Swisslog Healthcare Co., Ltd.	2024/3/28	140,000	2024/1/4	7,300	Joint liability	One year	No	No
Guangdong Meikuruisi Medical Technology Co., Ltd.	2024/3/28	17,500			- Joint liability	One year	No	No
Ningbo Midea United Materials Supply Co. Ltd.	2024/3/28	1,300,000	2024/1/30	993,860	Joint liability	One year	No	No
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	2024/3/28	750,000	2024/1/24	383,090	Joint liability	One year	No	No
Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd.	2024/3/28	250,000	2024/5/14	112,480	Joint liability	One year	No	No
Guangdong Midea Kitchen & Bath Appliances Manufacturing Co., Ltd.	2024/3/28	750,000	2024/3/22	350,000	Joint liability	One year	No	No
Foshan Shunde Midea Water Dispenser Manufacturing Company Limited	2024/3/28	250,000			- Joint liability	One year	No	No
Guangdong Meichuangxi Technology Co., Ltd.	2024/3/28	50,000			- Joint liability	One year	No	No
Midea Group E-Commerce Co., Ltd.	2024/3/28	250,000	2024/1/29	25,160	Joint liability	One year	No	No
Guangdong Midea Smart Link Technologies Co., Ltd.	2024/3/28	350,000	2024/1/26	80,000	Joint liability	One year	No	No
GD Midea Heating & Ventilating Equipment Co., Ltd.	2024/3/28	350,000			- Joint liability	One year	No	No
Guangdong Midea-SIIX Electronics Co., Ltd.	2024/3/28	50,000			- Joint liability	One year	No	No
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	2024/3/28	150,000			- Joint liability	One year	No	No
Hubei Midea Building Technology Co., Ltd.	2024/3/28	150,000			- Joint liability	One year	No	No
WINONE Elevator Company Limited	2024/3/28	270,000	2024/4/15	4,970	Joint liability	One year	No	No
Meitong Energy Technology (Chongqing) Co., Ltd.	2024/3/28	5,000			- Joint liability	One year	No	No
Shanghai M-BMS Intelligent Construction Co., Ltd.	2024/3/28	15,000			- Joint liability	One year	No	No
Chongqing Midea General Refrigeration Equipment Co., Ltd.	2024/3/28	60,000			- Joint liability	One year	No	No
Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd.	2024/3/28	800,000	2024/1/19	27,940	Joint liability	One year	No	No

GD Midea Environment Appliances Mfg. Co.,Ltd.	2024/3/28	800,000	2024/1/18	155,230	Joint liability	One year	No	No
Wuhu Midea Life Appliances Mfg Co., Ltd.	2024/3/28	400,000		-	Joint liability	One year	No	No
Hainan Annto Logistics Supply Chain Management Co., Ltd.	2024/3/28	150,000		-	Joint liability	One year	No	No
Ningbo Annto Logistics Co., Ltd.	2024/3/28	450,000	2024/2/5	3,360	Joint liability	One year	No	No
Shenyang Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Guiyang Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Wuhan Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Nanjing Meian Logistics Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Shanghai Annto Logistics Supply Chain Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Jingzhou Meian Warehousing and Transportation Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Qihe Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Hefei Annto Logistics Technology Co., Ltd.	2024/3/28	80,000		-	Joint liability	One year	No	No
Tianjin Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Xuzhou Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Zhengzhou Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Chongqing Annto Logistics Technology Co., Ltd.	2024/3/28	20,000		-	Joint liability	One year	No	No
Wuhu Midea Annto Logistics Co., Ltd.	2024/3/28	610,000	2024/1/18	100,790	Joint liability	One year	No	No
Total line for guarantees provided with the Company's asset pool approved during the Reporting Period (D1)		33,510,000		Total actual guarantee amount provided with the Company's asset pool during the Reporting Period (D2)		8,639,700		
Total approved line for guarantees provided with the Company's asset pool at the end of the Reporting Period (D3)		33,510,000		Total actual guarantee balance provided with the Company's asset pool at the end of the Reporting Period (D4)		8,639,700		
Total guarantee amount (total of the above-mentioned four kinds of guarantees)								
Total guarantee line approved during the Reporting Period (A1+B1+C1+D1)		158,235,110		Total actual guarantee amount during the Reporting Period (A2+B2+C2+D2)		60,328,700		
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3+D3)		158,235,110		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4+D4)		59,682,160		
Proportion of the total actual guarantee amount (A4+B4+C4+D4) in net assets of the Company				36.22%				
Of which:								
Amount of guarantees provided for shareholders, the actual controller and								

their related parties (D)	
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)	55,289,260
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)	55,289,260
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

### 12.3 Entrusted asset management

☐ Applicable ☒ N/A

No such cases in the Reporting Period.

### 12.4 Other significant contracts

☐ Applicable ☒ N/A

No such cases in the Reporting Period.

## 13. Other Significant Events

☐ Applicable ☒ N/A

The Company had no other significant events during the Reporting Period that require disclosure herein.

## 14. 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 Reporting Period (+/-)			After	
	Shares	Percent age (%)	New issue	Others	Subtotal	Shares	Percent age (%)
1. Restricted shares	133,563,090	1.90		-1,186,016	-1,186,016	132,377,074	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	131,923,090	1.88		-1,170,016	-1,170,016	130,753,074	1.87
Among which: Shares held by domestic corporations	2,363,601	0.03		-124,357	-124,357	2,239,244	0.03
Shares held by domestic individuals	129,559,489	1.84		-1,045,659	-1,045,659	128,513,830	1.84
1.4 Shares held by foreign investors	1,640,000	0.02		-16,000	-16,000	1,624,000	0.02
Among which: Shares held by foreign corporations							
Shares held by foreign individuals	1,640,000	0.02		-16,000	-16,000	1,624,000	0.02
2. Non-restricted shares	6,892,205,935	98.10	25,111,431	-69,542,662	-44,431,231	6,847,774,704	98.10
2.1 RMB common shares	6,892,205,935	98.10	25,111,431	-69,542,662	-44,431,231	6,847,774,704	98.10
2.2 Domestically listed foreign shares							
2.3 Overseas listed foreign shares							
2.4 Other							
3. Total shares	7,025,769,025	100.00	25,111,431	-70,728,678	-45,617,247	6,980,151,778	100.00

Reasons for the changes in shares

☒Applicable ☐N/A

a. The Company completed the retirement of 69,807,864 repurchased shares on 7 February

2024.

b. The 110,852 shares and 13,505 shares respectively held by the Company's shareholders HuaLian Finance Co., Ltd. and Jiangsu Little Swan Group Co., Ltd. were unlocked for public trading on 12 March 2024.

c. On 25 March 2024, the Company completed the retirement of a total of 920,814 restricted shares that had been granted but were still in lockup under the 2018, 2019, 2021, 2022, and 2023 Restricted Share Incentive Schemes, including 16,000 shares of foreign awardees.

d. The 277,916 restricted shares of a total of 15 eligible awardees for the fourth unlocking period of the reserved restricted shares under the 2018 Restricted Share Incentive Scheme were unlocked on 24 June 2024.

e. In the Reporting Period, the awardees of stock options chose to exercise 25,111,431 shares, which have been registered into the Company's share capital.

f. In the Reporting Period, locked-up shares held by senior management increased by 137,071 shares.

Approval of share changes

☐Applicable ☒N/A

Transfer of share ownership

☐Applicable ☒N/A

Progress of any share repurchase

☐Applicable ☒N/A

Progress of any repurchased share reduction through centralized price bidding

☐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	Unlocked in	Increase in	Repurchased	Closing restricted	Reason for change	Date of unlocking
---------------------	--------------------	-------------	-------------	-------------	--------------------	-------------------	-------------------

	shares	current period	current period	and retired	shares		
Awardees of 2018 Restricted Share Incentive Scheme	320,000	277,916		29,584	12,500	Locked up according to the Scheme	24 June 2024
Awardees of 2019 Restricted Share Incentive Scheme	5,277,875			234,230	5,043,645	Locked up according to the Scheme	-
Awardees of 2021 Restricted Share Incentive Scheme	5,149,000			190,750	4,958,250	Locked up according to the Scheme	-
Awardees of 2022 Restricted Share Incentive Scheme	10,830,000			463,250	10,366,750	Locked up according to the Scheme	-
Awardees of 2023 Restricted Share Incentive Scheme	18,325,000			3,000	18,322,000	Locked up according to the Scheme	-
Zhao Lei	-	-	77,025	-	77,025	Locked up for senior management	-
Li Guolin	20,000	-	10,000	-	30,000	Locked up for senior management	-
Wang Jinliang	93,000	-	10,500	-	103,500	Locked up for senior management	-
Zhao Wenxin	138,000	-	34,000	-	172,000	Locked up for senior management	-
Jiang Peng	228,950	-	6,000	-	234,950	Locked up for senior management	-
Yin Bitong	1,582,691	454	-	-	1,582,237	Locked up for former senior management	-
Total	41,964,516	278,370	137,525	920,814	40,902,857	--	--

## 2. Issuance and Listing of Securities

☐Applicable ☒N/A

## 3. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of common shareholders at the period-end	284,527	Total number of preference	0
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				shareholders with resumed voting rights at the period-end (if any)				
5% or greater common shareholders or top 10 common shareholders								
Name of shareholder	Nature of shareholder	Share holding 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, marked or frozen	
							Status	Shares
Midea Holding Co., Ltd.	Domestic non-state-owned corporation	31.08	2,169,178,713	-	-	2,169,178,713	-	-
Hong Kong Securities Clearing Company Limited	Foreign corporation	18.39	1,283,774,630	-54,961,393	-	1,384,550,034	-	-
China Securities Finance Co., Ltd.	Domestic non-state-owned corporation	2.84	198,145,134	-	-	198,145,134	-	-
Fang Hongbo	Domestic individual	1.68	116,990,492	-	87,742,869	29,247,623	-	-
Central Huijin Asset Management Ltd.	State-owned corporation	1.26	88,260,460	-	-	88,260,460	-	-
Huang Jian	Domestic individual	1.23	86,140,000	-30,000	-	86,170,000	-	-
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	Other	0.83	57,830,940	21,093,307	-	58,703,400	-	-
Li Jianwei	Foreign individual	0.65	45,591,545	-	-	54,464,241	-	-
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Promoter Securities Investment Fund	Other	0.55	38,469,096	24,728,450	-	46,154,545	-	-
Yuan Liquan	Domestic individual	0.51	35,361,950	-1,430,450	-	37,835,332	-	-
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		N/A						

waiving voting rights			
Special account for repurchased shares among the top 10 shareholders	28,452,226 shares (or 0.41% 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	1,283,774,630	RMB common stock	1,283,774,630
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	86,140,000	RMB common stock	86,140,000
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Traded Open-ended Index Securities Investment Fund	57,830,940	RMB common stock	57,830,940
Li Jianwei	45,591,545	RMB common stock	45,591,545
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Promoter Securities Investment Fund	38,469,096	RMB common stock	38,469,096
Yuan Liquan	35,361,950	RMB common stock	35,361,950
Huang Xiaoxiang	34,005,286	RMB common stock	34,005,286
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 (if any) (see Note 4)	The Company's shareholder Yuan Liquan holds 5,750,000 shares in the Company through her common securities account and 29,611,950 shares in the Company through her account of collateral securities for margin trading, representing a total holding of 35,361,950 shares in the Company. The Company's shareholder Huang Xiaoxiang holds 24,805,286 shares in the Company through his common securities account and 9,200,000 shares in the Company through his account of collateral securities for margin trading, representing a total holding of 34,005,286 shares in the Company.		

5% or greater shareholders, top 10 shareholders and top 10 non-restricted public shareholders involved in refinancing shares lending

☒Applicable ☐N/A

Unit: share

5% or greater shareholders, top 10 shareholders and top 10 non-restricted public shareholders involved in refinancing shares lending				
Full name of shareholder	Shares in the common account and credit account at the period-	Shares lent in refinancing and not yet returned at the period-	Shares in the common account and credit account at the period-	Shares lent in refinancing and not yet returned at the period-

	begin		begin		end		end	
	Total shares	As % of total share capital	Total shares	As % of total share capital	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	36,737,633	0.53%	10,100	0.00%	57,830,940	0.83%	0	0.00%
China Construction Bank Corporation – E Fund CSI 300 Traded Open-ended Index Promoter Securities Investment Fund	13,740,646	0.20%	68,000	0.00%	38,469,096	0.55%	0	0.00%

Indicate whether there was any change to the top 10 shareholders or top 10 non-restricted public shareholders due to refinancing shares lending/returning during the Reporting Period compared to the same period of last year.

☐Applicable ☒N/A

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

No such cases in the Reporting Period.

#### 4. Changes in Shareholdings of Directors, Supervisors and Senior Management

☐Applicable ☒N/A

No changes occurred to the shareholdings of the Company's directors, supervisors and senior management during the Reporting Period. For further information, see the 2023 Annual Report.

#### 5. Change of Controlling Shareholder or Actual Controller in the Reporting Period

Change of the controlling shareholder during the Reporting Period

☐Applicable ☒N/A

No such cases in the Reporting Period.

Change of the actual controller during the Reporting Period

☐Applicable ☒N/A

No such cases in the Reporting Period.

## Section VIII Preference Shares

☐ Applicable ☒ N/A

No such cases in the Reporting Period.

## Section IX Bonds

### 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	ISINXS2 4321304 53	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 Changes in credit ratings in the Reporting Period

☒ Applicable ☐ N/A

Moody's has upgraded Midea Group's credit rating from A3 to A2 in 2024.



## 2.4 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 bond 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. Key Financial Information of the Company in the Past Two Years

Unit: RMB'000

Item	30 June 2024	31 December 2023	Change
Current ratio	109.20%	111.97%	-2.77%
Debt/asset ratio	65.20%	64.14%	1.07%
Quick ratio	91.29%	87.95%	3.33%
	H1 2024	H1 2023	Change
Net profit before non-recurring gains and losses	20,361,375	17,939,515	13.50%
EBITDA/debt ratio	32.36%	28.21%	4.15%
Interest cover (times)	24.91	15.49	60.78%
Cash-to-interest cover (times)	48.07	38.01	26.46%
EBITDA-to-interest cover (times)	28.51	17.65	61.49%
Loan repayment ratio (%)	100%	100%	0.00%
Interest payment ratio (%)	100%	100%	0.00%

## Section X Financial Report

### 1. Auditor's Report

Have the semi-annual financial statements been audited by a CPA firm?

☐ Yes ☒ No

The semi-annual financial statements are unaudited by a CPA firm.

### 2. Financial Statements

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

**MIDEA GROUP CO., LTD.**

**CONSOLIDATED AND COMPANY BALANCE SHEETS  
AS AT 30 JUNE 2024**

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

ASSETS	Note	30 June 2024	31 December 2023	30 June 2024	31 December 2023
		Consolidated	Consolidated	Company	Company
<b>Current assets:</b>					
Cash at bank and on hand	4(1)	101,949,934	81,673,846	19,208,887	30,260,602
Financial assets held for trading	4(2)	2,745,091	1,790,588	188,390	299,001
Derivative financial assets		966,625	1,278,161	1,681	-
Notes receivable	4(3)	5,939,849	5,521,960	-	-
Accounts receivable	4(4)	43,859,227	32,884,739	-	-
Receivables financing	4(6)	19,892,103	13,330,008	-	-
Advances to suppliers	4(7)	4,075,935	3,316,194	63,398	81,244
Contract assets	4(8)	3,617,571	4,045,925	-	-
Loan receivables	4(9)	13,958,685	14,296,958	-	-
Other receivables	4(5), 17(1)	1,847,755	2,181,878	23,964,420	19,614,359
Inventories	4(10)	40,329,230	47,339,255	-	-
Current portion of non-current assets	4(11)	13,917,482	10,760,577	11,696,020	9,363,826
Other current assets	4(12)	48,688,111	62,900,891	30,463,836	43,712,760
<b>Total current assets</b>		301,787,598	281,320,980	85,586,632	103,331,792
<b>Non-current assets:</b>					
Other debt investments	4(13)	5,137,526	6,319,047	3,196,045	3,334,059
Long-term receivables	4(14)	135,289	250,519	-	-
Loan receivables	4(9)	564,901	975,272	-	-
Long-term equity investments	4(15), 17(2)	4,840,550	4,976,109	85,763,882	75,957,844
Investments in other equity instruments		37,710	37,874	-	-
Other non-current financial assets	4(16)	7,235,971	7,769,938	220,120	285,170
Investment properties		1,234,600	1,293,629	375,625	393,988
Fixed assets	4(17)	31,535,431	30,937,963	2,097,377	1,300,998
Construction in progress	4(18)	4,774,313	4,681,220	50,754	749,934
Right-of-use assets	4(19)	2,881,293	3,048,785	3,905	1,683
Intangible assets	4(20)	17,550,898	18,457,736	612,503	583,714
Goodwill	4(21)	29,986,897	30,858,237	-	-
Long-term prepaid expenses	4(22)	1,708,626	1,736,199	64,454	72,745
Deferred tax assets	4(23)	13,806,344	12,771,150	321,414	289,426
Other non-current assets	4(24)	83,413,962	80,603,526	70,003,426	71,132,070
<b>Total non-current assets</b>		204,844,311	204,717,204	162,709,505	154,101,631
<b>TOTAL ASSETS</b>		506,631,909	486,038,184	248,296,137	257,433,423

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

**MIDEA GROUP CO., LTD.**

**CONSOLIDATED AND COMPANY BALANCE SHEETS (CONT'D)  
AS AT 30 JUNE 2024**

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

[English translation for reference only]

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2024 Consolidated	31 December 2023 Consolidated	30 June 2024 Company	31 December 2023 Company
<b>Current liabilities:</b>					
Short-term borrowings	4(27)	18,545,127	8,819,176	-	400,000
Customer deposits and deposits from banks and other financial institutions		59,932	88,960	-	-
Financial liabilities held for trading		1,075,388	1,346,674	5,112	-
Derivative financial liabilities		658,694	257,668	-	-
Notes payable	4(28)	23,236,809	21,707,608	-	-
Accounts payable	4(29)	84,966,347	72,530,465	-	-
Contract liabilities	4(30)	34,683,769	41,765,475	-	-
Employee benefits payable	4(31)	6,570,187	9,076,027	89,714	169,349
Taxes payable	4(32)	6,857,991	5,455,102	440,352	411,715
Other payables	4(33)	4,031,055	4,442,928	186,289,095	170,693,950
Current portion of non- current liabilities	4(34)	10,268,028	14,457,710	4,001,419	6,621,910
Other current liabilities	4(35)	85,412,315	71,297,928	80,559	147,552
<b>Total current liabilities</b>		276,365,642	251,245,721	190,906,251	178,444,476
<b>Non-current liabilities:</b>					
Long-term borrowings	4(36)	39,832,425	46,138,736	12,600,000	16,600,000
Debentures payable	4(37)	3,237,884	3,217,969	-	-
Lease liabilities	4(38)	1,911,438	2,047,319	2,258	-
Provisions		1,019,047	782,539	-	-
Deferred income	4(39)	1,740,573	1,734,932	203,629	157,917
Long-term employee benefits payable	4(40)	1,282,442	1,433,874	-	-
Deferred tax liabilities	4(23)	4,911,935	5,098,280	-	-
Other non-current liabilities		45,155	39,165	-	-
<b>Total non-current liabilities</b>		53,980,899	60,492,814	12,805,887	16,757,917
<b>Total liabilities</b>		330,346,541	311,738,535	203,712,138	195,202,393
<b>Shareholders' equity:</b>					
Share capital	4(41)	6,980,152	7,025,769	6,980,152	7,025,769
Capital surplus	4(43)	17,295,578	21,243,156	25,547,042	29,479,180
Less: Treasury stock	4(42)	(6,497,464)	(12,871,738)	(6,497,464)	(12,871,738)
Other comprehensive income	4(44)	(655,616)	(164,202)	(1,335)	(6,639)
General risk reserve		801,897	642,525	-	-
Special reserve		17,317	16,040	-	-
Surplus reserve	4(45)	10,702,928	10,702,928	10,702,928	10,702,928
Undistributed profits	4(46)	136,152,799	136,284,347	7,852,676	27,901,530
Total equity attributable to shareholders of the Company		164,797,591	162,878,825	44,583,999	62,231,030
Minority interests		11,487,777	11,420,824	-	-
<b>Total shareholders' equity</b>		176,285,368	174,299,649	44,583,999	62,231,030
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		506,631,909	486,038,184	248,296,137	257,433,423

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

**MIDEA GROUP CO., LTD.**

**CONSOLIDATED AND COMPANY INCOME STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

[English translation for reference only]

Item	Note	For the six months ended 30 June 2024 Consolidated	For the six months ended 30 June 2023 Consolidated	For the six months ended 30 June 2024 Company	For the six months ended 30 June 2023 Company
<b>Total revenue</b>		218,121,839	197,795,614	348,937	552,756
Including: Operating revenue	4(47), 17(3)	217,274,086	196,988,402	348,937	552,756
Interest income	4(48)	847,509	806,891	-	-
Fee and commission income		244	321	-	-
<b>Total operating cost</b>		(194,716,430)	(176,388,077)	140,854	411,775
Including: Cost of sales	4(47)	(158,407,597)	(147,276,358)	(20,631)	(20,582)
Interest costs	4(48)	(1,781)	(19,681)	-	-
Fee and commission expenses		(971)	(753)	-	-
Taxes and surcharges	4(49)	(1,100,803)	(1,040,376)	(20,300)	(11,951)
Selling and distribution expenses	4(50)	(21,455,838)	(17,133,216)	-	-
General and administrative expenses	4(51)	(6,693,799)	(5,670,400)	(818,630)	(579,154)
Research and development expenses	4(52)	(7,662,534)	(6,610,954)	-	-
Finance income	4(53)	606,893	1,363,661	1,000,415	1,023,462
Including: Interest expenses		(1,064,685)	(1,525,683)	(1,447,562)	(1,445,938)
Interest income		3,684,635	3,280,782	2,361,916	2,471,387
Add: Other income	4(59)	1,367,008	772,764	2,246	23,448
Investment income	4(57), 17(4)	545,292	410,154	459,386	189,439
Including: Share of profit of associates and joint ventures		431,939	348,545	160,639	124,458
Gains/(Losses) on changes in fair value	4(56)	248,977	(103,703)	(154,732)	126,469
Asset impairment losses	4(54)	(325,371)	(189,060)	-	-
(Losses on)/Reversal of credit impairment	4(55)	(42,273)	(221,424)	(1,346)	551
Gains/(Losses) on disposal of assets	4(58)	114,007	8,525	(1,229)	(65)
<b>Operating profit</b>		25,313,049	22,084,793	794,116	1,304,373
Add: Non-operating income		190,580	124,256	27,773	1,715
Less: Non-operating expenses		(52,072)	(101,742)	(205)	(333)
<b>Total profit</b>		25,451,557	22,107,307	821,684	1,305,755
Less: Income tax expenses	4(60)	(4,310,302)	(3,578,491)	(94,186)	(274,921)
<b>Net profit</b>		21,141,255	18,528,816	727,498	1,030,834
(1) Classified by continuity of operations					
Net profit from continuing operations		21,141,255	18,528,816	727,498	1,030,834
Net profit from discontinued operations		-	-	-	-
(2) Classified by ownership of the equity					
Attributable to shareholders of the Company		20,804,176	18,232,291	727,498	1,030,834
Minority interests		337,079	296,525	-	-
<b>Other comprehensive income, net of tax</b>		(751,540)	36,373	5,304	17,380
Other comprehensive income attributable to equity owners of the Company, net of tax		(491,414)	17,102	5,304	17,380
(1) Other comprehensive income items which will not be reclassified subsequently to profit or loss		15,477	(21,788)	-	-
1) Changes arising from remeasurement of defined benefit plan		15,515	(21,788)	-	-
2) Changes in fair value of investments in other equity instruments		(38)	-	-	-
(2) Other comprehensive income items which will be reclassified subsequently to profit or loss		(506,891)	38,890	5,304	17,380
1) Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		12,565	35,908	5,304	17,380
2) Cash flow hedging reserve		(208,372)	(124,535)	-	-
3) Differences on translation of foreign currency financial statements		(288,336)	153,161	-	-
4) Others		(22,748)	(25,644)	-	-
Other comprehensive income attributable to minority shareholders, net of tax		(260,126)	19,271	-	-
<b>Total comprehensive income</b>		20,389,715	18,565,189	732,802	1,048,214
Attributable to equity owners of the Company		20,312,762	18,249,393	732,802	1,048,214
Attributable to minority interests		76,953	315,796	-	-
<b>Earnings per share</b>					
(1) Basic earnings per share	4(61)	3.02	2.67	Not applicable	Not applicable
(2) Diluted earnings per share	4(61)	3.01	2.66	Not applicable	Not applicable

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

**MIDEA GROUP CO., LTD.**

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

Item	Note	For the six months ended 30 June 2024 Consolidated	For the six months ended 30 June 2023 Consolidated	For the six months ended 30 June 2024 Company	For the six months ended 30 June 2023 Company
<b>1. Cash flows from operating activities:</b>					
Cash received from sales of goods or rendering of services		191,846,137	174,235,446	-	-
Net decrease in loan receivables		795,817	-	-	-
Cash received from interest, fee and commission		849,774	816,416	-	-
Refund of taxes and surcharges		4,977,835	4,053,564	-	-
Cash received relating to other operating activities	4(62)(a)	6,545,351	3,291,850	16,967,278	24,634,108
<b>Sub-total of cash inflows</b>		205,014,914	182,397,276	16,967,278	24,634,108
Cash paid for goods and services		(116,282,620)	(100,290,626)	-	-
Net increase in loans receivables		-	(3,312,680)	-	-
Net decrease in customer deposits and deposits from banks and other financial institutions		(29,028)	(29,918)	-	-
Net increase in deposits with the Central Bank		(593,490)	(251,030)	-	-
Cash paid for interest, fee and commission		(2,752)	(20,434)	-	-
Cash paid to and on behalf of employees		(23,895,264)	(20,253,369)	(311,314)	(271,129)
Payments of taxes and surcharges		(10,276,855)	(9,975,407)	(2,112)	(333,143)
Cash paid relating to other operating activities	4(62)(b)	(20,446,735)	(18,479,138)	(5,225,925)	(1,193,353)
<b>Sub-total of cash outflows</b>		(171,526,744)	(152,612,602)	(5,539,351)	(1,797,625)
<b>Net cash flows from operating activities</b>	4(62)(c)	33,488,170	29,784,674	11,427,927	22,836,483
<b>2. Cash flows from investing activities:</b>					
Cash received from disposal of investments		58,933,472	56,866,188	37,985,831	44,664,000
Cash received from returns on investments		2,130,922	3,426,440	1,612,927	2,811,327
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		382,397	113,016	1	-
Net cash received from disposal of subsidiaries and other business units		32,311	3,000	-	-
Cash received relating to other investing activities		-	373,816	-	-
<b>Sub-total of cash inflows</b>		61,479,102	60,782,460	39,598,759	47,475,327
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(3,734,576)	(2,794,669)	(424,279)	(340,029)
Cash paid to acquire investments		(78,156,904)	(84,960,686)	(33,780,000)	(53,052,212)
Cash paid relating to other investing activities		(223,176)	(73,793)	-	-
<b>Sub-total of cash outflows</b>		(82,114,656)	(87,829,148)	(34,204,279)	(53,392,241)
<b>Net cash flows from investing activities</b>		(20,635,554)	(27,046,688)	5,394,480	(5,916,914)
<b>3. Cash flows from financing activities:</b>					
Cash received from capital contributions		1,187,830	1,870,241	1,157,766	1,859,226
Including: Cash received from capital contributions by minority shareholders of subsidiaries		30,064	11,015	-	-
Cash received from borrowings		19,407,555	14,310,153	-	400,000
Cash received relating to other financing activities		-	282,897	-	-
<b>Sub-total of cash inflows</b>		20,595,385	16,463,291	1,157,766	2,259,226
Cash repayments of borrowings		(19,083,158)	(3,772,807)	(7,019,900)	(89,900)
Cash payments for interest expenses and distribution of dividends or profits		(21,670,622)	(18,167,904)	(22,328,903)	(18,760,464)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(84,424)	(100,216)	-	-
Cash payments relating to other financing activities		(818,761)	(960,508)	(28,583)	(69,822)
<b>Sub-total of cash outflows</b>		(41,572,541)	(22,901,219)	(29,377,386)	(18,920,186)
<b>Net cash flows from financing activities</b>		(20,977,156)	(6,437,928)	(28,219,620)	(16,660,960)
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>		(262,006)	128,769	-	-
<b>5. Net increase in cash and cash equivalents</b>		(8,386,546)	(3,571,173)	(11,397,213)	258,609
Add: Cash and cash equivalents at the beginning of the period		59,887,260	51,131,968	29,283,158	27,904,229
<b>6. Cash and cash equivalents at the end of the period</b>	4(62)(d)	51,500,714	47,560,795	17,885,945	28,162,838

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

**MIDEA GROUP CO., LTD.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

Item	Amount in the current period									Minority interests	Total shareholders' equity
	Attributable to equity owners of the Company										
	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Undistributed profits			
Balance at the end of the prior year	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	
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	
Balance at the beginning of the current year	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	
Movements for the current period	(45,617)	(3,947,578)	6,374,274	(491,414)	159,372	1,277	-	(131,548)	66,953	1,985,719	
(1) Total comprehensive income	-	-	-	(491,414)	-	-	-	20,804,176	76,953	20,389,715	
(2) Capital contribution and withdrawal by shareholders	(45,617)	(3,951,018)	6,374,274	-	-	-	-	-	54,635	2,432,274	
1). Ordinary shares invested by shareholders	25,112	1,479,980	-	-	-	-	-	-	30,064	1,535,156	
2). Business combinations	-	-	-	-	-	-	-	-	-	-	
3). Share-based payment included in shareholders' equity	-	399,309	-	-	-	-	-	-	24,906	424,215	
4) Others	(70,729)	(5,830,307)	6,374,274	-	-	-	-	-	(335)	472,903	
(3) Profit distribution	-	-	-	-	159,372	-	-	(20,935,724)	(63,746)	(20,840,098)	
1). Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	
2). Appropriation to general risk reserve	-	-	-	-	162,738	-	-	(162,738)	-	-	
3) Reversal of general risk reserve	-	-	-	-	(3,366)	-	-	3,366	-	-	
4). Profit distribution to shareholders	-	-	-	-	-	-	-	(20,776,352)	(63,746)	(20,840,098)	
(4) Transfer within shareholders' equity	-	-	-	-	-	-	-	-	-	-	
1). Transfer from capital surplus to share capital	-	-	-	-	-	-	-	-	-	-	
2). Transfer from surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-	
3). Surplus reserve used to offset accumulated losses	-	-	-	-	-	-	-	-	-	-	
4). Others	-	-	-	-	-	-	-	-	-	-	
(5) Special reserve	-	-	-	-	-	1,277	-	-	350	1,627	
1). Appropriation in the current period	-	-	-	-	-	4,638	-	-	10,445	15,083	
2). Use in the current period	-	-	-	-	-	(3,361)	-	-	(10,095)	(13,456)	
(6) Others	-	3,440	-	-	-	-	-	-	(1,239)	2,201	
Balance at the end of the current period	6,980,152	17,295,578	(6,497,464)	(655,616)	801,897	17,317	10,702,928	136,152,799	11,487,777	176,285,368	

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

MIDEA GROUP CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

Item	Amount in the prior year									
	Attributable to equity owners of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Undistributed profits		
Balance at the end of the prior year	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
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the current year	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 current year	28,496	1,550,017	2,062,206	(272,491)	(29,474)	(310)	-	16,605,145	2,432,258	22,375,847
(1) Total comprehensive income	-	-	-	(272,491)	-	-	-	33,719,935	48,451	33,495,895
(2) Capital contribution and withdrawal by shareholders	28,496	1,616,143	2,062,206	-	-	-	-	-	2,658,982	6,365,827
1). Ordinary shares invested by shareholders	38,490	2,317,783	-	-	-	-	-	-	45,581	2,401,854
2). Business combinations	-	-	-	-	-	-	-	-	2,563,374	2,563,374
3). Share-based payment included in shareholders' equity	-	671,456	-	-	-	-	-	-	37,361	708,817
4). Others	(9,994)	(1,373,096)	2,062,206	-	-	-	-	-	12,666	691,782
(3) Profit distribution	-	-	-	-	(29,474)	-	-	(17,114,790)	(349,745)	(17,494,009)
1). Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-
2). Appropriation to general risk reserve	-	-	-	-	19,678	-	-	(19,678)	-	-
3). Reversal of general risk reserve	-	-	-	-	(49,152)	-	-	49,152	-	-
4). Profit distribution to shareholders	-	-	-	-	-	-	-	(17,144,264)	(349,745)	(17,494,009)
(4) Transfer within shareholders' equity	-	-	-	-	-	-	-	-	-	-
1). Transfer from capital surplus to share capital	-	-	-	-	-	-	-	-	-	-
2). Transfer from surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-
3). Surplus reserve used to offset accumulated losses	-	-	-	-	-	-	-	-	-	-
4). Others	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	(310)	-	-	36	(274)
1). Appropriation in the current period	-	-	-	-	-	7,227	-	-	11,500	18,727
2). Use in the current period	-	-	-	-	-	(7,537)	-	-	(11,464)	(19,001)
(6) Others	-	(66,126)	-	-	-	-	-	-	74,534	8,408
Balance at the end of the current year	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

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong



**MIDEA GROUP CO., LTD.**

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

Item	Amount in the current period							Total shareholders' equity
	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	
<b>Balance at the end of the prior year</b>	7,025,769	29,479,180	(12,871,738)	(6,639)	-	10,702,928	27,901,530	62,231,030
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
<b>Balance at the beginning of the current year</b>	7,025,769	29,479,180	(12,871,738)	(6,639)	-	10,702,928	27,901,530	62,231,030
<b>Movements for the current period</b>	(45,617)	(3,932,138)	6,374,274	5,304	-	-	(20,048,854)	(17,647,031)
(1) Total comprehensive income	-	-	-	5,304	-	-	727,498	732,802
(2) Capital contribution and withdrawal by shareholders	(45,617)	(3,935,626)	6,374,274	-	-	-	-	2,393,031
1). Ordinary shares invested by shareholders	25,112	1,479,980	-	-	-	-	-	1,505,092
2). Share-based payment included in owners' equity	-	416,256	-	-	-	-	-	416,256
3). Others	(70,729)	(5,831,862)	6,374,274	-	-	-	-	471,683
(3) Profit distribution	-	-	-	-	-	-	(20,776,352)	(20,776,352)
1). Appropriation to surplus reserve	-	-	-	-	-	-	-	-
2). Profit distribution to shareholders	-	-	-	-	-	-	(20,776,352)	(20,776,352)
3). Others	-	-	-	-	-	-	-	-
(4) Transfer within shareholders' equity	-	-	-	-	-	-	-	-
1). Transfer from capital surplus to share capital	-	-	-	-	-	-	-	-
2). Transfer from surplus reserve to share capital	-	-	-	-	-	-	-	-
3). Surplus reserve used to offset accumulated losses	-	-	-	-	-	-	-	-
4). Others	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-
1). Appropriation in the current year	-	-	-	-	-	-	-	-
2). Use in the current year	-	-	-	-	-	-	-	-
(6) Others	-	3,488	-	-	-	-	-	3,488
<b>Balance at the end of the current period</b>	6,980,152	25,547,042	(6,497,464)	(1,335)	-	10,702,928	7,852,676	44,583,999

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

**MIDEA GROUP CO., LTD.**

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

Item	Amount in the prior year							
	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
<b>Balance at the end of the prior year</b>	6,997,273	27,826,208	(14,933,944)	(5,679)	-	10,702,928	27,719,633	58,306,419
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
<b>Balance at the beginning of the current year</b>	6,997,273	27,826,208	(14,933,944)	(5,679)	-	10,702,928	27,719,633	58,306,419
<b>Movements for the current year</b>	28,496	1,652,972	2,062,206	(960)	-	-	181,897	3,924,611
(1) Total comprehensive income	-	-	-	(960)	-	-	17,326,161	17,325,201
(2) Capital contribution and withdrawal by shareholders	28,496	1,650,500	2,062,206	-	-	-	-	3,741,202
1). Ordinary shares invested by shareholders	38,490	2,317,783	-	-	-	-	-	2,356,273
2). Share-based payment included in owners' equity	-	708,290	-	-	-	-	-	708,290
3). Others	(9,994)	(1,375,573)	2,062,206	-	-	-	-	676,639
(3) Profit distribution	-	-	-	-	-	-	(17,144,264)	(17,144,264)
1). Appropriation to surplus reserve	-	-	-	-	-	-	-	-
2). Profit distribution to shareholders	-	-	-	-	-	-	(17,144,264)	(17,144,264)
3). Others	-	-	-	-	-	-	-	-
(4) Transfer within shareholders' equity	-	-	-	-	-	-	-	-
1). Transfer from capital surplus to share capital	-	-	-	-	-	-	-	-
2). Transfer from surplus reserve to share capital	-	-	-	-	-	-	-	-
3). Surplus reserve used to offset accumulated losses	-	-	-	-	-	-	-	-
4). Others	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-
1). Appropriation in the current year	-	-	-	-	-	-	-	-
2). Use in the current year	-	-	-	-	-	-	-	-
(6) Others	-	2,472	-	-	-	-	-	2,472
<b>Balance at the end of the current year</b>	7,025,769	29,479,180	(12,871,738)	(6,639)	-	10,702,928	27,901,530	62,231,030

Legal representative:  
Fang Hongbo

Principal in charge of accounting:  
Zhong Zheng

Head of accounting department:  
Chen Lihong

## MIDEA GROUP CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(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-conditioners, central air-conditioners, heating and ventilation systems, kitchen appliances, refrigerators, washing machines, various small appliances, elevators, variable frequency drivers, medical imaging products, robotics and automation systems. 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, buyers’ 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 30 June 2024, the Company’s share capital was RMB 6,980,151,778, and the total number of shares in issue was 6,980,151,778, of which 132,377,074 shares were restricted tradable A shares and 6,847,774,704 shares were unrestricted tradable A shares.

The detailed information of major subsidiaries included in the consolidation scope in the current year is set out in Note 5 and Note 6. No subsidiary was included in the consolidation scope via acquisition in the current year and see Note 5(1) for details; subsidiaries included in the consolidation scope via establishment in the current year are detailed in 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 19 August 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(9)(a)), valuation method of inventories (Note 2(10)), depreciation of fixed assets, amortisation of intangible assets and right-of-use assets (Note 2(13), (16), (28)), impairment of long-term assets (Note 2(18)), and recognition and measurement of revenue (Note 2(25)).

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(30).

##### (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”).

**MIDEA GROUP CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(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 (Cont'd)**

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 six months ended 30 June 2024 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 30 June 2024 and their financial performance, cash flows and other information for the six months 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) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(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)**

**(5) Business combinations (Cont'd)**

**(b) Business combinations involving enterprises not under common control (Cont'd)**

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.

**(6) 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.

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

**(6) Preparation of consolidated financial statements (Cont'd)**

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.

**(7) 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.

**(8) 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.

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

(8) Foreign currency translation (Cont'd)

(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.

(9) 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.

(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:

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

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

(i-1) Debt instruments (Cont'd)

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 measured 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.



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

(9) 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.

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

(9) 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.

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[English translation for reference only]

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

(9) 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:

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

(9) 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
	Security deposit and guarantee
Grouping of other receivables 1	receivables grouping
	Receivables from related parties
Grouping of other receivables 2	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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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(9) 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)**

(9) 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.

(10) 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)**

(10) 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.

(11) 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 joint ventures and associates 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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[English translation for reference only]

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

(11) 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)**

(11) 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, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(18)).

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

**(12) 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.

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 fixed asset 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 fixed asset 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.

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

**(13) Fixed assets**

**(a) Recognition and initial measurement of fixed assets**

Fixed assets comprise buildings, overseas land, machinery and equipment, motor vehicles, electronic equipment and others.

Fixed assets 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 fixed assets 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 fixed assets is determined based on Note 2(14).

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset 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.

**(b) Depreciation method of fixed assets**

Fixed assets 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 fixed assets 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.

## MIDEA GROUP CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

(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)

##### (13) Fixed assets (Cont'd)

##### (b) Depreciation method of fixed assets (Cont'd)

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of the Group's fixed assets 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 fixed assets and the depreciation methods applied to the assets are reviewed, and adjusted as appropriate at each year-end.

##### (c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

##### (d) Disposal of fixed assets

A fixed asset is 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 a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

##### (14) 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 fixed assets 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(18)).

##### (15) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of a fixed asset 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.

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

**(15) Borrowing costs (Cont'd)**

For the specific borrowings obtained for the acquisition or construction of a fixed asset 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 fixed asset qualifying for capitalisation, the amount of general borrowing costs eligible for capitalisation 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.

**(16) 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 fixed assets.

**(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.

**(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)).

**MIDEA GROUP CO., LTD.**

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

(16) Intangible assets (Cont'd)

(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 amortised 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 expenditure on research and development 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.

**NOTES TO THE FINANCIAL STATEMENTS  
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[English translation for reference only]

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

(16) Intangible assets (Cont'd)

(g) Research and development (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(18)).

(17) 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.

(18) Impairment of long-term assets

Fixed assets, 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, joint ventures and associates 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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[English translation for reference only]

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

**(19) 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.



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

(19) 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.

(20) 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 loans receivables, long-term equity investments, deposits with banks and other financial institutions and other receivables of subsidiaries engaged in financial business.

(21) 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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[English translation for reference only]

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

**(22) 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.

**(23) 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.

**MIDEA GROUP CO., LTD.**

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

**(23) 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 desterilisation date, the final number of estimated exercisable or tradable equity instruments is consistent with the actual number of exercisable or tradable equity instruments.

**(24) 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.

**(25) 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.

**MIDEA GROUP CO., LTD.**

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

**(25) 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.

**MIDEA GROUP CO., LTD.**

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

(25) 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(9)). 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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[English translation for reference only]

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

(25) 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.

**MIDEA GROUP CO., LTD.**

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

**(25) 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.

**(26) 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)**

**(27) 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.

**(28) 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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[English translation for reference only]

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

**(28) 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, and motor vehicles. 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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(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)**

**(28) 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.

**(29) 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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(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)**

**(30) 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, 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 would 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.

**NOTES TO THE FINANCIAL STATEMENTS  
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(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)**

**(30) 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 Note 15.

## MIDEA GROUP CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

### (31) Significant changes in accounting policies

The Ministry of Finance released the *Circular on Issuing Interpretation No. 17 of Accounting Standards for Business Enterprises* in 2023, which stipulates the classification of current and non-current liabilities, the disclosure of supplier financing arrangements and the accounting for sale-leaseback, and this is effective from 1 January 2024. The financial statements for the six months ended 30 June 2024 have been prepared by the Group and the Company in accordance with the above interpretation, 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%

## MIDEA GROUP CO., LTD.

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[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

##### (a-1) The following subsidiaries of the Group are subject to an enterprise income tax rate of 15% in 2024 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	9 October 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 Chungho 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

## MIDEA GROUP CO., LTD.

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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 2024 as they qualified as high-tech enterprises and obtained the *High-tech Enterprise Certificate* (Cont'd):

Taxpayer	High-tech Enterprise Certificate number	Certificate acquisition date	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
MiSilicon Semiconductor Technologies Co., Ltd.	GR202351100902	16 October 2023	3 years
Handan Midea Air-Conditioning Equipment Co., Ltd.	GR202313000973	16 October 2023	3 years
Chongqing Midea General Refrigeration Equipment Co., Ltd.	GR202351101572	16 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 SIX MONTHS ENDED 30 JUNE 2024

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

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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-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, Shenzhen Annto Intelligent 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 2024, 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 2024. 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.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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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-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 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) Servotronics 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., GMCC and Welling Appliance Component (Thailand) Co., Ltd., Toshiba Consumer Products (Thailand) Co., Ltd., and Thai Toshiba Electric Industries Co., Ltd., the Company's subsidiary in Thailand, qualified profits are exempt from enterprise income tax under the investment promotion policy of the Thailand Board of Investment.

**MIDEA GROUP CO., LTD.**

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**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 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.

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[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-5) 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 period from 1 January 2023 to 31 December 2027. The following subsidiaries of the Group 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.

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.

Wuhu Midea Smart Kitchen Appliance Manufacturing Co., Ltd.

Guangdong Midea Precision Mould Technology Co., Ltd.

Midea Intelligent Lighting & Controls 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 Shunkai Switch Co., Ltd.

Hubei Midea Building Technology Co., Ltd.

MiSiliconn Semiconductor Technologies Co., Ltd.

Kuka Systems (China) Co., Ltd.

Wuhu Maty Air-Conditioning Equipment Co., Ltd.

**MIDEA GROUP CO., LTD.**

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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**

**(1) Cash at bank and on hand**

Item	Ending balance	Opening balance
Cash on hand	1,378	1,603
Cash at bank (a)	62,388,111	44,521,913
Other cash balances (b)	2,445,616	4,072,963
Statutory reserve with the Central Bank (c)	1,008,560	415,070
Surplus reserve with the Central Bank (d)	77,463	147,971
Deposits with banks and other financial institutions (e)	35,518,068	32,064,267
Accrued interest	510,738	450,059
<b>Total</b>	<b>101,949,934</b>	<b>81,673,846</b>
Including: Total amounts deposited with banks overseas (including Hong Kong, China, Macau, China, Singapore, Japan, Italy, Brazil and Germany)	11,313,975	11,058,467

- (a) As at 30 June 2024, cash at bank included fixed deposits with the term of over 3 months and due within 1 year, amounting to RMB 41,484,306,000 (31 December 2023: RMB 16,848,494,000).
- (b) Other cash balances mainly include letters of guarantee, bank acceptance notes 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 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 30 June 2024, fixed deposits with banks and other financial institutions with the term of over 3 months (inclusive) amounted to RMB 5,000,000,000 (31 December 2023: Nil).

**(2) Financial assets held for trading**

Item	Ending balance	Opening balance
Structural deposits (a)	425,937	53,750
Investments in equity instrument held for trading (b)	2,258,780	1,726,584
Others	60,374	10,254
<b>Total</b>	<b>2,745,091</b>	<b>1,790,588</b>

- (a) As at 30 June 2024, structural deposits were deposits with financial institutions due within 1 year, which were measured at fair value through profit or loss.
- (b) As at 30 June 2024, investments in equity instrument held for trading referred to equity investments in listed companies, which were measured at fair value through profit or loss.

**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)****(3) Notes receivable**

Item	Ending balance	Opening balance
Bank acceptance notes	5,893,804	5,477,291
Trade acceptance notes	104,357	110,271
Less: Provision for bad debts (a)	(58,312)	(65,602)
Total	5,939,849	5,521,960

**(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, the Group measures the loss provision based on the lifetime ECL. As at 30 June 2024, 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.

**(b) As at 30 June 2024, notes receivable endorsed or discounted but unmatured are as follows:**

Item	Derecognised	Not derecognised
Bank acceptance notes	113,953	3,459,904
Trade acceptance notes	-	42,598

**(4) Accounts receivable**

Item	Ending balance	Opening balance
Accounts receivable	45,356,052	34,367,460
Less: Provision for bad debts	(1,496,825)	(1,482,721)
Total	43,859,227	32,884,739

**(a) The ageing of accounts receivable is analysed as follows:**

Ageing	Ending balance	Opening balance
Within 1 year	43,679,548	32,609,034
1 to 2 years	992,616	1,114,153
2 to 3 years	434,451	326,815
3 to 5 years	177,883	188,085
Over 5 years	71,554	129,373
Sub-total	45,356,052	34,367,460

As at 30 June 2024, the Group had no significant overdue accounts receivable.

**MIDEA GROUP CO., LTD.**

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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)**

(4) Accounts receivable (Cont'd)

- (b) Under the new financial instruments standards, the Group measures the loss provision for accounts receivable based on the lifetime ECL.

As at 30 June 2024, accounts receivable for which the related provision for bad debts was provided on an individual basis are analysed as follows:

Category	Ending balance			Reason
	Book balance	Lifetime ECL rate	Provision for bad debts	
Domestic customers	693,945	92.39%	(641,160)	The debtor encountered financial distress, etc.
Foreign customers	77,154	40.02%	(30,880)	The debtor encountered financial distress, etc.
Total	771,099		(672,040)	

As at 30 June 2024, accounts receivable for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

Category	Ending balance		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Domestic business grouping	22,877,338	2.35%	(538,416)
Overseas business grouping	21,707,615	1.32%	(286,369)
Total	44,584,953		(824,785)

- (c) For the six months ended 30 June 2024, the provision for bad debts reversed amounted to RMB 131,922,000.

For the six months ended 30 June 2024, the accounts receivable written off by the Group were arising from transactions with third parties and no accounts receivable with significant amounts were written off.

- (d) As at 30 June 2024, the five largest accounts receivable and contract assets aggregated by debtor are summarised and analysed as follows:

Item	Amount	Provision for bad debts	% of total balance
Total amount of the five largest accounts receivable and contract assets	3,288,691	(40,299)	6.70%

(5) Other receivables

Item	Ending balance	Opening balance
Other receivables	1,906,339	2,233,595
Less: Provision for bad debts	(58,584)	(51,717)
Total	1,847,755	2,181,878

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  
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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)**

(5) Other receivables (Cont'd)

- (a) Other receivables mainly include security deposit and guarantee, receivables related to stock options, current accounts and petty cash to staff.

The ageing of other receivables is analysed as follows:

Ageing	Ending balance	Opening balance
Within 1 year	1,358,734	1,688,987
1 to 2 years	233,988	208,857
2 to 3 years	120,441	162,943
3 to 5 years	113,060	98,851
Over 5 years	80,116	73,957
Total	1,906,339	2,233,595

(b) Provision for bad debts and changes in book balance statement

Item	Stage 1				Stage 3		Sub-total
	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	
1 January 2024	2,074,507	45,385	152,756	-	6,332	6,332	51,717
Transfer to Stage 3	(530)	(53)	-	-	530	53	-
Net (decrease)/increase in the current year	(187,372)	11,575	(136,793)	-	(3,091)	(2,705)	8,870
Including: Written-off in the current period	-	-	-	-	(3,091)	(3,091)	(3,091)
Derecognition	-	-	-	-	-	-	-
Differences on translation of foreign currency financial statements	-	(2,094)	-	-	-	91	(2,003)
30 June 2024	1,886,605	54,813	15,963	-	3,771	3,771	58,584

- (i) As at 30 June 2024, 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	15,963	0%	-	Relatively low bad debt risks
	Book balance	12-month ECL rate	Provision for bad debts	Reason
Stage 3	3,771	100%	(3,771)	The debtor encountered financial distress, etc.

- ii) As at 30 June 2024, 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:

Stage 1	Ending balance			Opening balance		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
Security deposit, guarantee and others grouping	1,886,605	(54,813)	2.91%	2,074,507	(45,385)	2.19%

- (c) For the six months ended 30 June 2024, the provision for bad debts reversed amounted to RMB 26,187,000.

For the six months ended 30 June 2024, no other receivables with significant amounts were written off.

- (d) As at 30 June 2024, the five largest other receivables aggregated by debtor are summarised and analysed as follows:

Item	Amount	Provision for bad debts	% of total balance
Total amount of the five largest other receivables	318,255	(29,649)	16.69%

- (e) As at 30 June 2024, the Group had no significant government grants recognised at amounts receivable.

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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)****(6) Receivables financing**

Item	Ending balance	Opening balance
Receivables financing	19,892,103	13,330,008

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.

As at 30 June 2024 and 31 December 2023, 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 30 June 2024, the Group's receivables financing endorsed or discounted but not matured are as follows:

Item	Derecognised	Not derecognised
Receivables financing	12,872,361	-

For the six months ended 30 June 2024, no significant receivables financing of the Group were written off (For the six months ended 30 June 2023: Nil).

**(7) Advances to suppliers**

Item	Ending balance	Opening balance
Prepayments for raw materials and others	4,075,935	3,316,194

**(a) The ageing of advances to suppliers is analysed below:**

Ageing	Ending balance		Opening balance	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	3,981,436	97.68%	3,175,857	95.76%
1 to 2 years	49,256	1.21%	94,533	2.85%
2 to 3 years	18,060	0.44%	21,058	0.64%
Over 3 years	27,183	0.67%	24,746	0.75%
Total	4,075,935	100.00%	3,316,194	100.00%

As at 30 June 2024, advances to suppliers with ageing over 1 year with a carrying amount of RMB 94,499,000 (31 December 2023: RMB 140,337,000) were mainly unsettled prepayments for raw materials.

As at 30 June 2024, the five largest advances to suppliers aggregated by debtor are summarised and analysed as follows:

Item	Amount	% of total balance
Total amount of the five largest advances to suppliers	768,199	18.85%



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**4 Notes to the consolidated financial statements (Cont'd)**

**(8) Contract assets**

Item	Ending balance	Opening balance
Contract assets	3,726,090	4,163,267
Less: Provision for impairment of contract assets	(108,519)	(117,342)
Total	3,617,571	4,045,925

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component.

As at 30 June 2024, contract assets for which the related provision for bad debts was provided on an individual basis are analysed as follows:

Grouping	Ending balance		Provision for bad debts
	Book balance	Lifetime ECL rate	
Domestic business	67,498	73.42%	(49,560)

As at 30 June 2024, contract assets for which the related provision for bad debts was provided on a grouping basis are analysed as follows:

Grouping	Ending balance		Provision for bad debts
	Book balance	Lifetime ECL rate	
Domestic business grouping	1,327,725	2.42%	(32,086)
Overseas business grouping	2,330,867	1.15%	(26,873)
Total	3,658,592		(58,959)

**(9) Loan receivables**

**(a) By individual and corporation:**

Item	Ending balance	Opening balance
Loan receivables measured at amortised cost		
Loan receivables to individuals	1,228,100	1,555,477
Loan receivables to corporations	13,606,455	14,073,508
Including: Loans	11,210,728	10,939,505
Note discounting	2,395,727	3,134,003
Sub-total	14,834,555	15,628,985
Less: Provision for loan losses	(310,969)	(356,755)
Total	14,523,586	15,272,230

As at 30 June 2024, loan receivables over 1 year amounted to RMB 564,901,000 (31 December 2023: RMB 975,272,000).

**MIDEA GROUP CO., LTD.**

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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)**

(9) Loan receivables (Cont'd)

(b) By type of collateral held:

Item	Ending balance	Opening balance
Unsecured loans	1,224,871	1,553,285
Guaranteed loans	416,680	481,542
Pledged loans	13,193,004	13,594,158
Sub-total	14,834,555	15,628,985
Less: Provision for loan losses	(310,969)	(356,755)
Total	14,523,586	15,272,230

(c) For the six months ended 30 June 2024, the Group did not make any provision for bad debts (for the six months ended 30 June 2023: Nil), wrote off bad debt provisions of RMB 422,000 (for the six months ended 30 June 2023: none), and reversed bad debt provisions of RMB 46,254,000 (for the six months ended 30 June 2023: RMB 1,907,000) (Note 4 (25)).

(d) As at June 30 2024, the original value of loan which the related provision for bad debts was provided on an individual basis was RMB 2,314,200,000(31 December 2023: RMB 3,083,537,000), and the amount of bad debt provision was RMB 50,957,000(31 December 2023: RMB 62,293,000).

(e) As at 30 June 2024 and 31 December 2023, the majority of loan receivables will be included in Stage 1, and impairment provisions will be measured based on expected credit losses over the next 12 months.

(10) Inventories

(a) Inventories are summarised by category as follows:

Item	Ending balance			Opening balance		
	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	28,841,855	(388,001)	28,453,854	35,291,863	(353,307)	34,938,556
Raw materials	9,076,934	(352,411)	8,724,523	8,572,689	(344,224)	8,228,465
Work in progress	2,230,292	-	2,230,292	3,170,699	-	3,170,699
Consigned processing materials	487,216	-	487,216	444,995	-	444,995
Contract fulfilment costs	433,345	-	433,345	556,540	-	556,540
Total	41,069,642	(740,412)	40,329,230	48,036,786	(697,531)	47,339,255

(b) Analysis of provision for decline in the value of inventories is as follows:

Item	Opening balance	Increase in provision for the current period	Reversal or write-off for the current period	Differences on translation of foreign currency financial statements	Ending balance
Finished goods	353,307	303,677	(238,616)	(30,367)	388,001
Raw materials	344,224	30,197	(10,176)	(11,834)	352,411
Total	697,531	333,874	(248,792)	(42,201)	740,412

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**4 Notes to the consolidated financial statements (Cont'd)****(10) Inventories (Cont'd)****(c) Provision for decline in the value of inventories is as follows:**

Item	Basis for provision for decline in the value of inventories	Reason for write-off of provision for decline in the value of inventories in the current period
Finished goods	Stated at the lower of cost and net realisable value	Sales
Raw materials, etc.	Stated at the lower of cost and net realisable value	Requisition for production

**(11) Current portion of non-current assets**

Item	Ending balance	Opening balance
Long-term receivables due within 1 year	687,636	678,587
Other debt investments due within 1 year	1,287,344	4,664,429
Current portion of other non-current assets	11,942,502	5,417,561
<b>Total</b>	<b>13,917,482</b>	<b>10,760,577</b>

**(12) Other current assets**

Item	Ending balance	Opening balance
Fixed-income products (a)	40,198,719	53,858,011
Input VAT to be deducted	5,023,914	5,852,464
Prepaid expenses	1,065,480	1,047,492
Others	2,399,998	2,142,924
<b>Total</b>	<b>48,688,111</b>	<b>62,900,891</b>

- (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 30 June 2024 and 31 December 2023, 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.

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**4 Notes to the consolidated financial statements (Cont'd)****(13) Other debt investments**

Item	Ending balance	Opening balance
Fair value through other comprehensive income		
- Transferable certificate of deposit	6,424,870	10,983,476
Less: Other debt investments due within 1 year	(1,287,344)	(4,664,429)
Total	5,137,526	6,319,047

As at 30 June 2024 and 31 December 2023, the cost of the Group's transferable certificate of deposit was not materially different from its fair value.

As at 30 June 2024 and 31 December 2023, 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 banks.

**(14) Long-term receivables**

Item	Ending balance	Opening balance
Long-term receivables	940,680	1,050,627
Less: Provision for bad debts	(117,755)	(121,521)
Total	822,925	929,106
Less: Long-term receivables due within 1 year	(687,636)	(678,587)
Total	135,289	250,519

The Group's long-term receivables are mainly presented in net amount of finance lease receivables after offsetting the unrealised financing income.

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**4 Notes to the consolidated financial statements (Cont'd)****(15) Long-term equity investments**

Long-term equity investments are classified as follows:

Item	Ending balance	Opening balance
Investments in associates and joint ventures (a)	4,840,550	4,976,109
Less: Provision for impairment of long-term equity investments	-	-
Total	4,840,550	4,976,109

- (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.
- (b) For the six months ended 30 June 2024, the Group's revenue from sales or rendering of services to associates and joint ventures was RMB1,758,820,000, with the ending balance of receivables from associates and joint ventures at RMB808,212,000. The amount due to associates and joint ventures for goods or services was RMB459,963,000, with the ending balance of payables to associates and joint ventures at RMB 264,982,000. These transactions are negotiated on normal commercial terms with reference to market prices.
- (c) As at 30 June 2024, the Group's cash deposited in Shunde Rural Commercial Bank amounted to approximately RMB4,891,067,000, and other non-current assets amounted to approximately RMB6,000,260,000. For the six months ended 30 June 2024, the interest income obtained by the Group from Shunde Rural Commercial Bank was RMB167,993,000.

**(16) Other non-current financial assets**

Item	Ending balance	Opening balance
Measured at fair value		
- Equity of unlisted companies, etc.	4,304,815	5,687,591
- Derivative financial instruments (a)	2,931,156	2,082,347
Total	7,235,971	7,769,938

- (a) As at 30 June 2024, the main information of the Group's unmatured cross-currency interest rate swaps were set out in Note 4(36).

**MIDEA GROUP CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

**(17) Fixed assets**

Item	Buildings	Overseas land	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
<b>Original carrying amount</b>						
Opening balance	26,431,255	1,387,628	26,110,126	890,849	7,352,388	62,172,246
Increase in the current period	1,440,591	108,902	1,518,448	46,862	622,153	3,736,956
1) Purchase	164,530	107,850	1,387,008	46,862	582,934	2,289,184
2) Transfer from construction in progress	1,254,862	-	97,060	-	34,563	1,386,485
3) Others	21,199	1,052	34,380	-	4,656	61,287
Decrease in the current period	(296,071)	-	(1,039,373)	(53,620)	(196,013)	(1,585,077)
1) Disposal, retirement and others	(296,071)	-	(1,039,373)	(53,620)	(196,013)	(1,585,077)
Differences on translation of foreign currency financial statements	(234,766)	(78,449)	(229,012)	(4,370)	(67,110)	(613,707)
Ending balance	27,341,009	1,418,081	26,360,189	879,721	7,711,418	63,710,418
<b>Accumulated depreciation</b>						
Opening balance	11,021,688	-	14,392,577	621,224	5,113,872	31,149,361
Increase in the current period	606,686	-	869,623	26,319	517,974	2,020,602
1) Provision	598,635	-	848,626	26,319	517,866	1,991,446
2) Others	8,051	-	20,997	-	108	29,156
Decrease in the current period	(81,883)	-	(613,345)	(22,444)	(141,391)	(859,063)
1) Disposal, retirement and others	(81,883)	-	(613,345)	(22,444)	(141,391)	(859,063)
Differences on translation of foreign currency financial statements	(57,771)	-	(111,507)	(2,533)	(37,319)	(209,130)
Ending balance	11,488,720	-	14,537,348	622,566	5,453,136	32,101,770
<b>Provision for impairment</b>						
Opening balance	19,309	5,218	30,337	20,888	9,170	84,922
Increase in the current period	-	-	-	-	-	-
1) Provision	-	-	-	-	-	-
Decrease in the current period	(388)	-	(8,226)	-	(1,099)	(9,713)
1) Disposal, retirement and others	(388)	-	(8,226)	-	(1,099)	(9,713)
Differences on translation of foreign currency financial statements	(633)	(573)	(151)	(27)	(608)	(1,992)
Ending balance	18,288	4,645	21,960	20,861	7,463	73,217
Carrying amount at the end of the period	15,834,001	1,413,436	11,800,881	236,294	2,250,819	31,535,431
Carrying amount at the beginning of the period	15,390,258	1,382,410	11,687,212	248,737	2,229,346	30,937,963

- (a) For the six months ended 30 June 2024, the depreciation of fixed assets amounted to RMB1,991,446,000 (for the six months ended 30 June 2023: RMB1,826,805,000) and was included in the income statement in full amount.
- (b) As at 30 June 2024, the Company was still in the course of obtaining the ownership certificate for the fixed asset with a carrying amount of RMB394,740,000 (31 December 2023: RMB854,217,000).
- (c) Certain fixed assets were pledged as securities for bank loan facilities, as at 30 June 2024.

**MIDEA GROUP CO., LTD.**

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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)**

**(18) Construction in progress**

Project name	Ending balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shanghai Global Innovation Centre Project	2,574,268	-	2,574,268	2,009,875	-	2,009,875
Midea Xingtian Industrial Park Project	451,936	-	451,936	352,830	-	352,830
Innovation and Technology Park Project	216,946	-	216,946	147,670	-	147,670
Brazil MIDB Factory Project	196,142	-	196,142	53,010	-	53,010
Gui'an Midea Cloud Project	193,545	-	193,545	150,126	-	150,126
Xiaotang New Base Project	131,972	-	131,972	118,677	-	118,677
Midea Headquarters A08 Land Parcel Project	50,539	-	50,539	749,805	-	749,805
Midea Digital Factory Project	-	-	-	358,801	-	358,801
Other projects	1,012,636	(53,671)	958,965	795,005	(54,579)	740,426
Total	4,827,984	(53,671)	4,774,313	4,735,799	(54,579)	4,681,220

**MIDEA GROUP CO., LTD.**

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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

Project name	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Translation of foreign currency financial statements	Ending balance	Source of funds
Shanghai Global Innovation Centre Project	2,009,875	564,393	-	-	-	2,574,268	Self-financing
Midea Xingtan Industrial Park Project	352,830	99,106	-	-	-	451,936	Self-financing
Innovation and Technology Park Project	147,670	69,276	-	-	-	216,946	Self-financing
Brazil MIDB Factory Project	53,010	161,357	-	-	(18,225)	196,142	Self-financing
Gui'an Midea Cloud Project	150,126	43,419	-	-	-	193,545	Self-financing
Xiaotang New Base Project	118,677	13,295	-	-	-	131,972	Self-financing
Midea Headquarters A08 Land Parcel Project	749,805	118,267	(817,533)	-	-	50,539	Self-financing
Midea Digital Factory Project	358,801	19,792	(378,593)	-	-	-	Borrowings/ Self-financing
Other projects	795,005	497,412	(190,359)	(67,903)	(21,519)	1,012,636	Self-financing
Total	4,735,799	1,586,317	(1,386,485)	(67,903)	(39,744)	4,827,984	

(i) For the six months ended 30 June 2024, no significant borrowing costs were capitalised.

(ii) As at 30 June 2024, the cost of construction in progress matched the budget amount, and the projects were carried out on schedule.



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**4 Notes to the consolidated financial statements (Cont'd)**

**(19) Right-of-use assets**

Item	Buildings	Machinery and equipment	Land use rights and others	Total
<b>Original carrying amount</b>				
Opening balance	4,623,541	357,750	146,513	5,127,804
Increase in the current period	650,626	72,744	2,381	725,751
1) New lease contracts	578,014	67,844	2,157	648,015
2) Lease modifications and others	72,612	4,900	224	77,736
Decrease in the current period	(582,840)	(52,836)	(24,829)	(660,505)
1) Expiration of lease contract	(376,023)	(46,492)	(24,383)	(446,898)
2) Lease modifications and others	(206,817)	(6,344)	(446)	(213,607)
Differences on translation of foreign currency financial statements	(51,795)	(8,346)	(3,085)	(63,226)
Ending balance	4,639,532	369,312	120,980	5,129,824
<b>Accumulated depreciation</b>				
Opening balance	1,817,065	199,063	62,891	2,079,019
Increase in the current period	589,994	51,303	21,069	662,366
1) Provision	589,994	51,303	21,069	662,366
Decrease in the current period	(389,265)	(49,064)	(24,584)	(462,913)
1) Expiration of lease contract	(376,023)	(46,492)	(24,383)	(446,898)
2) Lease modifications and others	(13,242)	(2,572)	(201)	(16,015)
Differences on translation of foreign currency financial statements	(23,464)	(4,705)	(1,772)	(29,941)
Ending balance	1,994,330	196,597	57,604	2,248,531
Carrying amount at the end of the period	2,645,202	172,715	63,376	2,881,293
Carrying amount at the beginning of the period	2,806,476	158,687	83,622	3,048,785

**MIDEA GROUP CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(20) Intangible assets

Item	Land use rights	Patents and non-patent technologies	Trademark rights	Trademark use rights	Others	Total
<b>Original carrying amount</b>						
Opening balance	8,195,231	4,415,503	5,116,437	2,125,406	6,408,543	26,261,120
Increase in the current period	5,494	14,357	-	-	138,370	158,221
1) Purchase	5,494	14,357	-	-	14,923	34,774
2) Others	-	-	-	-	123,447	123,447
Decrease in the current period	(22,151)	(15,423)	-	-	(140,054)	(177,628)
1) Disposal and others	(22,151)	(15,423)	-	-	(140,054)	(177,628)
Differences on translation of foreign currency financial statements	(8,384)	(47,930)	(118,931)	(228,054)	(274,782)	(678,081)
Ending balance	8,170,190	4,366,507	4,997,506	1,897,352	6,132,077	25,563,632
<b>Accumulated amortisation</b>						
Opening balance	1,434,933	1,493,486	288,537	430,428	3,897,111	7,544,495
Increase in the current period	87,547	154,189	34,922	22,640	305,059	604,357
1) Provision	87,547	154,189	34,922	22,640	304,745	604,043
2) Others	-	-	-	-	314	314
Decrease in the current period	(10,919)	(14,874)	-	-	(139,279)	(165,072)
1) Disposal and others	(10,919)	(14,874)	-	-	(139,279)	(165,072)
Differences on translation of foreign currency financial statements	(1,090)	(36,630)	(3,987)	(40,786)	(143,272)	(225,765)
Ending balance	1,510,471	1,596,171	319,472	412,282	3,919,619	7,758,015
<b>Provision for impairment</b>						
Opening balance	-	107,022	-	-	151,867	258,889
Increase in the current period	-	-	-	-	-	-
1) Provision	-	-	-	-	-	-
Decrease in the current period	-	-	-	-	-	-
1) Disposal and others	-	-	-	-	-	-
Differences on translation of foreign currency financial statements	-	(227)	-	-	(3,943)	(4,170)
Ending balance	-	106,795	-	-	147,924	254,719
Carrying amount at the end of the period	6,659,719	2,663,541	4,678,034	1,485,070	2,064,534	17,550,898
Carrying amount at the beginning of the period	6,760,298	2,814,995	4,827,900	1,694,978	2,359,565	18,457,736

- (a) For the six months ended 30 June 2024, the amortisation of intangible assets amounted to RMB 604,043,000 (for the six months ended 30 June 2023: RMB 509,594,000) and was included in the income statement in full amount.
- (b) As at 30 June 2024, the Group had no significant intangible assets which were still in the course of obtaining the land use rights certificate (31 December 2023: Nil).
- (c) Certain intangible assets were pledged as securities for bank loan facilities, as at 30 June 2024.

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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 or cash generating units at the acquisition date, and the allocation is as follows:

Name of investee	Ending balance	Opening balance
KUKA Group	21,802,472	22,364,486
TLSC Group	2,083,108	2,338,037
Little Swan	1,361,306	1,361,306
Others	5,286,310	5,327,237
Sub-total	30,533,196	31,391,066
Less: Provision for impairment	(546,299)	(532,829)
Total	29,986,897	30,858,237

(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

Item	Ending balance		Opening balance	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deductible losses	10,037,846	1,989,229	10,350,251	2,126,566
Provision for asset impairment	5,039,016	1,085,957	4,706,740	1,038,938
Employee benefits payable	943,882	198,584	1,065,764	213,045
Other current liabilities	48,215,282	8,782,549	41,533,600	7,386,896
Others	15,538,930	3,438,235	16,388,482	3,915,192
Total	79,774,956	15,494,554	74,044,837	14,680,637

(b) Deferred tax liabilities before offsetting

Deferred tax liabilities	Ending balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value	1,568,129	281,230	982,749	202,257
Business combinations involving enterprises not under common control	11,898,898	2,940,356	12,819,515	3,124,747
Others	19,821,755	3,378,559	21,591,963	3,680,763
Total	33,288,782	6,600,145	35,394,227	7,007,767

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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:

Item	Balance after offsetting at the end of the period	Balance after offsetting at the beginning of the period
Deferred tax assets	13,806,344	12,771,150
Deferred tax liabilities	4,911,935	5,098,280

## (24) Other non-current assets

Item	Ending balance	Opening balance
Fixed-income products (a)	93,538,570	84,538,948
Less: Fixed-income products due within 1 year	(11,942,502)	(5,417,561)
Sub-total	81,596,068	79,121,387
Others	1,817,894	1,482,139
Total	83,413,962	80,603,526

- (a) As at 30 June 2024 and 31 December 2023, 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 30 June 2024 and 31 December 2023.

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**4 Notes to the consolidated financial statements (Cont'd)**

(25) Asset impairment and provision for loss

Item	1 January 2024	Increase in the current period	Decrease in the current period		Differences on translation of foreign currency financial statements and others	30 June 2024
			Reversal	Write-off		
Provision for bad debts	2,078,316	264,324	(222,051)	(53,354)	(24,790)	2,042,445
Less: Provision for bad debts of accounts receivable	1,482,721	219,956	(131,922)	(49,841)	(24,089)	1,496,825
Provision for losses of loan receivables	356,755	-	(46,254)	(422)	890	310,969
Provision for bad debts of notes receivable	65,602	6,112	(13,402)	-	-	58,312
Provision for bad debts of other receivables	51,717	38,148	(26,187)	(3,091)	(2,003)	58,584
Provision for bad debts of long-term receivables	121,521	108	(4,286)	-	412	117,755
Provision for decline in the value of inventories	697,531	333,874	(5,022)	(243,770)	(42,201)	740,412
Provision for impairment of fixed assets	84,922	-	-	(9,713)	(1,992)	73,217
Provision for impairment of intangible assets	258,889	-	-	-	(4,170)	254,719
Provision for impairment of contract assets	117,342	9,741	(16,806)	-	(1,758)	108,519
Provision for impairment of investment properties	12,576	3,584	-	-	-	16,160
Provision for impairment of construction in progress	54,579	-	-	-	(908)	53,671
Provision for impairment of goodwill	532,829	-	-	-	13,470	546,299
Total	3,836,984	611,523	(243,879)	(306,837)	(62,349)	3,835,442

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**4 Notes to the consolidated financial statements (Cont'd)****(26) Assets with use rights restricted**

As at 30 June 2024 and 31 December 2023, assets with use rights restricted were mainly as follows:

Item	Ending balance	Opening balance
Cash at bank and on hand		
Including: Cash at bank (Note 4(1))	41,484,306	16,848,494
Other cash balances (Note 4(1))	2,445,616	4,072,963
Statutory reserve with the Central Bank (Note 4(1))	1,008,560	415,070
Deposits with banks and other financial institutions (Note 4(1))	5,000,000	-
Total	49,938,482	21,336,527

**(27) Short-term borrowings**

Item	Ending balance	Opening balance
Unsecured borrowings	2,259,390	4,681,574
Guaranteed borrowings	5,980,570	1,083,216
Pledged and mortgage borrowings	10,305,167	3,054,386
Total	18,545,127	8,819,176

As at 30 June 2024, annual interest rates of short-term borrowings ranged from 1.20% to 6.29% (31 December 2023: 2.20% to 7.04%).

**(28) Notes payable**

Item	Ending balance	Opening balance
Bank acceptance notes	23,157,345	21,626,514
Trade acceptance notes	79,464	81,094
Total	23,236,809	21,707,608

**(29) Accounts payable**

Item	Ending balance	Opening balance
Payables for purchase of goods and services	78,517,420	67,091,595
Others	6,448,927	5,438,870
Total	84,966,347	72,530,465

As at 30 June 2024, accounts payable with ageing over 1 year and a carrying amount of RMB 1,544,800,000 (31 December 2023: RMB 1,672,797,000) were mainly unsettled accounts payable for materials.

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**4 Notes to the consolidated financial statements (Cont'd)**

(30) Contract liabilities

Item	Ending balance	Opening balance
Advances for sales and services, etc.	31,482,850	38,549,278
Advances for construction projects	3,200,919	3,216,197
Total	34,683,769	41,765,475

(31) Employee benefits payable

Item	Ending balance	Opening balance
Short-term employee benefits payable (a)	6,462,635	8,972,512
Others	107,552	103,515
Total	6,570,187	9,076,027

(a) Short-term employee benefits

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Wages and salaries, bonus, allowances and subsidies	8,335,118	16,657,892	(19,120,990)	5,872,020
Staff welfare	416,535	1,046,479	(1,086,930)	376,084
Social security contributions	87,676	1,158,438	(1,165,734)	80,380
Including: Medical insurance	86,761	1,112,903	(1,120,520)	79,144
Work injury insurance	382	33,985	(33,485)	882
Maternity insurance	533	11,550	(11,729)	354
Housing funds	19,018	442,851	(443,120)	18,749
Labour union funds and employee education funds	24,938	78,831	(75,641)	28,128
Other short-term employee benefits	89,227	456,528	(458,481)	87,274
Sub-total	8,972,512	19,841,019	(22,350,896)	6,462,635

(32) Taxes payable

Item	Ending balance	Opening balance
Enterprise income tax payable	3,785,921	3,477,253
Unpaid VAT	2,214,005	1,082,424
Others	858,065	895,425
Total	6,857,991	5,455,102

**MIDEA GROUP CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(33) Other payables

Item	Ending balance	Opening balance
Other payables	4,031,055	4,442,928

(a) Other payables are mainly restricted share repurchase obligation, deposit and security deposit payable and reimbursed logistics expense.

(b) As at 30 June 2024, other payables with ageing over 1 year and a carrying amount of RMB 1,006,435,000 (31 December 2023: RMB 1,305,955,000) were mainly those recognised for performing equity incentive plan and security deposit and deposit payable, which were unsettled since related projects were uncompleted.

(34) Current portion of non-current liabilities

Item	Ending balance	Opening balance
Current portion of long-term borrowings	9,137,852	13,290,809
Current portion of lease liabilities	1,130,176	1,166,901
Total	10,268,028	14,457,710

(35) Other current liabilities

Item	Ending balance	Opening balance
Accrued sale rebates	59,921,101	48,311,934
Others	25,491,214	22,985,994
Total	85,412,315	71,297,928

(36) Long-term borrowings

Item	Ending balance	Opening balance
Guaranteed, mortgage and pledged borrowings (a)	32,367,385	36,205,989
Unsecured borrowings	16,602,892	23,223,556
Total	48,970,277	59,429,545
Less: Current portion of guaranteed, mortgage and pledged borrowings	(5,137,852)	(6,670,909)
Current portion of unsecured borrowings	(4,000,000)	(6,619,900)
Total	39,832,425	46,138,736



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**4 Notes to the consolidated financial statements (Cont'd)**

**(36) Long-term borrowings (Cont'd)**

- (a) As at 30 June 2024, bank guaranteed borrowings mainly included: (i) guaranteed borrowings equivalent to RMB 3,830,850,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, which will be due in May 2025; (ii) guaranteed borrowings equivalent to RMB 1,193,026,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every month, which will be due in June 2025; (iii) guaranteed borrowings of RMB 2,750,000,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, which will be due in April 2027; (iv) After deducting the bank fee, guaranteed borrowings equivalent to RMB 24,326,232,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every quarter, which will be due in August 2025.

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; (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; and (v) guaranteed borrowings equivalent to RMB 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.

- (b) As at 30 June 2024, annual interest rates of long-term borrowings ranged from 0.33% to 4.50% (31 December 2023: 0.30% to 4.50%).
- (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.

For the six months ended 30 June 2024, 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.

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**4 Notes to the consolidated financial statements (Cont'd)**

(37) Debentures payable

Name of debentures	Par value	Value date	Maturity	Issuance amount	Nominal interest rate	Opening balance	Ending balance
Debentures denominated in USD (a)	2,848,500	2022/2/24	5 years	2,848,500	2.88%	3,217,969	3,237,884

- (a) The Group issued 5-year USD corporate debentures guaranteed by the Company on 16 February 2022 amounting to USD 450,000,000 (equivalent to RMB 2,848,500,000) with a fixed nominal interest rate of 2.88%, and the interest is paid semi-annually.

(38) Lease liabilities

Item	Ending balance	Opening balance
Lease liabilities	3,041,614	3,214,220
Less: Current portion of lease liabilities	(1,130,176)	(1,166,901)
	1,911,438	2,047,319

(39) Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Government grants	1,734,932	195,445	(189,804)	1,740,573

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Asset related/ Income related
Government grants related to industrial upgrading	1,399,293	193,905	(177,771)	1,415,427	Asset related
Other government grants	335,639	1,540	(12,033)	325,146	Asset related/ Income related
	1,734,932	195,445	(189,804)	1,740,573	

(40) Long-term employee benefits payable

Item	Ending balance	Opening balance
Supplementary retirement benefits	1,136,280	1,302,495
Others	146,162	131,379
Total	1,282,442	1,433,874

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**4 Notes to the consolidated financial statements (Cont'd)**

(41) Share capital

Item	Opening balance	Movements in the current period				Ending balance
		Share-based payment incentive plan	Desterilisation	Repurchases and write-offs	Sub-total	
RMB-denominated ordinary shares -						
RMB-denominated ordinary shares subject to trading restriction	133,563	-	(265)	(921)	(1,186)	132,377
RMB-denominated ordinary shares not subject to trading restriction	6,892,206	25,112	265	(69,808)	(44,431)	6,847,775
Total	7,025,769	25,112	-	(70,729)	(45,617)	6,980,152

- (a) For the six months ended 30 June 2024, the share-based payment incentive plan increased the share capital by 25,112,000 shares.

(42) Treasury stock

Item	Opening balance	Movements in the current period		Ending balance
		Increase in the current period	Decrease in the current period	
Treasury stock used for share-based payment incentive plan	12,871,738	-	(6,374,274)	6,497,464
Total	12,871,738	-	(6,374,274)	6,497,464

For the six months ended 30 June 2024, the stock ownership schemes granted were approximately RMB 1,486,057,000. The decrease in treasury stock mainly arose from the change of purpose and cancellation of the repurchased shares, which amounted to approximately RMB 5,159,408,000, and a decrease of approximately RMB 1,214,866,000 for the unlocking of restricted shares and dividend deductions. As at 30 June 2024, treasury stock mainly comprised treasury stock of approximately RMB 2,102,866,000 used for share-based payment incentive plan, as well as restricted shares and stock ownership schemes amounting to approximately RMB 4,394,598,000 that have not met unlock condition, amounting to approximately RMB 6,497,464,000 in total.

(43) Capital surplus

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Share premium (a)	17,382,223	1,968,675	(5,831,862)	13,519,036
Share-based payment incentive plan (b)	2,020,605	780,439	(868,270)	1,932,774
Others	1,840,328	3,488	(48)	1,843,768
Total	21,243,156	2,752,602	(6,700,180)	17,295,578

- (a) The increase in share premium arose from the exercise of share options with the amount of approximately RMB 1,479,980,000, the unlocking of restricted shares with the amount of approximately RMB 488,695,000; the decrease in share premium arose from the repurchase and cancellation of treasury stock with the amount of approximately RMB 5,089,600,000, repurchase and cancellation of restricted shares and the unlocking of restricted shares with the amount of approximately RMB 742,262,000.
- (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 780,439,000, while the decrease arose from the transfer of approximately RMB 868,270,000 to share premium due to exercise of share-based payment incentive plan.

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**4 Notes to the consolidated financial statements (Cont'd)**

**(44) Other comprehensive income**

Item	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement				
	Opening balance	Attributable to the parent company after tax	Other comprehensive income transferred to retained earnings	Ending balance	Amount arising before income tax for the current period	Less: Reclassification of previous 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	133,107	15,515	-	148,622	21,006	-	(5,491)	15,515	-
Changes in fair value of investments in other equity instruments	26	(38)	-	(12)	48	-	-	(38)	86
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	(64,071)	12,565	-	(51,506)	12,565	-	-	12,565	-
Effective portion of gains or losses on hedging instruments in a cash flow hedge (Note 4(36))	564,757	(208,372)	-	356,385	1,126,938	(1, 363,168)	22,086	(208,372)	(5,772)
Differences on translation of foreign currency financial statements	(892,936)	(288,336)	-	(1,181,272)	(542,776)	-	-	(288,336)	(254,440)
Others (Note 4(36))	94,915	(22,748)	-	72,167	32,711	(55,459)	-	(22,748)	-
Total	(164,202)	(491,414)	-	(655,616)	650,492	(1, 418,627)	16,595	(491,414)	(260,126)

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**4 Notes to the consolidated financial statements (Cont'd)**

(45) Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	10,702,928	-	-	10,702,928

(46) Undistributed profits

Item	Current period	Same period of prior year
Undistributed profits at the beginning of the current period	136,284,347	119,679,202
Add: Net profit attributable to equity owners of the parent company for the current period	20,804,176	18,232,291
Less: Ordinary share dividends payable (a)	(20,776,352)	(17,181,616)
Appropriation to general risk reserve	(162,738)	(5,972)
Reversal of general risk reserve	3,366	-
Undistributed profits at the end of the current period	136,152,799	120,723,905

(a) Ordinary share dividends distributed in the current year

In accordance with the resolution at the Board of Shareholders' meeting, dated 19 April 2024, the Company distributed a cash dividend to the shareholders at RMB 3.0 per share, amounting to approximately RMB 20,780,278,000 calculated by 6,926,759,000 issued shares less those repurchased; 921,000 repurchased incentive shares in the restricted shares incentive plan were written off (Note 4(41)), and cash dividend amounting to approximately RMB 3,926,000 was cancelled. The ordinary share dividend distributed in the current year amounted to approximately RMB 20,776,352,000.

(47) Operating revenue and cost of sales

Item	Current period	Same period of prior year
Revenue from main operations	200,982,562	182,685,148
Revenue from other operations	16,291,524	14,303,254
Sub-total	217,274,086	196,988,402

Item	Current period	Same period of prior year
Cost of sales from main operations	144,395,678	134,877,274
Cost of sales from other operations	14,011,919	12,399,084
Sub-total	158,407,597	147,276,358

(a) Revenue and cost of sales from main operations

Products or business type	Current period		Same period of prior year	
	Revenue	Cost of sales	Revenue	Cost of sales
HVAC	101,461,115	74,725,772	92,006,787	70,500,436
Consumer appliances	75,138,372	50,052,891	68,136,204	46,339,869
Robotics and automation system	15,730,966	12,120,506	16,240,463	12,457,600
Others	8,652,109	7,496,509	6,301,694	5,579,369
Sub-total	200,982,562	144,395,678	182,685,148	134,877,274

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**4 Notes to the consolidated financial statements (Cont'd)****(a) Revenue and cost of sales from main operations (Cont'd)**

For the six months ended 30 June 2024, cost of sales was mainly material costs and labour costs, which accounted for over 80% of total cost of sales from main operations (for the six months ended 30 June 2023: over 80%).

**(b) Revenue and cost of sales from other operations**

Item	Current period		Same period of prior year	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from sales of materials	14,179,436	13,589,851	12,589,004	11,883,071
Others	2,112,088	422,068	1,714,250	516,013
Sub-total	16,291,524	14,011,919	14,303,254	12,399,084

For the six months ended 30 June 2024, cost of sales from other operations was mainly material costs, which accounted for over 80% of total cost of sales from other operations (for the six months ended 30 June 2023: over 80%).

- (c) For the six months ended 30 June 2024, above 90% of the total amount of the Group's revenue from main operations was recognised at a point in time, 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 revenue from other operations was recognised at a point in time.

**(48) Interest income and interest costs**

The Group's interest income and expenses arising from financial business are presented as follows:

Item	Current period	Same period of prior year
Interest income from loan receivables	653,601	706,004
Including: Interest income from loan receivables to corporations and individuals	653,601	659,331
Interest income from note discounting	-	46,673
Interest income from deposits with banks, other financial institutions and the Central Bank	193,908	100,887
Interest income	847,509	806,891
Interest costs	(1,781)	(19,681)

**(49) Taxes and surcharges**

Item	Current period	Same period of prior year
City maintenance and construction tax	406,183	379,949
Educational surcharge	296,793	283,215
Others	397,827	377,212
Total	1,100,803	1,040,376

**(50) Selling and distribution expenses**

Item	Current period	Same period of prior year
Selling and distribution expenses	21,455,838	17,133,216

For the six months ended 30 June 2024, selling and distribution expenses were mainly advertisement and promotion fee, after-sales service fee, employee benefits, E-commerce service fee, storage service fee and property management expenses, which accounted for over 80% of total selling and distribution expenses (for the six months ended 30 June 2023: over 80%).

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**4 Notes to the consolidated financial statements (Cont'd)****(51) General and administrative expenses**

Item	Current period	Same period of prior year
General and administrative expenses	6,693,799	5,670,400

For the six months ended 30 June 2024, general and administrative expenses were mainly employee benefits, depreciation and amortisation expenses, technical maintenance expenses and administrative office expenses, which accounted for over 80% of total general and administrative expenses (for the six months ended 30 June 2023: over 80%).

**(52) R&D expenses**

Item	Current period	Same period of prior year
R&D expenses	7,662,534	6,610,954

For the six months ended 30 June 2024, R&D expenses were mainly employee benefits, depreciation and amortisation expenses, technical development expenses, trial products and material inputs expenses, which accounted for over 90% of total R&D expenses (for the six months ended 30 June 2023: over 90%).

**(54) Financial income**

The Group's financial income, other than those arising from financial business (Note 4(48)), are presented as follows:

Item	Current period	Same period of prior year
Interest expenses	(1,064,685)	(1,525,683)
Less: Interest income	3,684,635	3,280,782
Add: Exchange gains or losses	(2,010,508)	(384,103)
Add: Others	(2,549)	(7,335)
Total	606,893	1,363,661

**(54) Asset impairment losses**

Item	Current period	Same period of prior year
Losses on decline in the value of inventories (Note 4(10))	328,852	183,782
Impairment losses on contract assets (Note 4(8))	(7,065)	(2,212)
Impairment losses on fixed assets (Note 4(17))	-	4,501
Impairment losses on intangible assets (Note 4(20))	-	2,989
Impairment losses on investment properties	3,584	-
Total	325,371	189,060

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**4 Notes to the consolidated financial statements (Cont'd)**

(55) Credit impairment losses

Item	Current period	Same period of prior year
Losses on bad debts of accounts receivable (Note 4(4))	88,034	222,958
Losses on bad debts of other receivables (Note 4(5))	11,961	7,473
Impairment losses on notes receivable (Note 4(3))	(7,290)	(7,545)
Impairment losses on loan receivables (Note 4(9))	(46,254)	(1,907)
Losses on impairment of long-term receivables (Note 4(14))	(4,178)	445
Total	42,273	221,424

(56) Gains/(Losses) on changes in fair value

Item	Current period	Same period of prior year
Derivative financial instruments	192,641	(170,550)
Investments in equity instruments	55,412	6,370
Others	924	60,477
Total	248,977	(103,703)

(57) Investment income

Item	Current period	Same period of prior year
Share of profit of associates and joint ventures	431,939	348,545
Investment income from holding of financial assets held for trading	3,538	27,261
Investment income from disposal of derivative financial assets and liabilities	25,874	70,165
Others	83,941	(35,817)
Total	545,292	410,154

There is no significant restriction on recovery of investment income of the Group.

(58) Losses on disposal of assets

Item	Current period	Same period of prior year
Gains on disposal of non-current assets	183,322	38,188
Losses on disposal of non-current assets	(69,315)	(29,663)
Total	114,007	8,525

(59) Other income

Item	Current period	Same period of prior year
Special subsidy	670,754	772,764
Additional deduction of input VAT	696,254	-
Total	1,367,008	772,764



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**4 Notes to the consolidated financial statements (Cont'd)**

**(60) Income tax expenses**

Item	Current period	Same period of prior year
Current income tax calculated based on tax law and related regulations	5,625,048	5,274,130
Deferred income tax	(1,314,746)	(1,695,639)
Total	4,310,302	3,578,491

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:

Item	Current period	Same period of prior year
Total profit	25,451,557	22,107,307
Income tax calculated at tax rate of 25%	6,362,889	5,526,827
Effect of different tax rates applicable to subsidiaries	(1,971,643)	(1,306,414)
Effect of income tax annual filing for prior periods	193,189	82,378
Income not subject to tax	(175,822)	(174,666)
Costs, expenses and losses not deductible for tax purposes	319,461	283,154
Utilisation of previous temporary differences or deductible losses for which no deferred tax assets were recognised in prior periods	(112,031)	(73,589)
Others	(305,741)	(759,199)
Income tax expenses	4,310,302	3,578,491

**(61) Calculation of basic and diluted 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 Company by the weighted average number of outstanding ordinary shares:

Item	Unit	Current period	Same period of prior year
Consolidated net profit attributable to ordinary shareholders of the parent company	RMB'000	20,804,176	18,232,291
Less: Dividends affected by the share-based payment incentive plan	RMB'000	(105,952)	(78,122)
Consolidated net profit attributable to ordinary shareholders of the parent company (net of dividends affected by the share-based payment incentive plan)	RMB'000	20,698,224	18,154,169
Weighted average number of outstanding ordinary shares	Thousand shares	6,863,659	6,802,764
Basic earnings per share	Yuan/share	3.02	2.67

**(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 weighted average number of diluted outstanding ordinary shares:

Item	Unit	Current period	Same period of prior year
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company	RMB'000	20,722,750	18,163,579
Weighted average number of outstanding ordinary shares	Thousand shares	6,863,659	6,802,764
Weighted average number of ordinary shares increased from share-based payment	Thousand shares	21,075	13,202
Weighted average number of diluted outstanding ordinary shares	Thousand shares	6,884,734	6,815,966
Diluted earnings per share	Yuan/share	3.01	2.66

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**4 Notes to the consolidated financial statements (Cont'd)**

(62) Notes to the cash flow statement

(a) Cash received relating to other operating activities

Item	Current period	Same period of prior year
Non-operating income	171,480	117,370
Other income	940,469	1,039,322
Revenue from other operations	1,999,567	1,639,020
Financial interest income	608,981	288,732
Others	2,824,854	207,406
Total	6,545,351	3,291,850

(b) Cash paid relating to other operating activities

Item	Current period	Same period of prior year
General and administrative expenses and R&D expenses (excluding employee benefits and taxes and surcharges)	4,177,055	4,104,482
Selling and distribution expenses (excluding employee benefits and taxes and surcharges)	16,068,004	11,919,414
Others	201,676	2,455,242
Total	20,446,735	18,479,138

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**4 Notes to the consolidated financial statements (Cont'd)**

(62) Notes to the cash flow statement (Cont'd)

(c) Supplementary information to the cash flow statement

Reconciliation of net profit to cash flows from operating activities is as follows:

Supplementary information	Current period	Same period of prior year
1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	21,141,255	18,528,816
Add: Asset impairment losses	325,371	189,060
Credit impairment losses	42,273	221,424
Depreciation and amortisation	3,836,068	3,300,549
Losses on disposal of assets	(114,007)	(8,525)
Gains or losses on changes in fair value	(248,977)	103,703
Financial expenses	(1,789,154)	(1,653,898)
Investment income	(545,292)	(410,154)
Decrease in deferred tax assets	(1,112,692)	(1,561,223)
Increase in deferred tax liabilities	(20,078)	(99,937)
Decrease in inventories	6,703,865	14,200,052
Decrease in operating receivables	(16,195,393)	(13,908,092)
Increase in operating payables	20,659,223	10,301,904
Share-based payments and others	805,708	580,995
Net cash flows from operating activities	33,488,170	29,784,674
2) Net increase/(decrease) in cash and cash equivalents:		
Cash and cash equivalents at the end of the period	51,500,714	47,560,795
Less: Cash and cash equivalents at the beginning of the period	(59,887,260)	(51,131,968)
Net increase in cash and cash equivalents	(8,386,546)	(3,571,173)

(d) Composition of cash and cash equivalents

Item	Current period	Same period of prior year
Cash on hand	1,378	3,894
Cash at bank that can be readily drawn on demand	20,903,805	20,028,555
Deposits with the Central Bank that can be readily drawn on demand	77,463	179,898
Deposits with banks and other financial institutions	30,518,068	27,348,448
Cash and cash equivalents at the end of the year	51,500,714	47,560,795

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**4 Notes to the consolidated financial statements (Cont'd)**

(63) Monetary items denominated in foreign currencies

Item	30 June 2024		
	Foreign currency balance	Exchange rate	RMB balance
<b>Cash at bank and on hand</b>			
USD	2,608,799	7.1268	18,592,391
JPY	323,251,866	0.0447	14,461,642
HKD	3,530,585	0.9127	3,222,294
EUR	995,676	7.6617	7,628,568
BRL	226,085	1.2821	289,853
VND	713,692,857	0.0003	199,834
Other currencies	Not applicable	Not applicable	5,056,282
Sub-total			49,450,864
<b>Accounts receivable</b>			
USD	2,388,085	7.1268	17,019,403
JPY	20,696,053	0.0447	925,900
HKD	103,772	0.9127	94,711
EUR	685,546	7.6617	5,252,445
BRL	1,583,602	1.2821	2,030,260
VND	1,093,910,714	0.0003	306,295
Other currencies	Not applicable	Not applicable	3,246,331
Sub-total			28,875,345
<b>Other receivables</b>			
USD	11,105	7.1268	79,140
JPY	1,354,732	0.0447	60,608
HKD	5,433	0.9127	4,959
EUR	13,446	7.6617	103,017
BRL	56,190	1.2821	72,038
Other currencies	Not applicable	Not applicable	292,148
Sub-total			611,910

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**4 Notes to the consolidated financial statements (Cont'd)**

(63) Monetary items denominated in foreign currencies (Cont'd)

Item	30 June 2024		
	Foreign currency balance	Exchange rate	RMB balance
<b>Short-term borrowings</b>			
USD	619,796	7.1268	4,417,165
EUR	154,111	7.6617	1,180,753
Other currencies	Not applicable	Not applicable	732,119
Sub-total			6,330,037
<b>Accounts payable</b>			
USD	278,576	7.1268	1,985,353
JPY	4,310,050	0.0447	192,823
HKD	22,493	0.9127	20,529
EUR	233,875	7.6617	1,791,883
BRL	162,624	1.2821	208,492
Other currencies	Not applicable	Not applicable	1,880,198
Sub-total			6,079,278
<b>Other payables</b>			
USD	9,486	7.1268	67,604
JPY	6,949,528	0.0447	310,908
HKD	1,542	0.9127	1,407
EUR	6,871	7.6617	52,642
Other currencies	Not applicable	Not applicable	246,680
Sub-total			679,241
<b>Current portion of non-current liabilities</b>			
EUR	538,209	7.6617	4,123,594
Other currencies	Not applicable	Not applicable	1,336,247
Sub-total			5,459,841
<b>Long-term borrowings</b>			
USD	3,413,346	7.1268	24,326,232
Other currencies	Not applicable	Not applicable	2,891
Sub-total			24,329,123
<b>Debentures payable</b>			
USD	454,325	7.1268	3,237,884
Sub-total			3,237,884
<b>Lease liabilities</b>			
EUR	90,281	7.6617	691,705
JPY	789,530	0.0447	35,322
Other currencies	Not applicable	Not applicable	359,425
Sub-total			1,086,452

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**4 Notes to the consolidated financial statements (Cont'd)**

(63) Monetary items denominated in foreign currencies (Cont'd)

Item	31 December 2023		
	Foreign currency balance	Exchange rate	RMB balance
<b>Cash at bank and on hand</b>			
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			25,951,081
<b>Accounts receivable</b>			
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			20,327,279
<b>Other receivables</b>			
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			745,598

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**4 Notes to the consolidated financial statements (Cont'd)**

(63) Monetary items denominated in foreign currencies (Cont'd)

Item	31 December 2023		
	Foreign currency balance	Exchange rate	RMB balance
<b>Short-term borrowings</b>			
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			3,886,648
<b>Accounts payable</b>			
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			6,212,438
<b>Other payables</b>			
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			623,018
<b>Current portion of non-current liabilities</b>			
EUR	314,039	7.8592	2,468,095
Other currencies	Not applicable	Not applicable	4,626,072
Sub-total			7,094,167
<b>Long-term borrowings</b>			
USD	3,410,753	7.0827	24,157,339
Other currencies	Not applicable	Not applicable	5,118,109
Sub-total			29,275,448
<b>Debentures payable</b>			
USD	454,342	7.0827	3,217,969
<b>Lease liabilities</b>			
EUR	102,338	7.8592	804,298
JPY	974,661	0.0502	48,928
Other currencies	Not applicable	Not applicable	281,608
Sub-total			1,134,834

## MIDEA GROUP CO., LTD.

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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  
Nil.
- (2) Changes of consolidation scope due to other reasons
  - (a) Increase of consolidation scope

In January 2024, the Company's wholly-owned subsidiary GD Midea Heating & Ventilating Equipment Co., Ltd. and the third-party company SIIX HONG KONG LIMITED jointly established Jingzhou Midea-SIIX Electronics Co., Ltd., holding 60% and 40% of the shares respectively.

In February 2024, the Company's wholly-owned subsidiary Midea America (Canada) Corp. set up MIDEA COLOMBIA EQUIPMENTS SAS, holding 100% of the shares.

In February 2024, Hiconics Eco-energy Technology Co., Ltd., a wholly-owned subsidiary of the Company, established Anqing Midea Hiconics Energy Technology Co., Ltd., holding 100% of the shares.

In February 2024, Midea Electrics Netherlands B.V. and Midea Electric Trading (Singapore) Co. Pte. Ltd., wholly-owned subsidiaries of the Company, established Midea Peru S.A.C., holding 99% and 1% of the shares respectively.

In February 2024, the Company's wholly-owned subsidiary Midea Electrics Netherlands B.V. set up GMCC WELLING TURKEY, holding 100% of the shares.

In April 2024, the Company's wholly-owned subsidiary Midea Electrics Netherlands B.V. founded Midea Electrics Arabia, holding 100% of the shares.

In April 2024, Swisslog Holding AG, a wholly-owned subsidiary of the Company, established Swisslog Lithuania UAB, holding 100% of the shares.

In May 2024, Midea (Hainan) Cross-Border E-Commerce Co., Ltd. founded Midea Refrigerator Manufacturing Co., Ltd., holding 100% of the shares.

In June 2024, Meicloud Technology Co., Ltd., a wholly-owned subsidiary of the Company, established Meicloud (Shenzhen) Technology Co., Ltd., holding 100% of the shares.



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**5 Changes of consolidation scope (Cont'd)****(2) Changes of consolidation scope due to other reasons (Cont'd)****(b) Decrease of consolidation scope**

Decrease of consolidation scope mainly includes the deregistration and disposal of subsidiaries. Details are as follows:

Name of entity	Disposal method of the equity	Disposal time-point of the equity
Xinjiang CLOU Guangrun Electronics Co., Ltd.	Deregistration	January 2024
CLOU ENERGY LLC	Deregistration	February 2024
CLOU Global Holdings (Hong Kong) Co., Limited	Deregistration	March 2024
Zhejiang Meiqin Mother and Baby Products Co., Ltd.	Deregistration	March 2024
Shanghai Swisslog Healthcare Technology Co., Ltd.	Deregistration	April 2024
Wuhu Xinhe Technology Co., Ltd.	Deregistration	May 2024
Hainan Qichu Electric Appliances Co., Ltd.	Deregistration	May 2024
Hebei Fenglong Photovoltaic Power Generation Co., Ltd.	Deregistration	May 2024
Jiangxi Nanchang Public Transportation Group New Energy Co., Ltd. (Formally known as: Nanchang CLOU Public Transportation New Energy Co., Ltd.)	Change of equity	June 2024
Yongxiu County CLOU Public Transportation New Energy Co., Ltd.	Change of equity	June 2024
Foshan Shunde Midea Petty Loan Co., Ltd.	Change of equity	June 2024

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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

# MIDEA GROUP CO., LTD.

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

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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	
Toshiba Consumer Marketing Corporation	Japan	Japan	Manufacture of household appliances	-	100%	Business combinations involving enterprises not under common control
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
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

## MIDEA GROUP CO., LTD.

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#### 6 Interests in other entities (Cont'd)

##### (2) Interests in associates

The Group's associates have no significant influence on the Group and are summarised as follows:

Item	Current period	Same period of prior year
Aggregated carrying amount of investments	4,840,550	4,731,210
Aggregate of the following items in proportion		
Net profit (i)	431,939	348,545
Other comprehensive income (i)	12,565	36,188
Total comprehensive income	444,504	384,733

- (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 the unification of accounting policies adopted by the associates to those adopted by the Company.

##### (3) Unconsolidated structured entities

The Group has no significant unconsolidated structured entities.

#### 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 by reference to selling prices to 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.

# MIDEA GROUP CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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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 six months ended 30 June 2024 is as follows:

Item	Current period					Total
	HVAC	Consumer appliances	Robotics and automation system	segments and unallocated	Offsetting	
Revenue from external customers	111,400,967	81,564,415	16,016,279	9,140,178	-	218,121,839
Inter-segment revenue	2,226,979	450,163	316,178	4,851,504	(7,844,824)	-
Operating expenses	(100,223,325)	(72,827,225)	(16,131,918)	(13,089,375)	7,555,413	(194,716,430)
Segment profit	13,404,621	9,187,353	200,539	902,307	(289,411)	23,405,409
Other profit or loss						2,046,148
Total profit						25,451,557
Total assets	227,909,429	193,793,682	51,374,621	253,560,340	(220,006,163)	506,631,909
Total liabilities	162,792,725	141,948,835	34,297,072	258,616,299	(267,308,390)	330,346,541
Long-term equity investments in associates and joint ventures	490,991	124,297	43,698	4,181,564	-	4,840,550
Share of profit of associates and joint ventures	279,988	1,871	(244)	150,324	-	431,939
Increase in non-current assets (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	2,063,255	1,175,975	530,341	1,496,335	-	5,265,906
Losses on/(Reversal of) asset impairment	56,629	238,752	23,880	6,110	-	325,371
Losses on/(Reversal of) credit impairment	6,262	(33,927)	11,412	109,672	(51,146)	42,273
Depreciation and amortisation expenses	1,238,644	942,080	718,340	941,477	(4,473)	3,836,068

**MIDEA GROUP CO., LTD.**

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

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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 six months ended 30 June 2023 is as follows:

Item	Same period of prior year					
	HVAC	Consumer appliances	Robotics and automation system	Other segments and unallocated	Offsetting	Total
Revenue from external customers	102,081,554	72,090,725	16,415,970	7,207,365	-	197,795,614
Inter-segment revenue	1,700,542	431,191	207,239	3,143,282	(5,482,254)	-
Operating expenses	(91,806,494)	(64,098,118)	(16,569,793)	(9,179,710)	5,266,038	(176,388,077)
Segment profit	11,975,602	8,423,798	53,416	1,170,937	(216,216)	21,407,537
Other profit or loss						699,770
Total profit						22,107,307
Total assets	206,653,458	174,772,080	42,413,492	238,278,221	(199,377,616)	462,739,635
Total liabilities	145,053,148	131,067,029	35,217,226	232,764,048	(239,604,331)	304,497,120
Long-term equity investments in associates and joint ventures	372,493	121,024	6,675	4,231,018	-	4,731,210
Share of profit of associates and joint ventures	176,833	1,860	1,014	168,838	-	348,545
Increase in non-current assets (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	2,614,762	1,018,190	445,409	6,309,441	-	10,387,802
Losses on/(Reversal of) asset impairment	127,243	(50,654)	102,331	10,140	-	189,060
Losses on/(Reversal of) credit impairment	109,005	73,334	(14,215)	19,570	33,730	221,424
Depreciation and amortisation expenses	1,106,209	992,394	619,592	553,473	28,881	3,300,549

**MIDEA GROUP CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS  
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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 and 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, Japan, Hong Kong and Macao of China, Singapore, and Brazil) are as follows:

Revenue from external customers	Current period	Same period of prior year
Domestic	127,045,708	117,259,490
In other countries/geographical areas	91,076,131	80,536,124
Total	218,121,839	197,795,614

  

Total non-current assets	Current period	Same period of prior year
Domestic	42,292,745	41,274,102
In other countries/geographical areas	17,406,219	18,255,385
Total	59,698,964	59,529,487

**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**

Name of the parent company	Registered capital
Midea Holding Co., Ltd.	330,000

**(c) The percentages of shareholding and voting rights in the Company held by the parent company**

Name of the parent company	At the end of the period			At the beginning of the period		
	Shareholding (%)		Voting rights (%)	Shareholding (%)		Voting rights (%)
	Direct	Indirect		Direct	Indirect	
Midea Holding Co., Ltd.	31.08%	-	31.08%	30.87%	-	30.87%

**(2) Information of the Company's subsidiaries**

Please refer to Note 6(1) for the information of the Company's principal subsidiaries.

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**9 Related parties and significant related party transactions (Cont'd)****(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 Ruizhu Intelligent Technology Co., Ltd.	Controlled by the Company's ultimate controlling shareholder
Guangdong Hekang Medical Management Co., Ltd.	Controlled by the Company's ultimate controlling shareholder

**(4) Information of related party transactions**

Other significant related party transactions of the Group other than those already mentioned in this report are as follows

The following primary related party transactions are conducted in accordance with normal commercial terms at agreed price by reference to the market price.

**(a) Purchase of goods**

Related parties	Content of related party transactions	Current period	Same period of prior year
Orinko Advanced Plastics Co., Ltd.	Purchase of goods	627,324	658,784

**(b) Sales of goods:**

Related parties	Content of related party transactions	Current period	Same period of prior year
Guangdong Ruizhu Intelligent Technology Co., Ltd.	Sales of goods	58,307	90,344
Guangdong Hekang Medical Management Co., Ltd.	Sales of goods	101,246	95,974
Total		159,553	186,318

**(4) Balances with related parties**

Other significant related party transactions of the Group other than those already mentioned in this report are as follows:

Item	Related parties	Ending balance	Opening balance
Accounts payable	Orinko Advanced Plastics Co., Ltd.	41,831	181,281



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**10 Share-based payment****(1) Stock option incentive plan****(a) Movements in stock options during the six months**

Item	For the six months ended 30 June 2024 ('000)
Stock options issued at the beginning of the year	188,158
Stock options granted during the period	-
Stock options exercised during the period	(25,111)
Stock options lapsed during the period	(24,354)
Stock options issued at the end of the period	138,693

As at 30 June 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.

**(2) Restricted stock schemes****(a) Movements in restricted shares during the six months**

Item	For the six months ended 30 June 2024 ('000)
Restricted shares at the beginning of the year	39,903
Restricted shares granted during the period	-
Restricted shares unlocked during the period	(16,709)
Restricted shares lapsed during the period	(2,766)
Restricted shares at the end of the period	20,428

**(3) Stock ownership schemes**

Pursuant to the Midea Group stock ownership schemes for 2024 (the "stock ownership schemes for 2024") approved at the 2023 annual shareholders' meeting in 2024, the Company granted 20,106,662 shares to employees, and the exercise periods of the granted shares are two years, three years and four 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.

## MIDEA GROUP CO., LTD.

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#### 10 Share-based payment (Cont'd)

- (4) For the six months ended 30 June 2024, the total expenses recognised under the share-based payment incentive plan was RMB 805,345,000. As at 30 June 2024, the balance relating to the share-based payment incentive plan and accrued from capital surplus was RMB 1,932,773,000.

#### 11 Contingencies

As at 30 June 2024, the amount in tax disputes involving Brazilian subsidiary with 51% interests held by the Company was about BRL 697 million (equivalent to RMB 894 million) (Some cases have lasted for more than 10 years. The above amount included the principal and interest). As at 30 June 2024, relevant cases were still at court. 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 202 million). With reference to judgements of third-party attorneys, management believes that the probability of losing lawsuits and making compensation is low, and expects no significant risk of tax violations.

#### 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:

Item	Ending balance	Opening balance
Buildings, machinery and equipment	3,867,051	4,005,911

In April 2024, the Company reached an agreement with Arbonia AG to acquire all the equity interest of its climate division. The purchase consideration for this transaction was approximately EUR 648,800,000. In June 2024, the Company reached an agreement with HERITAGE B to acquire 97.38% equity interest of Teka Industrial, S.A. The purchase consideration for this transaction was approximately EUR 175,000,000. As of the reporting date, these considerations still needs to meet transaction conditions including regulatory approval, the transactions have not been completed, the payment consideration have not been finalized and have not been paid yet.

#### 13 Events after the balance sheet date

Nil

#### 14 Financial 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

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**14 Financial risks (Cont'd)**

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.

The Group's finance department has a professional team to manage the risk arising from 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.

**(b) Interest rate risk**

The Group's interest rate risk mainly arises from interest bearing borrowings including long-term bank 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. As at 30 June 2024, the Group's long-term borrowings with floating rates were part of its long-term borrowings.

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.

**(c) Other price risk**

The Group's other price risk mainly arises from the Group's financial instruments measured at fair value. As at 30 June 2024, if expected price of the investments held by the Group fluctuated, the Group's gains or losses on changes in fair value would be affected accordingly.

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**14 Financial risks (Cont'd)**

**(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.

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.

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. As at 30 June 2024, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage.

**(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.

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

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**14 Financial risks (Cont'd)****(3) Liquidity risk (Cont'd)**

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:

As at 30 June 2024:

Item	On demand or within a year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings (including interest)	18,637,887	-	-	-	18,637,887
Customer deposits and deposits from banks and other financial institutions (including interest)	59,974	-	-	-	59,974
Current portion of non-current liabilities (including interest)	10,390,302	-	-	-	10,390,302
Long-term borrowings (including interest)	482,422	28,276,529	10,304,545	151,786	39,215,282
Debentures payable (including interest)	92,363	92,363	3,299,423	-	3,484,149
Lease liabilities (including interest)	-	814,624	936,645	424,235	2,175,504
Other non-current liabilities	-	2,424	42,731	-	45,155
Sub-total	29,662,948	29,185,940	14,583,344	576,021	74,008,253

As at 31 December 2023:

Ending balance	On demand or within a year	1 to 2 years	2 to 5 years	Over 5 years	Total
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
Sub-total	23,212,282	39,168,844	12,244,050	600,684	75,225,860

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**15 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.

**(1) Assets and liabilities measured at fair value on a recurring basis**

As at 30 June 2024, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Fair value at the end of the period			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value -				
Financial assets held for trading	2,258,780	486,311	-	2,745,091
Derivative financial assets	-	966,625	-	966,625
Receivables financing	-	19,892,103	-	19,892,103
Other current assets - hedging instruments and transferable certificate of deposit	-	590,216	-	590,216
Other debt investments (including the current portion)	-	6,424,870	-	6,424,870
Investments in other equity instruments	-	-	37,710	37,710
Other non-current financial assets	-	2,931,156	4,304,815	7,235,971
<b>Total assets</b>	<b>2,258,780</b>	<b>31,291,281</b>	<b>4,342,525</b>	<b>37,892,586</b>
Financial liabilities measured at fair value -				
Financial liabilities held for trading	-	-	1,075,388	1,075,388
Derivative financial liabilities	-	658,694	-	658,694
Other current liabilities – hedging instruments	-	40,782	-	40,782
Other non-current liabilities	-	2,798	-	2,798
<b>Total liabilities</b>	<b>-</b>	<b>702,274</b>	<b>1,075,388</b>	<b>1,777,662</b>

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**15 Fair value estimates (Cont'd)****(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)**

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:

Item	Fair value at the end of the year			
	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 non-current liabilities	-	2,282	-	2,282
Total liabilities	-	415,504	1,346,674	1,762,178

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. The inputs of the valuation technique mainly include risk-free interest rate, projected exchange rate and estimated annual yield.

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:

Item	Investments in other equity instruments and other non-current financial assets	Financial liabilities held for trading
1 January 2024	5,725,465	(1,346,674)
Increase	-	-
Decrease	(67,227)	63,870
Transfer out of Level 3	(1,345,172)	-
Total gains for the current period		
(Losses)/Income recognised in the income statement	22,922	207,416
Gains recognised in other comprehensive income	6,537	-
30 June 2024	4,342,525	(1,075,388)

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**15 Fair value estimates (Cont'd)****(1) Assets and liabilities measured at fair value on a recurring basis (Cont'd)**

Item	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 into Level 3	(375,466)	-
Total gains for the current period		
Income recognised in the income statement	(199,037)	(130,175)
Losses recognised in other comprehensive income	20,091	-
31 December 2023	5,725,465	(1,346,674)

- (a) The fair value of this part of other non-current financial assets, investments in other equity instruments and financial liabilities held for trading is measured using discounted cash flows approach and market comparable companies approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value. Significant unobservable inputs mainly include the financial data of targeted company, market multiple of comparable companies and risk adjusted discount rates.

Assets and liabilities subject to Level 2 fair value measurement are mainly receivables financing, structural deposits, transferable certificates of deposit and cross-currency interest rate swaps, and are evaluated by discounted cash flows approach, market approach and income approach.

**(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, deposits with the Central Bank, deposits with banks and other financial institutions, notes receivable, accounts receivable, contract assets, loan receivables, other receivables, lease 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 15(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 30 June 2024 and 31 December 2023 approximated to their fair value.

**16 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.



**MIDEA GROUP CO., LTD.**

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**16 Capital management (Cont'd)**

The Group is not subject to external mandatory capital requirements, and monitors capital structure on the basis of debt-to-asset ratio (total liabilities divide total assets).

As at 30 June 2024 and 31 December 2023, the Group's debt-to-asset ratio is as follows:

Item	Ending balance	Opening balance
Total liabilities	330,346,541	311,738,535
Total assets	506,631,909	486,038,184
Debt-to-asset ratio	65.20%	64.14%

**17 Notes to the Company's financial statements**

**(1) Other receivables**

Item	Ending balance	Opening balance
Other receivables	23,972,416	19,621,009
Less: Provision for bad debts	(7,996)	(6,650)
Total	23,964,420	19,614,359

**(a) Other receivables are analysed by ageing as follows:**

Ageing	Ending balance	Opening balance
Within 1 year	23,604,805	19,277,501
1 to 2 years	364,748	340,449
Over 2 years	2,863	3,059
Total	23,972,416	19,621,009

**(b) Provision for bad debts and changes in book balance statement**

Item	Stage 1				Sub-total
	12-month ECL (Grouping)		12-month ECL (Individual)		
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision for bad debts
1 January 2024	19,468,253	6,650	152,756	-	6,650
Transfer to Stage 3 in the current year	-	-	-	-	-
Net increase in the current period	4,488,200	1,346	(136,793)	-	1,346
Including: Write-off in the current period	-	-	-	-	-
Derecognition	-	-	-	-	-
30 June 2024	23,956,453	7,996	15,963	-	7,996

**(c) As at 30 June 2024, other receivables of the Company at Stage 1 are analysed as follows:**

**(i) As at 30 June 2024, other receivables at Stage 1 for which the related provision for bad debts was provided on an individual basis are analysed as follows:**

Category	Ending balance			
	Book balance	12-month ECL rate	Provision for bad debts	Reason
Stage 1	15,963	0%	-	Expected risk loss is low

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**17 Notes to the Company's financial statements (Cont'd)**

## (1) Other receivables (Cont'd)

(c) As at 30 June 2024, other receivables of the Company at Stage 1 are analysed as follows (Cont'd)

(ii) As at 30 June 2024, 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:

	Ending balance			Opening balance		
	Book balance	Provision for bad debts		Book balance	Provision for bad debts	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
Stage 1						
Related parties and security deposit/guarantee payables grouping	23,956,453	(7,996)	0.03%	19,468,253	(6,650)	0.03%

(d) As at 30 June 2024, the five largest other receivables aggregated by debtor are summarised and analysed as follows:

Unit	Nature	Book balance	Ageing	% of total balance	Provision for bad debts
Company A	Current accounts	21,201,391	Within 1 year	88.44%	(6,360)
Company B	Current accounts	1,071,000	Within 1 year	4.47%	(321)
Company C	Current accounts	339,700	Within 1 year	1.42%	(102)
Company D	Current accounts	339,172	Within 1 year	1.41%	(102)
Company E	Current accounts	172,620	Within 1 year	0.72%	(52)
Sub-total		23,123,883		96.46%	(6,937)

## (2) Long-term equity investments

Long-term equity investments are classified as follows:

Item	Ending balance	Opening balance
Subsidiaries (a)	82,170,763	72,398,113
Associates (b)	3,593,119	3,559,731
Sub-total	85,763,882	75,957,844
Less: Provision for impairment	-	-
Total	85,763,882	75,957,844

# MIDEA GROUP CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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### 17 Notes to the Company's financial statements (Cont'd)

#### (2) Long-term equity investments (Cont'd)

##### (a) Subsidiaries

Name of investee	Opening balance	Movements in the current period			Ending balance	Cash dividends attributable to the parent company declared in the current period
		Increase in investment	Decrease in investment	Others		
Wuxi Little Swan Electric Co., Ltd.	20,375,731	-	-	34,487	20,410,218	-
Foshan Shunde Midea Household Appliances Industry Co., Ltd.	5,952,052	-	-	380	5,952,432	-
Guangdong Midea Electric Co., Ltd.	5,003,142	10,000,000	-	-	15,003,142	-
Beijing Wandong Medical Technology Co., Ltd.	4,353,202	-	-	-	4,353,202	41,545
Midea Group Finance Co., Ltd.	3,365,323	-	-	1,046	3,366,369	-
Midea Innovation Investment Co., Ltd.	2,135,000	-	-	-	2,135,000	-
GD Midea Air-Conditioning Equipment Co., Ltd.	2,085,575	-	-	53,894	2,139,469	-
Guangdong Midea Microwave Oven Manufacturing Co., Ltd.	1,880,041	-	-	-	1,880,041	-
Guangdong Midea Intelligent Technologies Co., Ltd.	1,862,211	-	-	636	1,862,847	-
Shenzhen CLOU Electronics Co., Ltd.	1,661,674	-	-	-	1,661,674	-
Guangdong Meizhi Compressor Limited	1,953,745	-	-	20,482	1,974,227	-
Guangdong Midea Consumer Electric Manufacturing Co., Ltd.	1,221,741	-	-	11,903	1,233,644	-
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	1,087,616	-	-	2,017	1,089,633	-
Hainan Midea Building Technology Co., Ltd.	921,500	-	-	-	921,500	-
Midea Group (Shanghai) Co. Ltd.	946,605	-	-	20,206	966,811	-
GD Midea Heating & Ventilating Equipment Co., Ltd.	954,417	-	-	29,092	983,509	-
Hubei Midea Refrigerator Co., Ltd.	913,180	-	-	17,969	931,149	-
Anhui Meizhi Precision Manufacturing Co., Ltd.	838,718	-	-	1,971	840,689	-
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	780,781	-	-	1,895	782,676	-
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.	640,730	-	-	8,353	649,083	-
Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.	626,681	-	-	17,007	643,688	-
Hefei Midea Refrigerator Co., Ltd.	562,678	-	-	3,067	565,745	-
Guangzhou Hualing Refrigerating Equipment Co., Ltd.	542,852	-	-	7,070	549,922	-
Ningbo Midea United Materials Supply Co., Ltd.	505,985	-	-	1,553	507,538	-
GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.	481,769	-	-	-	481,769	-
Guangzhou Midea Hualing Refrigerator Co., Ltd.	464,888	-	-	13,913	478,801	-
GD Midea Environment Appliances Mfg. Co.,Ltd.	428,061	-	-	7,090	435,151	-
Others	8,340,101	-	(74,188)	335,491	8,601,404	18,208
Total	72,398,113	10,000,000	(816,872)	589,522	82,170,763	59,753

**MIDEA GROUP CO., LTD.**

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**17 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., Hefei Royalstar Motor Co., Ltd. and other companies by the Company.

(3) Operating revenue

Operating revenue mainly comprises revenue from other operations, including the trademark royalty income, rental income and management fee income, obtained by the Company from the subsidiaries.

(4) Investment income

Item	Current period	Same period of prior year
Income from long-term equity investments under cost method	59,753	56,350
Investment income from holding of financial assets held for trading	-	7,389
Income from long-term equity investments under equity method	160,639	124,458
Others	238,994	1,242
Total	459,386	189,439

There is no significant restriction on repatriation of the Company's investment income.

## 1 Statement of non-recurring profit or loss

Item	Current period
Gains or losses on disposal of non-current assets	99,217
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.	364,409
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)	683,733
Sub-total	1,147,359
Less: Effect of income tax	(367,479)
Effect of minority interests (after tax)	(156,582)
Net non-recurring profit or loss attributable to equity owners of the parent company	623,298

Basis for preparation of statement of non-recurring profit or loss

Under the requirements in *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit or Loss (Revised in 2023)* issued by the China Security Regulatory Commission ("CSRC"), non-recurring profit or loss refers to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to happen frequently that would have an influence to the financial statements users' making economic decisions based on the financial performance and profitability of an enterprise.

## 2 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:

Item	Weighted average return on net assets (%)		Earnings per share (in RMB Yuan)			
			Basic earnings per share		Diluted earnings per share	
	Current period	Same period of prior year	Current period	Same period of prior year	Current period	Same period of prior year
Net profit attributable to ordinary shareholders of the Company	12.20%	12.14%	3.02	2.67	3.01	2.66
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	11.83%	11.76%	2.92	2.58	2.92	2.58

### **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 Accounting Standards (IAS)

☐ Applicable                      ☒ Not applicable

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

☐ Applicable                      ☒ Not applicable

**Midea Group Co., Ltd.**

**Legal representative: Fang Hongbo**

**19 August 2024**