

# **GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI**

## **Annual Report 2021**

**April 2022**

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

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

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

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

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

**The Company's profit distribution proposal passed upon deliberation at the meeting of the Board of Directors is set out as below: Based on the total number**

**of 5,536,677,733 shares of the Company enjoying profit distribution rights as of April 29, 2022 (the total stock capital of 5,914,469,040 shares excluding the 377,791,307 shares held in the repurchase account of the Company), the Company plans to distribute all shareholders a cash dividend of RMB 20 (tax included) per 10 shares, but does not plan to give any bonus share or use any public reserve funds for capitalization.**

## Table of Contents

<b>Section I Important Notice, Table of Contents and Paraphrase.....</b>	<b>1</b>
<b>Section II Company Profile and Main Financial Indices .....</b>	<b>6</b>
<b>Section III Management Discussion and Analysis.....</b>	<b>12</b>
<b>Section IV Corporate Governance.....</b>	<b>72</b>
<b>Section V Environmental and Social Responsibility .....</b>	<b>99</b>
<b>Section VI Important Matters.....</b>	<b>111</b>
<b>Section VII Changes in Shares and Shareholders.....</b>	<b>141</b>
<b>Section VIII Related Information of Preferred Share .....</b>	<b>153</b>
<b>Section IX Related Information on Bonds .....</b>	<b>154</b>
<b>Section X Financial statement .....</b>	<b>155</b>

## References

- (I) The accounting statements signed and sealed by Dong Mingzhu, the legal representative, Liao Jianxiong, chief accountant and Liu Yanzi, head of accounting department.
- (II) The original audit report sealed by China Audit Union Power Certified Public Accountants Co., Ltd. and signed and sealed by certified public accountants Han Zhenping and Qiu Yiwu.
- (III) Originals and original drafts of all the Company's documents and announcements published on the newspapers designated by CSRC and on [www.cninfo.com.cn](http://www.cninfo.com.cn) within the Report Period.

## Paraphrase

Items	Means	Contents
Company, the Company, the enterprise, GREE ELECTRIC APPLIANCES or GREE	Means	GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI
GREE GROUP	Means	Zhuhai Gree Group Co., Ltd.
Zhuhai Mingjun	Means	Zhuhai Mingjun Investment Partnership (Limited Partnership)
Finance Company	Means	Zhuhai Gree Group Finance Company Limited
Jinghai Internet	Means	Jinghai Internet Technology Development Co., Ltd.
GREE Altairnano, GREE Altairnano New Energy	Means	GREE Altairnano New Energy Inc. (former name: Yinlong New Energy Co., Ltd.)
CSRC	Means	China Securities Regulatory Commission
Report Period	Means	January 1, 2021 to December 31, 2021

## Section II Company Profile and Main Financial Indices

### I. Company information

Stock Abbreviation	GREE ELECTRIC APPLIANCES	Stock Code	000651
Stock Exchange	Shenzhen Stock Exchange		
Name in Chinese	珠海格力电器股份有限公司		
Name Abbreviation in Chinese	格力电器		
Name in Foreign Language (if any)	GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI		
Name Abbreviation in Foreign Language (if any)	GREE		
Legal Representative	Dong Mingzhu		
Registered Address	Room 608, No. 108, Huitong Third Road, Hengqin New Area, Zhuhai City, Guangdong Province		
Post Code of Registered Address	519031		
Historical Changes of the Company's Registered Address	On August 26, 2021, it was changed from Jinji West Road, Qianshan, Zhuhai City, Guangdong Province to its current registered address		
Business Address	Jinji West Road, Qianshan, Zhuhai City, Guangdong Province		
Post Code of Office Address	519070		
Website	<a href="http://www.gree.com.cn">http://www.gree.com.cn</a>		
Email	gree0651@cn.gree.com		

### II. Contacts and contact information

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

### III. Information disclosure and place of the report

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

#### IV. Alteration of registration

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

#### V. Other related information

Accounting firm engaged by the Company

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

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

Yes  No

	2021	2020	Increase/Decrease over the previous year	2019

Operating Revenue (Yuan)	187,868,874,892.71	168,199,204,404.53	11.69%	198,153,027,540.35
Net profit attributable to shareholders of listed Company (Yuan)	23,063,732,372.62	22,175,108,137.32	4.01%	24,696,641,368.84
Net profit attributable to shareholders of listed Company less non-recurring gains and losses (Yuan)	21,850,050,895.31	20,285,816,036.00	7.71%	24,171,511,911.32
Net cash flow generated from operating activities (Yuan)	1,894,363,258.72	19,238,637,309.16	-90.15%	27,893,714,093.59
Basic earnings per share (Yuan per Share)	4.04	3.71	8.89%	4.11
Diluted earnings per share (Yuan per Share)	4.04	3.71	8.89%	4.11
Weighted average return on net assets	21.34%	18.88%	2.46%	25.72%
	At the end of 2021	At the end of 2020	Increase/Decrease over the previous year	At the end of 2019
Total asset (Yuan)	319,598,183,780.38	279,217,923,628.27	14.46%	282,972,157,415.28
Net asset attributable to shareholders of listed Company (Yuan)	103,651,654,599.87	115,190,211,206.76	-10.02%	110,153,573,282.67

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

Yes  No

The net profit before and after deducting non-recurring profits and losses, whichever is lower, is negative

Yes  No

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

### VIII. Quarter-based main financial indicators

Unit: Yuan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating revenue	33,189,408,213.61	57,862,663,732.52	47,082,608,837.26	49,734,194,109.32
Net profit attributable to shareholders of listed company	3,442,899,755.09	6,013,919,597.77	6,187,957,163.99	7,418,955,855.77
Net profit attributable to shareholders of listed companies after deduction of non-recurring profit and loss	3,299,482,181.81	5,492,272,396.33	5,970,530,098.50	7,087,766,218.67
Net cash flows from operating activities	-4,265,483,021.72	-1,805,736,890.49	12,533,051,153.77	-4,567,467,982.84

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

Yes  No

### IX. Non-recurring profit and loss items and amounts

Applicable  Not applicable

Unit: Yuan

Item	Amount in 2021	Amount in 2020	Amount in 2019	Description
Gains and losses from disposal of non-current assets (including the provision for asset impairment write-off part)	-7,498,891.48	-4,974,224.62	-9,293,929.38	For details, see Note (V) 63, Note (V) 64, and Note (V) 65
Governmental subsidies recorded into the current gains and losses (excluding the governmental subsidies closely relating to the normal business operations of the company, conforming to national policies and regulations, and enjoyed by a fixed quota or a fixed amount in accordance with a certain standard)	875,778,734.20	1,346,168,393.38	1,215,852,371.66	For details, see Note (V) 58 and Note (V) 64

Capital occupation fee collected from the non-financial institution and recorded into the current gains and losses	6,234,097.19	883,505.62	359,713.10	
Gains and losses caused by fair value changes from the holding of trading financial assets and trading financial liabilities, and investment income obtained from the disposal of trading financial assets, trading financial liabilities, and available-for-sale financial assets, except for the effective hedging business related to the Company's normal business operations	369,460,356.97	877,450,950.74	1,449,722.86	
Reversal of impairment provision for the accounts receivable for which an independent impairment test is conducted	16,844,984.00			
Non-operating incomes and expenditures other than the above items	58,510,843.19	50,024,914.68	-530,486,147.03	For details, see Note (V) 64 and Note (V) 65
Other profit and loss items that conform to the definition of non-recurring profit and loss	13,691,263.12	17,915,425.64	997,770.17	
Less: Influence amount of income tax	82,923,289.84	386,974,457.37	147,189,032.83	
Influence amount of minority equity	36,416,620.04	11,202,406.75	6,561,011.03	
Total	1,213,681,477.31	1,889,292,101.32	525,129,457.52	--

Details of other profit and loss items that conform to the definition of non-recurring profit and loss:

Applicable  Not Applicable

Item	Amount in current report period	Amount in the same period of the previous year	Reason
Other profit and loss items that conform to the definition of non-recurring profit and loss	13,691,263.12	17,915,425.64	Returned commission charges of personal income tax, etc.

The Company has no other profit and loss items that conform to the definition of non-recurring profit and loss.

Description of defining the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss* as recurring profit and loss items

Applicable  Not applicable

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

and loss items.

## Section III Management Discussion and Analysis

### I. Industry of the Company during the report period

#### (I) Consumption field

Gree's products in the consumption field cover residential air conditioners, HVAC, refrigerators, washing machines, water heaters, kitchen appliances, and environment appliances, etc.

According to the *Report on China's Household Appliance Market in 2021* issued by China Center for Information Industry Development, in 2021, the household appliance market of China recovered in an all-round way, with the retail scale volume reaching 881.1 billion yuan, a year-on-year increase of 5.7%, basically returning to the level before the COVID-19 pandemic.

Sales of air conditioners returned to the level before the COVID-19 pandemic, and exports became the main growth engine. According to the statistics of ChinaIOL.com, the sales volume of residential air conditioners was 152,590,000 in 2021, a year-on-year increase of 7.9%, which was also slightly higher than that in 2019; export was the main growth engine of residential air conditioner industry, in 2021, the export volume of residential air conditioners was 67,890,000, a year-on-year increase of 11.0%; domestic sales volume was 84,700,000, a year-on-year increase of 5.5%. In 2021, the sales volume of central air conditioner was about RMB 123.2 billion, with a year-on-year increase of 25.4%.

The retail sales of household appliances in online channels once again exceeded those in offline channels in China. The growth rate of online and offline market scale has changed from negative to positive. Moreover, under the continuous and profound impact of COVID-19 pandemic, the retail sales of online channels in China accounted for 52.9% of the entire household appliance market in 2021, with a proportion more than 50% for two consecutive years.

High quality household appliances are favored, and emerging household appliances continue to sell well. Among traditional household appliances, products with larger size, larger capacity and higher quality, such as inverter air conditioners, multi-door refrigerators, high-capacity washing and drying integrated washing machines and high suction range hoods, are favored. Among the emerging household appliances, the demand for fresh air conditioners, partitioned washing machines, clothes dryers, water purification and hot water all-in-one machine, multi-functional high speed blenders, air fryers, integrated stoves, floor scrubbers, cosmetic instruments and pet appliances is more fine sorted, and the products with improved quality continue to sell well.

The policy of green intelligent household appliance going to the countryside will be launched, and the potential of the sinking market is huge. The household appliance market of the sinking market, which accounts for 70% of China's population, reached RMB 277.5 billion in 2021, accounting for 31.5%, with a year-on-year increase of 8.9%, which is much higher than the overall market, becoming the most important growth pole of the household appliance market. Universal household appliances are still the main sales in the sinking market, and there is still a large gap between the number of main household appliances per 100 households in rural areas and that in cities. For example, the number of air conditioners owned by 100 households in cities is 150, while that in rural areas is only 74. The penetration rate of kitchen appliances, environment appliances and personal care appliances in rural areas is lower. With the continuous improvement of rural residents' consumption capacity, the

gradual improvement of network and logistics infrastructure, and the rapid integration of urban and rural household appliance consumption concepts, the sinking market has become the household appliance consumption market with the largest population base, the largest area and the greatest potential in China. On March 5, 2022, Premier Li Keqiang proposed in the Government Work Report to encourage local governments to carry out the policy of green intelligent household appliance going to the countryside and old for new service, which will certainly promote the further growth of the sinking market of household appliances.

## (II) Industrial field

Gree's products in the industrial field cover high-end equipment, precision moulds, compressors, motors, industrial energy storage, new energy buses, and new energy special vehicles, etc.

The intelligent equipment sector continues to grow. The combination of post-pandemic economic recovery and industrial transformation and upgrading, coupled with the promotion of national strategies such as "Made in China 2025" and the *Development Plan on Smart Manufacturing During the "14th Five-Year Plan"*, China's intelligent equipment sector has achieved rapid development. According to the data of the National Bureau of Statistics, the added value of China's equipment manufacturing industry increased by 12.9% year-on-year in 2021, accounting for 32.4% of the added value of industries above designated size; the output of industrial robots was 366,000 sets, a year-on-year increase of 67.9%.

Technology-intensive industries drive the development of intelligent equipment. The demand increment of intelligent equipment in 2021 mainly comes from technology-intensive industries such as new energy vehicles, 3C electronics and medicine. According to the data of the GGII, in 2021, the sales volume of industrial robots in China exceeded 261,000 sets, with a year-on-year increase of more than 53%, accounting for more than 50% of the global sales volume, and China has become the world's largest consumer of industrial robots for 8 consecutive years.

The development direction of intelligent equipment is to meet the needs of industrial upgrading. The development demand of industrial manufacturing is improvement of production efficiency, improvement of product quality and customized production. Intelligent equipment is the carrier to realize the demand of industrial manufacturing, and will develop in the direction of high precision, high stability and flexible production.

China's intelligent manufacturing industry has clear objectives and great growth potential. The development level of high-end intelligent equipment is not only the standard to measure the development level of a country's manufacturing industry, but also the basis for industrial upgrading of a manufacturing power. Therefore, it has been strongly supported by national policies. It is clearly stated in the *Development Plan on Smart Manufacturing During the "14th Five-Year Plan"* that by 2025, 70% of manufacturing enterprises above designated size will be generally digitalized and networked, and build more than 500 intelligent manufacturing demonstration plants leading the development of the industry. Driven by national policies and industrial upgrading needs, China's intelligent manufacturing industry has great growth potential in the future.

Industrial upgrading will accelerate the survival of the fittest in the mould industry. China is a big country in mould manufacturing and trade in the world. According to the data of Zhongshang Industry Research Institute, the market scale of China's mould industry is expected to be RMB 302.833 billion in 2021, with a year-on-year increase of 9.5%. With the implementation of national intelligent manufacturing and industrial upgrading policies, leading enterprises in the industry will increase R&D investment, accelerate the automation upgrading of production lines, and improve the development level of new products; the industry will accelerate the survival of the fittest, and market resources will gradually concentrate on advantageous enterprises in the industry, which is

conductive to the development of advantageous enterprises.

The sector of core air conditioning parts returned to growth. Thanks to the effective control of the domestic COVID-19 pandemic and the comprehensive recovery of the downstream household appliance industry, the market has improved compared with 2020, but it has not completely recovered. According to the 2021 statistics of ChinaIOL.com, the sales volume of rotor compressors in China was 238,570,000, a year-on-year increase of 12.8%; the sales volume of air conditioner motor in China was 392,290,000, a year-on-year increase of 10%. With the implementation of new energy efficiency policy and carbon peaking and carbon neutrality policy, and the continuous rise of global raw materials, the upgrading of product structure is imperative.

Under the strong impetus of the national "carbon peaking and carbon neutrality" strategy, green industries such as energy storage and new energy vehicles have ushered in unprecedented development opportunities.

The state has made clear the development objectives of the energy storage industry, and the industry will accelerate its development. In July 2021, the National Development and Reform Commission and the National Energy Administration jointly issued the *Guidance on Accelerating the Development of New Energy Storage*, which defined and quantified the development objectives of the energy storage industry for the first time at the national level. It is expected that the installed capacity of new energy storage will reach more than 30,000,000 KW (30 GW) by 2025. From 3.28 GW at the end of 2020 to 30 GW in 2025, the scale of the new energy storage market will be expanded to 10 times the current level in the next five years, with an average annual compound growth rate of more than 55%. Positive policy signals will guide the inflow of social capital and boost the rapid arrival of trillion energy storage market.

The sales volume of new energy special vehicles reached a new high, leading the new energy commercial vehicle market. Driven by the introduction of new energy logistics vehicle policies, the expansion of urban distribution scale, the new regulations for blue license plate light trucks and the rise of switching mode for heavy trucks, new energy special vehicles have achieved explosive growth, according to the terminal license plate enrolling data, the cumulative sales of new energy special vehicles in 2021 were 160,700, with a year-on-year growth of 125.6%. Due to the decline of subsidies and the gradual saturation of the market, the sales volume of new energy buses above 6 meters decreased by 17% year-on-year. Enterprises with new energy special vehicles, new energy buses, and new energy auto parts simultaneously can quickly adapt to market changes.

## II. Major businesses engaged in during the Report Period

Gree Electric Appliances, Inc. of Zhuhai is a diversified and technological global industrial group and has three major consumer brands: Gree, TOSOT and KINGHOME, and industrial brands: LANDA, Kaibang, and Xinyuan, etc. In consumption field, it covers residential air conditioners, HVAC, refrigerators, washing machines, water heaters, kitchen appliances, environment appliances, communication products, smart buildings, and smart household appliances; in industrial field, it covers high-end equipment, precision moulds, freezers and refrigeration equipment, motors, compressors, capacitors, semiconductor devices, precision casting equipment, basic materials, industrial energy storage, and renewable resources. Gree's products are sold in more than 180 countries and regions, providing global consumers with satisfactory products and services, for the purpose of creating a better life.

In 2021, Gree was again listed in the Forbes Global 2000 - World's Best Employers and ranked the 252th, and listed in the Fortune Global 500 and ranked the 488th by virtue of its outstanding comprehensive strength.

According to the data released by *HVAC Information*, Gree was the only brand with a sales scale of more than RMB 20 billion in China's central air conditioning industry in 2021 and has maintained the position for ten consecutive years in the Chinese market, among them, Gree ranked first among national brands with a share of more than 20% in VRF, and was far ahead of the second with a share of 34.8% in unitary air conditioner. According to the 2021 domestic sales data of air conditioner published by *ChinaIOL.com*, Gree air conditioners ranked the first in the field with a share of 37.4%, taking the lead for 27 years.

In 2021, Gree continued to enrich the categories of home appliances, strengthened the marketing of new media channels, and achieved good results. According to the data of All View Cloud, in 2021, Gree's online retail sales share of electric heaters, electric fans, dehumidifiers, air source water heaters and other products ranked among the top two in the industry.

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

### III. Core competence analysis

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

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

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

In 2021, Gree was again listed in the Forbes Global 2000 and ranked the 252th, and listed in the Fortune Global 500 and ranked the 488th by virtue of its outstanding comprehensive strength.

In May 2021, the "2021 China Brand Value Evaluation Information List" jointly sponsored by Xinhua News Agency, China Council for Brand Development, China Appraisal Society and SASAC News Center was released, and Gree ranked first in the household appliance industry, with a brand value of RMB 120.778 billion, an increase of RMB 6.675 billion compared with last year.

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

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

Gree insists on "independent research and development of core technologies", and has set up a technological

innovation system of "enterprise regarded as the main player, market as the orientation, enterprise-university-research cooperation". It insists on innovation driving, cultivates innovative talents, implements the leader strategy, and constantly consolidates its global leading position in the field of refrigeration.

Gree boasts the largest R&D center of air conditioners in the world, including 4 national R&D centers, 1 academician workstation, 16 research institutes, nearly 1,000 laboratories. Its national R&D centers are the National Key Laboratory on Air Conditioning Equipment and Energy-saving System Operation, National Engineering Research Center of Green Refrigeration Equipment, State Recognized Enterprise Technology Center and National Industrial Design Center. In 2021, Gree was approved to establish Guangdong Key Laboratory for Enterprises of High-speed Energy Saving Motor System.

Gree Electric continued to lead the industry in testing, certification and standards. Gree has built more than 300 professional laboratories for thermal balance, noises, reliability, electrical safety, electromagnetic compatibility, etc., and has been successively recognized by a variety of national or international organizations (including CNAS, TUV, UL, CSA, VDE, ITS, SGS, BV, and AHRI, etc.), growing into the largest experimental center in the industry that can provide the most complete tests and receive the largest number of national and international recognitions. Gree has actively led or participated in the formulation of more than 570 international standards and national standards. In terms of international standards, Gree took the lead in formulating two international standards for photovoltaic direct-drive technology, laying a solid foundation for Gree's photovoltaic air conditioning products to enter the international market; it participated in the formulation and revision of 13 international standards for household appliances and national standards for air conditioning in the United States and Canada, and continuously made new breakthroughs and new competitive advantages in international standardization. Gree has successively become the research and evaluation base of the National Notification Enquiry Center, the first batch of National Demonstration Base for Standardization of Consumer Goods, the National Energy Conservation Standardization Demonstration Pilot and the National Pilot Enterprise for Standardization of High-end Equipment Manufacturing Industry.

By the end of 2021, Gree had won 99 important awards at the national, provincial and industrial levels; had accumulatively applied for 96,626 domestic and foreign patents, including 49,549 invention patents, had obtained 13,507 invention patent grants at home and abroad and become the first household appliance enterprise in China with more than 10,000 invention patents granted; had won 65 Chinese patent awards in total, including two gold awards for invention and three gold awards for appearance, ranking first in the air conditioning industry in terms of the total number of awards; had won 11 gold awards at the International Exhibition of Inventions of Geneva and 6 iENA at the iENA. At the same time, Gree is one of the first batch of national enterprise intellectual property demonstration unit, "National Patent Operation Pilot Enterprise", and won the China Trademark Gold Award.

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

Gree always adheres to the principle of "quality first" and "integrity management", and constantly optimizes the quality management system and innovates the quality control mode based on customer demand.

Gree adheres to the quality policy of "pursuing the perfect quality, creating an international brand, and forging a century enterprise", take "best service not requiring after-sales service" and "zero defect" as the quality goal, always sticks to the quality culture of "strict, true and new" oriented to customer demand and social responsibility, with independent talent training as the core, establish an all-round quality education and training system. In the process of "practice - summary and innovation - practice again - summary and innovation again", a

comprehensive quality management model of independent innovation with Gree characteristics has been gradually formed, and the T9 comprehensive quality control system centered on the quality technology innovation cycle D-CTFP has been created and implemented.

Quality is related to "two lives", one is the life of consumers and the other is the life of enterprise. The quality level of Gree's products has been steadily improved by strengthening the internal quality control, and the after-sale failure rate has been declining for many consecutive years. In March 2021, Gree put forward the "ten-year free repair policy" for residential air conditioners, which led the progress of domestic air conditioning service standards and reflected the strength of Gree's air conditioning product quality and after-sales service beyond national standards.

Gree adheres to the original intention of "taking consumer demand as the highest standard" and contributes to the high-quality development of Made-in-China products with the spirit of "conduct self-examination". In 2018, Gree won the "China Quality Award" issued by the State Administration for Market Regulation relying on its perfect quality management mode of "Made in China, Loved by the World"; in 2020, based on the "perfect quality management mode", Gree participated in the drafting and development of the *Quality Management - Innovation Cycle Guide Based on Customer Demand* as a national standard, with a view to publicizing Gree's advanced quality management experience throughout the industry and promoting continuous improvement of the quality level of the whole industry. In November 2021, Gree won the title of "National Market Quality Credit AAA Grade User Satisfaction Benchmarking Enterprise", which demonstrated consumers' recognition of Gree's high-quality products and Gree's strong strength as an industry leader.

#### **(IV) The full series of household appliances, providing consumers with overall solutions for high-quality life**

Gree can provide a full range of household appliances including residential air conditioners, HVAC, refrigerators, washing machines, environment appliances, kitchen appliances and home appliances, fully meeting consumers' all-round needs for high quality life. The new household appliances launched in 2021 include Real Purify formaldehyde removal air conditioner, Freair series two-way fresh air conditioner, Wisdom Wind air conditioner for the aged, Painting Era AI audio-visual air conditioner, Kinghome refrigerator with all-round freshness preservation, Almighty King Shuzun II air source water heater, Automatic Drum Washer&Heat Pump Clothing Care Dryer, EcoSilence Drive washing machine, Jinghuan Series dishwasher, steam oven, gas stove with anti-burning protection, sweeping robot, water softener, central water purifier, desktop water dispenser, car air purifier, tower air cooler with cooling and heating function, graphene baseboard heater, household dryer, sparkling water maker, air fryer, ultrasonic cleaner, and health pot, etc., facilitating the consumers in their colorful life.

In addition, under the background of consumption upgrading and seriation becoming the general trend of the industry, Gree launched five sets of household appliance products, including "Gree Serenity", "Gree Pearl", "Gree Times", "Gree Stars" and "Gree Brevity", which fully concerned the intelligent, convenient, comfortable and healthy personalized household needs of consumers, and created a new home experience for consumers with the ultimate quality and aesthetic perception.

Gree Smart Home has made in-depth layout in smart home system, smart home network, smart voice interaction, smart scene scheme and smart product technology, launched a series of smart home products, and independently created smart IoT technologies such as IoT platform, smart decision system, G-Voice voice interaction system, smart vision system, G-OS IoT operating system and G-Learning comfort and energy-saving algorithm, creating a high-quality life of Internet of Everything (IoE) for consumers.

At present, Gree has laid out six technologies in the field of smart home, including smart connect, smart

sense, smart interaction, smart cloud platform, smart energy and artificial intelligence. It also has five control accesses, including "Gree +" App, smart voice control air conditioner, IoT mobile phone, smart door lock and magic cube, which can cover the whole series of Gree smart products.

Gree will build Gree's "healthy, smart and comfortable home" ecological home system for consumers from the all-round multi-system product lines of air conditioner, floor heating, fresh air, water purification and smart, combined with the six-constant system concept of "constant temperature, constant humidity, constant oxygen, constant cleanliness, constant mute and constant smart" in the new era.

#### **(V) With the self-controlled new retail system, growth is driven by data**

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

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

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

#### **(VI) Precise production capacity layout and leading intelligent manufacturing level to response to market demand rapidly**

At present, according to the market demand characteristics of different products, differences in regional production factor endowments and other factors, Gree has established production and manufacturing bases for air conditioners, home appliances and industrial products in Zhuhai, Chongqing, Hefei, Zhongshan, Zhengzhou, Wuhan, Shijiazhuang, Wuhu, Changsha, Hangzhou, Suqian, Luoyang, Nanjing, Chengdu, Ganzhou, Linyi, Brazil and Pakistan, forming the highly coordinated development of industrial agglomeration and upstream and downstream industrial chains, which ensures the independent manufacturing of core parts and drives the development of local economy.

Gree uses the industrial robots, intelligent logistics and warehousing and other intelligent equipment independently developed and manufactured to continuously upgrade and transform the existing factories and build demonstration smart household appliance factories. By 2021, Zhuhai base has been recognized as "industrial Internet platform + green and low-carbon solution pilot demonstration" by the Ministry of Industry and Information Technology, and Wuhu base, Chongqing base, Hangzhou base and Hefei base have been recognized as provincial "smart factory" successively.

Precise production capacity layout and leading intelligent manufacturing level further enhanced Gree's manufacturing and cost advantages, realized the rapid response to market demand and brought high-quality life enjoyment to consumers.

**(VII) With strong self-research and self-made ability of core components, the comprehensive competitiveness of products continues to lead the industry**

The core components of products include compressor, air conditioner motor, robot servo system, robot motion control system, reducer, direct drive motor spindle and linear motor, etc.

Gree has been deeply engaged in the field of compressor and air conditioner motor for many years, its capacity, technology and quality of compressor and air conditioner motor have always led the industry, and has successively won honors such as "National Quality Award", "National High-tech Enterprise", and "National Quality Benchmark", has built national laboratory testing centers such as "National CNAS Testing Center", "the first UL-CTDP recognized laboratory in the domestic motor industry", and has obtained 2501 invention patent grants, showing the hard power and brand influence of Gree's industrial product development.

10 products independently developed by Gree, including the "high efficiency scroll compressor", "high-performance linear servo motor and driver", "high-performance servo motor and driver for industrial robot" and "rare earth free permanent reluctance main drive motor system for new energy bus" were appraised as the "world-leading" level, indicating that Gree has fully mastered the advanced technology from core components to products.

Gree not only has strong R&D capability of core components, but also has excellent processing and manufacturing capability. For example, Gree five-axis 3D curved surface processing machine tool is suitable for machining precision parts with complex curved surfaces, with a repeated positioning precision of up to 0.002 mm and cutting feed rate of up to 80 m/min, which can ensure the high quality of core components such as centrifugal compressor blades.

In the diversified sector, the robot servo system currently developed by Gree has covered 600 kg-level industrial robots, which is a special robot servo system with the largest power range in the industry; Gree's self-developed multi-axis integrated linear servo system for machine tools has reached the "international leading" level in key performance indices such as maximum speed, thrust density and thrust fluctuation; Gree's self-developed precision harmonic reducer has the characteristics of compact structure, high geometric accuracy, small back clearance and high torque; and Gree has successfully completed the development of Gree's first robot motion control system with independent intellectual property rights. The research and development of core components of robots and machine tools has successfully broken the technological monopoly of foreign brands and improved the competitiveness of national brands.

The powerful R&D and manufacturing capabilities of core components ensure the high independent rate and comprehensive competitiveness of Gree's products, and provide vigorous support for the leapfrog development of

Gree.

### **(VIII) Advanced cost and supply chain management to provide guarantee for the steady development of the Company**

Gree adheres to the orientation to market demand, establishes and improves an objective-driven cost planning and management system in consideration of the Company's business objectives: deepen product cost control, carry out value chain analysis, decompose and analyze the impact of cost input, conversion and output of various business links inside and outside the group on the final value of products, so as to improve operations, reduce costs, realize value-added of value chain and form a sustainable competitive advantage.

With the goal of building an industry-leading supply chain, Gree plans supply chain management and optimizes supply chain resources, expands the layout of upstream and downstream industries, carries out strategic cooperation with leading enterprises in the industry, and establishes in-depth cooperative relations and resource sharing with high-quality suppliers, so as to maximize the interests of both sides and achieve mutual benefit and win-win results.

Promote the optimization of supply chain management with informatization. Gree realizes the automatic collection, correlation, analysis, monitoring and push of internal and external quality information related to materials through the technical means of big data, so as to promote the continuous improvement of material quality. Enhance the competitiveness of the supply chain through mutual promotion with partners.

In 2021, affected by global trade friction, geopolitics, COVID-19 and other factors, the global economy was frustrated, the price of bulk raw materials soared, and market competition and cost pressure were transmitted to the whole supply chain step by step. Gree continued to give full play to the scale advantage of centralized procurement, and implemented measures such as localization of key imported materials, generalization of structure and materials, and multi-regional supply, which effectively alleviated the pressure on operation caused by environmental changes.

In addition, Gree has further promoted the cost reduction of product design by improving product structure design, optimizing process links, developing lean models and developing outdoor units in series; reduced the production cost by improving the utilization rate of materials, improving the automation level and improving the production process.

### **(IX) Independent talent training system to realize the supply of high-quality talents**

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

Gree's talent team has been growing, its talent structure has been upgraded over the years. By the end of 2021, the Company had about 82,000 employees, including 2 leading talents in science and technology innovation under the National Ten Thousand Talents Program, 4 experts enjoying special allowances from the State Council, 1 winner of the Award of Outstanding Contribution to Nanyue, 1 Outstanding Talent under the Guangdong Special Support Program, and 95 high-level talents of Zhuhai, 549 outstanding young talents, 1,097 scientific and technological experts evaluated inside the Company, more than 6,800 intermediate and senior engineers, and more than 30,000 skilled workers.

In order to adapt to the transformation of the production model to automation and intelligence, the Company accelerates the training of applied-skilled talents. The Company vigorously promoted the spirit of model workers and craftsmen in the new era, made full use of the resource advantages of Guangdong technicians, skilled master studios, and technician workstations to deepen the Company's high-skilled personnel training mechanism, and selected and cultivated a group of "high-tech and cutting-edge" skilled talents through a series of measures such as skill training, skill competition and skill grade evaluation. Up to now, the Group has 14,000 newly assessed skilled talents, of which, 10 have won the title of "Guangdong Provincial Technical Expert", 1 has won the title of "Nanyue Technical Expert", and 5 have won the title of "Zhuhai Municipal Technical Expert", 4 "Zhuhai Municipal Post Technical Expert Pacesetter", 12 "Zhuhai Municipal Chief Technical Expert", 10 "Zhuhai Special Artisan", and 233 "Zhuhai Artisan".

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

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

### **1. Overview**

In 2021, facing the severe and complex macroeconomic situation such as high raw material cost and repeated and changeable COVID-19 pandemic situation, the Company adhered to independent innovation, accelerated diversified layout, strengthened e-commerce operation, implemented the explosion strategy, and made new breakthroughs one after another on the road of high quality development. In 2020, the Company achieved the total operating revenue of RMB 189.654 billion, an increase of 11.24% year on year, and a net profit attributable to the parent company of RMB 23.064 billion, an increase of 4.01% year on year.

### **(I) Center on users, continuously provide users with innovative products**

#### **(1) Residential air conditioner sector**

Gree insists on centering on user needs for development of new products, creates high-quality air conditioners with "ten-year" free repair and fully considers new needs of users, and has successively arranged and developed five series of new products, including Flagship, Fresh Air, Formaldehyde removal, Wisdom Wind and Qingxiang series, and carried out technological innovation and upgrading around the three aspects of "comfort, health and intelligence". In terms of comfort, Wisdom Wind air conditioner for the aged, the first in the industry to serve the "silver haired group", is equipped with "constant temperature defrosting technology", which can realize defrosting without sudden cooling and continuous heating for 10 hours, greatly improving indoor thermal comfort. In terms of health, Real Purify formaldehyde removal air conditioner has been launched, the formaldehyde removal grade reaches the national standard C4 grade, the depth of formaldehyde removal reaches 0.01 mg/m<sup>3</sup>, which is 10 times the national standard requirements. In terms of intelligence, a new generation of Gree Painting Series integrating air conditioning, voice control, entertainment and art appreciation has been launched.

In addition, the Company has launched a new Charmo split unit, and the final assembly automation rate was increased by 40% with structural innovation and design; the Company has also launched a new generation of characteristic Clvia unit, which combines AI intelligent algorithm with frequency conversion controller to save energy by 15%, it also has a variety of humidity control schemes such as automatic comfortable dehumidification

and humidity control, so as to meet the various needs of different customers in different environments.

## (2) HVAC equipment sector

By 2021, Gree has 13 categories of HVAC products, which can meet the customized needs of customers in different occasions.

**Screw chiller and centrifugal chiller sector.** Gree has launched a new generation of high-efficiency super magnetic inverter screw chiller with high-efficiency falling film evaporator and COP of more than 7.0; high efficiency dynamic air suspension centrifugal chiller with bearing suspended for 2 seconds; CVE-Plus ultra-high energy efficiency series frequency conversion unit with double primary energy efficiency of the whole series of units, modular designed screw chillers and other products.

**Household central air conditioner and duct type air conditioner sector.** Gree household central air conditioner has expanded from single product sales to smart and comfortable home system integration. Gree launched a new generation of Yiju home central air conditioner with a shell volume reduction of about 20%, high temperature self-cleaning, motion sensing control and other new functions; Zunshu household central air conditioner with free combination of five functional modules and ready-to-use feature; Yuxiang and Jingxiang series air-conditioning and floor-heating household central air conditioner that accurately adjust the floor heating temperature. In terms of air duct type air conditioners, C3 and D3 series VRV are arranged with new added functions such as self-cleaning, dust removal and sterilization, temperature and humidity correction, etc.

**Commercial VRF sector.** Gree launched the "artificial intelligence VRF" with large capacity of 40HP per single unit, the VRF indoor unit has a newly laid self-cleaning function, which can be used with VRV fresh air unit. It also launched an "intelligent air conditioning management system" integrating remote management and household billing functions.

**Special refrigeration equipment sector.** Gree has newly developed high-efficiency heat exchange and refrigeration equipment for mines, which has overcome a series of problems such as air shortage, water shortage, electricity shortage, high temperature, high humidity, and explosion hazard; Gree intelligent cold source group control system integrating ice storage, magnetic bearing, inverter and other high-efficiency, energy-saving technologies and optimized control strategies; special constant temperature and humidity unit for libraries that can realize accurate regulation and control ( $T \pm 0.5\text{ }^{\circ}\text{C}$ ,  $\text{RH} \pm 3\%$ ) and has an absolute moisture content as low as 5.8g/kg. In terms of precision air conditioning products, JKF series air-cooled close control air conditioner with modular and flexible combination, high-efficiency integrated outdoor cabinet air conditioner for 5G communication, and variable-frequency inter column air conditioner for micro module data center has been launched. In terms of products used for freezing and refrigeration, an integrated intelligent hot fluorine defrosting refrigeration unit has been launched, with high defrosting efficiency, short defrosting time, and energy saving of about 36%, and a split vertical air curtain cabinet has also been launched to improve the refrigeration equipment of retail terminals.

**Heat pump water heater sector.** Gree has newly developed F-series household heating and cooling integrated unit, which meets the primary energy efficiency standard of low-temperature heat pump; has launched Shuzun ultra-high temperature air source water heater with the highest water temperature in the industry ( $90\text{ }^{\circ}\text{C}$ ), which can meet the bathing needs of about 11 people at the same time.

In addition, the Company has also launched "elevator air conditioner" with efficient sterilization and dust removal function, wall mounted fresh air unit and engineering fresh air unit. From high-quality energy-saving products to later maintenance and management, Gree has created a set of comprehensive and perfect central

air-conditioning solutions for customers, assisting the new development concept of "carbon peaking and carbon neutrality" with core technology, and opening up a new path of green energy-saving development.

In 2021, the Company continued to explore the HVAC equipment market and created many model projects in various fields. In the field of real estate, there were about 40 new and renewed customers in 2021, and the market share of refined decoration with air conditioners reached 16%, Gree launched the VIP service system mechanism for exclusive real estate strategic customers; in the field of public buildings, it has successfully delivered benchmarking projects such as Museum of the Communist Party of China, National Speed Skating Oval and National Aquatics Center, won the bid for the heating (cooling) project in Rongdong District of Xiongan New Area, and participated in the brand shortlisting and strategic procurement of more than 10 large state-owned construction units; in the field of data communication, it has won the bid for many projects such as centralized purchase of precision air conditioners and chillers of the three major telecom operators, as well as projects with national influence such as Alibaba National Data Center, Huawei Chengdu Artificial Intelligence Big Data Center and Beijing Changping Future Science Smart City Project; in the field of transportation facilities, it has continuously obtained airport, high-speed railway and subway projects in more than 34 cities such as Shanghai, Guangzhou, Shenzhen, Wuhan, Hangzhou, Chongqing, Xi'an, Changsha and Jinan; in the field of high-end manufacturing and industry, it has newly developed leading customers in power, electronics, automobile, chemical industry, semiconductor, optoelectronics, intelligent terminals, new energy, medical devices and other industries, and successfully won the annual centralized procurement projects of multiple strategic customers; in the field of clean energy, it has won the bid for Xinzhou coal-to-electricity project, with a bid amount of RMB 500 million, and has won the bid for photovoltaic air conditioning projects in many commercial squares, urban service centers and schools; in other fields, it has built a demonstration project of special unit for hospital cleaning, successfully won the bid for a number of top 100 hospitals, international hotel groups and large commercial complex projects, and reached strategic cooperation with a number of large financial institutions and leading breeding enterprises.

### (3) Home appliances sector

In order to improve the quality of life of users, the Company developed home appliances in the direction of health, intelligence and personalized needs, further enriched the depth and width of our household appliance product line and formed a systematic layout at the same time.

**Environment appliances:** The Company has created a variety of popular fans and launched new products such as Lasso air purifier, sweeping robot, desktop water dispenser, and folding baseboard heater. In terms of fans, FS-3015Bh7 series and FD-3515Bh7 series of floor fans adopt multi-concave wing blades and internal and external double spiral acceleration guard to achieve 44 m<sup>3</sup>/min large air volume and 8 m long-distance air supply, which is very cost-effective, and obtained an order of 3.7 million sets in the first year, ranking first in the industry. The production and sales volume of 4L tower cooling fan KS-04X60Dg series, with noise as low as 35 dB, 360 m<sup>3</sup>/h large air volume, 7 m/s high wind speed, V-shaped wet curtain, and 600 ml/h large evaporation capacity, has exceeded 1,000,000 sets, ranking first in the industry. Gree Lasso 520G air purifier can continuously decompose formaldehyde into CO<sub>2</sub> and H<sub>2</sub>O at room temperature, with a decomposition rate of 99%, and formaldehyde CCM of more than 10000 mg, which is 6.6 times the highest level of the national standard. Desktop water dispenser RJY-T16-1X611B featured with 3-second fast heating, is provided with 3000 L long-life patented four-in-one composite filter element, intelligent double flushing mode, free combination of four cup sizes and six temperatures, as well as ultraviolet bacteriostatic action.

**Kitchen appliances:** In 2021, dozens of products were launched in five categories: range hood, stove, gas water heater, steam oven and dishwasher. New products such as sparkling water maker, air fryer and health pot

were also launched, further enriching the kitchen appliance product line and forming a systematic layout at the same time. Jinghuan series 302 dishwasher adopts fog free transparent cabinet door and touch color screen, with the independently developed automatic dirt identification technology, it can realize intelligent washing, with a sterilization rate of 99.99%; Gree X82 range hood, relying on the large air volume cleaning free technology, the air volume is increased by 18%, realizing high static pressure and 10-year cleaning free. The embedded steam oven uses the newly invented self-adaptive temperature control technology based on the temperature characterization point to realize temperature control with an accuracy of 1 °C, which can realize the simultaneous steaming, baking and cooking of three dishes and rice at the same time; Gree gas water heater adopts three-stage combustion technology to achieve accurate temperature control with a water temperature fluctuation of as low as  $\pm 0.5$  °C, and keep the water temperature stable when the water pressure fluctuates, with a minimum power of as low as 3.6 kW.

#### **(4) Refrigerator and washing machine sector.**

**Refrigerator sector.** Taking users as the center, Gree continues to innovate in preservation, sterilization, energy saving, intelligent interaction, etc., of refrigerators, and constantly enriches products with different doors and different volume segments.

In 2021, the product layout was improved, and the first Qiyu purple BCD-516WPQG refrigerator was launched in the cross door series, which is equipped with a brand-new "full-range fresh keeping" function integrating fruit and vegetable fresh keeping, meat fresh keeping, breast milk fresh keeping and sterilization and deodorization. This function can reduce the loss of nutrients and vitamins in fruits and vegetables and delay the deterioration of fruits and vegetables through cell micro dormancy and water moisturizing technology; 15 minutes quick deodorization to ensure the safety of food materials; precisely controlled constant temperature fresh keeping technology realizes the constant temperature field of 4 °C for breast milk storage with a temperature fluctuation of within 0.5 °C, effectively ensuring the stability of breast milk components; at the same time, it is equipped with core technologies such as -5 °C cell-level freezing and -33 °C deep freezing, which meet consumers' ultimate pursuit of health in the era of COVID-19 pandemic.

For small families, the newly developed embedded BCD-320WPFCL French four-door refrigerator is equipped with five fresh-keeping modes of fruits and vegetables, zero degree, partial freezing, soft freezing and cool fresh (instant freezing), it also adopts efficient intelligent temperature control technology and consumes only 0.69 degrees of electricity per day.

**Washing machine sector.** In 2021, Gree launched the upgraded products of Ruxin series washing machine with clothes care function, which adopts differentiated technologies such as heat pump drying, drying without washing, and molecular level care, for high-end washer dryer market; it also launched Jingyue series equipped with pasteurization washing and high-temperature disinfection washing, which has met the demand of generation Z market with its extreme cost performance, improved the product layout of each array of our washing machine, and made a breakthrough in the export market.

#### **(5) Industrial product sector.**

Gree's strong R&D and manufacturing capacity of core components of household appliances has laid a solid foundation for the development of the Company. In 2021, the representative industrial products developed by Gree R&D team are as follows:

**A new generation of household VRF rotor compressor.** Gree's technical team has developed a new

generation of household VRF rotor compressor through small-scale, high-efficiency and low-noise technology in terms of motor and pump. Its size is reduced by 10%, the maximum energy efficiency is increased by 5%, and the noise is reduced by more than 4 dB. The size of the compressor is the smallest in the industry. It has been mass produced and applied to Gree's small, efficient and silent household VRF products. The product technology has applied for 10 national invention patents and formed 4-6HP series products.

**Commercial air conditioner VRF scroll compressor.** Through technical breakthroughs in high-frequency lubrication, scroll profile and broadband motor, Gree's technical team not only ensures the capacity of the compressor, but also improves the high-frequency operation reliability of the compressor and broadens the maximum operation frequency to 130 Hz. This series of scroll compressors have been mass produced and applied to the fifth generation commercial VRF of Gree.

**Air-cooled magnetic bearing compressor.** Gree's technical team realized the stable operation of the air-cooled magnetic bearing compressor with 35000 RPM on load, and the operation accuracy under all working conditions was within 20 um, and output 1 SCI paper and 1 EI paper. Its successful development indicates that Gree has broken the monopoly of foreign enterprises on the air-cooled magnetic market and become the only enterprise in China with independent intellectual property rights of air-cooled magnetic centrifugal compressor.

**High-performance servo system.** Gree's original high power density design technology of servo motor effectively shortens the axial length of the motor, solves the problems of low power density, large volume and weight of servo motor, and promotes the miniaturization and weight reduction of robot to the greatest extent.

The special servo driver for robot developed by Gree can synchronously and accurately control multiple motors, which solves the industrial problems of robot servo driver, such as large volume, low performance, poor reliability, and complex installation. The robot with Gree servo system runs faster and has better reliability under the same conditions.

**Permanent magnet auxiliary synchronous reluctance motor.** Compared with the asynchronous motor (IE2) with the same power, the volume of the motor is reduced by 50% and the loss is reduced by 60%, reaching the IE5 ultra-high energy efficiency level, with significant energy-saving effect, and the rotation matrix coefficient is as low as 5%. It has won the gold award at the International Exhibition of Inventions of Pittsburgh, and obtained more than 30 invention patent grants.

**Supporting drive motor of air compressor.** Gree's technical team has overcome the technical problems of excessive torque pulsation and large cantilever structure deflection under high speed. The motor has the advantages of high transmission efficiency, compact structure, maintenance free, higher motor power density, low vibration and low noise, and makes the whole air compressor reach the primary energy efficiency level. Gree has completed the development of four series products including 15-75kW, which can meet the needs of a full range of products for high-end customers. At present, Gree has reached strategic cooperation with domestic front-line air compressor enterprises.

In addition, the top mounted integrated parking air conditioner developed by Gree adopts intelligent full variable frequency control, which has the characteristics of strong refrigeration performance, humanized operation, high safety protection degree and easy installation, and it has occupied the market rapidly since its launch; large and small volume cycling compressor using Gree's unique technology can solve the problem of frequent start-stop of household VRF at low load, which has been mass produced and applied; the special compressor for dryer has overcome the problem of shutdown in low-frequency operation under steam care mode, and has realized mass production and application; the electric drive system for special logistics vehicle and the five-in-one controller for

new energy commercial bus have been successfully mass produced; Gree has made technological breakthroughs in multi-axis integrated linear servo system, precision harmonic reducer, robot motion control system for machine tools.

**(II) Adhere to independent innovation, constantly make breakthrough in world-leading technologies.**

**Major scientific research achievements emerge one after another.** In 2021, Gree achieved a series of new technological achievements through continuous breakthroughs and overcoming of difficulties by R&D personnel. According to the appraisal of authorities, Gree has added 4 world-leading technologies, namely "high efficiency catalytic aldehyde removal technology at room temperature and its application in air purifiers", "air source heat pump continuous heating efficient hot gas defrosting technology", "research and application of key technologies of home appliances" and "research and application of key technologies of high safety and large energy storage systems". So far, Gree has a total of 35 world-leading technologies.

In 2021, Gree won 10 important scientific and technological awards, including 5 first prizes at provincial and ministerial level. Among them, the air source heat pump high efficiency heating key technology and industrialization project won the first prize of Guangdong Scientific and Technological Progress Award in 2021. In this project, Gree has overcome the industrial problems of discontinuous low-temperature heating, low defrosting efficiency and poor defrosting comfort in winter. The overall technology has reached the "international leading" level after being identified by China Light Industry Council and other organizations. The project achievements have been applied and popularized in many "coal-to-electricity" projects in China, and awarded the title of "best practice case of energy conservation in rural buildings in China". At the same time, they have been applied to the "application and demonstration of low temperature air source heat pump heating in Mongolia" project, which has promoted China's efficient heating technology to the world and showed China's strength.

In 2021, Gree's "zero carbon source" air conditioning technology won the highest award in the "Global Cooling Prize". This technology integrates advanced technologies such as vapor-compression refrigeration, photovoltaic direct drive, evaporative cooling and mechanical ventilation. It can make efficient use of solar energy and natural cold sources (air and water), and intelligently select one or more of the three modes of vapor compression refrigeration, evaporative cooling and ventilation according to outdoor meteorological conditions, so as to provide a more energy-saving and comfortable air conditioning scheme for the room. Combined with the use of environmentally friendly refrigerants, the impact of residential air conditioner power consumption and refrigerant emission on the climate can be greatly reduced. After the popularization of Gree's "zero carbon source" air conditioning technology, it will help the global refrigeration industry realize carbon neutrality in advance.

**Actively lead or participate in standard formulation.** In June 2021, the first batch of national consumer goods standardization pilot projects successfully passed the national acceptance, indicating that Gree, as a leading enterprise in the manufacturing industry, has been recognized by authority in the field of standardization construction. In October 2021, Gree, as the leader unit, led the establishment of a national DC controller standard working group to filled in gaps of DC controller standards and assisted the development of DC appliances in China. In 2021, Gree was listed in 2021 National Enterprise Standard "Leader" with 19 product categories including air conditioner, refrigerator, washing machine, rice cooker, air purifier, electric fan and water purifier, etc., more than 300 product models, and 24 standards, and it is the enterprise with the most products included in the list in the household appliance industry, boosting the high-quality development of products.

In terms of international standards, in June 2021, Gree took the lead in establishing the IEEE PES DC Power System Technical Committee (China) Low Voltage DC Technology Subcommittee, assisting the development of

China's low voltage DC power system. In December 2021, the photovoltaic international standard proposal IEC TS 63349-2 *Photovoltaic Direct-Driven Appliance Controllers - Part 2: Operation Modes and Graphic Display*, led by Gree, was approved and released in IEC/TC82, filling in gaps in the international standard of photovoltaic direct-driven appliance controller industry and providing the basis for the design, testing and certification of photovoltaic direct-driven appliance. In 2021, Gree participated in the formulation of three ISO heat pump international standards, which were affirmed by ISO refrigeration and Air Conditioning Committee and officially released.

**Strengthen the protection and application of intellectual property rights.** The total number of patent applied by Gree at home and abroad was 13,849 in 2021, including 8,214 invention patents; the number of invention patent grants was 3,128, including 3,008 domestic invention patent grants, and Gree was the only household appliance enterprise that has entered China's top ten household appliance enterprises in terms of quantity of invention patent grants for 6 consecutive years. In 2021, Gree again won major invention awards at home and abroad: Gree won Chinese patent awards, including 1 gold award, 1 silver award and 17 excellence awards, ranking first in terms of the total number of awards, and won the first gold in the invention patent of the central air conditioning industry; won 2 patent gold awards in provincial level; at the International Exhibition of Inventions of Geneva and Nuremberg, Gree won 6 gold awards and 2 silver awards, once again demonstrating the power of Gree in creation to the world.

**Continuously improve the capability of product design.** Gree continued to increase its investment in the R&D of new products in new areas, made breakthrough progress in the product series design, CMF planning and desing, user experience and UI design with product series design and sub-appearance design as the core. Adhering to the principle of concentration and diversified development, it promoted the development of original products, and made outstanding achievements in the field of industrial design. Gree received 15 awards of three major International Design Awards (3 IF Product Design Awards in Germany, 2 Red Dot Awards in Germany, 8 IDEA Awards in the United States, and 2 Good Design Awards (G-Mark) in Japan), and 8 Canton Fair Design Awards.

### **(III) Implement the perfect quality assurance mode and put forward the "ten-year free repair policy" for residential air conditioner**

To meet the consumers' requirement for pursuing a high quality life, Gree has been committed to providing high quality products. The quality level of Gree's products has been steadily improved by strengthening the internal quality control, and the after-sale failure rate has been declining for many consecutive years. In March 2021, Gree put forward the "ten-year free repair policy" for residential air conditioners, which led the progress of domestic air conditioning service standards and reflected the strength of Gree's air conditioning product quality and after-sales service beyond national standards. In the China Customer Satisfaction Index (C-CSI) issued by China National Institute of Standardization, Gree ranked first in the category of air conditioners, and has topped the list for 11 consecutive years.

In terms of quality management and control, Gree continued to fully implement the PQAM perfect quality assurance mode and vigorously promote zero defect management in all links of the product life cycle. In 2021, in the 46th International Convention on Quality Control Circles (ICQCC) competition known as "quality Olympics", the representative team of Gree's representative team won the highest award - Excellence Award, showing the world the excellent quality management strength of Gree.

Gree also improved product quality through digital detection technology. In 2021, Gree's "Research and Application of Key Technologies for Quality Improvement of Household Appliance Products based on Digital Twins" Project won the first prize of Quality Technology Award of China Association for Quality.

Recently, *The Air Disinfection and Purification Solution Based on CKER System and its Application* of Gree

won the Quality Innovation Award, which is the best achievement of the current Chinese delegation. As a quality benchmark of Chinese enterprises, Gree once again demonstrated the strength of Made-in-China products to the world.

#### **(IV) Accelerate the industry layout and the diversified pattern is gradually emerging**

##### **(1) Intelligent equipment sector**

Zhuhai Gree Intelligent Equipment Co., Ltd. is an intelligent equipment enterprise integrating R&D, production, sales and service, possessing 15 R&D units, 7 technical service centers and more than 600 technicians.

Under the general trend of transformation and upgrading from "traditional manufacturing" to "intelligent manufacturing", Gree has seized the opportunity by making continuous efforts in the front-end cores of the industrial chain, and has made successive breakthroughs in key technologies such as high-performance servo systems, direct-drive electric spindles, linear motors, reducers, controllers and drive-control integration, which have boosted the improvement of core competitiveness in domestic robots and CNC machine tools. At the same time, it has also made breakthroughs in heavy-duty and highly rigid robot technology, intelligent logistics core technology, product defect visual inspection and other key technologies.

Gree has been attaching great importance to the development and accumulation of independent technology, and has applied for more than 3,180 patents at this stage, in which there are 2,143 invention patents, and it possesses 1,294 authorized patents, and won one gold medal at the Geneva International Invention Exhibition in 2021. By means of its excellent R&D and manufacturing capability, Zhuhai Gree Intelligent Equipment Co., Ltd. was awarded such honors as Guangdong Top 500 Manufacturing Enterprise No.247, Guangdong Industrial Robot Backbone Enterprise, Guangdong Artificial Intelligence Cultivation Enterprise, and Guangdong Intelligent Manufacturing Ecological Partner.

Gree Intelligent Equipment focuses on four series of products: CNC machine tools, industrial robots, intelligent warehousing and logistics, and factory automation, and provides intelligent equipment for many leading enterprises in the industry at home and abroad, boosting them to upgrade their automation.

In terms of CNC machine tools, it has optimized and upgraded the existing products, expanded the market scale in 5G communication, machinery manufacturing and medical treatment fields, focusing on machine tools that process structural parts of high speed, high torque electric spindle, linear motor, high-speed movement and high acceleration for new energy vehicles, as well as providing one-stop solutions for global leading enterprises of new energy vehicle manufacturing in cooperation with renowned parts manufacturing enterprises.

In terms of intelligent warehousing and logistics, Gree Intelligent Equipment, based on the technical planning route, has set up demonstration projects of intelligent logistics three-dimensional warehouse in the head enterprises of electric power, machinery manufacturing, food cold chain, auto parts and other industries in China and overseas markets, and made project breakthroughs in new fields such as rubber tires, book publishing and beauty makeup manufacturing.

In terms of industrial robot and automation solutions, Gree Intelligent Equipment, based on the rich project experience and application cases accumulated in the manufacturing fields of electric motor, small household appliance, stamping, machining, etc., has continuously explored external markets. At the same time, it has expanded application scenarios by timely entering the emerging markets or subdivided fields such as photovoltaic and wood industry, and as of now, it has provided robot and automation solutions for many famous enterprises,

which boosted these enterprises to upgrade their intelligent manufacturing.

## **(2) Precision mold sector**

Mold is known as the "mother of industry", and the level of its technology is one of the important symbols to measure the level of a country's manufacturing industry.

Gree Precision Mold Co., Ltd adheres to the strategy of "Refinement, Standardization, Specialization and Productization" and continues to make efforts in the fields of molds for intelligent household appliances, motors, automobiles, medical care, office supplies and new energy components. Now it possesses 4 R&D platforms, 1 national-level skilled master studio, 1 municipal-level skilled master studio, 1 municipal-level skill workstation, 5 manufacturing plants and 12 technical manufacturing service centers, with over 500 technicians.

Gree Precision Mold Co., Ltd attaches importance to the research and development of cutting-edge technology and new fields. By 2021, Gree Precision Mold Co., Ltd has applied for 492 patents and obtained 344 authorized patents. It has independently developed core technologies such as 0.001 mm grade mold high-precision processing technology, near zero degree deformation molding technology, high brightness appearance molding technology, imitation plating mold technology, and zero defect appearance mold technology.

The mold company began to face the external market since 2016, dedicated to the production and manufacturing of precision molds, and now it possesses 1,200 sets of international leading precision processing equipment, and has mastered five major technologies, namely 3D printing, flash powder + high-gloss injection molding, RHCM molding technology, two/three color molding technology, optical imitation plating technology, mainly serving customers in the specialized fields of automotive exterior and lights, consumer electronics, smart household appliances, motor high impact, multi-cavity precision, and biodegradation.

## **(3) Photovoltaic (storage) air conditioning sector**

The business scope of Gree Photovoltaic (Storage) Air Conditioning with Zero Carbon Source includes photovoltaic (storage) DC air conditioning system, new energy DC appliance, energy storage and near-user side energy Internet system, etc.

In 2021, Gree photovoltaic (storage) air conditioning system successively won bids for significant projects such as Xiong'an New Area Investment Service Center in Hebei, Caidian City Service Center in Wuhan, Jiuli Center HVAC Station in Jiangsu, and Huijin Commercial Center, etc. The low-carbon technology products and system solutions launched by Gree Electric Appliances were highly praised by partners and welcomed by the market.

In 2021, it implemented 13 model projects and order projects. Suzhou Tonglihujiayuan passive building is the first passive house project in China, which realizes zero energy consumption by self-generation of electricity, and also has passive energy storage, room temperature regulation and smart voice control of home appliances, etc. The project has been certified by both the Science and Technology Development Center of the Ministry of Housing and Construction of China and the German Energy Agency. Shenzhen Longgang International Low Carbon City PV Future House Project is a PEDF benchmark that integrates PV power generation, energy storage, DC power distribution and flexible power consumption. In October 2021, the Hangzhou Asian Games low-carbon hydrogen-electricity coupling application demonstration project, which is the first "zero-carbon" green park integrating flexible DC, hydrogen-electricity coupling and multi-energy complementarity in China, was officially launched by Gree Electric Appliances and State Grid Hangzhou Electric Power Supply Company. The company has been working with partners to carry out new energy DC application demonstrations and pilots, and promoting

the research and promotion of new zero-carbon DC technologies, including the Xiong'an New Area Dianshangfeicui (Wangjiazhai) DC demonstration project, the first multi-station low-voltage DC distribution network demonstration project in Zhejiang, and the fine grid DC smart house project in Weihai, Shandong province, etc.. The company is dedicated to achieving carbon peaking and carbon neutrality goals together with partners in the power and construction industries.

In terms of platform construction, the company took the lead in establishing Guochuang Energy Internet Innovation Center (Guangdong) Limited, initiated and hosted the Guangdong Distributed Energy Internet Innovation and Application Alliance and constructed the Guangdong Energy Internet Innovation Center, and successfully held the inaugural meeting of IEEE PES DC Power System Technical Committee (China) Low Voltage DC Sub-Committee with ecological partners, and served as the chairman, showing the company's milestone role in promoting the rapid and healthy development of China's new energy low-voltage DC technology, which is of milestone significance to promote the rapid and healthy development of new energy low-voltage DC technology in China and the construction of international standards in the related fields of zero-carbon DC.

In terms of new products and technologies, in 2021, Gree launched a new generation of photovoltaic (storage) DC inverter VRF unit system, household and commercial-grade energy internet storage system, HIEMS energy internet home/community system, FIEMS energy internet factory/park system, etc. Gree Electric Appliances also participated in the Energy Foundation's research project "China PEDF Building Research Project" led by Tsinghua University to establish the key technical framework for DC building appliances in collaboration with partners, which promoted the development of new energy DC appliances.

In terms of the honor won in photovoltaic(storage) air conditioning with zero-carbon source system, the Gree-Tsinghua University joint team won the Global Cooling Prize in April 2021, which marked another core technological breakthrough in the field of zero-carbon air conditioning technology and provided innovative Chinese solutions to achieve China's "double carbon" strategic goals and address global climate challenges.

Gree G-FIEMS Energy Internet Factory System was successfully selected as a pilot demonstration of Industrial Internet Platform + Green Low Carbon Solution in 2021 by the Ministry of Industry and Information Technology; Changsha Gree was listed in the sixth batch of "Electricity Demand Side Management Demonstration Enterprise" in the industrial field by the Ministry of Industry and Information Technology in 2021. Its plant-level IEMS system solution, which integrates PV, energy storage and energy management, enables a significant reduction in plant energy consumption and is a successful practice of the Energy Internet Factory. Gree Energy Environment Technology Co., Ltd was awarded "2021 Best Energy Storage Technology Innovation Award of China Energy Storage Industry" by China International Energy Storage Conference and "2021 Best Energy Storage Frequency Modulation Auxiliary Service Project" by EESA.

#### **(4) New energy vehicle and lithium battery sector**

With the long-term in-depth layout of the new energy sector, and in the context of accelerating the realization "double carbon" goals, Gree further perfected the layout of new energy industry by acquiring Gree Altairnano in 2021, thus adding lithium-ion batteries, new energy commercial vehicles, special vehicles and other business fields, and build an integrated industry chain covering lithium battery materials, lithium batteries, modules/PACK, new energy vehicle core components and downstream new energy vehicles, industrial and commercial energy storage, photovoltaic (storage) air conditioning and energy internet system. The combination of Gree Altairnano's core technologies such as battery and Gree's multi-dimensional low-carbon technologies such as "Zero Carbon Source" is conducive to increasing the speed of green change in production and lifestyle and gives full play to the

overall resource advantages. At present, the business relationship between Gree and Gree Altairnano has been rationalized and initial results have been achieved, including cooperation in the development of a number of energy storage system projects in high-altitude and ultra-low temperature areas, the introduction of each other's advantageous products, etc., and will continue to promote comprehensive integration and synergistic development in the future.

Gree Altairnano has always been attaching great importance to the research and development and accumulation of technology. As of 2021, the company has applied for 3,316 patents, of which 2,211 patents were granted, covering lithium battery materials, electric vehicle powertrain, intelligent energy storage and other fields.

### **New energy vehicle business**

Gree Altairnano's new energy vehicle business covers a full range of products including buses, road buses, airport ferries, urban sanitation vehicles, logistics vehicles, cold chain vehicles, mining heavy trucks, nucleic acid testing vehicles, forklifts, etc., which have been operating in more than 220 cities in China, including Beijing, Wuhan, Changsha, Qingdao, Hangzhou, Harbin and Haikou.

Gree Altairnano's commercial vehicle series products, including the only 18-meter dolphin bus in the new energy vehicle industry that won the China Gold Award for appearance design, the first double-decker bus that became the CCTV live broadcast vehicle after the official opening of the Hong Kong-Zhuhai-Macao Bridge, and the microbus model that boosted the development of urban-rural integration. In 2021, as a new carrier of red culture to celebrate the centenary of the founding of the CPC, the antique lam lam bus and the opera face road bus entered into Xiong'an New Area. Up to now, more than 8,000 buses equipped with Gree Altairnano batteries are in continuous operation in Beijing. As the only new energy bus supplier of Beijing's busiest bus line "Da 1 Road" via Chang'an Street and Tiananmen Square, in the past 7 years of operation of the Gree Altairnano buses, battery safety problems have never occurred, and the power decay rate is less than 5%, and the battery capacity retention rate is still more than 95%, which successfully solved the problem that new energy buses equipped with traditional lithium battery packs faced that battery decay is so serious that all-day operation cannot be realized and the cost of battery replacement needs to be increased.

Gree Altairnano's logistics vehicle series products, has served in Guizhou logistics park and other places to provide distribution services for agricultural and sideline products, fresh food, household appliances, etc.; in 2021, Gree Altairnano was committed to developing a new generation of micro truck logistics vehicles, providing an effective solution for the problem that small trucks have a small carrying capacity and large trucks are restricted.

Gree Altairnano's electric sanitation vehicle series products that are committed to creating efficient urban cleaning solution with electric, intelligent, networked as the core, have served in Wuhan, Luoyang, Linyi and other places. In 2021, Gree Altairnano's pure electric multi-functional dust suppression vehicle was awarded the title of "China Commercial Vehicle Excellence Product Award".

In 2021, Gree Altairnano's Airport Ferry received the "Aviation Ground Equipment Inspection Certificate" issued by the National Construction Machinery Quality Supervision and Inspection Center, becoming a special vehicle for civil airports certified by the testing agency designated by the Civil Aviation Administration of China. At present, Gree Altairnano's new energy vehicles have been operating in Beijing Capital International Airport and Daxing International Airport, Hangzhou Xiaoshan International Airport and so on, providing safe, fast and economic services for airport passenger transportation.

### **Lithium battery business**

The safety of Gree Altairnano's batteries has been leading the industry for a long time, with the characteristics of high safety, large rate, fast charging and discharging, wide temperature range, long life, etc. In 2021, the lithium titanate battery developed by Gree Altairnano was jointly selected by the Ministry of Industry and Information Technology and the China Federation of Industrial Economics as the "National Manufacturing Single Champion Product".

The company always puts battery safety first, and the developed lithium titanate battery has higher safety performance than conventional lithium-ion batteries: ① The nano-level lithium titanate material has higher potential to lithium, which fundamentally eliminates the generation of lithium dendrites and reduces the risk of internal short circuit; almost no SEI film is generated due to the low reaction activity between lithium titanate and electrolyte, and low thermal reaction start temperature and high reaction activation energy significantly improve the stability and safety of the battery; ② The company's lithium titanate battery adopts innovative structural design such as three-dimensional multi-channel fluid collection and self-constrained poles, which makes the lithium titanate battery present excellent safety and reliability. In addition to having passed the national mandatory safety inspection standards for power batteries, the company's lithium titanate batteries have not been subjected to thermal runaway phenomena such as smoke, fire and explosion under destructive testing conditions such as fire, nail pricking in water, chainsaw cutting and electric drill impact.

Except that, lithium titanate battery has the advantages of fast charging speed (up to 50°C continuous charging and discharging, supporting 70°C pulse charging and discharging), excellent low temperature performance (with the ability to charge and discharge in the temperature range of -50~60°C), and long cycle life (can be used more than 40,000 cycles). The long cycle life of Gree Altairnano batteries can effectively alleviate the ecological crisis brought by the "retirement wave" of new energy vehicle batteries. Taking a new energy vehicle life as 10 years, if the power battery is recycled after the vehicle ends its life, the Gree Altairnano battery can also be used in major energy storage fields in a gradual manner.

Gree Altairnano's lithium titanate battery has achieved good results in the market by virtue of its superior performance, with representative projects including: ① provided batteries and integrated battery management system services for electric vehicles of global famous transportation companies and port machinery companies, which are used in AGV intelligent equipment manufacturing enterprises, rail transportation equipment, automated port terminals and other fields in Denmark, Switzerland, Czech Republic, Finland and other major countries around the world. ② the company has obtained large power battery export orders for light electric vehicles in India, creating a new industry of high-end light electric vehicle products in the Asia-Pacific region; ③ provided lithium titanate products for new application scenarios such as mobile energy storage on the power generation side in Europe, large rate industrial energy storage for hydroelectric power generation and fast-charging public transportation in the United Arab Emirates, with broad market prospects in the future.

### **Energy storage business**

The "Research and Application of Key Technologies of High Safety and Large Energy Storage Systems" project, which is independently developed and implemented by Gree Altairnano, has reached the "world leading" level and has significant economic and social benefits, as assessed by authoritative institutions. Recently, the project was awarded the 2021 Guangdong Science and Technology Progress Award and the First Prize of Guangdong Machinery Industry Science and Technology Award, Gree Altairnano energy storage technology's another recognition by the authority.

Gree Altairnano battery energy storage system has expanded many projects by virtue of its high safety, low

temperature resistance, large rate, long life and so on, and has made significant breakthroughs in the market, with benchmark projects including: ① successfully applied to the national photovoltaic and energy storage demonstration experimental platform (Daqing base), which is the first photovoltaic energy storage demonstration experimental platform in China, promoting industrial technology progress, transformation of achievements and industrial development; ② ultra-low temperature regional power plant frequency regulation project: jointly participated in frequency regulation auxiliary services in coordination with thermal power generating units for Urad power plant in Inner Mongolia, improved the frequency regulation capacity in the power generation side and promoted the safe and stable operation of the power grid; ③ high altitude ultra-low temperature regional communications base station project: landed communications base station energy storage system in Sichuan Aba prefecture and other areas and provide a strong guarantee for the safe work and communications smoothness of communications base stations with high security, long life, low temperature resistance and other properties; ④ Gas station "photovoltaic storage" project: built photovoltaic storage integrated energy gas stations together with Qinghai Province gas stations, which provided a strong guarantee for the safety of photovoltaic storage in ultra-low temperature areas, and provided a green solution for the comprehensive energy transformation of gas stations.

In 2021, Gree Altairnano won the awards of "Best Energy Storage Battery Supplier in China Industry" and "Best Integrated Photovoltaic (storage) and Charging Solution in China Energy Storage Industry" from China International Energy Storage Conference.

#### **(5) Renewable resources sector**

Gree Electric Appliances actively practices the producer responsibility extension system and innovatively proposes the circular development model of "green design-green manufacturing-green recycling" to ensure the green efficiency of the whole industrial chain. Starting from 2010, Gree Electric Appliances has established six recycling bases that mainly engage in the recycling of waste electrical and electronic products and end-of-life vehicles, as well as the intensive processing of waste circuit boards and waste plastics, in Changsha, Zhengzhou, Shijiazhuang, Wuhu, Tianjin and Zhuhai. Through nearly ten years of rapid development, it has become a leading enterprise in the industry, and now has the qualification capacity of dismantling 13 million units of used household appliances, 94,000 vehicles, 180,000 tons of recycled plastic processing capacity, and 60,000 tons of waste circuit board processing qualification capacity. 6.5 million sets of used household appliances were processed in 2021.

By the end of 2021, Gree Recycling Resources Company has processed more than 40 million units (sets) of various types of waste electrical and electronic products and more than 70,000 tons of end-of-life vehicles, and has transformed more than 600,000 tons of recycled copper, iron, aluminum and plastic. According to the relevant estimates, through Gree's resource regeneration, extraction of crude oil resources was reduced by approximately 1.6 million tons, water was saved by approximately 3.9 million cubic meters, carbon emission was reduced by approximately 2 million tons, which boosts the realization of carbon peak and carbon neutrality goal.

Since its establishment, Gree Recycling Resources Company has been awarded the titles of "The First Pilot Unit of Extended Producer Responsibility for Electrical and Electronic Products", "2025 China Manufacturing Green Integrated System Pilot Unit", "Green Factory" and "2020 Green Manufacturing System Solution Provider" by the Ministry of Industry and Information Technology, and has participated in many national major R&D projects such as the National High Technology Research and Development Program (863 Program) and the "Major Solid Waste Special Project of the Ministry of Science and Technology".

## **(6) Semiconductor sector**

Gree Electric Appliances has made significant progress in semiconductor research. In 2021, Gree's wholly-owned subsidiary Edgeless Integrated Circuit Co., Ltd. achieved over 50% growth in revenue and shipments of products exceeded 70 million units. Edgeless Integrated Circuit Co., Ltd. has been awarded "National High-tech Enterprise", "Key IC Design Enterprise Encouraged by the State", "Zhuhai Science and Technology Small and Medium-sized Enterprise", etc., and relevant products have been evaluated as "Guangdong High-tech Product", "Zhuhai Innovative Product", "16th 'China Core' Excellent Product", etc. Gree Electric Appliances and its subsidiaries have applied for a total of 719 semiconductor-related patents, including 292 domestic patents and 71 international patents, and won the 22nd China Patent Excellence Award.

Gree's semiconductor products mainly include industrial-grade 32-bit series MCUs, AIoT SoCs and power semiconductors. Among them, the 32-bit MCU series have the advantages of high performance, high reliability, low power consumption, low cost, etc. and have achieved batch application in series of products such as home air conditioners, commercial VRF units, bus controllers, remote controls, etc., with the annual consumption over ten million; it can be widely used in consumer electronics, wearable devices, home products, health care support, commercial large units, industrial sensing, high-performance motor control, etc.

Gree Smart Home series chip (AIoT SoC) combines high performance AI computing power and embedded MCU, and provides intelligent control for image recognition, human-computer interaction, motor drive, security encryption, etc. It has been applied in smart air conditioners and smart household appliances, and is provided with complete software and hardware solutions; it can be widely used in smart home, end-side AIoT, smart home, industrial computing, industrial automation and other fields. As for power semiconductors, the development and mass production of IGBT, IPM and other series of products have been completed, which have been applied in batch on inverter air conditioners; they can be widely used in household appliances, intelligent equipment, new energy and other fields.

## **(7) Health care sector**

Established in 2020, Gree Chengdu Xin Hui Medical Equipment Co., Ltd is a holding subsidiary of Gree Electric Appliances, that mainly engages in the research and development, production, sales, technical service and technical consultation of medical equipment and laboratory equipment.

In 2021, Gree Chengdu Xin Hui Medical Equipment Co., Ltd., in response to the severe anti-epidemic situation at home and abroad, actively upgraded the mobile P2+ nucleic acid testing vehicle, which is upgraded to 4th generation so far. The product adopts the fresh air conditioning system independently developed by Gree, which meets relevant standard requirements of PCR nucleic acid testing laboratory and secondary biosafety laboratory. The daily testing volume is up to 20,000-60,000 (10/1 mixed sampling), and test result reports can be issued in 3 hours on average, which effectively relieves the pressure of nucleic acid testing at the outbreak site. Gree mobile P2+ nucleic acid testing vehicle has been used in the epidemic prevention and control work in Shanghai, Hong Kong, Guangdong, Anhui, Hunan, Henan, Hebei, Shandong, Shanxi and Sichuan, etc. In 2021, Gree Chengdu Xin Hui Medical Equipment Co., Ltd. was awarded the title of "Advanced Group in Combating the COVID-19 Epidemic".

## **(V) Strengthen e-commerce operations and activate channel advantages**

Gree's "New Retail" is based on 27 sales companies, more than 70 online dealer stores, more than 30,000 offline stores and official flagship stores on third-party e-commerce platforms, and a two-line sales network

covering the whole country is established. Digital management from procurement, production, stocking, warehousing, logistics, inventory, sales is achieved through the use of big data, artificial intelligence and other advanced technology; reduce sales links, reduce the cost of sales, reshape the Gree ecological structure and ecosystem through the upgrade and transformation of the production, distribution and sales process of goods, thus achieving a new model of online service, offline experience and deep integration of retail.

Social e-commerce is growing rapidly and live-streaming e-commerce is becoming mainstream. In 2021, "Gree Dong Mingzhu's Store" live-streaming e-commerce ushered in the explosive development, and live-streaming internet celebrity matrix with "Miss Dong" "Yu Tong" as the representative is formed hereafter. In addition, holding live-streaming events with CCTV expanded new media publicity channels, enriched the product lines of various categories of household appliances, and comprehensively laid out new energy-efficient products, and Gree's online sales have achieved rapid growth. In 2021, Gree Electric Appliances fan and air water heater sales boomed, and sales of new household appliances grew rapidly.

In 2021, "Gree Dong Mingzhu's Store" was transformed into an open platform, and its brands, product categories and business models were diversified by the means of investment promotion and multi-channel cooperation, which also drove the sales to grow. The platform showed a new development pattern of win-win cooperation.

Supply chain management and sales support. In 2021, the supply chain of Gree E-Commerce Company has formed a warehouse network layout covering the whole country, with products of all categories stocked in the whole network and orders automatically flowing to the nearest warehouse for delivery, which shortens the delivery time to the maximum extent; at the same time, it promoted the digital transformation of the order management process, established a unified intelligent customer service platform, strengthened business risk monitoring, identifies and handled business abnormalities in advance, and improved the level of financial informationization and risk prevention. This series of measures effectively guaranteed the implementation of Gree's new retail model.

Gree's new retail will adhere to digital operation thinking to empower brand expansion; create an efficient and agile supply chain management system to realize make-to-order and gradually achieve the zero inventory goal; optimize and upgrade the intelligent customer service platform to improve customer satisfaction; and channel the flow from online to offline to make the channel burst out more powerful sales energy.

#### **(VI) Improve the competitiveness of export products and vigorously develop independent brands**

In 2021, the global economy continued to recover thanks to the expansion of vaccination coverage for COVID-19, enhanced outbreak prevention and control measures, and continued fiscal stimulus and monetary easing. Gree Electric Appliances continued to develop in overseas markets and made an eye-catching performance in emerging markets. In 2021, Gree products were sold to more than 180 countries and regions, of which 51% were independent brands, with sales increasing by 23% year-on-year.

In 2021, Gree won a number of large model projects, such as the 2022 Qatar World Cup Stadium and its dormitory supporting projects, Indonesia's Samanea Commercial Complex, the Link Group's Hong Kong Shopping Center, Brazil's The Mall of St Paul, etc. The winning products covered centrifugal units, screw units and other large commercial products, blossoming in public facilities, industrial parks, commercial buildings and other fields, which established Gree's brand international image.

Green development with leading technology as a driving force. Under the double carbon goals, Gree actively

developed low carbon technologies, products and solutions, and practiced the global comprehensive carbon-neutral action. In the commercial air conditioner field, Gree launched energy-efficient and environmentally friendly water heaters for the European market, as well as ultra-low temperature heat pump products and all DC inverter condensing units for the North American market to meet the diversified needs of overseas consumers. In the residential air conditioner field, Gree developed localized products to meet different consumer needs, such as the Middle East high-temperature resistant air conditioners loaded with Gree's unique G-Boost compressor technology, healthy air conditioners with multi-faceted cleanliness from the inside out, and intelligent products that integrate AI energy-saving technology and intelligent dehumidification.

Actively develop online marketing and gradually resume offline promotion. Under the context that offline activities could not be fully carried out due to the impact of the epidemic, in 2021, the company increased the operation of overseas online social media to disseminate the Gree brand concept through multiple channels; and accelerated the construction of overseas e-commerce team to develop sales through e-commerce channels in several regions. With the increasing rate of vaccination and the gradual recovery of political and economic activities in overseas markets, the company has gradually resumed participation in offline exhibitions, such as the West Africa Refrigeration Exhibition, Taipei Electrical and Air Conditioning 3C AV Exhibition, GREENBUILD Exhibition in the United States, China Consumer Products (Russia) Brand Exhibition, and the 130th Canton Fair.

Adhering to the user-centered, enhance market service awareness. In 2021, the company launched Gree global technical support service system that provides one-stop service for product solutions and design of engineering projects; upgraded after-sales technical service, built Gree global after-sales service center website, established Gree English website with brand as the core, all of which increased Gree's brand international awareness.

## **(VII) Building the Internet of Everything, Leading Smart and Healthy Life**

In 2021, Gree Smart Home insisted on independent innovation, independent research and development, independent manufacturing, and built a zero-carbon healthy home using core technologies. On the basis of continuously upgrading the five intelligent living systems of whole-house energy, air, health, security and light, Gree developed personalized spatial intelligent solutions for different living spaces such as home living rooms, bedrooms and kitchens, creating a green, efficient, convenient and safe home everything connected space.

In terms of intelligent products, in 2021, Gree Electric Appliances launched a new set of household appliances such as "Gree Mingzhu", with multi-scenario (kitchen, bedroom, living room, bathroom, etc.) and multi-dimensional (pace, equipment and time) intelligent scenario management functions, creating an overall solution for intelligent life for consumers; meanwhile, Gree also a variety of intelligent products for different specific application scenarios: in smart living room scenario, it launched the "Painting Series" wall-mounted air conditioner that integrates intelligent home central control, audio and video entertainment, air conditioning and artistic painting screen; intelligent cleaning, it launched the new Ground Gravity sweeper robot equipped with built-in new generation LDS LIDAR navigation, DM mopping-specific algorithm and self-developed control system; in intelligent security, it launched the GREE P2 Bluetooth fingerprint door lock, which is equipped with the highest security level C-class lock core certified by the Ministry of Public Security, and high-precision fingerprint recognition module; in intelligent health products, it launched the new formaldehyde air conditioner, two-way fresh air conditioner and formaldehyde air purifier; in intelligent control, it launched the second 5G cell phone independently developed by Gree, equipped with the independently developed Halo UI 6.0 operating system, linkable to Gree smart home devices. The launch of Gree series of intelligent health products creates a high quality of life for consumers.

In terms of intelligent health technology, Gree has achieved breakthroughs in AI comfort and energy saving algorithm (G-Learning) and sleep detection technology. G-Learning energy-saving algorithm research uses Gree's own AI chip and it can actively optimize air conditioner operation control parameters according to room size, environmental changes and other factors, which has been proven to achieve a comprehensive energy saving of 15%. This study was awarded the world's first AI energy efficiency certificate by the international certification body INTERTEK. Through PVDF piezoelectric sensing technology, Gree sleep detector can detect physiological electrical signals during sleep across the mattress, achieving non-sensory detection, and through AI intelligent algorithm, it can realize sleep staging (light sleep period, deep sleep period, REM period) and generate sleep report, which is conducive to users' health management.

In terms of market promotion, in 2021, the company landed Gree Zero Carbon Healthy Home in Beijing, Jiangxi, Changsha, Sichuan, Chongqing and other regions, which realized the intelligent emission reduction effect and created an energy-saving, environmentally friendly, comfortable and healthy smart home through six technologies, five systems and space deployment; the company landed the overall solution for smart apartments in Zhuhai, Wuhan and other regions, equipped with intelligent door locks and Gree rental management system that includes online informationization of check-in and check-out, alarm for abnormal security of residents, remote control and management of apartment appliances, which reduces the operating cost of apartment property management and improves the living experience of residents.

According to the "2021 Top 100 Global Smart Home Invention Patents" published by IPRdaily, Gree ranked second in the world, and its R&D strength in smart homes was once again recognized by professionals.

### **(VIII) Accelerate the transformation and upgrading of intelligent manufacturing and provide customers with intelligent factory system solutions**

Gree Electric Appliances promoted the construction of comprehensive digitalization, realized the data operation and platform operation of the whole value chain, focused on the development of big data, artificial intelligence and industrial applications, built a new ecology of the manufacturing industry, deeply integrated the new generation of information technology with the industrial system in all aspects, built an industrial Internet platform, and established a network foundation connecting machines, materials, people, control systems and information systems in all aspects. Through the comprehensive and deep perception of industrial data, real-time dynamic transmission and advanced modeling analysis, intelligent decision-making and control were formed, which drove the intelligent development of the whole enterprise and promoted the transformation of intelligent manufacturing.

In 2021, with the goal of "1 platform, 1 set of standard architecture and 18 domain systems", the company developed a new generation of industrial Internet platform by coordinating the Group's IT construction resources and business control applications and utilizing advanced technologies such as industrial Internet, cloud-native, artificial intelligence and 5G, serving the digital transformation of the company. At the same time, the company's precipitation of software development achievements lied the foundation for the company's industrial interconnection platform and industrial software development. Built Gree's independent and controllable information system to support the construction of the digital factory, realizing data-driven business, and escorting the company to improve quality and increase efficiency and development.

**Build Gree Smart Factory.** In 2021, the company actively built Gaolan Port "Lighthouse" demonstration smart factory and promoted the upgrade of smart manufacturing technology in the old factory, and the Zhuhai base was recognized by the Ministry of Industry and Information Technology as a "pilot demonstration of

industrial internet platform + green low-carbon solutions". Chongqing base, Hangzhou base and Hefei base were recognized as provincial "Smart Factory".

**Export smart factory system solution.** In 2021, Gree's "IoT-based Smart Factory Platform Research and Industrialization" project was selected in the category of IoT integrated innovation and integration application by the Ministry of Industry and Information Technology, and the "Industrial Internet Platform for Industry Chain Collaboration Scenario in Household Appliance Industry" was selected as an industrial Internet benchmark demonstration project of Guangdong Province. In 2021, the company reached project cooperation with large enterprises in the electronics, food and electromechanical industries to provide customers with smart factory system solutions based on intelligent logistics and information technology.

**Cultivating industrial applications.** The company carried out research and development of industrial technology software, cultivated high-quality industrial APPs, designed informatization hardware products, systematically guided enterprises in the industrial chain to accelerate business and equipment to apply cloud and promote data interoperability and capability synergy among enterprises in the chain.

**Construction of 5G network project.** The first MEC edge cloud + smart manufacturing end-to-end 5G SA slicing network based on MEC was built in Gree headquarters park, which realized low latency, bandwidth guarantee and data security in 5G slicing + MEC network. The project not only met the needs of the company's own industrial Internet, realized intelligent control, operation optimization and production organization changes, and promoted enterprise upgrading and transformation, but also the new model of enterprise-wide 5G network deployment architecture and network construction, operation and maintenance, and management had cross-industry demonstration and promotion value.

#### **(IX) Optimize talent training mechanism and incentive system to boost the company to develop steadily**

To promote the high-quality development, the company built its own training system, constructed a diversified independent training mechanism, accelerated the construction of Gree Vocational College, and increased the training of innovative talents in 2021.

Increase the independent training of innovative talents. According to the growth path of technical R&D personnel, the company set up multi-level and multi-dimensional training programs and courses, implemented the special technical training in the manufacturing industry, and promoted employees to develop towards specialized talents in high, precise and sharp fields; the company made full use of the advantages of resources such as Guangdong technicians, skilled master studios and technician workstations, and selected and cultivated a number of "high and precise" skill talents through a series of initiatives such as skill training, skill competitions and skill level assessment; comprehensively deepened and promoted the whole staff learning and development plan and formulated thematic training programs at all levels. In 2021, the total number of special training sessions at all levels was over 20,000, with about 1.2 million participants.

Deepen the company's core business support. Closely following the company's new retail marketing model and around the global sales market support, continuously innovated management, and improved after-sales skills by combining training and management with skills and service, which effectively supported and promoted the first-line market service upgrade. In 2021, the company's training closely followed the company's large-scale engineering sales and services, and completed special training support for significant projects such as metro and nuclear power with high quality; it carried out online training and technical consultation for overseas customers remotely, and completed 600 times of technical training in 30 countries in total; organized and carried out the first certification class for star service engineers, which established service benchmarks; organized and carried out

nationwide touring technical training camps, Gree after-sales elite classes, instructor certification and online special learning activities to improve the professional skills of after-sales personnel. In 2021, the after-sales service completed 5,200 learning sessions and trained 480,000 people in total.

Strengthening experience inheritance and cultural dissemination. Through the organization and implementation of learning programs such as micro-classes for management cadres, lecture halls for technology experts, lecture halls for skilled craftsmen, and lecture halls for internal lecturers, the company realized comprehensive Gree experience inheritance and Gree culture dissemination. 2021 Organized approximately 90 extraction activities throughout the year, with more than 4,000 participants. Up to now, the company has dug out and nurtured 200 group-level quality instructors and developed 800 quality courses.

Accelerate the construction of Gree Vocational College. The construction of Gree Vocational College campus officially started in February 2021 and is scheduled to be completed in July 2022. The college upon completion, as a special private higher education institution, will face the national major development strategy and the demand for talents in the Greater Bay Area. With majors docked with strategic emerging industries such as intelligent equipment, artificial intelligence, and the Internet of Things, the college will be built as a Chinese brand of enterprise schooling with deep integration of industry and education and international characteristics. Over the years, Gree has deepened the integration of industry and education, and won the 7th Huang Yanpei Award for Outstanding Contribution to Vocational Education for its advanced exploration and practice in school-enterprise cooperation, being the only enterprise unit to win the award.

In 2021, in order to continuously improve employee satisfaction and happiness, the company implemented the Employee Stock Ownership Plan, allowing employees to share more of the fruits of corporate development; adjusted the one- and two-day break work system to a two-day break work system, increased more than 20 days of vacation throughout the year; obtained quality school places in Gree School for non-Zhuhai household registration of employees' children, which effectively solved the employees' children's schooling problem and further enhanced employees' happiness and sense of corporate identity.

## 2. Revenue and cost

### (1) Composition of operating revenue

Unit: Yuan

	2021		2020		Year-on-year increase/decrease
	Amount	Proportion to the operating revenue	Amount	Proportion to the operating revenue	
Total operating revenue	187,868,874,892.71	100%	168,199,204,404.53	100%	11.69%
By industry					
Manufacturing industry	144,840,537,601.90	77.10	130,427,766,473.54	77.54%	11.05%
Other business	43,028,337,290.81	22.90%	37,771,437,930.99	22.46%	13.92%
By product					
Air conditioner	131,712,664,218.81	70.11%	115,576,822,921.57	68.71%	13.96%
生活电器	4,881,607,693.72	2.60%	4,521,756,518.81	2.69%	7.96%
工业制品	3,194,552,084.04	1.70%	2,304,816,992.20	1.37%	38.60%
智能装备	857,741,120.95	0.46%	600,778,785.76	0.36%	42.77%
Green energy	2,907,445,769.91	1.55%	1,782,282,335.29	1.06%	63.13%
Other main businesses	1,286,526,714.47	0.68%	5,641,308,919.91	3.35%	-77.19%
Other business	43,028,337,290.81	22.90%	37,771,437,930.99	22.46%	13.92%
By region					
Domestic sale-main business	122,305,111,567.10	65.10%	110,407,002,220.87	65.64%	10.78%
Export sales-main business	22,535,426,034.80	12.00%	20,020,764,252.67	11.90%	12.56%
Other business	43,028,337,290.81	22.90%	37,771,437,930.99	22.46%	13.92%

### (2) Industries, products and regions that account for more than 10% of the company's operating revenue or operating profit

√ Applicable □ Not applicable

Unit: Yuan

	Operating revenue	Operating costs	Gross margin	Increase or decrease in operating revenue over the same period of the previous year	Increase or decrease in operating costs over the same period of the previous year	Increase or decrease in gross profit margin over the same period of the previous year
<b>By industry</b>						
Manufacturing industry	144,840,537,601.90	101,021,238,221.75	30.25%	11.05%	14.90%	-2.34%
Other business	43,028,337,290.81	41,230,400,368.12	4.18%	13.92%	13.56%	0.31%
<b>By product</b>						
Air conditioner	131,712,664,218.81	90,576,252,210.44	31.23%	13.96%	20.14%	-3.54%
Other business	43,028,337,290.81	41,230,400,368.12	4.18%	13.92%	13.56%	0.31%
<b>By region</b>						
Domestic sale-main business	122,305,111,567.10	80,703,210,957.38	34.01%	10.78%	14.75%	-2.29%
Export sales-main business	22,535,426,034.80	20,318,027,264.37	9.84%	12.56%	15.50%	-2.29%
Other business	43,028,337,290.81	41,230,400,368.12	4.18%	13.92%	13.56%	0.31%

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

Applicable  Not applicable

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

Yes  No

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

Applicable  Not applicable

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

Applicable  Not applicable

**(5) Composition of operating cost**

Unit: Yuan

Industry classification	Item	2021		2020		Year-on-year increase/decrease
		Amount	Proportion to	Amount	Proportion to	

			operating cost		operating cost	se
Household appliance manufacturing	Raw material	86,226,905,186.28	88.27%	75,879,070,146.39	86.90%	13.64%
	Labor costs	4,402,642,502.15	4.51%	4,261,563,030.87	4.88%	3.31%
	Depreciation	1,734,054,331.37	1.78%	1,693,963,131.00	1.94%	2.37%
	Energy	708,881,983.14	0.73%	779,821,409.66	0.89%	-9.10%

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

√ Yes □ No

### 1. Business combinations not under common control

#### (1) Business combinations not under common control that occurred during the period

Unit: Yuan

Name of the Purchased Party	Point of acquisition of equity	Equity acquisition cost	Equity acquisition proportion	Equity acquisition method	Acquisition date	Basis for determining the acquisition date	Operating revenue from the acquisition date to statement date	Net profit from the acquisition date to statement date
Gree Altairnano New Energy Inc.	October 31, 2021	1,828,275,113.56	30.47%	Purchase in cash	October 31, 2021	Acquisition of control	694,344,061.76	-416,767,701.45

#### (2) Cost of business combination and goodwill

Unit: Yuan

Cost of business combination	Amount
Cost of business combination	1,828,275,113.56
Less: fair value share of the identifiable net assets acquired	1,215,497,529.64
Amount of goodwill/combination cost less than the share of fair value of identifiable net asset acquired	612,777,583.92

[Note 1] As described in Note 5.23 "Goodwill" to the financial statements, Gree Altairnano New Energy became a subsidiary held by Company on October 31, 2021.

[Note 2] As of the acquisition date October 31, 2021, the fair value of the identifiable net assets attributable to the owners of the parent company of Gree Altairnano New Energy was 1,215,497,529.64 yuan, and the fair value of the corresponding identifiable net assets was appraised by China United Assets Appraisal Group Limited, which issued appraisal report ZLPBZ [2022] No. 1362.

The formed goodwill on the combination of Gree Altairnano is mainly due to the fact that the fair value share of the identifiable net assets of Gree Altairnano acquired by the Company on the acquisition date is lower than the combined cost. The asset valuation on the date of this purchase used the asset-based method, the value of the future business growth of Gree Altairnano could not be fully reflected due to the limitations of the valuation

method itself. At present, the business relationship between Gree Electric Appliances and Gree Altairnano has been rationalized and preliminary results have been achieved. In the future, the company will continue to promote comprehensive integration and synergistic development, grasp market and industry development opportunities, further enhance the comprehensive competitiveness and sustainable development capability of Gree Altairnano and prevent goodwill impairment risk.

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: Yuan

Item	Gree Altairnano New Energy Inc.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Monetary funds	1,646,843,953.97	1,646,843,953.97
Trading financial liabilities	10,000.00	10,000.00
Accounts receivable	2,779,548,017.55	2,779,548,017.55
Advance payments	215,800,208.73	215,800,208.73
Other receivables	234,176,292.67	234,176,292.67
Inventory	2,135,766,221.72	2,135,766,221.72
Contract assets	996,806,636.13	996,806,636.13
Non-current assets due within one year	2,810,789.73	2,810,789.73
Other current assets	856,356,937.01	856,356,937.01
Long-term receivables	3,014,657.86	3,014,657.86
Long-term equity investments	390,685,789.09	535,849,709.81
Other equity instruments investments	2,170,000.00	2,170,000.00
Investment real estate	30,434,649.00	6,404,970.97
Fixed assets	9,851,922,127.54	8,874,157,430.70
Construction in progress	2,341,162,945.24	2,301,429,874.64
Intangible assets	3,078,130,531.23	2,103,825,250.26
Long-term unamortized expenses	18,801,886.89	18,801,886.89
Deferred income tax assets	1,906,423,128.64	1,906,423,128.64
Other non-current assets	277,326,714.43	277,326,714.43
Subtotal of assets	26,768,191,487.43	24,897,522,681.71
Liabilities:		
Short-term borrowings	2,202,310,244.21	2,202,310,244.21
Notes payable	1,382,825,460.48	1,382,825,460.48
Accounts payable	4,860,305,562.25	4,860,305,562.25
Contract liabilities	5,024,137,616.68	5,024,137,616.68
Employee pay payable	49,442,281.69	49,442,281.69
Taxes and dues payable	46,366,595.59	46,366,595.59
Other payables	4,233,517,352.93	4,233,517,352.93
Non-current liabilities due within one year	98,518,621.44	98,518,621.44

Other current liabilities	2,088,457,921.70	2,088,457,921.70
Long-term borrowings	850,000,000.00	850,000,000.00
Long-term payables	392,843,262.75	392,843,262.75
Deferred Income	1,186,062,239.50	1,186,062,239.50
Deferred income tax liabilities	13,873,952.69	13,873,952.69
Subtotal of liabilities	22,428,661,111.91	22,428,661,111.91
Net assets	4,339,530,375.52	2,468,861,569.80

Before the acquisition date, affected by the corporate governance problems caused by the alleged misappropriation of the interests of Gree Altairnano by the former controlling shareholder of Gree Altairnano, Gree Altairnano was restricted in the financing, resulting in production capacity not being fully unleashed and in a continuous loss; after the listed company acquired the control of Gree Altairnano on the acquisition date, Gree Altairnano was managed in strict accordance with relevant laws and regulations and various corporate systems, and the annual auditing accountant, China Audit Union Power Certified Public Accountants Co., Ltd. (Special General Partnership), adjusted the accounting policies of Gree Altairnano based on the operating conditions and prudent considerations and with reference to the standards of listed companies and made corresponding audit adjustments. The above situation had an impact on the purchase date book value of the net assets of Gree Altairnano.

Gree is committed to building into a more competitive, diversified, technology-based global industrial group with a long-term, in-depth layout of the new energy sector. The company's participation in the judicial auction to acquire Gree Altairnano aims to combine the core technologies of Gree Altairnano batteries with the company's "zero carbon source" and other multi-dimensional low-carbon technologies to give full play to its overall resource advantages and further improve new energy industry layout. Up to now, the business relationship between Gree Electric Appliances and Gree Altairnano has been rationalized and preliminary results have been achieved, and the number of new energy vehicles being made by Gree Altairnano exceeded the level of the same period in 2020 and 2021; lithium titanate battery achieved good results in overseas and domestic markets with its superior performance, and the relevant patent has recently been selected for the list of China Patent Award, being the only lithium battery product in the new energy industry that won the gold medal. The performance and yield of LiFePO<sub>4</sub> products have also been greatly improved, and the production capacity will be unleashed gradually. With the gradual unleashing of production capacity and the recovery of profitability in the future, Gree Altairnano's value will also continue to increase.

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

Name of the Purchased Party	Book value of equity held before the acquisition date on the acquisition date	Fair value on the purchase date of share held before that date	Gains or losses on remeasurement of previously held equity interest to fair value before the acquisition date
Gree Altairnano New Energy Inc.	None	None	None

(5) Methodology and key assumptions for determining fair value on the acquisition date

1. Valuation determination method: The assets and liabilities were mainly evaluated using the asset-based method and the income method.
2. Key assumptions in the evaluation process.
  - A. The appraised entity is capable of making timely adjustments and innovations in line with the

development of the market and science and technology, while maintaining consistency in its business scope, business methods and management mode.

B. Except for the fixed asset investments for which there is definite evidence of changes in production capacity after the benchmark date of the appraisal, the production capacity of the enterprise's products is estimated based on the status as of the benchmark date of the appraisal, assuming that the appraised entity will not make any significant fixed asset investment activities affecting its operation in the future revenue period;

C. Assuming that the appraised entity will maintain a similar turnover of accounts receivable and accounts payable in the future earnings period as in historical years, and that there will be no default in payment that is materially different from historical years;

D. The assets and liabilities declared by the appraised entity are free from title disputes and other economic disputes;

E. The appraised entity's future sources of funding and costs for R&D and production will not have a material adverse impact on the enterprise.

3. Reasons for asset appreciation:

A. Machinery and equipment: the market price of some equipment increased and the depreciable life of the enterprise's equipment was shorter than the economic life of the equipment;

B. Housings and buildings: there was a difference between the depreciable life and the actual economic life, and some buildings were built a long period of time ago, resulting in an increase in replacement costs (labor, materials, etc.);

C. Land use rights: the time when the enterprise acquired the land is far from the benchmark date of the evaluation and the price was low, and the land price increased between the acquisition date and the current valuation benchmark date.

**2. Business combination under the same control**

No.

**3. Reverse purchase**

No.

**4. Disposal of subsidiaries**

Unit: Yuan

Company name	Equity disposal price	Equity disposal proportion (%)	Equity disposal method	Time point of losing control	Basis for determining the point at which control is lost	The difference between the disposal price and the share of the subsidiary's net assets in the consolidated financial statements corresponding to the disposal investment.	Proportion of remaining equity on the date of losing control (%)	Book value of remaining equity on the date of losing control	Fair value of remaining equity on the date of losing control	Gains or losses arising from remeasurement of remaining equity at fair value.	Determination methods and main assumptions of the fair value of the remaining equity on the date of losing control.	Amount of other comprehensive income related to equity investment of the original company transferred into investment profit and loss.
SL Group Jiangwan Rice	255,00	2.00	Sale	August,	Share Transfer Agreement	215,501.	49.00	1,145,00	1,145,00		Book	None

Industry Co., Ltd	0.00			2021		72		0.00	0.00		value	
SL Group Lianhe Ecology Farm Co., Ltd	21,000.00	21.00	Sale	August, 2021	Share Transfer Agreement	-50,939.54	49.00				Book value	None
SL Group Yuan Agriculture Co., Ltd		40.00	Sale	September, 2021	Industrial and commercial change registration	2,291.72	30.00				Book value	None
SL Group Lvzhiyuan Agriculture Co., Ltd		40.00	Sale	September, 2021	Industrial and commercial change registration	142,792.55	30.00				Book value	None
SL Group Dongwei Rice Industry Co., Ltd		21.00	Sale	September, 2021	Industrial and commercial change registration	92,134.32	30.00				Book value	None
SL(Ningbo) Grain Sales Co., Ltd		100.00	Sale	September, 2021	Industrial and commercial change registration	23,927.91					Book value	None

## 5. Change of combination scope for other reasons

### (1) Newly established entities for the current period

Unit: Yuan

Name	Date of establishment	Net assets at the end of the period	Net profit from the combination date to the end of the period
Zhuhai Gree Electromechanical Engineering (Linyi) Co., Ltd.	March 1, 2021	36,931,910.01	6,931,910.01
Wuhu Gree Intelligent Logistics Co., Ltd	March 19, 2021		
Gree (Zhuhai Hengqin) GREE Development Co., Ltd.	April 25, 2021	998,450,036.83	-1,549,963.17
Gree Electric Appliances (Linyi) Co., Ltd.	May 6, 2021	194,574,519.31	-5,425,480.69
Jiangxi Jinrun Real Estate Co., Ltd	June 16, 2021	85,809,836.46	-14,190,163.54
Changsha Kinghome Electrics Co., Ltd	July 1, 2021	5,720,175.31	-279,824.69
Green Electricity New Material (Maanshan) Technology Co., Ltd.	September 7, 2021		
Wuhan Yuli Runzhu Real Estate Co., Ltd	September 26, 2021	6,723,663.82	-276,336.18
Huaxingdaodao (Maanshan) Technology Co., Ltd.	October 15, 2021		
Zhuhai MinRoad Supply Chain Technology Co., Ltd	November 19, 2021		

### (2) Other decrease for the current period

In August 2021, the company cancelled its subsidiaries, SL Group Ermapao Eco-Farm Co., Ltd. and Handan YingDong New Energy Technology Co., Ltd.

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

Applicable  Not applicable

### (8) Main sales customers and suppliers

Main sales customers of the Company

Total sales amount of the top five customers (yuan)	30,819,315,606.26
Proportion of total sales amount of 5 top customers to the total annual sales	16.25%
Proportion of sales amount of related party in the sales amount of 5 top customers to the total annual sales	0.00%

Information of top 5 customers

Serial No.	Customer name	Amount of sales (yuan)	Proportion to total annual sales
1	First	7,995,073,996.04	4.22%
2	Second	6,174,062,804.40	3.26%

3	Third	5,842,521,938.70	3.08%
4	Fourth	5,698,659,582.61	3.00%
5	Fifth	5,108,997,284.51	2.69%
Total	--	30,819,315,606.26	16.25%

Other description of major customers

Applicable  Not applicable

Main suppliers of the Company

Total purchase amount of the top five suppliers (yuan)	46,390,746,483.63
Proportion of total purchase amount of 5 top customers to the total annual purchase	35.07%
Proportion of related parties' total purchase amount in the amount of purchase of top 5 suppliers to the total amount of annual purchase	0.00%

Information about top 5 suppliers of the Company

Serial No.	Supplier name	Amount of purchase (yuan)	Proportion to the total annual purchase
1	First	15,446,631,024.26	11.68%
2	Second	8,632,767,550.14	6.53%
3	Third	8,472,142,154.67	6.40%
4	Fourth	7,132,269,860.53	5.39%
5	Fifth	6,706,935,894.03	5.07%
Total	--	46,390,746,483.63	35.07%

Other description of major suppliers

Applicable  Not applicable

### 3. Expenses

Unit: Yuan

	2021	2020	Year-on-year increase/decrease
Sales expense	11,581,735,617.31	13,043,241,798.27	-11.21%
Administrative expense	4,051,241,003.05	3,603,782,803.64	12.42%
Financial expense	-2,260,201,997.18	-1,937,504,660.07	-16.66%
Research and development expenses	6,296,715,941.03	6,052,563,108.10	4.03%

### 4. R&D investment

Applicable  Not applicable

Name of major R&D projects	Project purpose	Project Progress	Objectives to be achieved	Expected impact on the future development of the company

Continuous heating high-efficiency hot gas defrosting technology	Improve customer thermal comfort and achieve energy-saving and emission-reducing operation	Completed, product is available on the market	Achieve defrosting without sudden cooling and continuous heating during defrosting	Improve the heating performance and thermal comfort of air source heat pumps, achieve green and low-carbon operation, while improving the quality of life of customers in winter heating.
Research and Application of New Generation Environmentally Friendly Refrigerant Air Duct Machine	Develop environmentally friendly refrigerant products to reduce environmental pollution and improve product performance	Completed, product is available on the market	Low GWP refrigerant application, achieve a variety of functions to improve the user experience through the application of a number of technology research.	Enhance market competitiveness
Research on key technologies for efficient washing and drying of clothes	Expand the product category and manufacture a series of new platform washing machines with large capacity and thin size in line with the market mainstream.	Completed	Improve the competitiveness of Gree washing machine market and meet the market demand.	Enhance market competitiveness

Research and application of high efficiency room temperature catalytic formaldehyde removal purifier	Achieve long-lasting green formaldehyde removal and enhance user comfort experience.	Completed, technology identified by academicians of Chinese Academy of Sciences and air purification industry experts, reaching "international Leading" level	1. Green and environmental protection: remove indoor formaldehyde efficiently, and continuously decompose formaldehyde into CO <sub>2</sub> and H <sub>2</sub> O. 2. Long-lasting aldehyde removal: purifier products' formaldehyde CCM exceeds 6 times the highest level of national standards, extending the life of the filter; 3. Energy saving and environmental protection: the energy efficiency of the whole machine exceeds 30% of the national standards of energy efficiency; 4. Comfortable and quiet: noise at the highest gear as low as 63dB. 5. Technology reached "World Leading" level	Improve product performance, meet user needs, and increase product competitiveness.
Industrial permanent magnet assisted reluctance motor R&D	Provide new technology solutions for industrial motor efficiency	Completed R&D of standard products and realized the application in the general machinery	Leading technology, series products achieve IE5 high energy efficiency, while ensuring high cost performance	Enhance the company's technological level and market competitiveness in the industrial field through technological and product innovation in industrial motors.

Research on the key technology of PEDF zero-carbon building	Research on the key technology of PEDF zero carbon building	Completed	Combined the technologies of photovoltaic power generation, energy storage, and efficient and intelligent energy consumption for air conditioners, realized local consumption of photovoltaic power, peak-shaving and valley-filling, and off-grid operation of the system. The application of photovoltaic (storage) air conditioner can reduce or get rid of the dependence on the power grid, and it has excellent power regulation performance by double control and double reduction in terms of energy consumption and load.	Provide innovative products
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## Company R&amp;D personnel

	2021	2020	Change Ratio
Number of R&D personnel (persons)	14,233	14,458	-1.56%
Proportion of number of R&D personnel	17.38%	17.22%	0.16%
Academic structure of R&D personnel	--	--	--
Bachelor	8,610	9,310	-7.52%
Master	1,449	1,742	-16.82%
Doctor	34	41	-17.07%
Age composition of R&D personnel	--	--	--
Below 30 years old	8,855	9,515	-6.94%
30~40 years old	4,345	4,119	5.49%

## R&amp;D investment of the Company

	2021	2020	Change Ratio
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Investment amount in research and development (Yuan)	6,528,680,941.53	6,213,796,926.90	5.07%
Proportion of investment in research and development to the operating revenue	3.48%	3.69%	-0.21%
Capitalization amount of research and development investment (yuan)	231,965,000.50	161,233,818.80	43.87%
Proportion of capitalized research and development investment to research and development investment	3.55%	2.59%	0.96%

Reasons and influences of significant changes in the composition of R&D personnel in the company

Applicable  Not applicable

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

Applicable  Not applicable

Reasons for the large change of capitalization rate of R&D investment and its reasonableness

Applicable  Not applicable

## 5. Cash flow

Unit: Yuan

Item	2021	2020	Year-on-year increase/decrease
Subtotal of cash inflows from operating activities	177,201,260,717.00	163,892,764,321.22	8.12%
Subtotal of cash outflows from operating activities	175,306,897,458.28	144,654,127,012.06	21.19%
Net cash flows from operating activities	1,894,363,258.72	19,238,637,309.16	-90.15%
Subtotal of cash inflows from investment activities	55,391,360,332.62	14,155,332,757.58	291.31%
Subtotal of cash outflows from investment activities	25,639,376,773.27	14,057,602,607.40	82.39%
Net cash flows from investment activities	29,751,983,559.35	97,730,150.18	30,342.99%
Subtotal of cash inflows from financing activities	89,991,092,450.05	37,614,461,534.80	139.25%
Subtotal of cash outflows from financing activities	115,321,676,340.53	58,725,959,033.00	Translation

Net cash flow from financing activities	-25,330,583,890.48	-21,111,497,498.20	19.98% -19.98
Net increase in cash and cash equivalents	5,726,694,119.85	-2,147,522,183.34	366.67% Translation

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

Applicable  Not applicable

1. Net cash flow from operating activities decreased by 90.15% year-on-year, mainly due to the increase in net increase in cash paid for goods and services purchased and loans and advances from customers.
2. Net cash flow from investing activities increased by 30,342.99% year-on-year, mainly due to the increase in other cash received in connection with investing activities.

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

Applicable  Not applicable

## V. Analysis of non-main business

Applicable  Not applicable

## VI. Analysis of Assets and Liabilities

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

Unit: Yuan

	At the end of 2021		At the beginning of 2021		Proportion increase or decrease
	Amount	Proportion to total assets	Amount	Proportion to total assets	
Monetary funds	116,939,298,776.87	36.59%	136,413,143,859.81	48.85%	-12.26%
Accounts receivable	13,840,898,802.76	4.33%	8,738,230,905.44	3.13%	1.20%
Contract assets	1,151,228,472.63	0.36%	78,545,525.60	0.03%	0.33%
Inventory	42,765,598,328.01	13.38%	27,879,505,159.39	9.98%	3.40%
Investment real estate	454,854,822.63	0.14%	463,420,861.39	0.17%	-0.03%
Long-term equity investments	10,337,008,014.57	3.23%	8,119,841,062.14	2.91%	0.32%
Fixed assets	31,188,726,142.99	9.76%	18,990,525,087.94	6.80%	2.96%
Construction in progress	6,481,236,333.38	2.03%	4,016,082,730.07	1.44%	0.59%
Usufruct assets	14,603,282.99	0.00%	38,952,103.28	0.01%	-0.01%
Short-term borrowings	27,617,920,548.11	8.64%	20,304,384,742.34	7.27%	1.37%
Contract liabilities	15,505,499,178.75	4.85%	11,678,180,424.65	4.18%	0.67%
Long-term borrowings	8,960,864,258.30	2.80%	1,860,713,816.09	0.67%	2.13%
Lease liabilities	3,313,452.52	0.00%	9,410,352.55	0.00%	0.00%

Overseas assets account for a relatively high proportion.

Applicable  Not applicable

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

√ Applicable □ Not applicable

Unit: Yuan

Item	Amount at the beginning of the period	Gains or losses on changes in fair value for the current period	Accumulated fair value changes included in equity	Impairment accrued for the current period	Purchase amount for the current period	Selling amount for the current period	Other changes	Amount at the end of the period
Financial liabilities								
1. Trading financial liabilities (excluding derivative financial assets)	370,820,500.00	631,554.78			660,611,937.82	1,032,063,992.60		
2. Derivative financial liabilities	285,494,153.96	-86,720,955.31						198,773,198.65
3. Other debt investments	502,202,293.17	9,239,147.26	14,006,555.87		5,210,000,000.00			5,910,056,891.62
4. Other equity instruments investments	7,788,405,891.47	2,389,207,456.95	5,328,875,076.08		41,680,735.20	85,167,806.45		10,114,246,030.05
5. Receivable financing	20,973,404,595.49	-10,935,725.15	-82,636,245.91		4,649,587,822.73			25,612,056,693.07
6. Other non-current financial liabilities	2,003,483,333.33	-3,174,005.94			81,000,000.00	2,000,000,000.00		81,309,327.39
7. Others	44,822,900.00	-447,304.28	30,939,495.72		12,160,000,000.00			12,376,325,374.41
Subtotal of financial liabilities	31,968,633,667.42	2,297,800,168.31	5,291,184,881.76		22,802,880,495.75	3,117,231,799.05		54,292,767,515.19
Total above	31,968,633,667.42	2,297,800,168.31	5,291,184,881.76		22,802,880,495.75	3,117,231,799.05		54,292,767,515.19
Financial liabilities								

Other changes

None

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

□ Yes √ No

### 3. Restricted rights to assets as of the end of the report period

Unit: Yuan

Item	Book value at the end of the period	Restricted reason
Monetary funds	37,328,823,349.13	Statutory deposit reserve and deposits
Accounts receivable	276,321,025.79	Pledged
Receivable financing	12,911,461,792.08	Pledged
Contract assets	422,560,112.06	Pledged
Other current assets	6,800,000,000.00	Pledged
Non-current assets due within one year	60,197,639.98	Pledged
Other debt investments	4,717,527,970.00	Pledged
Other equity instruments investments	8,938,973,543.22	Restricted shares
Long-term equity investments	312,711,807.79	Pledged
Fixed assets	847,908,771.37	Pledged
Construction in progress	225,701,846.53	Pledged
Intangible assets	947,343,396.76	Pledged
Other non-current assets	44,163,315.00	Pledged
Total	73,833,694,569.71	

## VII. Analysis of investments

### 1. Overall review

 Applicable  Not applicable

Investment in the report period(yuan)	Investment in the same period last year(yuan)	Change percentage
18,154,432,702.74	3,561,055,956.90	409.80%

## 2. Major equity investments obtained during the report period

√ Applicable □ Not applicable

Unit: Yuan

Name of investee company	Main business	Investment mode	Investment amount	Shareholding proportion	Capital source	Partner	Investment term	Product type	Progress as of the balance sheet date	Expected revenue	Profit and loss on investments for the current period	Whether it is involved in a lawsuit	Disclosure date (if any)	Disclosure Index (if any)
Gree Altairnano New Energy Inc.	Research and development of new energy technology, production and sales of lithium-ion power batteries and energy storage batteries	Acquisition	1,828,275,113.56	30.47%	Own funds	None	Long term	New energy vehicles, lithium-ion batteries, energy storage products, etc.	Completed	--	-126,989,002.82	No	August 31, 2021	Gree Electric Appliances: Announcement of Foreign Investment and Related Transactions (2021-060)
Total	--	--	1,828,275,113.56	--	--	--	--	--	--	--	-126,989,002.82	--	--	--

## 3. Significant non-equity investments in progress during the report period

□ Applicable √ Not applicable

**4. Financial Assets Investments**
**(1) Securities investment**

√ Applicable □ Not applicable

Unit: Yuan

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Gains or losses on changes in fair value for the current period	Accumulated fair value changes included in equity	Purchase amount for the current period	Selling amount for the current period	Profit/loss during the report period	Book value at the end of the period	Accounting Accounts	Capital source
Stocks listed on domestic and overseas stock exchanges	600745	WINGTECH	884,999,996.60	Measured at fair value	3,550,040,505.00	1,086,527,548.50	3,751,568,056.90			5,916,734.18	4,636,568,053.50	Other equity instruments investments	Own funds
Stocks listed on domestic and overseas stock exchanges	600703	San'an Optoelectronics	2,000,000,000.00	Measured at fair value	3,093,928,974.37	1,208,476,515.35	2,302,405,489.72			17,182,130.55	4,302,405,489.72	Other equity instruments investments	Own funds

Stocks listed on domestic and overseas stock exchanges	600619	Highly	1,141,510,131.07	Measured at fair value	667,802,216.81	88,370,312.43	-386,430,427.61			14,411,825.47	755,079,703.46	Other equity instruments investments	Own funds
Bonds	160017	16. Interest-bearing treasuries 17	288,405,500.00	Measured at fair value	298,866,682.20	4,883,141.17	7,448,985.41			14,301,000.00	304,947,682.20	Other debt investments	Own funds
Stocks listed on domestic and overseas stock exchanges	600888	Xinjiang Joinworld	111,836,005.99	Measured at fair value	215,172,336.36	45,737,682.63	105,586,941.75	41,680,735.20	85,167,806.45	3,918,701.49	217,422,947.74	Other equity instruments investments	Own funds
Bonds	200408	20 Nongfa 08	199,203,000.00	Measured at fair value	203,335,610.97	3,416,815.03	5,618,379.40			10,476,600.00	206,912,210.97	Other debt investments	Own funds
Bonds	102101215	21 Huafa Group MTN007	200,000,000.00	Measured at fair value		812,000.00	812,000.00	200,000,000.00		5,474,739.71	205,576,657.52	Other debt investments	Own funds
Stocks listed on domestic and overseas stock exchanges	01528	RS MACALLINE-H SHS	640,024,820.31	Measured at fair value	254,461,858.93	-39,904,601.96	-444,254,984.68				195,769,835.63	Other equity instruments investments	Own funds

Others	-	Ronghui Single Asset Management Plan	81,000,000.00	Measured at fair value		309,327.39		81,000,000.00		309,327.39	81,309,327.39	Trading financial liabilities	Own funds
Bonds	101901653	19 Huafa Group MTN007	59,587,700.00	Measured at fair value		445,070.72	445,070.72	60,000,000.00		2,287,646.15	60,392,960.52	Other debt investments	Own funds
Other investment securities held at the end of the period			9,996,590.00	--		127,191.06	127,191.06	10,000,000.00		391,349.87	10,155,063.15	--	--
Total			5,616,563,743.97	--	8,283,608,184.64	2,399,201,002.32	5,343,326,702.67	392,680,735.20	85,167,806.45	74,670,054.81	10,976,539,931.80	--	--
Securities Investment Approval Board Announcement Disclosure Date			April 29, 2021										
Date of disclosure of announcement of shareholders' meeting for approval of securities investment (if any)			June 30, 2021										

## (2) Investment in derivatives

√ Applicable □ Not applicable

Unit: 10,000 yuan

Operation name of investment in derivative	Related relationships	Whether related transactions	Types of Derivatives Investments	Initial investment amount of derivative investment	Start date	Expiry date	Investment amount at the beginning of the period	Amount purchased during the report period	Amount sold during the report period	Amount of provision for impairment (if any)	Ending investment amount	Proportion of the ending investment amount to net assets at the end of the report period	Profits and losses during the report period
Futures company	Unrelated party	No	Futures hedging contracts	4,482.29	January 1, 2021	December 31, 2021	4,482.29				4,393.05	0.04%	17,333.51
Financial institution	Unrelated party	No	Forward financial contracts	28,549.42	January 1, 2021	December 31, 2021	28,549.42				19,877.32	0.19%	26,089.69
Total				33,031.71	--	--	33,031.71				24,270.37	0.23%	43,423.20
Derivatives investment funding sources				Own funds									
Involvement in lawsuits (if applicable)				None									
Date of Disclosure of Announcement of Board for Approval of Derivatives Investment (if any)				April 29, 2021									
Date of Disclosure of Announcement of Shareholders' Meeting for Approval of Derivative Investment (if any)				July 1, 2021									

<p>Risk analysis and description of control measures for derivative positions during the report period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)</p>	<p>I. Risk Analysis</p> <p>1. Market risk: The exchange rate fluctuations in both directions increased significantly, and there was a possibility that the exchange rate of forward and option contracts might differ from the actual exchange rate on the maturity date, which might result in losses. The Company entered into forward and option contracts based on the real import and export trade background and reasonable estimation of future foreign exchange revenue and expenditure, and managed the exchange rate risk of the Company's import and export business and foreign exchange position with the idea of "risk-neutral" and the principle of cost-profit.</p> <p>2. Default risk: The company entered into the above foreign exchange fund transaction contracts based on the real import and export trade background and reasonable estimation of future foreign exchange revenue and expenditure, and there was no performance risk; the company chose commercial banks with good creditworthiness for its foreign exchange contracts, and basically did not need to consider the risk of default caused by their failure.</p> <p>3. Liquidity risk: All foreign exchange fund transactions met the requirements of trade authenticity, and the relevant foreign exchange fund transactions would be operated by means of bank credit, which would not affect the liquidity of the company.</p> <p>II. Risk Management Measures</p> <p>1. Based on the basic situation of foreign exchange derivatives trading business approved by the Board of Directors, the fund operation and management center proposed a reasonable assessment and concrete implementation plan based on the real trade background and reasonable estimation of future foreign exchange revenue and expenditure and business needs.</p> <p>2. Each foreign exchange derivative trading business is subject to a three-tier approval system, i.e. the approval of the head of foreign exchange business of the fund operation and management center, the head of the fund operation and management center and the Finance Chief of the company is required before implementation.</p> <p>3. The fund operation management center paid attention to the risk factors of foreign exchange derivatives trading business in real time, and made timely warning and response plan when the market fluctuation caused a large impact.</p>
<p>Changes in the market price or fair value of the product during the report period of the invested derivatives, and the analysis of the fair value of the derivatives should disclose the specific methodology used and the setting of relevant assumptions and parameters</p>	<p>The gains or losses of futures hedging contracts for the report period was 173,335,100 yuan, and the gains or losses of forward financial contracts for the report period was 189,945,200.</p>

Description of whether there has been any significant change in the accounting policy and specific accounting principles for derivatives during the report period as compared to the previous report period	No change
Special Opinion of Independent Directors on the Company's Derivatives Investment and Risk Control	The independent directors of the Company are of the view that the Company's hedging business of futures on bulk materials is conducive to locking in production costs, controlling operation risks and improving operation management; through foreign exchange derivatives trading business, it is conducive to further enhancing the Company's foreign exchange risk management capability and realizing the value preservation and appreciation of foreign exchange assets. The Company has established a corresponding control system for the relevant business, and the approval and implementation are legal and compliant, and the risks are controllable, which is in the interests of the Company and all shareholders.

## 5. Use of proceeds

Applicable  Not applicable

The Company has no use of proceeds during the report period.

## XIII. Major assets and equity sales

### 1. Sale of Major Assets

Applicable  Not applicable

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

### 2. Sale of significant equity interests

Applicable  Not applicable

## IX. Analysis of major controlled and invested companies

√ Applicable □ Not applicable

Major subsidiaries and participating companies affecting 10% or more of the company's net profit

Unit: Yuan

Company name	Company Type	Main business	Registered Capital	Total Assets	Net assets	Operating revenue	Operating profit	Net profit
Zhuhai Gree Group Finance Company Limited	Subsidiary	Financial service	3,000,000,000.00	52,270,241,505.71	6,358,255,750.06	1,904,221,332.12	540,431,914.28	407,512,564.92
Zhuhai Gree Electrical Co., Ltd	Subsidiary	Varnished Wire Manufacturing	1,669,315,586.15	9,239,746,829.99	3,071,150,525.96	41,290,134,072.88	274,120,524.26	206,698,823.07
Gree (Hefei) Electric Appliances Co., Ltd.	Subsidiary	Air Conditioner Manufacturing	150,000,000.00	10,909,050,309.98	4,816,014,155.88	10,216,765,020.91	552,684,110.77	498,823,394.72
Zhuhai Landa Compressor Co., Ltd.	Subsidiary	Compressor Manufacturing	93,030,000.00	12,080,694,348.10	7,577,290,627.39	17,974,060,009.43	1,049,560,580.92	914,068,600.73
Zhuhai Gree Xinyuan Electronics Co., Ltd.	Subsidiary	Capacitor Manufacturing	126,180,000.00	2,830,418,996.54	1,336,790,817.55	2,021,499,188.74	309,061,240.34	260,613,682.67
Zhuhai Kaibang Motor Manufacturing Co., Ltd.	Subsidiary	Motor Manufacturing	82,000,000.00	4,287,309,451.51	1,165,954,527.79	3,269,955,270.22	158,995,590.91	138,958,620.72
Gree (Zhongshan) Small Home Appliances Co.,	Subsidiary	Small household appliances manufacturing	30,000,000.00	1,191,788,353.90	557,136,192.42	1,030,600,093.91	91,013,640.49	84,346,186.77

Ltd.								
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Information about acquisition and disposal of subsidiaries during the report period

Applicable  Not applicable

Company name	Methods of acquisition and disposal of subsidiaries during the report period	Impact on overall production and operation and financial results(yuan)
Handan Yingdong New Energy Technology Co., Ltd.	Cancelled	-1,148.22
SL Group Ermapao Eco-Farm Co., Ltd.	Cancelled	-72,031.20
SL(Ningbo) Grain Sales Co., Ltd	Transfer account	23,927.91
SL Group Jiangwan Rice Industry Co., Ltd	Transfer account	215,501.72
SL Group Lianhe Ecology Farm Co., Ltd	Transfer account	-50,939.54
SL Group Yuan Agriculture Co., Ltd	Transfer account	2,291.72
SL Group Lvzhiyuan Agriculture Co., Ltd	Transfer account	142,792.55
SL Group Dongwei Rice Industry Co., Ltd	Transfer account	92,134.32
Gree Electric Appliances (Linyi) Co., Ltd.	New	-5,425,480.69
Gree (Zhuhai Hengqin) GREE Development Co., Ltd.	New	-1,549,963.17
Changsha Kinghome Electrics Co., Ltd	New	-279,824.69
Zhuhai MinRoad Supply Chain Technology Co., Ltd	New	-
Zhuhai Gree Electormechanical Engineering (Linyi) Co., Ltd.	New	6,931,910.01
Wuhu Gree Intelligent Logistics Co., Ltd	New	-
Jiangxi Jinrun Real Estate Co., Ltd	New	-14,190,163.54
Green Electricity New Material (Maanshan) Technology Co., Ltd.	New	-
Wuhan Yuli Runzhu Real Estate Co., Ltd	New	-276,336.18
Huaxingtao (Maanshan) Technology Co., Ltd.	New	-

Description of major holding and participating companies

Not Applicable

## X. Details of Company-controlled Structured Entity

Applicable  Not applicable

## XI. Prospects for the future development of the company

### (I) Corporate development strategies

Gree adheres to the corporate vision of "creating a world-class enterprise and achieving a century-long brand". Driven by technological innovation and guaranteed by perfect quality, it deepens reform and accelerates digital transformation, based on the household appliance industry, steadily expands new industries such as intelligent equipment, precision molds, new energy, semiconductors and core components, and builds a more competitive diversified, technology-based global industrial group.

## **(II) Key work in 2022**

### **1. Strengthen the leadership of high-quality party building and build a strong base for party organizations to fight**

Guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, the company comprehensively implements the spirit of the 19th Party Congress and the 19th Plenary Session, coordinates epidemic prevention and control with production and operation, and further deepens the integration of Party building work with production and operation management, innovative and realistic dedication culture and personal development of employees.

### **2. Grasp the new market opportunities and develop a new diversified development pattern**

Actively respond to the national strategy of expanding domestic demand, embrace the trend of upgrading the consumption structure, continue to deepen the domestic market, deepen the construction of digital channel marketing service network, expand the business layout of the commercial sector, expand the sales scale of photovoltaic (storage) air conditioners, energy storage products, intelligent equipment, precision molds, special compressors, high-end motors and other products, while grasping the "Belt and Road Initiative" and the location advantage of the Greater Bay Area, so as to enhance the international competitiveness of the brand.

### **3. Persevere in scientific and technological innovation to generate new development momentum**

Around the major strategic needs of the country, gave full play to the role of national key laboratories, strengthen the reserve of cutting-edge technologies, accelerate the conquest of "bottleneck" technologies, take the market as the center, developed high-quality products for consumers, and shape new advantages in development relying on scientific and technological innovation.

### **4. Innovate quality control methods and improve quality level**

With quality first as the guiding ideology and quality innovation-driven as the basic policy, lay a solid quality technology foundation, establish intelligent quality control mechanism, continuously pursue the excellent quality of products, projects and services, and enhance the corporate brand value and the overall image of Made in China.

### **5. Accelerate industrial transformation and upgrade, and promote the integration of digital technology and industry**

With high-quality development as the guide, transform industries in all aspects and chains utilizing new Internet technologies, seize the first opportunity of the new round of technological revolution and industrial change and promote the digital transformation of enterprises.

### **6. Comprehensively deepen reform and improve organizational effectiveness**

Around the keynote of "cost reduction, efficiency improvement and profit creation", promote and deepen lean management, further dig the potential of cost reduction and efficiency improvement and enhance enterprise management efficiency through precise measures and targeted efforts.

## **7. Strengthen the construction of talent echelon and build a highland for talent gathering**

Improve the selection and training mechanism of talents at all levels, provide a platform for the development of talents through multiple channels, focus our efforts on building a highland of talents, and provide key elements for industrial development.

## **8. Build up security risk prevention and strengthen internal control and compliance management**

Build a comprehensive discipline and audit supervision system, further enhancing security awareness, and focus on investment, finance and other major risks to strengthen monitoring and early warning, and continuously improve the level of the company's risk prevention and control and emergency response capabilities.

### **(III) Main Risks to Future Development**

#### **1. Macroeconomic fluctuation risk**

The products sold by the company are mainly HVAC and household appliances, whose market demand is influenced by the macroeconomy. The current recurring and volatile situation of the COVID-19 epidemic, the complicated and severe geopolitical situation, the real estate market has not yet rebounded, and the uncertainty of economic development and residents' income increases, which may lead to a slower pace of consumer recovery, and the company's household appliance market may also face a slowdown in demand.

#### **2. Risk of factor price fluctuations**

The main raw materials for the company's products are copper, steel, aluminum and plastic of various grades, which account for a large proportion of the cost. Starting from 2020, the prices of copper, aluminum and other raw materials has risen rapidly and continue to run high, and the resulting cost pressure will have a certain impact on the company's operating results. As an industry leader with strong centralized purchasing advantages, the company will reduce the negative impact of raw material fluctuations on its operations through hedging, advance stocking and material generalization.

#### **3. Risks arising from increased market competition**

With the implementation of the policy of "housing residence instead of vicious speculation", the slowing down of urbanization and the aging of the population, the air conditioning industry has bid farewell to the period of rapid growth, and the industry is becoming increasingly competitive, which may squeeze the company's profitability.

#### **4. Market risks from overseas wars and trade protectionism**

Geopolitical tensions, such as local wars and economic sanctions, as well as "counter-globalization" and trade protectionism, will have a negative impact on global economic recovery and international trade, which will not be conducive to the Company's export business.

#### **5. Export market risk and exchange loss due to exchange rate fluctuation**

The company's products are exported to more than 180 countries and regions. As the company continues to expand its overseas markets, exchange rate fluctuations may not only adversely affect the export of the company's products, but also cause exchange losses and increase financial costs.

## XII. Reception, research, communication, interviews and other activities during the report period

√ Applicable □ Not applicable

Time of reception	Place of reception	Method of reception	Reception type	Reception object	Contents discussed and material provided	Index of basic information of the research
May 24, 2021	Company Conference Room	Field research	Others	Total number of institutional and individual investors: 127	Company operations	For more details, please refer to "Gree: 000651 Gree Performance Presentation, Roadshow Activity Information 20210525" disclosed on www.cninfo.com.cn on May 25, 2021.
June 26, 2021	Company Conference Room	Telephone communication	Others	Total number of institutional and individual investors: 226	Company operations	For more details, please refer to "Gree: 000651 Gree Performance Presentation, Roadshow Event Information 20210627" disclosed on www.cninfo.com.cn on June 27, 2021.

## Section IV Corporate Governance

### I. Basic status of corporate governance

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

The Company's governance complied with the Company Law of the People's Republic of China and the requirements of the China Securities Regulatory Commission regarding the governance of listed companies.

Whether there were any significant differences between the actual state of corporate governance and the regulations on governance of listed companies issued by laws, administrative regulations and the CSRC

Yes  No

The actual state of corporate governance did not differ materially from the laws, administrative regulations and the regulations on governance of listed companies issued by the CSRC.

### II. The independence of the company from the controlling shareholder and the actual controller in terms of assets, personnel, finance, organization and business of the company

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

### III. Horizontal competition

Applicable  Not applicable

### IV. Convening of the annual general meeting of shareholders and interim general meeting of shareholders during the report period

#### 1. General meetings of shareholders for the report period

Session of meeting	Type of meeting	Proportion of participating investors	Date of convening	Date of disclosure	Meeting resolutions
2020 Annual General Meeting of	Annual General Meeting of	54.58%	June 30, 2021	July 1, 2021	Announcement of Resolutions of the

Shareholders	Shareholders				2020 Annual General Meeting of Shareholders", etc. on www.cninfo.com.cn
The First Interim General Meeting of Shareholders for Year 2021	Interim General Meeting of Shareholders	51.70%	August 20, 2021	August 21, 2021	The Announcement on Resolutions of the First Interim General Meeting of Shareholders for the Year 2021, etc. on www.cninfo.com.cn
The Second Interim General Meeting of Shareholders for Year 2021	Interim General Meeting of Shareholders	46.64%	September 29, 2021	September 30, 2021	The Announcement on Resolutions of the Second Interim General Meeting of Shareholders for the Year 2021, etc. on www.cninfo.com.cn

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

Applicable  Not applicable

## V. Directors, supervisors and senior management personnel

### 1. Basic Information

Name	Title	Employment status	Gender	Age	Term start date	Term end date	Number of shares held at the end of the period (shares)	Number of held stocks increased for the current period (shares)	Number of held stocks reduced for the current period (shares)	Other increase/decrease changes (shares)	Number of shares held at the end of the period (share)	Reasons for increase or decrease of shares
Dong Mingzhu	Chairperson & President	Incumbent	Female	67	May 25, 2012	February 28, 2025	44,488,492				44,488,492	
Zhang Wei	Chairman and secretary of the Party Committee	Incumbent	Male	45	January 16, 2019	February 28, 2025						
Guo Shuzhan	Director	Incumbent	Male	65	January 16, 2019	February 28, 2025						
Zhang Jundu	Director	Incumbent	Male	61	May 25, 2012	February 28, 2025						
Deng Xiaobo	Director, Vice President, Secretary of the Board of Directors	Incumbent	Male	46	December 26, 2020	February 28, 2025						
Liu Shuwei	Independent director	Incumbent	Female	69	January 16, 2019	February 28, 2025						

Wang Xiaohua	Independent director	Incumbent	Male	60	January 16, 2019	February 28, 2025						
Xing Ziwen	Independent director	Incumbent	Male	59	January 16, 2019	February 28, 2025						
Zhang Qiusheng	Independent director	Incumbent	Male	54	March 1, 2022	February 28, 2025						
Cheng Min	Supervisor	Incumbent	Female	41	November 2, 2020	February 28, 2025						
Duan Xiufeng	Supervisor	Incumbent	Male	58	January 16, 2019	February 28, 2025	596,700		149,175		447,525	Reduced holding-shares
Wang Fawen	Employee supervisor	Incumbent	Female	38	January 16, 2019	February 28, 2025						
Zhuang Pei	Vice president	Incumbent	Male	57	May 25, 2012	February 28, 2025	5,955,202				5,955,202	
Tan Jianming	Vice President and Chief Engineer	Incumbent	Male	57	August 31, 2017	February 28, 2025	1,297,300				1,297,300	
Shu Lizhi	Vice president	Incumbent	Male	52	December 26, 2020	February 28, 2025						
Liao Jianxiong	Finance Chief, Assistant to President	Incumbent	Male	48	August 6, 2020	February 28, 2025						
Fang Xiangjian	Vice president	Incumbent	Male	44	November 19, 2021	February 28, 2025	167,400				167,400	

Huang Hui	Director, Executive President	Resigned	Male	58	May 25, 2012	February 19, 2021	7,380,000		1,845,000		5,535,000	Reduced holding-shares
Total	--	--	--	--	--	--	59,885,094	0	1,994,175		57,890,919	--

Whether there are cases of departure of directors and supervisors and dismissal of senior management during the report period

Yes  No

Mr. Huang Hui, the director and executive president of the Company, submitted a written resignation report to the Board of Directors of the Company on February 19, 2021, and he applied for resignation as the director and executive president of the Company for personal reasons. After his resignation, Mr. Huang Hui no longer holds any position in the Company.

Changes in the Company's directors, supervisors and senior management

Applicable  Not applicable

Name	Position held	Type	Date	Reason
Huang Hui	Director, Executive President	Resigned	February 19, 2021	Resignation for personal reasons
Fang Xiangjian	Vice president	Hire	November 19, 2021	Hired by the Board of Directors

## 2. Employment Status

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

**Ms. Dong Mingzhu**, with a master's degree, serves as the chairperson and president of Gree Electric Appliances, Inc of Zhuhai. She successively held the posts of salesperson, Vice Director and Director of Sales Department, Vice General Manager, Vice Chairperson of the Board and President of Gree Electric Appliances, etc.

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

She was awarded the "National Model Worker", "National May 1 Labor Medal", "National March 8th Red Banner Pacesetter", China Patent Gold Award, the Third China Quality Award, Liu Yuanzhang Quality Technology Contribution Award, Fudan University Outstanding Contribution to Enterprise Management Award, Tsinghua University Top 10 Management Innovation Leaders-Practitioners, and "China Outstanding Quality People (National Quality Award)" and other honors and titles, and three times selected by CCTV as "CCTV China Economic and were listed in Fortune Magazine's "World's Most Influential Women in Business" for 14 times. In 2020, she was awarded the honorary title of "Advanced Individual of Private Economy in the Fight against the COVID-19 Epidemic" by the Central United Front Work Department, the Ministry of Industry and Information Technology, the General Administration of Market Supervision and the All-China Federation of Industry and Commerce for her scientific and technological fight against the epidemic. In 2021, she chaired the Sub-Committee on Experimentation and Evaluation of Refrigeration Compressors (ISO/TC86/SC4) of the International Organization for Standardization Technical Committee on Refrigeration and Air Conditioning.

**Mr. Zhang Wei**, a senior economist with a bachelor's degree, serves as the Secretary of the Party Committee and Director of Gree Electric Appliances, Inc of Zhuhai.

He joined Gree in 1999 and successively held the posts of the head of Gree Electric Appliances Pipeline Sub-Factory, Material Supply Department, Outsourcing Quality Management Department, Enterprise Management Department, and Assistant to President, and served as Vice President of Gree Group from 2013 to 2020, and has served as Secretary of the Party Committee of Gree Electric Appliances from September 2020 to the present

**Mr. Guo Shuzhan**, with a junior college degree, serves as a director of Gree Electric Appliances, Inc of Zhuhai.

From August 2006 to the present, he has served as the chairman and general manager of Jinghai Internet Technology Development Co., Ltd.; from August 2012 to the present, he has served as the general manager of Henan Shengshi Xinxing Gree Trading Co., Ltd.; From May 2012 to January 2019, he served as a supervisor of the company, and from January 2019 to the present, he has served as a director of the company.

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

From September 1999 to the present, he has served as the Chairman of Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. From August 2012 to the present, he has concurrently served as the General Manager of Zhejiang Shengshi Xinxing Gree Trading Co., Ltd, and has served as director of the company from May 2012 to the present.

**Mr. Deng Xiaobo**, with a bachelor's degree, serves as a director, vice president and secretary of the Board of Directors of Gree Electric Appliances, Inc of Zhuhai.

From July 2015 to November 2020, he served as the chairman of Shaanxi Coal and Chemical Group Finance Co., Ltd. He joined Gree Electric Appliances, Inc of Zhuhai in November 2020 and successively held the posts of Vice President and Secretary to the Board of Directors of the company, and he has served as Director, Vice President and Secretary to the Board of Directors of Gree Electric Appliances, Inc of Zhuhai from February 2022 to the present.

**Ms. Liu Shuwei**, with a master's degree, serves as an independent director of Gree Electric Appliances, Inc of Zhuhai.

Ms. Liu graduated from Peking University with a master's degree in economics in 1986 and studied under the tutelage of Professor Chen Daisun and Professor Li Yining, who are renowned scholars in finance. In 2002, she was awarded "Economic Personality of the Year" and "Touching China - 2002 Person of the Year" by CCTV. She serves as an independent director of Vanke Enterprise Co., Ltd, an independent director of Henan Costar Group Co., Ltd., an independent director of Royole Corporation and a director and a researcher at the China Enterprise Research Center of Central University of Finance and Economics. She has served as an independent Director of the Company from January 2019 to the present.

**Mr. Xing Ziwen**, with a doctoral degree, serves as an independent director of Gree Electric Appliances, Inc of Zhuhai.

He is currently a professor at Xi'an Jiaotong University, a Distinguished Professor under the Changjiang Scholars Award Program of the Ministry of Education, a national candidate for the Hundred Million Talents Project in the New Century, and a recipient of a special allowance from the State Council. Prof. Xing Ziwen was the head of the Department of Refrigeration and Cryogenic Engineering and the director of the Compressor Research Institute in the School of Energy and Power Engineering of Xi'an Jiaotong University, and is currently the deputy director of the National Engineering Center for Fluid Machinery and Compressors of Xi'an Jiaotong University. He has been awarded two National Science and Technology Progress Awards, seven Provincial and Ministerial Science and Technology Progress Awards, and the Special Award for Science and Technology Progress of the Chinese Society of Refrigeration, the Special Award for Invention and Entrepreneurship of the China Invention Association, the Distinguished Professor Award of the Xia Anshi Education Foundation, and the Youth Innovation Award of the Ho Leung Ho Lee Foundation, etc.

**Mr. Wang Xiaohua**, a first-class lawyer with a master's degree, serves as an independent director of Gree Electric Appliances, Inc of Zhuhai.

Mr. Wang Xiaohua has been working in Guangdong Guangxin Junda Law Firm since January 1993, and is currently the director of the firm. He is also a member of the Standing Committee of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a member of the Judges and Prosecutors Selection Committee of Guangdong Province, a member of the Legal Advisory Service Team of Guangdong Provincial People's Government, and a legal advisor of Guangdong Provincial Public Security Department. In

addition, Mr. Wang concurrently serves as an independent director of Guangdong Shirong Zhaoye Co., Ltd., Guangzhou Tower Tourism and Culture Development Co., Ltd. and Guangdong Guangxin Information Industry Co., Ltd. He served as a councilor of the National Lawyers Association, a legal advisor to the Organizing Committee of the 16th Asian Games, a member of the 9th National Youth Federation, the president of Guangzhou Lawyers Association, and a legal consultant and advisor to the Guangzhou Municipal People's Government. Over the past 33 years of practice, he has handled more than 1,000 litigation, arbitration, and non-litigation cases and projects individually or with his team, having rich experience in legal services.

Mr. Wang Xiaohua has published four monographs and co-authored four books, published more than 30 papers and articles, and submitted more than 50 proposals, and was praised by the Nanfang Daily News as a major proposal writer.

**Mr. Zhang Qiusheng**, with a doctoral degree, serves as an independent director of Gree Electric Appliances, Inc of Zhuhai.

Mr. Zhang Qiusheng is a non-practicing member of the Chinese CPA. He is currently a professor at the School of Economics and Management of Beijing Jiaotong University, the director of the National Institute of Transportation Development, the director of the China Center for Corporate Mergers and Acquisitions, and an independent director of Jinneng Holdings Shanxi Coal Co., Ltd. Mr. Zhang Qiusheng has undertaken various provincial and ministerial research projects, including the National Natural Science Foundation of China, the National Social Science Foundation of China, the National Soft Science Program, as well as the Ministry of Education, the Ministry of Finance, the State-owned Assets Supervision and Administration Commission, the Securities and Futures Commission, etc. He has published more than 30 monographs, books (translations) and more than 100 academic and professional papers, and has won one second prize for national teaching achievements, four provincial and ministerial research achievements, and two first prizes for Beijing teaching achievements.

**Ms. Cheng Min**, with a bachelor's degree, serves as a supervisor of Gree Electric Appliances, Inc of Zhuhai.

Ms. Cheng serves as the Assistant to the President of Zhuhai Gree Group Co., Ltd, and Chairperson and General Manager of Zhuhai Gexin Development Co., Ltd. She successively held the posts of the head of the Planning Department of Zhuhai Exhibition and Convention Bureau, a member of the Party Group of Zhuhai Exhibition and Convention Bureau, and the office director and secretary of the Board of Directors of Zhuhai Gree Group Co., Ltd.

**Mr. Duan Xiufeng** serves as a supervisor of Gree Electric Appliances, Inc of Zhuhai.

He graduated from Shandong Party School in 1999 and successively held the posts of Deputy General Manager and General Manager of Shandong Gree Marketing Co., Ltd and General Manager of Shandong Shengshixinxing Gree Trading Co., Ltd. He has served as a supervisor of the Company from January 2019 to the present.

**Ms. Wang Fawen**, with a master's degree a mid-level economist and human resources manager, serves as the supervisor of the staff representative of Gree Electric Appliances, Inc of Zhuhai.

From 2007 to 2019, she successively held the posts of Human Resources Specialist of the Human Resources Department, Director of the Personnel General Office, Supervisor of the Performance Section, Supervisor of the Training Section, Assistant Director of the Training Department, Human Resources Department and Director of the Training Department; from January 2019 to the present, she has served as a Supervisor of the Employee

Representative of the Company, and from February 2019 to the present, she has served as Vice Director of the Human Resources Department of the Company.

**Mr. Zhuang Pei**, with a bachelor's degree, engineer, serves as the vice president of Gree Electric Appliances, Inc of Zhuhai.

He served as Assistant to the President from 2002 to April 2003 and has served as Vice President from April 2003 to the present.

**Mr. Tan Jianming**, with a master's degree, serves as the Chief Engineer and Vice President of Gree Electric Appliances, Inc of Zhuhai.

From 1982 to 1986, he studied refrigeration and low-temperature technology at Huazhong University of Science and Technology and received his bachelor's degree; from 1986 to 1989, he continued his studies in refrigeration and low-temperature technology at Huazhong University of Science and Technology and received his master's degree; after graduation in 1989, he joined Gree Electric Appliances, Inc of Zhuhai and successively held the posts of Designer, Director, Assistant to President, Deputy Chief Engineer, etc. He has served as Chief Engineer and Vice President of the Company from August 2017 to the present.

**Mr. Shu Lizhi**, with a master's degree, serves as the Vice President of Gree Electric Appliances, Inc of Zhuhai.

He served as the deputy director and director of Wuhan Special Commission Office of the State Audit Office. He joined Gree Electric Appliances, Inc of Zhuhai in December 2019. He has served as Vice President of the Company from December 2020 to the present.

**Mr. Fang Xiangjian**, a senior engineer with a master's degree, serves as the Vice President of Gree Electric Appliances, Inc of Zhuhai.

From July 2004 to December 2016, he successively held the posts of assistant to factory manager, deputy factory manager and factory manager of the screening branch of Gree Electric Appliances, Inc of Zhuhai. He has served as the Assistant to President of Gree Electric Appliances, Inc of Zhuhai from December 2016 to the present and has served as the vice president of Gree Electric Appliances, Inc of Zhuhai from November, 2021 to the present; He is the recipient of Guangdong May Day Labor Medal, Liu Yuan Zhang Quality Technology Talent Award, and the Management Excellence Award of the Chinese Academy of Management Science; he is the vice president of China Quality Inspection Association, a professional member of China Fire Protection Association, a member of the 7th Academic Committee of China Quality Association, and a vice chairman of the Green and Efficient Energy-Using Products Professional Committee of China Energy Conservation Association.

**Mr. Liao Jianxiong** serves as the Finance Chief and Assistant to President of Gree Electric Appliances, Inc of Zhuhai.

He joined Gree in May 1993 and successively held the posts of the head of the Financial Department of Gree Electric Appliances (Chongqing) Co., Ltd, head of the Financial Department of Gree Electric Appliances, Inc of Zhuhai and Assistant to the President. He has served as the Finance Chief and assistant to the president of the company from August 2020 to the present.

Employment in shareholder's companies

Applicable  Not applicable

Name of incumbent	Name of shareholder	Position held at the shareholder	Term start date	Term end date	Whether to receive remuneration and allowance from the shareholder
Cheng Min	Zhuhai Gree Group Co., Ltd.	Assistant to President	March 1, 2020		Yes
Guo Shuzhan	Jinghai Internet Technology Development Co., Ltd.	President and Legal Representative	August 1, 2006		No
Description of incumbent in the shareholder's companies	None				

Employment in other companies

Applicable  Not applicable

Name of incumbent	Name of other companies	Position held in the other companies	Term start date	Term end date	Whether to receive remuneration and allowance from other companies
Dong Mingzhu	Zhuhai Gezhen Investment Management Partnership (Limited Partnership)	Executive Partner	September 26, 2019		No
Dong Mingzhu	Zhuhai Xima Pearl New Media Co., Ltd.	Director and Manager	October 1, 2015		No
Guo Shuzhan	Beijing Qianyuan Hengjiuhe Liquor Co., Ltd.	Director	April 25, 2014		No
Guo Shuzhan	Xiahe Hengsheng Hydropower Co., Ltd.	Director	May 1, 2007		No
Guo Shuzhan	Henan Shengshi Xinxing Gree Trading Co., Ltd.	Executive Director	August 1, 2010		Yes
Guo Shuzhan	Luoyang Gree Electric Appliances Logistics Co., Ltd.	Executive Director and General Manager	June 1, 2010		No
Guo Shuzhan	Xiahe Hengfa Hydropower Co., Ltd.	Director	June 1, 2005		No
Guo	Henan Gree Installation Engineering Co.,	Executive Director	March 10, 2021		No

Shuzhan	Ltd.				
Guo Shuzhan	Luqu Hengfa Hydropower Co., Ltd.	Supervisor	September 9, 2021		No
Guo Shuzhan	Henan Sanli Real Estate Development Co., Ltd.	Supervisor	November 6, 2006		No
Guo Shuzhan	Henan Ruige Storage Co., Ltd.	Other personnel	July 1, 2005		No
Zhang Jundu	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd.	Chairman	September 1, 1999		Yes
Zhang Jundu	Ningbo Tongcheng Gree Electric Appliances Co., Ltd.	Director	July 1, 2013		No
Zhang Jundu	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Executive Director and General Manager	January 1, 2017		Yes
Zhang Jundu	Zhejiang Ruitong Automobile Co., Ltd.	Director	December 1, 2014		No
Zhang Jundu	Wenzhou Tongcheng Economic and Trade Co., Ltd.	Director	April 1, 2012		No
Zhang Jundu	Huzhou Tongcheng Gree Electric Appliances Co., Ltd.	Director	November 1, 2008		No
Liu Shuwei	Vanke Enterprise Co., Ltd	Independent director	June 30, 2017	June 29, 2023	Yes
Liu Shuwei	Royole Corporation	Independent director	June 23, 2020		Yes
Liu Shuwei	Costar Group Co., Ltd.	Independent director	April 10, 2019	April 10, 2022	Yes
Wang Xiaohua	Guangdong Guangxin Junda Law Firm	Partner chairman	June 1, 2017		Yes
Wang Xiaohua	Arrow Home Furnishing Group Co., Ltd	Independent director	December 18, 2019		Yes
Wang Xiaohua	Guangzhou Tower Tourism and Culture Development Co., Ltd.	Independent director	April 27, 2021		Yes
Wang Xiaohua	Guangdong Guangxin Information Industry Co., Ltd.	Independent director	March 26, 2019	March 26, 2022	Yes
Zhang Qiusheng	Jinneng Holdings Shanxi Coal Co., Ltd	Independent director	June 5, 2020		Yes
Zhang Qiusheng	Beijing Langxin Yicheng Consulting Co., Ltd.	Executive Director and General Manager	May 19, 2021		No

Zhang Qiusheng	Tianjin Lishen Battery Co., Ltd	Director	December 25, 1997		No
Duan Xiufeng	Beijing Detai Hengrun Investment Co., Ltd.	Manager	July 3, 2014		No
Duan Xiufeng	Beijing Rongzhi Xingwei Management Consulting Co., Ltd	Manager	July 2, 2013		No
Duan Xiufeng	Shandong Jierui Logistics Co., Ltd.	Executive Director and General Manager	August 11, 2010		No
Duan Xiufeng	Jinan Qihui Microfinance Co., Ltd.	Director	February 4, 2009		No
Duan Xiufeng	Shandong Gree Electric Appliances Customer Service Co., Ltd.	Executive Director and General Manager	August 2, 2012		Yes
Duan Xiufeng	Shandong Binzhou Dongsheng Real Estate Co., Ltd.	Executive Director	June 26, 2009		No
Duan Xiufeng	Shandong Blue Economy Industrial Fund Management Co., Ltd.	Chairman	November 5, 2014		No
Duan Xiufeng	Shandong Youbu Network Technology Co., Ltd.	Executive Director	October 27, 2015		No
Duan Xiufeng	Jinan Jierui New Energy Technology Co., Ltd.	Executive Director and General Manager	December 21, 2016		No
Duan Xiufeng	Shandong Red April Brand Management Co., Ltd.	Executive Director and General Manager	August 1, 2017		No
Duan Xiufeng	Shandong Red April E-commerce Co., Ltd.	Executive Director and General Manager	August 30, 2017		No
Duan Xiufeng	Zhongfu Huaxia Management Consulting Co., Ltd.	Chairman	December 23, 2005		No
Duan Xiufeng	Shandong Red April Holdings Group Co., Ltd.	Executive Director and General Manager	May 5, 2015		No
Duan Xiufeng	Shandong Red April Venture Capital Co., Ltd.	Executive Director and General Manager	April 24, 2017		No
Duan Xiufeng	Shandong Red April New Energy Technology Co., Ltd.	Executive Director and General Manager	December 13, 2017		No

Duan Xiufeng	Jinan Rural Commercial Bank Co., Ltd	Supervisor	May 22, 2020		No
Cheng Min	Zhuhai Gexin Development Co., Ltd.	Chairman and General Manager	September 1, 2018		Yes
Description of employment in the other companies	None				

Punishments imposed by the securities regulatory institution to the incumbent directors, supervisors and senior management personnel or those who resigned in the report period in the recent three years

Applicable  Not applicable

### 3. Remuneration of directors, supervisors and senior management

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

During the report period, the Board of Directors of the Company appraised the performance and performance of senior management personnel on an annual basis and implemented an appraisal system based on the results of their work in ethics, competence, diligence and performance. The Company adhered to the principle of reasonableness, fairness and justice and laid emphasis on combination of material incentive and spiritual incentive. As for the material incentive, the Company paid attention to reasonably controlling reward grade and properly widening the reward gap and emphasized the time and frequency of reward. As for the spiritual incentive, the Company paid attention to combining the corporate objectives with the spirit of dedication, sense of social responsibility and career achievement of the senior management personnel.

Remunerations of the directors, supervisors and senior management personnel in the report period

Unit: 10,000 yuan

Name	Title	Gender	Age	Employment status	Total amount of pre-tax remuneration received from the Company	Whether to receive remuneration from a related party of the Company
Dong Mingzhu	Chairperson & President	Female	67	Incumbent	1,098	No
Zhang Wei	Chairman and secretary of the Party Committee	Male	45	Incumbent	366.67	No
Guo Shuzhan	Director	Male	65	Incumbent		Yes

Zhang Jundu	Director	Male	61	Incumbent		Yes
Deng Xiaobo	Director, Vice President, Secretary of the Board of Directors	Male	46	Incumbent	46.67	No
Liu Shuwei	Independent director	Female	69	Incumbent	15	Yes
Wang Xiaohua	Independent director	Male	60	Incumbent	15	Yes
Xing Ziwen	Independent director	Male	59	Incumbent	15	No
Zhang Qiusheng	Independent director	Male	54	Incumbent		No
Cheng Min	Supervisor	Female	41	Incumbent		Yes
Duan Xiufeng	Supervisor	Male	58	Incumbent		Yes
Wang Fawen	Employee supervisor	Female	38	Incumbent	98.02	No
Zhuang Pei	Vice president	Male	57	Incumbent	260	No
Tan Jianming	Vice President and Chief Engineer	Male	57	Incumbent	400	No
Shu Lizhi	Vice president	Male	52	Incumbent	150	No
Liao Jianxiong	Finance Chief, Assistant to President	Male	48	Incumbent	122.89	No
Fang Xiangjian	Vice president	Male	44	Incumbent	280	No
Huang Hui	Director, Executive President	Male	58	Resigned	10.42	No
Total	--	--	--	--	2,877.67	--

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

### 1. The Board of Directors for the report period

Session of meeting	Date of convening	Date of disclosure	Meeting resolutions
The 30th Meeting of the 11th Session of the Board of Directors	November 19, 2021	November 20, 2021	For details, please refer to Announcement of Resolutions of the 30th Meeting of the 11th

			Session of the Board of Directors (Announcement No. 2021-079) on www.cninfo.com.cn
The 29th Meeting of the 6th Board of Directors	November 16, 2021	November 17, 2021	For details, please refer to Announcement of Resolutions of the 29th Meeting of the 11th Board of Directors (Announcement No. 2021-075) on www.cninfo.com.cn
The 28th Meeting of the 6th Board of Directors	October 26, 2021	October 27, 2021	For details, please refer to "Third Quarterly Report 2021" (Announcement No. 2021-071) on www.cninfo.com.cn
The 27th Meeting of the 11th Board of Directors	September 28, 2021	September 29, 2021	For details, please refer to Announcement of Resolutions of the 27th Meeting of the 11th Board of Directors (Announcement No. 2021-066) on www.cninfo.com.cn
The 26th Meeting of the 11th Board of Directors	August 30, 2021	August 31, 2021	For details, please refer to Announcement of Resolutions of the 26th Meeting of the 11th Board of Directors (Announcement No. 2021-058) on www.cninfo.com.cn
The 25th Meeting of the 11th Board of Directors	August 20, 2021	August 23, 2021	For details, please refer to "2021 Semi-Annual Report" on www.cninfo.com.cn.
The 24th Meeting of the 11th Board of Directors	August 2, 2021	August 4, 2021	For details, please refer to "Announcement of Resolutions of the 24th Meeting of the 11th Board of Directors" (Announcement No. 2021-050) on www.cninfo.com.cn
The 23rd Meeting of the 11th Board of Directors	June 27, 2021	June 28, 2021	For details, please refer to "Announcement of Resolutions of the 23rd Meeting of the 11th Board of Directors" (Announcement No. 2021-041) on www.cninfo.com.cn
The 22nd Meeting of the 11th Board of Directors	June 18, 2021	June 21, 2021	For details, please refer to Announcement of Resolutions of the 22nd Meeting of the 11th Session of the Board of Directors (Announcement No. 2021-038) on www.cninfo.com.cn
The 21st Meeting of the 11th Board of Directors	May 26, 2021	May 27, 2021	For details, please refer to "Announcement of Resolutions of the 21st Meeting of the 11th Board of Directors" (Announcement No. 2021-030) on www.cninfo.com.cn
The 29th Meeting of the 6th Board of Directors	April 28, 2021	April 29, 2021	For more details, please refer to "First Quarterly Report 2021" on www.cninfo.com.cn.
The 19th Meeting of the 11th Board of Directors	April 28, 2021	April 29, 2021	For details, please refer "Announcement of Resolutions of the Nineteenth Meeting of the 11th Session of the Board of Directors" (Announcement No. 2021-015) on

			www.cninfo.com.cn.
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## 2. Attendance of directors at meetings of the Board of Directors and general meetings of shareholders

Attendance of directors at meetings of the Board of Directors and general meetings of shareholders							
Name of the director	Number of meetings of the Board of Directors requiring attendance for the report period	Times of attending meetings of the Board of Directors on the field	Times of attending meetings of the Board of Directors via communication tools	Times of attending meetings of the Board of Directors by entrusting	Times of absence from meetings of the Board of Directors	Whether to fail to personally attend the meetings of the Board of Directors for two consecutive times?	Times of attending the general meetings of Shareholders
Dong Mingzhu	12	2	10	0	0	No	3
Zhang Wei	12	2	10	0	0	No	3
Guo Shuzhan	12	0	12	0	0	No	3
Zhang Jundu	12	1	11	0	0	No	3
Liu Shuwei	12	2	10	0	0	No	3
Wang Xiaohua	12	2	10	0	0	No	3
Xing Ziwen	12	2	10	0	0	No	3
Huang Hui	0	0	0	0	0	No	0

Description of absence from the Board of Directors for two consecutive two times

Not Applicable

## 3. Directors' objection to relevant matters of the company

Whether directors raised objection to relevant issues of the Company?

Yes  No

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

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

Whether the relevant suggestions on the Company by directors were adopted

Yes  No

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

During the report period, the directors of the Company were able to take the best interests of the Company and shareholders as their code of conduct, faithfully performed their duties in accordance with the relevant regulations, attended the meetings of the Board of Directors, carefully deliberated the proposals and made suggestions and comments on the management of the Company, which played a positive role in the effective

decision-making of the Board of Directors, improving the management level and standardizing the operation of the Company.

## VII. Specialized Committees under the Board of Directors during the report period

Committee Name	Member Status	Number of meetings held	Date of convening	Conference content	Important comments and suggestions made	Other performance of duties	Disagreement details (if any)
Audit Committee	Liu Shuwei, Wang Xiaohua, Zhang Jundu	4	October 26, 2021	Deliberated the "Company's Report for the Third Quarter of 2021"			
			August 20, 2021	Deliberated the "Half-Yearly Report for 2021 and its Summary"			
			April 28, 2021	Deliberated the "Annual Financial Statement for 2020", "Annual Report for 2020 and its Summary" and "Proposal on Hiring the Company's Auditors for 2021"			
			April 28, 2021	Deliberated the "Report for the First Quarterly of for 2021 and Its Text"			
Remuneration and Assessment Committee	Wang Xiaohua, Liu Shuwei, Zhang Wei	2	April 28, 2021	Deliberated the "Remuneration Distribution Plan for Directors, Supervisors and Senior Management Personnel for 2020"			
			June 17, 2021	Agreed to submit the "Employee Stock Ownership Plan Phase I of Gree Electric Appliances, Inc of Zhuhai (Draft)" to the Board of Directors of the Company for deliberation			

Nomination Committee of the Board of Directors	Xing Ziwen, Wang Xiaohua, Zhang Wei	1	November 19, 2021	Deliberated the "Proposal on Mr. Fang Xiangjian's Qualification as the Vice President of the Company"			
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### VIII. Work of the Board of Supervisors

Whether the Board of Supervisors has identified any risks in the company during its supervision activities during the report period

Yes  No

The Board of Supervisors has no objection to the supervision matters during the report period.

### IX. Company's staff

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

Number (person) of on-the-job employees of the parent company	24,453
Number (person) of on-the-job employees of the main subsidiaries	57,431
Total number (person) of on-the-job employees	81,884
Total number (person) of employees receiving salaries for the current period	81,884
Number (person) of retired employees for whom the parent company and main subsidiaries need to bear expenses	386
Formation of specialties	
Category of formation of specialties	Number (person) of employees in the formation
Manufacturing Personnel	59,973
Sales Personnel	2,964
Technicians	14,233
Financial Personnel	1,104
Administrative Personnel	3,610
Total	81,884
Educational level	
Education level category	Number (person) of employees
Bachelor degree or above	17,274
College Degree	13,095
Technical Secondary School Education and below	51,515
Total	81,884

## 2. Remuneration Policy

In 2021, the Company implemented Employee Stock Ownership Plan Phase I. The scope of participants included directors (excluding independent directors), supervisors and senior management of the Company, as well as middle-level cadres and core employees of the Company and its holding subsidiaries who played an important role in the overall performance and medium- and long-term development of the Company, covering a wide area and a large scale. The implementation of the Employee Stock Ownership Plan was conducive to improving the long-term incentive mechanism of the Company, attracting and retaining outstanding talents, enhancing the cohesiveness and core competitiveness of the Company, forming a benefit-sharing and risk-sharing mechanism between shareholders and management, middle-level cadres and core employees, and ensuring the realization of the Company's future development strategy and promoting business objectives.

Facing the uncertainty and complexity of the epidemic prevention and control and macroeconomic environment, the company attached great attention to and protected the immediate interests of employees, optimized and adjusted the remuneration plan accordingly, and continuously improved the job-based and performance-oriented remuneration mechanism. At the same time, focused on high-quality talent, continued to implement the project-based evaluation mechanism for scientific and technological talent, incentives for scientific and technical personnel and R&D technology to make breakthroughs; strengthened the main responsibility of the employer, implemented wage reform pilot, stable retention of the core team, optimized the construction of talent ladder, and promoted the improvement of organizational effectiveness.

## 3. Training plan

Talent is the key to innovation. Gree has always adhered to the principle of "focus on the company's strategic layout and insist on independent cultivation of talents", and has taken the initiative of talent cultivation by independently building a training system, and increased the cultivation of innovative talents, and has realized the supply of high-quality talents by constructing a diversified independent cultivation mechanism and accelerating the construction of Gree Vocational College.

### **I. Increase the training of innovative talents to meet the supply of high-quality talents for the production and operation of the company**

Gree's talent team has been growing over the years, and in 2021, the company continued to increase internal talent training, accelerated the continuous upgrade of the talent structure, and created a young team of officers and entrepreneurs.

Independently training innovative scientific and technological talents. The key to enhancing the independent innovation ability of enterprises lies in cultivating innovative scientific and technological talents. According to the growth path of technical R&D personnel, the company set up multi-level and multi-dimensional training programs and courses, and specially implemented practical technical training for the manufacturing industry, which was carried out monthly and uninterrupted according to needs, so as to realize the continuous deepening training of technical talents and promote the development of employees to professional talents in high, precise and advanced fields.

Cultivating skilled craftsmen for precision manufacturing. In order to adapt to the transformation of the production model to automation and intelligence, the Company accelerates the training of applied-skilled talents. The company vigorously carried forward the model worker and craftsman spirit of the new era, made full use of

the advantages of resources such as Guangdong technician, skilled master studio and technician workstation, deepened the cultivation mechanism of the company's highly skilled talents, continued to optimize the cultivation path of the company's employees growing from common people to skilled talents through a series of initiatives such as skill training, skill competition and skill level assessment. At the same time realizing normalization of job training, normalized professional training and effective upgrading training, the company selected and cultivated a number of "high-tech and cutting-edge" skilled talents.

Creating a management team that makes a difference. Deepened and promoted the whole staff learning and development plan, and focused on the development of all levels of management cadres, core cadres, supervisors, team leaders, college students and other thematic training programs. Through the design of thematic projects, strengthened the training effect, drove the overall training quality to improve and strove to forge a passionate, capable, entrepreneurial, capable staff, to add talent for the development of enterprises. The total number of special training sessions conducted at all levels in 2021 exceeds 20,000, with about 1.2 million participants.

## **II. Strengthening the ideological education and cultural dissemination, gathering the centripetal force of the staff to work and start a business**

The company attached great importance to the ideological education work of the staff, in-depth and solid organization of the regular military training work of the whole staff, and promoted the general staff's spiritual outlook, hammering organizational discipline through the regular big training special military training evaluation. Carried out the flag-raising ceremony on a regular basis to uphold the sacred mission of national flag dignity and to educate patriotism. Organized and carried out the cultural construction and evaluation activities in the factory area to give full play to the effect of subtle influence and cohesion of the cultural construction in the factory area. Strengthened the ideological education of party members, carefully edited, planned and designed the special party building magazine "East" to promote the majority of employees, especially the party members to arm their minds, guide practice and promote work.

Further deepened the value of Gree culture dissemination. The company built an internal knowledge and information sharing system around Gree's practical experience in production, operation and management, and promoted internal experience extraction and inheritance activities. Through the organization and implementation of learning programs such as micro-classes for management cadres, lecture halls for technology experts, lecture halls for skilled craftsmen, and lecture halls for internal lecturers, the company realized comprehensive Gree experience inheritance and Gree culture dissemination. 2021 Organized approximately 90 extraction activities throughout the year, with more than 4,000 participants. Up to now, the company has dug out and nurtured 200 group-level quality instructors and developed 800 quality courses.

## **III. Accelerated the construction of Gree Vocational College and promoted the diversification of training to vocational education**

The construction of Gree Vocational College campus officially started in February 2021 and is scheduled to be completed in July 2022. The college upon completion, as a special private higher education institution, will face the national major development strategy and the demand for talents in the Greater Bay Area. With majors docked with strategic emerging industries such as intelligent equipment, artificial intelligence, Internet of Things, build a number of major clusters with high market demand and strong competitiveness and development potential in high quality, making student training more suitable for economic and social development needs.

The college will, set a benchmark and industry model for talent training in China's manufacturing industry based on Gree, build a highland for cultivating high-quality technical skills talents based on the Greater Bay Area

and set new standards for talent training based on the manufacturing industry. In about five years, the college will form the characteristics and talent cultivation mechanism that connects the education chain with the industry chain, the value chain with the innovation chain, and create a Chinese brand of enterprise school with international characteristics that deeply integrates industry and education.

Over the years, Gree has deepened the integration of industry and education, and won the 7th Huang Yanpei Award for Outstanding Contribution to Vocational Education for its advanced exploration and practice in school-enterprise cooperation, being the only enterprise unit to receive the award.

#### **IV. Closely following the company's new retail mode marketing layout, supporting to upgrade the company's first-line market service**

Closely following the company's new retail marketing model and around the global sales market support, continuously innovated management, and improved after-sales skills by combining training and management with skills and service, which effectively supported and promoted the first-line market service upgrade.

In 2021, the training followed the business more actively, followed the company's large-scale engineering sales and services, and completed the special training support for significant projects such as metro and military industry with high quality.

The company innovated means and forms and conducted overseas customer training and technical consultation remotely online to support overseas market development and services due to the impact of the epidemic. The company completed 600 technical training sessions in 30 countries and trained 5000 customers throughout the year.

The company continued to develop and innovate to bring into play the dual effectiveness of training and management. Organized the first class of Star Service Engineer Certification, establishing the service benchmark. Carried out safety education activities themed "Alarm Bells Ring, Remember Safety" to prevent and reduce service safety hazards. Facing domestic market demand, precipitated quality training program brands. Organized national touring technical training camp, Gree after-sales elite class, instructor certification and online special learning activities to improve the professional skills of after-sales personnel. In 2021, the after-sales service completed 5,200 learning sessions and trained 480,000 people in total.

#### **4. Labor outsourcing**

Applicable  Not applicable

#### **X. Distribution of profits and capitalization of capital reserve by the Company**

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

Applicable  Not applicable

2020 Annual Equity Distribution Plan: cash dividends of 30 yuan (tax included) per 10 shares to all shareholders based on 5,584,177,165 shares (total share capital of the Company of 6,015,730,878 shares, less 431,553,713 shares repurchased up to the disclosure date of the 2020 Annual Equity Distribution Implementation Announcement), no bonus shares and no transfer of share capital by way of reserve. The total cash dividend was 16,752,531,495 yuan.

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

Special description of cash dividend policy	
Whether to comply with the provisions of the Articles of Association or the requirements of the general meeting's resolution:	Yes
Whether the dividend criteria and ratio are clear and unambiguous:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors perform their duties and play their due roles:	Yes
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are adequately protected:	Yes
The conditions and procedures are transparent and comply with regulations if the cash dividend policy is adjusted or changed:	Not Applicable

The Company is profitable during the report period and the parent company has positive profit available for distribution to shareholders but no cash dividend distribution plan has been proposed.

Applicable  Not applicable

Profit distribution and capitalisation of capital reserves for the report period

Applicable  Not applicable

Number of dividend shares per ten shares (shares)	0
Number of dividends per ten shares (yuan) (tax included)	20.00
Share capital base for the distribution proposal (shares)	5,536,677,733
Cash dividend amount (yuan) (tax included)	11,073,355,466.00
Amount of cash dividends by other means (e.g. share repurchase) (yuan)	21,817,510,524.13

Total cash dividends (including other methods) (Yuan)	32,890,865,990.13
Distributable profit (yuan)	60,491,410,176.15
Proportion of total cash dividends (including other methods) to total profit distribution	100%
<b>Cash Dividend</b>	
If the Company is in a maturity stage and there are no significant capital expenditure arrangements, the cash dividends in the current profit distribution shall account for at least 80% of the profit distribution	
<b>Detailed description of profit distribution or capitalization of capital reserve preplan</b>	
<p>The Company intends to pay a cash dividend of 20 yuan (tax included) per 10 shares to all shareholders based on the total number of 5,536,677,733 shares (the total share capital of the Company 5,914,469,040 shares less 377,791,307 shares in the special account for repurchase) entitled to profit distribution as of April 29, 2022, without bonus shares and without capitalization of capital reserve.</p> <p>According to "Self-regulatory Guideline No. 9 - Share Repurchase for Listed Companies on Shenzhen Stock Exchange", the shares in the repurchase account are not entitled to profit distribution. If during the period from the date of disclosure of this announcement to the date of registration of the implementation of the equity distribution, the total amount of shares entitled to profit distribution of the Company changes due to the exercise of equity incentive, conversion of convertible bonds, share repurchase, etc., the Company will adjust the total amount of dividend accordingly on the principle that the distribution ratio per share remains unchanged.</p>	

## XI. Implementation of the company's Equity Incentive Plan, Employee Stock Ownership Plan, or other employee incentive measures

Applicable  Not applicable

### 1. Equity Incentive

Not Applicable

Equity Incentives Received by Directors and Senior Management of the Company

Applicable  Not applicable

Appraisal mechanism and motivation of senior management

Not Applicable

### 2. Implementation of Employee Stock Ownership Plan

Applicable  Not applicable

All Employee Stock Ownership Plans in effect during the report period

Scope of employees	Number of employees	Total number of shares held	Changes	Proportion to the total share capital of	Source of funding for implementation
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		(shares)		listed companies	of the plan
Directors (excluding independent directors), supervisors and senior management of the Company, as well as middle-level cadres and core employees of the Company and its subsidiaries who have been identified by the Board of Directors as playing an important role in the overall performance and medium- and long-term development of the Company	4,845	46,334,473	None	0.78%	Legal remuneration of employees and self-financing funds obtained through other means as permitted by laws and administrative regulations

## Shareholdings of Directors, Supervisors and Senior Management in the Employee Stock Ownership Plan during the report period

Name	Title	Number of shares held at the beginning of the report period (shares)	Number of shares held at the end of the report period (shares)	Proportion to the total share capital of listed companies
Dong Mingzhu	Chairperson & President	0	10,000,000	0.17%
Tan Jianming	Vice President and Chief Engineer	0	488,469	0.01%
Zhuang Pei	Vice president	0	420,253	0.01%
Fang Xiangjian	Vice president	0	391,890	0.01%
Zhang Wei	Chairman and secretary of the Party Committee	0	183,328	0.00%
Deng Xiaobo	Director, Vice President, Secretary of the Board of Directors	0	107,600	0.00%
Shu Lizhi	Vice president	0	99,719	0.00%
Liao Jianxiong	Finance Chief, Assistant to President	0	77,663	0.00%
Wang Fawen	Employee representative supervisors	0	51,355	0.00%

## Changes in asset management institutions during the report period

 Applicable  Not applicable

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

 Applicable  Not applicable

## Exercise of shareholders' rights during the report period

None

## Other relevant circumstances and explanations of the Employee Stock Ownership Plan during the report period

 Applicable  Not applicable

## Change in membership of the Employee Stock Ownership Plan Management Committee

Applicable  Not applicable

Financial Impact of Employee Stock Ownership Plan on Listed Companies and Related Accounting Treatment during the report period

Applicable  Not applicable

In accordance with Accounting Standards for Business Enterprises No. 11 "Share-based Payment", the Company's equity-settled share-based payment expense for Year 2021 was 31,002,910.71 yuan.

Termination of Employee Stock Ownership Plan during the report period

Applicable  Not applicable

Other statements

None

### 3. Other Employee Incentives

Applicable  Not applicable

## XII. Construction and implementation of the internal control system during the report period

### 1. Construction and implementation of internal control

The company continued to improve the construction of internal control system and improved the management mechanism of rules and regulations. The company regularly reviewed the internal control system and process, and improved and re-improves the system and process. At the same time, the company strictly implemented the rules and regulations, continuously strengthened compliance management and risk management, and built a perfect internal control system and process system.

The Company continued to pay attention to and strengthen the control of high-risk areas such as financial management, asset management, capital activities, procurement business, production management, sales business and engineering projects, and effectively improved the awareness of compliance management and the ability to prevent and control major risks.

During the report period, the Company updated and improved its internal control system in a timely manner in accordance with the provisions of the Basic Standard for Enterprise Internal Control and its accompanying guidelines, taking into account changes in the Company's internal and external environment, internal organization and management requirements.

Based on the determination of significant defects in internal control, the Company did not have any significant defects or material defects in internal control in the financial reporting and non-financial reporting in 2021. Through the operation, analysis and evaluation of the internal control system, the Company effectively prevented the risks in operation and management and promoted the achievement of internal control objectives. In the future, the Company will continue to perfect the internal control system, standardize the implementation of the internal control system, strengthen the supervision and inspection of internal control, and promote the healthy and sustainable development of the Company.

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

Yes  No

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

During the report period, the subsidiaries included in the scope of consolidation by way of business combination not under the same control include the holding subsidiary Gree Altairnano New Energy Inc. The Company strictly followed the Internal Control System in the internal management and risk control of its subsidiaries, and the subsidiaries reported their operations to the Company, and there were no undisclosed matters that should be disclosed and no loss of control of the subsidiaries.

## XIV. Internal Control Self-Evaluation Report or Internal Control Audit Report

### 1. Internal Control Self-Evaluation Report

Date of Disclosure of the Full Internal Control Evaluation Report	April 30, 2022	
Index of full text disclosure of internal control evaluation reports	www.cninfo.com.cn	
Total assets of the units included in the scope of evaluation as a proportion to the total assets of the company's consolidated financial statements	97.00%	
Operating revenues of the units included in the scope of evaluation as a proportion to the operating revenues of the company's consolidated financial statements	98.00%	
Defect identification criteria		
Category	Financial statements	Non-Financial statement
Qualitative standard	For details, please refer to the "2021 Annual Internal Control Self-Evaluation Report of Gree Electric Appliances, Inc of Zhuhai disclosed on www.cninfo.com.cn on April 30, 2022	For details, please refer to the "2021 Annual Internal Control Self-Evaluation Report of Gree Electric Appliances, Inc of Zhuhai disclosed on www.cninfo.com.cn on April 30, 2022
Quantitative standard	For details, please refer to the "2021 Annual Internal Control Self-Evaluation Report of Gree Electric Appliances, Inc of Zhuhai disclosed on www.cninfo.com.cn on April 30, 2022	For details, please refer to the "2021 Annual Internal Control Self-Evaluation Report of Gree Electric Appliances, Inc of Zhuhai disclosed on www.cninfo.com.cn on April 30, 2022
Number of significant defects in the financial reporting (Nos)	0	

Number of significant defects in the non-financial reporting (Nos)	0
Number of material defects in the financial reporting (Nos)	0
Number of material defects in the non-financial reporting (Nos)	0

## 2. Internal Control Audit Report

Applicable  Not applicable

Deliberation opinion section in the internal control audit report	
We hold that the Company has maintained effective internal control of financial statements in accordance with the Basic Rules for Internal Control of Enterprises and relevant regulations.	
Disclosure of Internal Control Audit Report	Disclosure
Date of Disclosure of Full Internal Control Audit Report	April 30, 2022
Index of Full Text Disclosure of Internal Control Audit Report	www.cninfo.com.cn
Type of Internal Control Audit Report Opinions	Standard unqualified audit opinion
Is there a significant defect in the non-financial reporting?	No

Whether the accounting firm issued a non-standard opinion on the internal control audit report

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the opinion of the Board of Directors'

Self-evaluation Report

Yes  No

## XV. Self-examination and rectification of listed company governance special action

Not Applicable

## Section V Environmental and Social Responsibility

### I. Major environmental problems

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

√ Yes □ No

Serial No.	Name of Company or Subsidiary	Names of Major Pollutants and Particular Pollutants	Discharge Method	Number of discharge ports	Distribution of discharge ports	Discharge Concentration	Pollutant Discharge Standard Implemented	Total Emission	Total Approved Emission	Over-standard Emission
1	GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI	COD	Intermittent discharge	3	Phase III sewage station	49 mg/L	Level 2 limit of the second period specified in the	8.058 tons/year	26.4 tons/year	None
					Phase IV sewage station	22 mg/L				
					Phase VI sewage station	20 mg/L				
		Ammonia nitrogen		3	Phase III sewage station	0.300 mg/L	Discharge Limits of Water Pollutants (DB44/26-2001)	0.114 tons/year	3.6 tons/year	
					Phase IV sewage station	0.526 mg/L				
					Phase VI sewage station	0.365 mg/L				
2	Zhuhai Landa Compressor Co., Ltd.	Total Nitrogen	Continuous discharge	1	Area C sewage station	5.25 mg/L	Pollutant Discharge Standard for Electroplating Water (DB44/1597-2015)	1.424 tons/year	4.41 tons/year	None
		COD				20.545 mg/L		3.113 tons/year	14.7 tons/year	
		Ammonia nitrogen				0.753 mg/L		0.088 tons/year	2.35 tons/year	
		Total Zinc				0.074 mg/L		0.0194 ton/year	0.29 ton/year	

		Total Nickel		1	General assembly pretreatment discharge port	0.0136 mg/L		0.00034 ton/year	0.015 ton/year	
		Total value	Organized discharge	6	Electrophoresis drying waste gas vent 1	5.255 mg/m <sup>3</sup>	Emission Standard for Volatile Organic Compounds in Printing Industry DB44/815-2010 Emission Standard for Volatile Organic Compounds in Furniture Manufacturing Industry DB44/814-2010 Emission Limits For Air Pollutants DB44/ 27-2001 Emission Standard For Electroplating Pollutants GB 21900-2008 Emission Standard For Air Pollutants From Industrial Furnaces GB	2.088 tons/year	2.49 tons/year	
					Electrophoresis drying waste gas vent 2	5.37 mg/m <sup>3</sup>				
					B3 spray paint room waste gas vent	5.375 mg/m <sup>3</sup>				
					Spraying waste gas vent 1	10.38 mg/m <sup>3</sup>				
					Spraying waste gas vent 2	9.72 mg/m <sup>3</sup>				
					Spraying waste gas vent 3	12.825 mg/m <sup>3</sup>				
				6		Silk screen printing waste gas vent	1.5 mg/m <sup>3</sup>			
						RCO catalytic regeneration system emission outlet	1.485 mg/m <sup>3</sup>			
						Injection molding waste gas vent	3.64 mg/m <sup>3</sup>			
						Hydrocarbon cleaning emission outlet	2.24 mg/m <sup>3</sup>			
						Paint dipping waste gas vent	3.6 mg/m <sup>3</sup>			
										3.615 tons/year

					Pre-treatment waste gas vent	4.815 mg/m <sup>3</sup>	9078-1996 Emission Standard of Volatile Organic Compounds For Surface Coating (automobile Manufacturing) DB44/816-2010			
3	Gree Electric Appliances Appliance (Hefei) Co., Ltd	COD	Intermittent discharge	2	Household	10.6 mg/L	Hefei West Group Wastewater Treatment Plant Connection Standards and "Comprehensive Sewage Discharge Standards" (GB8978-1996) Level III Criteria	0.8832602 tons/year	208.704209 tons/year	None
					Commercial	9.9 mg/L				
		NH3-N		2	Household	4.45 mg/L		0.3966359 tons/year	20.869721 tons/year	
					Commercial	4.80 mg/L				
		TN		2	Household	5.39 mg/L		0.49550824 ton/year	29.815077 ton/year	
					Commercial	6.19 mg/L				
		TP		2	Household	0.18 mg/L		0.01507446 ton/year	3.578266 tons/year	
					Commercial	0.17 mg/L				
4	Zhuhai Kaibang Motor Manufacturing Co., Ltd	pH value	Intermittent discharge	2	Industrial effluent outfall WS-39214A	7.8	Level I Criteria of Class II Pollutants (Second Period) Maximum Allowable Discharge Concentration of Water Pollutant Discharge Limits of Guangdong (DB	/	2021 emission permit not approved	None
					Domestic sewage outfall DW002	8.2				
		Chromaticity		1	Industrial effluent outfall WS-39214A	2		/		
		Suspended matter		2	Industrial effluent outfall WS-39214A	4(L) mg/L		/		

				Domestic sewage outfall DW002	4(L) mg/L	44/26-2001)		
	Chemical oxygen demand	Intermittent discharge	2	Industrial effluent outfall WS-39214A	8mg/L			1.719857136 tons/year
				Domestic sewage outfall DW002	4mg/L			
	Five-day biochemical oxygen demand	Intermittent discharge	2	Industrial effluent outfall WS-39214A	3.2 mg/L			0.83084764 tons/year
				Domestic sewage outfall DW002	1.8 mg/L			
	Phosphate	Intermittent discharge	2	Industrial effluent outfall WS-39214A	0.3 mg/L			0.007172309 tons/year
				Domestic sewage outfall DW002	0.02 mg/L			
	Ammonia nitrogen	Intermittent discharge	2	Industrial effluent outfall WS-39214A	0.068 mg/L			0.11884688 tons/year
				Domestic sewage outfall DW002	0.063 mg/L			
	Total Nitrogen	Intermittent discharge	2	Industrial effluent outfall WS-39214A	2.36 mg/L			0.150982587 tons/year
				Domestic sewage outfall DW002	1.27 mg/L			
	Petroleum	Intermittent discharge	1	Industrial effluent outfall WS-39214A	0.06(L) mg/L			/
	Animal and vegetable oil	Intermittent discharge	1	Domestic sewage outfall DW002	0.06(L) mg/L			/

		Particulate matter	Organized discharge	2	Die-casting waste gas vent FQ-39214A	5 mg/m <sup>3</sup>	Process Waste Gas Air Pollutant Emission Limits (Second Period) of Air Pollutant Emission Limits of Guangdong (DB 44/27-2001)	2.1148 tons/year		
					Melting aluminum waste gas vent FQ-39214A1	5.4 mg/m <sup>3</sup>				
		Sulfur dioxide	Organized discharge	2	Die-casting waste gas vent FQ-39214A	15 mg/m <sup>3</sup>		3.3875 tons/year		
					Melting aluminum waste gas vent FQ-39214A1	11 mg/m <sup>3</sup>				
		Nitrogen Oxide	Organized discharge	2	Die-casting waste gas vent FQ-39214A	17 mg/m <sup>3</sup>		5.254 tons/year		
					Melting aluminum waste gas vent FQ-39214A1	17 mg/m <sup>3</sup>				
		Benzene	Organized discharge	1	Immersion paint waste gas vent FQ-39214B	0.09 mg/m <sup>3</sup>		0.005984 tons/year		
Toluene+Xylene	Organized discharge	1	Immersion paint waste gas vent FQ-39214B	2.27 mg/m <sup>3</sup>	0.602552 tons/year					
Total VOCs	Organized discharge	1	Immersion paint waste gas vent FQ-39214B	5.31 mg/m <sup>3</sup>	2.08756 tons/year					
5	Zhuhai Gree	Benzene	Organized	12	Plant No.1 FQ113913A01	4.51 mg/m <sup>3</sup>	Second Period Level	0.017 ton/year	2021 emission permit	None

Electrical Co., Ltd	discharge			Plant No.1 FQ113913A02	0.01 mg/m <sup>3</sup>	II Criteria of Guangdong "Air Pollutant Emission Limits" (DB 44/27-2001)		not approved	
				Plant No.1 FQ113913A03	0.02 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A04	0.01 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A05	0.053 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A06	0.04 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A07	0.38 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A08	0.01 mg/m <sup>3</sup>				
				Plant No.3 FQ113913A09	0.02 mg/m <sup>3</sup>				
				Plant No.3 FQ113913A10	0.02 mg/m <sup>3</sup>				
				Plant No.3 FQ113913A11	0.01 mg/m <sup>3</sup>				
				Plant No.3 FQ113913A12	0.01 mg/m <sup>3</sup>				
	Toluene	Organized discharge	12	Plant No.1 FQ113913A01	0.53 mg/m <sup>3</sup>	Second Period Level II Criteria of Guangdong "Air Pollutant Emission Limits" (DB 44/27-2001)	0.013 ton/year	2021 emission permit not approved	None
				Plant No.1 FQ113913A02	0.037 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A03	0.07 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A04	0.03 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A05	0.047 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A06	0.02 mg/m <sup>3</sup>				
				Plant No.1 FQ113913A07	0.22 mg/m <sup>3</sup>				

				Plant No.1 FQ113913A08	ND					
				Plant No.3 FQ113913A09	0.17 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A10	0.09 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A11	0.03 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A12	0.08 mg/m <sup>3</sup>					
		Xylene	Organized discharge	12	Plant No.1 FQ113913A01	0.28 mg/m <sup>3</sup>	Second Period Level II Criteria of Guangdong "Air Pollutant Emission Limits" (DB 44/27-2001)	1.63 tons/year	2021 emission permit not approved	None
				Plant No.1 FQ113913A02	0.16 mg/m <sup>3</sup>					
				Plant No.1 FQ113913A03	0.18 mg/m <sup>3</sup>					
				Plant No.1 FQ113913A04	0.03 mg/m <sup>3</sup>					
				Plant No.1 FQ113913A05	1.21 mg/m <sup>3</sup>					
				Plant No.1 FQ113913A06	0.34 mg/m <sup>3</sup>					
				Plant No.1 FQ113913A07	4.86 mg/m <sup>3</sup>					
				Plant No.1 FQ113913A08	0.11 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A09	22.7 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A10	22.9 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A11	2.4 mg/m <sup>3</sup>					
				Plant No.3 FQ113913A12	16.9 mg/m <sup>3</sup>					

		Total volatile organic compounds	Organized discharge	13	Plant No.1 FQ113913A01	10.9 mg/m <sup>3</sup>	Second Period of Guangdong "Emission Standards for Volatile Organic Compounds in Furniture Manufacturing Industry" (DB 44/814-2010)	2.317 tons/year	2021 emission permit not approved	None
					Plant No.1 FQ113913A02	3.05 mg/m <sup>3</sup>				
					Plant No.1 FQ113913A03	1.83 mg/m <sup>3</sup>				
					Plant No.1 FQ113913A04	0.76 mg/m <sup>3</sup>				
					Plant No.1 FQ113913A05	6.37 mg/m <sup>3</sup>				
					Plant No.1 FQ113913A06	2.15 mg/m <sup>3</sup>				
					Plant No.1 FQ113913A07	13.3 mg/m <sup>3</sup>				
					Plant No.1 FQ113913A08	6.06 mg/m <sup>3</sup>				
					Plant No.3 FQ113913A09	28.1 mg/m <sup>3</sup>				
					Plant No.3 FQ113913A10	28.1 mg/m <sup>3</sup>				
					Plant No.3 FQ113913A11	6.46 mg/m <sup>3</sup>				
					Plant No.3 FQ113913A12	20.5 mg/m <sup>3</sup>				
					Plant No.2 FQ113913B01	2.81 mg/m <sup>3</sup>				
		Phenols	Organized discharge	12	Plant No.1 FQ113913A01	ND	Second Period Level II Standard in Table 2 of Guangdong Air Pollutant Emission Limit Value Standard(DB 44/27-2001)	/	2021 emission permit not approved	None
					Plant No.1 FQ113913A02	ND				
					Plant No.1 FQ113913A03	ND				
					Plant No.1 FQ113913A04	ND				
					Plant No.1 FQ113913A05	ND				

				Plant No.1 FQ113913A06	ND				
				Plant No.1 FQ113913A07	ND				
				Plant No.1 FQ113913A08	ND				
				Plant No.3 FQ113913A09	ND				
				Plant No.3 FQ113913A10	ND				
				Plant No.3 FQ113913A11	ND				
				Plant No.3 FQ113913A12	ND				
	Tin and its compounds	Organized discharge	1	Plant No.2 FQ113913B01	0.908 mg/m <sup>3</sup>	Second Period Level II Criteria of Guangdong "Air Pollutant Emission Limits" (DB 44/27-2001)	0.60192 tons/year	2021 emission permit not approved	None
	Suspended matter	Intermittent discharge	1	Plant No.2 gate DW001	12 mg/L	Second Period Level III Standard in Table 4 of Guangdong Water Pollution Discharge Limit Value (DB 44/26-2001)	0.022 tons/year	2021 emission permit not approved	None
	Animal and vegetable oil		1		0.29 mg/L		0.00070059 ton/year		
	Petroleum		1		0.33 mg/L		0.0001050885 ton/year		
	Total Nitrogen (calculated as N)		1		6.14 mg/L		0.008337021 Ton/Year		
	Chemical oxygen demand		1		30 mg/L		0.02872419 ton/year		

	Anionic surfactant	1	0.159 mg/L	0.00050722716 ton/year
	Total phosphorus (calculated as P)	1	0.35 mg/L	0.0003082596 tons/year
	Ammonia Nitrogen (NH <sub>3</sub> -N)	1	3.35 mg/L	0.005254425 tons/year
	Five-day biochemical oxygen demand	1	10.7 mg/L	0.00770649 tons/year
	Volatile phenol	1	0.05 mg/L	0.000035 tons/year
	pH value	1	7.70	/

The construction and operation of pollution prevention and control facilities

1. Wastewater pollution prevention and control facilities

Each subsidiary of the company is equipped with corresponding wastewater treatment facilities and full-time environmental management, operation and monitoring personnel in accordance with the environmental protection requirements of the construction project. So far, the systems are in normal operation and have been discharged in a stable manner without over-standard discharge.

2. Waste gas pollution prevention and control facilities

The waste gas pollution prevention and control facilities of the Company's subsidiaries operated normally, and the indicators of waste gas monitoring were in compliance with national and local emission standards, without over-standard discharge.

3. Solid waste treatment and disposal facilities:

The company implemented the classification and collection system of hazardous waste and entrusted the disposal to the unit with the corresponding disposal qualification, and no illegal disposal occurred.

Assessment of environmental impact from construction projects and other administrative permits for environmental protection

The construction project of the company carried out the environmental impact assessment, obtained environmental impact assessment, passed the environmental acceptance and obtained the emission permit in accordance with the requirements of the Environmental Protection Bureau.

Contingency plan for environmental emergencies

In order to implement the requirements of the national "Measures on Emergency Management of Environmental Emergencies" and related laws and regulations, and to ensure environmental emergencies to be dealt with in a timely, orderly, efficient and appropriate manner, to protect the personal safety of the employees and to reduce property losses, each subsidiary of the company formulated an emergency plan for environmental emergencies and reported it to the environmental protection department for filing.

Environment self-monitoring scheme

Formulated the self-monitoring scheme in accordance with the requirements of environmental impact assessment, inspected wastewater pollutants once a day and inspected air pollutants air pollutants.

Administrative penalties for environmental problems during the report period

Name of Company or Subsidiary	Reason for penalty	Violation	Penalty results	Impact on the production and operation of listed companies	Company's corrective measures
Hefei Kinghome	Violation of Article 45 of the Air	Waste gas control facilities were not	Fine of 10,000 yuan	None	Installed waste gas treatment facilities

Electrics Co., Ltd	Pollution Prevention and Control Law of the People's Republic of China and Article 45 of the Anhui Air Pollution Prevention and Control Regulations	installed for the processes of extrusion, plastic absorption, foam, injection and spraying, which generate organic volatile gases.			for processes that generate organic volatile gases. Rectified and accepted by Hefei Ecological Environment Bureau.
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Other environmental information that should be disclosed

None

Measures and effects taken to reduce its carbon emissions during the report period

Applicable  Not applicable

Other environmental related information

None

## II. Social Responsibility

Gree actively fulfilled its social responsibility, effectively safeguarded the legitimate rights and interests of all stakeholders, used its strength to win the recognition of the capital market and consumer market for its enterprise, brand and products, and used its actions to promote the green and low-carbon development of the industry (for details, please refer to the "2021 Annual Social Responsibility Report" published on [www.cninfo.com.cn](http://www.cninfo.com.cn) on April 30, 2022).

## III. Consolidating and expanding the results of poverty alleviation and rural revitalization

During the report period, the company did not carry out any work related to consolidating and expanding the results of poverty alleviation and rural revitalization.

## Section VI Important Matters

### I. Fulfillment of commitments

#### 1. Commitments made by the Company's actual controller(s), shareholders, related parties, acquirers, the Company and other related commitments that have been fulfilled during the report period and have not been fulfilled as at the end of the report period

√ Applicable □ Not applicable

Reason for commitment	Commitment Party	Commitment Type	Commitment Content	Committed Time	Commitment Period	Implementation Status
Share-Splitting Commitment						
Commitments in the acquisition report or equity change report	Zhuhai Mingjun	Share Sale Restriction Commitment	1. The transferee commits to lock up all Gree shares acquired as a result of the transfer upon completion of the registration of the transfer and not to transfer them for 36 months from the date of completion of the registration of the transfer; if there are relevant laws and regulations requiring the lock-up period of the transferred shares to exceed the above lock-up period committed by the transferee, the transferee agrees to extend the lock-up period of the shares accordingly to comply with the prescribed period. 2. Upon completion of this share transfer, the transferee shall comply with the above share lock-up undertaking for the shares acquired by the transferee as a result of the share bonus and capital increase of the listed company.	December 2, 2019	36 months from the date of completion of registration of the transfer of shares	In progress

	Zhuhai Mingjun	Other commitments	<p>1. The transferee commits that it will maintain the overall stability of the management team of Gree Electric Appliances within the scope of its authority upon completion of the transfer and that there will be no significant changes in the governance structure of Gree Electric Appliances. 2. The transferee commits not to initiate any proposal or proposal to relocate the headquarters and registered office of Gree Electric Appliances from Zhuhai during the period of direct or indirect shareholding of Gree Electric Appliances, and to actively urge all parties to ensure that the headquarters and registered office of Gree Electric Appliances will not be relocated from Zhuhai; if any shareholder proposes any suggestion or proposal to relocate the headquarters and registered office of Gree Electric Appliances from Zhuhai, the transferee commits to attend the shareholders' meeting and to vote against such proposal. 3. The Transferee commits to make its best effort and ability to make effective industrial investment and strategic resource introduction for the economic development of Zhuhai, and to promote Gree to make new contribution to the sustainable and healthy economic development of Zhuhai. 4. Zhuhai Mingjun commits to actively exercise the shareholders' voting right in the shareholders' meeting of the listed company involving dividend payment and to urge its nominated directors to vote in favor of the resolution of the Board of Directors on the dividend payment ratio of not less than 50% of the annual net profit of the listed company.</p>	December 2, 2019	Long-term effective	In progress
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	Zhuhai Mingjun, Zhuhai Xianying, Zhuhai Yuxiu	Maintain independence of public companies	<p>Letter of Commitment on Maintaining the Independence of the Listed Company: In order to ensure the independent operation of the listed company after this equity transfer, Zhuhai Mingjun, Zhuhai Xianying and Zhuhai Yuxiu make the following commitments: (i) To ensure asset independence and completeness of the listed company: 1. To ensure that Gree Electric Appliances will be equipped with the relevant production system, auxiliary production system as well as supporting facilities corresponding to its business operations, have the right to own or use the land, workshop and machines and facilities relating to its business operations as well as the ownership or use right to its trademarks, patent technologies and know-how, and have an independent purchase system of raw materials and sales system of products. 2. To ensure that Gree has independent and complete assets, and all of its assets are under the control of Gree and are independently owned and operated by Gree. 3. To ensure that Zhuhai Mingjun and other enterprises controlled by Zhuhai Mingjun will not illegally occupy the assets of Gree Electric Appliances in any way; and will not use the assets of Gree Electric Appliances, or provide guarantee for the debts of Zhuhai Mingjun and other enterprises controlled by the enterprise with Gree Electric Appliances' assets. (ii) To ensure the independence of the personnel of the listed company: 1. To ensure that the labor, personnel and remuneration management of Gree Electric Appliances is completely independent from its related enterprises. 2. The recommendation of directors, supervisors and senior management by the enterprise to Gree Electric Appliances is made through legal procedures and does not exceed the decisions on personnel appointment and removal made by the Board of Directors and the General Meeting of Shareholders of Gree. T (iii) To ensure the financial independence of the listed company: 1. to ensure that Gree Electric Appliances will establish an independent financial department and an independent financial accounting system, and will have a standardized and independent financial accounting system. 2. To ensure that Gree Electric Appliances will open bank accounts independently and will not share bank accounts with its related enterprises. 3. To ensure that the financial personnel of Gree Electric Appliances will not work part-time in its related companies. 4. To ensure that Gree Electric Appliances will be independent in paying taxes according to the law. 5. To ensure that Gree Electric Appliances can make independent financial decisions and that the intended transferee will not unlawfully interfere with Gree Electric Appliances's fund utilization and scheduling. (iv) To ensure the independence of the listed company: 1. To ensure that Gree Electric Appliances will establish a sound corporate governance structure of the joint stock company and will have an independent and complete organizational structure. 2. To ensure that the internal management bodies of Gree Electric Appliances will exercise their powers and functions independently in accordance with laws, regulations and the Articles of Association of the Company. (v) To ensure the business independence of the listed company: 1. To ensure Gree Electric Appliances will have the assets, personnel, qualification and ability to carry out business activities independently and will have the ability to operate independently and independently and continuously in</p>	December 2, 2019	Long-term effective	In progress
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	Zhuhai Mingjun, Zhuhai Xianying, Zhuhai Yuxiu	Avoiding horizontal competition	<p>Letter of Commitment on Avoiding Horizontal Competition: In order to avoid horizontal competition with the listed company, Zhuhai Mingjun, Zhuhai Xianying and Zhuhai Yuxiu make the following commitments: 1. The enterprise and other enterprises controlled by the enterprise, the controlling shareholder and the actual controller of the enterprise will not engage in the same or similar business as Gree and its subsidiaries in a direct or indirect manner in the future, so as to avoid constituting direct or indirect business competition with the business of Gree and its subsidiaries. 2. If other enterprises controlled by the enterprise further expand their business scope, the other enterprises controlled by the enterprise will take all possible measures to avoid horizontal competition with Gree Electric Appliances and its subsidiaries on the principle of giving priority to safeguarding the rights and interests of Gree Electric Appliances. 3. If Gree Electric Appliances and its subsidiaries or related regulatory authorities determine that the enterprise and other enterprises controlled by the enterprise are engaging in or will engage in any business which constitutes horizontal competition with Gree Electric Appliances and its subsidiaries, the enterprise will give up or cause the enterprises which its subsidiaries directly or indirectly hold to give up any business or business opportunities that may result in horizontal competition, or cause such business or business opportunities to be provided with a priority to Gree Electric Appliances or its wholly-owned and holding subsidiaries on a fair and reasonable basis or to be transferred to other unrelated third parties. 4. If any one of the above commitments is violated, the enterprise will be willing to bear all the responsibilities arising therefrom, and fully compensate or reimburse all direct or indirect losses caused to Gree Electric Appliances.</p>	December 2, 2019	Long-term effective	In progress
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	Zhuhai Mingjun, Zhuhai Xianying, Zhuhai Yuxiu	Regulating Affiliate Transactions	<p>Letter of Commitment on Regulating Related Transactions: In order to protect the interests of public shareholders and maintain the sustainable and healthy development of the listed company, Zhuhai Mingjun, Zhuhai Xianying and Zhuhai Yuxiu make the following commitments: 1. To ensure the related transactions between the enterprise and other enterprises controlled by the enterprise and Gree Electric Appliances in the future will be conducted in fair and in accordance with the normal code of business conduct; the enterprise commits to further regulate the related transactions with Gree Electric Appliances and its subsidiaries. 2. The Company will perform its obligations as a shareholder of Gree Electric Appliances in good faith and in goodwill, and for related transactions that cannot be avoided or exist on reasonable grounds, it will sign a standard related transaction agreement with Gree Electric Appliances in accordance with the law, and fulfill the approval procedures in accordance with relevant laws, regulations, rules, other regulatory documents and the Articles of Association and; the price of related transactions will be determined in accordance with fair and reasonable market prices, and the price of related transactions will be fair; it will perform the information disclosure obligations of related transactions in accordance with relevant laws, regulations and the Articles of Association; it will not use related transactions to illegally transfer the funds and profits of Gree Electric Appliances or damage the interests of Gree Electric Appliances and related shareholders. 3. To ensure that the enterprise and other enterprises controlled by the enterprise will, in accordance with the provisions of laws, regulations and the Articles of Association, when deliberating related transactions involving the enterprise and other enterprises controlled by the enterprise, effectively abide by the avoidance procedure during the voting on related transactions at the meeting of the board of shareholders or the general meeting of shareholders of Gree Electric Appliances.</p>	December 2, 2019	Long-term effective	In progress
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	Dong Mingzhu	Maintain independence of public companies	<p>Letter of Commitment on Maintaining the Independence of the Listed Company: In order to guarantee the independent operation of the listed company after this equity transfer, I make the following commitments:</p> <p>(i) To ensure asset independence and completeness of the listed company: 1. To ensure that Gree Electric Appliances will be equipped with the relevant production system, auxiliary production system as well as supporting facilities corresponding to its business operations, have the right to own or use the land, workshop and machines and facilities relating to its business operations as well as the ownership or use right to its trademarks, patent technologies and know-how, and have an independent purchase system of raw materials and sales system of products. 2. To ensure that Gree has independent and complete assets, and all of its assets are under the control of Gree and are independently owned and operated by Gree. 3. To ensure that Zhuhai Mingjun and other enterprises controlled by Zhuhai Mingjun will not illegally occupy the assets of Gree Electric Appliances in any way; and will not use the assets of Gree Electric Appliances, or provide guarantee for the debts of Zhuhai Mingjun and other enterprises controlled by the enterprise with Gree Electric Appliances' assets. (ii) To ensure the independence of the personnel of the listed company: 1. To ensure that the labor, personnel and remuneration management of Gree Electric Appliances is completely independent from its related enterprises. 2. To ensure that the recommendation of senior management personnel by me to Gree Electric Appliances is conducted in accordance with legal procedures. T (iii) To ensure the financial independence of the listed company: 1. to ensure that Gree Electric Appliances will establish an independent financial department and an independent financial accounting system, and will have a standardized and independent financial accounting system. 2. To ensure that Gree Electric Appliances will open bank accounts independently and will not share bank accounts with its related enterprises. 3. To ensure that the financial personnel of Gree Electric Appliances will not work part-time in its related companies. 4. To ensure that Gree Electric Appliances will be independent in paying taxes according to the law. 5. To ensure that Gree Electric Appliances can make independent financial decisions and that the intended transferee will not unlawfully interfere with Gree Electric Appliances's fund utilization and scheduling. (iv) To ensure the independence of the listed company: 1. To ensure that Gree Electric Appliances will establish a sound corporate governance structure of the joint stock company and will have an independent and complete organizational structure. 2. To ensure that the internal management bodies of Gree Electric Appliances will exercise their powers and functions independently in accordance with laws, regulations and the Articles of Association of the Company. (v) To ensure the business independence of the listed company: 1. To ensure Gree Electric Appliances will have the assets, personnel, qualification and ability to carry out business activities independently and will have the ability to operate independently and independently and continuously in the market. 2. To ensure that, except through the exercise of shareholders' rights and the performance of functions and duties of board chairman / senior management personnel of the listed company, I will not</p>	December 2, 2019	Long-term effective	In progress
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	Dong Mingzhu	Avoiding horizontal competition	<p>Letter of Commitment on Avoiding Horizontal Competition: I make the following commitments: 1. I and other enterprises controlled by me will not engage in the same or similar business with Gree Electric Appliances and its subsidiaries in a direct or indirect manner in the future, so as to avoid possible direct or indirect business competition with Gree Electric Appliances and its subsidiaries. 2. If other enterprises under my control further expand their business scope, the other enterprises under my control will take all possible measures to avoid horizontal competition with Gree Electric Appliances and its subsidiaries on the principle of giving priority to safeguarding the rights and interests of Gree Electric Appliances. 3. If Gree Electric Appliances and its subsidiaries or related regulatory authorities determine that I and other enterprises controlled by me are engaging in or will engage in any business which constitutes horizontal competition with Gree Electric Appliances and its subsidiaries, I will give up or cause the enterprises which its subsidiaries directly or indirectly hold to give up any business or business opportunities that may result in horizontal competition, or cause such business or business opportunities to be provided with a priority to Gree Electric Appliances or its wholly-owned and holding subsidiaries on a fair and reasonable basis or to be transferred to other unrelated third parties. 4. If any one of the above commitments is violated, I will be willing to bear all the responsibilities arising therefrom, and fully compensate or reimburse all direct or indirect losses caused to Gree Electric Appliances.</p>	December 2, 2019	Long-term effective	In progress
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	Dong Mingzhu	Regulating Affiliate Transactions	<p>Letter of Commitment on Regulating Related Transactions: I make the following commitments: 1. To ensure that the future related transactions between I and other enterprises controlled by me and Gree Electric Appliances will be fair and conducted in accordance with the normal business conduct standards; and that I commit to further regulate related transactions with Gree Electric Appliances and its subsidiaries. 2. To ensure that I will perform my obligations as a shareholder of Gree Electric Appliances in good faith and in goodwill, and for related transactions that cannot be avoided or exist on reasonable grounds, I will sign a standard related transaction agreement with Gree Electric Appliances in accordance with the law, and fulfill the approval procedures in accordance with relevant laws, regulations, rules, other regulatory documents and the Articles of Association; the price of related transactions will be determined in accordance with fair and reasonable market prices, and the price of related transactions will be fair; I will perform the information disclosure obligations of related transactions in accordance with relevant laws, regulations and the Articles of Association; I will not use related transactions to illegally transfer the funds and profits of Gree Electric Appliances or damage the interests of Gree Electric Appliances and related shareholders. 3. To ensure that I and other enterprises controlled by me will, in accordance with the provisions of laws, regulations and the Articles of Association, when deliberating related transactions involving me and other enterprises controlled by me, effectively abide by the avoidance procedure during the voting on related transactions at the meeting of the board of shareholders or the general meeting of shareholders of Gree Electric Appliances.</p>	December 2, 2019	Long-term effective	In progress
Commitments made during asset reorganization						
Commitments made during initial public offering or refinancing						

Equity Incentive Commitment	GREE GROUP	Other commitments	During the period of holding shares of Gree Electric Appliances, the Company will fully assume all reasonable expenses and economic losses (if any) incurred by Gree Electric Appliance due to the Company's termination of the remaining Equity Incentive Plan.	June 14, 2019	During the period of being a shareholder of Gree Electric Appliances	In progress
Other commitments to the Company's minority shareholders						
Whether commitments are fulfilled in time	Yes					
If commitments are not fulfilled in time, detail the specific reason of fulfillment failure and the work plan for the next step	Not Applicable					

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

Applicable  Not applicable

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

Applicable  Not applicable

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

**III. Violation of external guarantees**

Applicable  Not applicable

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

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

Applicable  Not applicable

**V. Description of the "Non-standard Audit Report" of the accounting firm for the report period by the Board of Directors, Board of Supervisors and independent director (if any)**

Applicable  Not applicable

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

Applicable  Not applicable

**1. Changes of major accounting policies**

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 - Leases (Finance and Accounting [2018] No. 35) on December 7, 2018, requiring companies listed at home and abroad at the same time and companies listed overseas and adopting IFRS or Accounting Standards for Business Accounting to prepare financial statements to implement from January 1, 2019; and requiring other domestic listed companies implementing Accounting Standards for Business Enterprises to implement from January 1, 2021. The Company made corresponding changes to its accounting policies in accordance with the requirements of the standard.

In accordance with the new lease standard, the Group chose not to reassess whether a contract that existed prior to the date of the first implementation was a lease or contained a lease. Only the retained earnings at the beginning of the period and other related statement items were adjusted on first-time implementation, and no adjustments were made to comparable period information. The change in accounting policy did not have a significant impact on the financial indicators of total assets, total liabilities, net assets and net profit of the

Company.

The following shows adjustments to the financial statements at the beginning of the period of the first implementation of the new lease standard for the first time starting from 2021:

Unit: Yuan

Report Item	Amount as at 31 December, 2020 (before change)		Amount as at January 1, 2021 (after change)	
	Consolidated Statements	Parent company's statement	Consolidated Statements	Parent company's statement
<b>Non-current assets:</b>				
Usufruct assets			38,952,103.28	
Long-term unamortized expenses	8,567,923.50		1,954,062.19	
Total non-current assets	65,584,936,463.61	49,231,239,643.63	65,617,274,705.58	49,231,239,643.63
<b>Total assets</b>	<b>279,217,923,628.27</b>	<b>239,626,991,300.20</b>	<b>279,250,261,870.24</b>	<b>239,626,991,300.20</b>
<b>Current liabilities:</b>				
Non-current liabilities due within one year			22,927,889.42	
<b>Total current liabilities</b>	<b>158,478,718,130.74</b>	<b>157,595,121,705.31</b>	<b>158,501,646,020.16</b>	<b>157,595,121,705.31</b>
Non-current liabilities:				
Lease liabilities			9,410,352.55	
<b>Total non-current liabilities</b>	<b>3,858,718,409.39</b>	<b>1,216,835,596.58</b>	<b>3,868,128,761.94</b>	<b>1,216,835,596.58</b>
<b>Total liabilities</b>	<b>162,337,436,540.13</b>	<b>158,811,957,301.89</b>	<b>162,369,774,782.10</b>	<b>158,811,957,301.89</b>
<b>Total liabilities and owner's equity</b>	<b>279,217,923,628.27</b>	<b>239,626,991,300.20</b>	<b>279,250,261,870.24</b>	<b>239,626,991,300.20</b>

## 2. Changes in major accounting estimates

No.

## VII. Description of changes in the consolidated statement scope in comparison with the financial statement of last year

Applicable  Not applicable

### 1. Business combinations not under common control

(1) Business combinations not under common control that occurred during the period

Unit: Yuan

Name of the Purchased Party	Point of acquisition of equity	Equity acquisition cost	Equity acquisition proportion	Equity acquisition method	Acquisition date	Basis for determining the acquisition date	Operating revenue from the acquisition date to statement date	Net profit from the acquisition date to statement date

Gree Altairnano New Energy Inc.	October 31, 2021	1,828,275,113.56	30.47%	Purchase in cash	October 31, 2021	Acquisition of control	694,344,061.76	-416,767,701.45
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(2) Cost of business combination and goodwill

Unit: Yuan

Cost of business combination	Amount
Cost of business combination	1,828,275,113.56
Less: fair value share of the identifiable net assets acquired	1,215,497,529.64
Amount of goodwill/combination cost less than the share of fair value of identifiable net asset acquired	612,777,583.92

[Note 1] As mentioned in Note V.23 "Goodwill" to the financial statement, Gree Altairnano New Energy became a holding subsidiary of the Company on October 31, 2021.

[Note 2] As of the acquisition date October 31, 2021, the fair value of the identifiable net assets attributable to the owners of the parent company of Gree Altairnano New Energy was 1,215,497,529.64 yuan, and the fair value of the corresponding identifiable net assets was appraised by China United Assets Appraisal Group Limited, which issued appraisal report ZLPBZ [2022] No. 1362.

The formed goodwill on the combination of Gree Altairnano is mainly due to the fact that the fair value share of the identifiable net assets of Gree Altairnano acquired by the Company on the acquisition date is lower than the combined cost. The asset valuation on the date of this purchase used the asset-based method, the value of the future business growth of Gree Altairnano could not be fully reflected due to the limitations of the valuation method itself. At present, the business relationship between Gree Electric Appliances and Gree Altairnano has been rationalized and preliminary results have been achieved. In the future, the company will continue to promote comprehensive integration and synergistic development, grasp market and industry development opportunities, further enhance the comprehensive competitiveness and sustainable development capability of Gree Altairnano and prevent goodwill impairment risk.

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: Yuan

Item	Gree Altairnano New Energy Inc.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Monetary funds	1,646,843,953.97	1,646,843,953.97
Trading financial liabilities	10,000.00	10,000.00
Accounts receivable	2,779,548,017.55	2,779,548,017.55
Advance payments	215,800,208.73	215,800,208.73
Other receivables	234,176,292.67	234,176,292.67
Inventory	2,135,766,221.72	2,135,766,221.72
Contract assets	996,806,636.13	996,806,636.13

Non-current assets due within one year	2,810,789.73	2,810,789.73
Other current assets	856,356,937.01	856,356,937.01
Long-term receivables	3,014,657.86	3,014,657.86
Long-term equity investments	390,685,789.09	535,849,709.81
Other equity instruments investments	2,170,000.00	2,170,000.00
Investment real estate	30,434,649.00	6,404,970.97
Fixed assets	9,851,922,127.54	8,874,157,430.70
Construction in progress	2,341,162,945.24	2,301,429,874.64
Intangible assets	3,078,130,531.23	2,103,825,250.26
Long-term unamortized expenses	18,801,886.89	18,801,886.89
Deferred income tax assets	1,906,423,128.64	1,906,423,128.64
Other non-current assets	277,326,714.43	277,326,714.43
Subtotal of assets	26,768,191,487.43	24,897,522,681.71
Liabilities:		
Short-term borrowings	2,202,310,244.21	2,202,310,244.21
Notes payable	1,382,825,460.48	1,382,825,460.48
Accounts payable	4,860,305,562.25	4,860,305,562.25
Contract liabilities	5,024,137,616.68	5,024,137,616.68
Employee pay payable	49,442,281.69	49,442,281.69
Taxes and dues payable	46,366,595.59	46,366,595.59
Other payables	4,233,517,352.93	4,233,517,352.93
Non-current liabilities due within one year	98,518,621.44	98,518,621.44
Other current liabilities	2,088,457,921.70	2,088,457,921.70
Long-term borrowings	850,000,000.00	850,000,000.00
Long-term payables	392,843,262.75	392,843,262.75
Deferred Income	1,186,062,239.50	1,186,062,239.50
Deferred income tax liabilities	13,873,952.69	13,873,952.69
Subtotal of liabilities	22,428,661,111.91	22,428,661,111.91
Net assets	4,339,530,375.52	2,468,861,569.80

Before the acquisition date, affected by the corporate governance problems caused by the alleged misappropriation of the interests of Gree Altairnano by the former controlling shareholder of Gree Altairnano, Gree Altairnano was restricted in the financing, resulting in production capacity not being fully unleashed and in a continuous loss; after the listed company acquired the control of Gree Altairnano on the acquisition date, Gree Altairnano was managed in strict accordance with relevant laws and regulations and various corporate systems, and the annual auditing accountant, China Audit Union Power Certified Public Accountants Co., Ltd. (Special General Partnership), adjusted the accounting policies of Gree Altairnano based on the operating conditions and prudent considerations and with reference to the standards of listed companies and made corresponding audit adjustments. The above situation had an impact on the purchase date book value of the net assets of Gree Altairnano.

Gree is committed to building into a more competitive, diversified, technology-based global industrial group

with a long-term, in-depth layout of the new energy sector. The company's participation in the judicial auction to acquire Gree Altairnano aims to combine the core technologies of Gree Altairnano batteries with the company's "zero carbon source" and other multi-dimensional low-carbon technologies to give full play to its overall resource advantages and further improve new energy industry layout. Up to now, the business relationship between Gree Electric Appliances and Gree Altairnano has been rationalized and preliminary results have been achieved, and the number of new energy vehicles being made by Gree Altairnano exceeded the level of the same period in 2020 and 2021; lithium titanate battery achieved good results in overseas and domestic markets with its superior performance, and the relevant patent has recently been selected for the list of China Patent Award, being the only lithium battery product in the new energy industry that won the gold medal. The performance and yield of LiFePO<sub>4</sub> products have also been greatly improved, and the production capacity will be unleashed gradually. With the gradual unleashing of production capacity and the recovery of profitability in the future, Gree Altairnano's value will also continue to increase.

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

Name of the Purchased Party	Book value of equity held before the acquisition date on the acquisition date	Fair value on the purchase date of share held before that date	Gains or losses on remeasurement of previously held equity interest to fair value before the acquisition date
Gree Altairnano New Energy Inc.	None	None	None

(5) Method and key assumptions for determining fair value on the acquisition date

1. Valuation determination method: The assets and liabilities were mainly evaluated using the asset-based method and the income method.
2. Key assumptions in the evaluation process.

A. The appraised entity is capable of making timely adjustments and innovations in line with the development of the market and science and technology, while maintaining consistency in its business scope, business methods and management mode.

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

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

D. The assets and liabilities declared by the appraised entity are free from title disputes and other economic disputes;

E. The appraised entity's future sources of funding and costs for R&D and production will not have a material adverse impact on the enterprise.

3. Reasons for asset appreciation:

- A. Machinery and equipment: the market price of some equipment increased and the depreciable life of the enterprise's equipment was shorter than the economic life of the equipment;
- B. Housings and buildings: there was a difference between the depreciable life and the actual economic life, and some buildings were built a long period of time ago, resulting in an increase in replacement costs (labor, materials, etc.);

C. Land use rights: the time when the enterprise acquired the land is far from the benchmark date of the evaluation and the price was low, and the land price increased between the acquisition date and the current valuation benchmark date.

**2. Business combination under the same control**

No.

**3. Reverse purchase**

No.

**4. Disposal of subsidiaries**

Unit: Yuan

Company name	Equity disposal price	Equity disposal proportion (%)	Equity disposal method	Time point of losing control	Basis for determining the point at which control is lost	The difference between the disposal price and the share of the subsidiary's net assets in the consolidated financial statements corresponding to the disposal investment.	Proportion of remaining equity on the date of losing control (%)	Book value of remaining equity on the date of losing control	Fair value of remaining equity on the date of losing control	Gains or losses arising from remeasurement of remaining equity at fair value.	Determination methods and main assumptions of the fair value of the remaining equity on the date of losing control.	Amount of other comprehensive income related to equity investment of the original company transferred into investment profit and loss.
SL Group Jiangwan Rice	255,00	2.00	Sale	August,	Share Transfer Agreement	215,501.	49.00	1,145,00	1,145,00		Book	None

Industry Co., Ltd	0.00			2021		72		0.00	0.00		value	
SL Group Lianhe Ecology Farm Co., Ltd	21,000.00	21.00	Sale	August, 2021	Share Transfer Agreement	-50,939.54	49.00				Book value	None
SL Group Yuan Agriculture Co., Ltd		40.00	Sale	September, 2021	Industrial and commercial change registration	2,291.72	30.00				Book value	None
SL Group Lvzhiyuan Agriculture Co., Ltd		40.00	Sale	September, 2021	Industrial and commercial change registration	142,792.55	30.00				Book value	None
SL Group Dongwei Rice Industry Co., Ltd		21.00	Sale	September, 2021	Industrial and commercial change registration	92,134.32	30.00				Book value	None
SL(Ningbo) Grain Sales Co., Ltd		100.00	Sale	September, 2021	Industrial and commercial change registration	23,927.91					Book value	None

## 5. Change of combination scope for other reasons

### (1) Newly established entities for the current period

Unit: Yuan

Name	Date of establishment	Net assets at the end of the period	Net profit from the combination date to the end of the period
Zhuhai Gree Electormechanical Engineering (Linyi) Co., Ltd.	March 1, 2021	36,931,910.01	6,931,910.01
Wuhu Gree Intelligent Logistics Co., Ltd	March 19, 2021		
Gree (Zhuhai Hengqin) Development Co., Ltd.	April 25, 2021	998,450,036.83	-1,549,963.17
Gree Electric Appliances (Linyi) Co., Ltd.	May 6, 2021	194,574,519.31	-5,425,480.69
Jiangxi Jinrun Real Estate Co., Ltd	June 16, 2021	85,809,836.46	-14,190,163.54
Changsha Kinghome Electrics Co., Ltd	July 1, 2021	5,720,175.31	-279,824.69
Green Electricity New Material (Maanshan) Technology Co., Ltd.	September 7, 2021		
Wuhan Yuli Runzhu Real Estate Co., Ltd	September 26, 2021	6,723,663.82	-276,336.18
Hua Hin High Conductivity (Maanshan) Technology Co., Ltd.	October 12, 2021		
Zhuhai MinRoad Supply Chain Technology Co., Ltd	November 19, 2021		

### (2) Other decrease for the current period

The company cancelled its subsidiaries, SL Group Ermapao Eco-Farm Co., Ltd. and Handan Yingdong New Energy Technology Co., Ltd.

### VIII. Engagement and disengagement of accounting firms

Accounting firms currently hired

Name of domestic accounting firm	Union Power Certified Public Accountants (Special General Partnership)
Remuneration for the domestic accounting firm (10,000 yuan)	396
Consecutive years for the domestic accounting firm to render audit service	7 years
Name of Certified Public Accountant of Domestic Accounting Firm	Han Zhenping, Qiu Yiwu
Names of certified public accountants of the domestic accounting firm	2 years, 1 year

Whether a new accounting firm was hired for the current period

Yes  No

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

Applicable  Not applicable

During the year, the Company hired Union Power CPAs Co., Ltd. (special general partnership) as its internal control accounting firm.

### IX. Delisting after disclosure of the Annual Report

Applicable  Not applicable

### X. Matters related to bankruptcy reorganization

Applicable  Not applicable

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

### XI. Major legal action or arbitration

Applicable  Not applicable

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

### XII. Punishment and rectification

Applicable  Not applicable

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

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

Applicable  Not applicable

## XIV. Significant related transactions

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

√ Applicable □ Not applicable

Related parties	Related relationships	Related transaction types	Content of related transactions	Related transactions pricing principles	Price of related-party transactions	Amount of related transactions (10,000 yuan)	Proportion to amount of similar transactions	Approved transaction amount (10,000 yuan)	Exceeding the approved amount	Settlement of related transactions	Available market price of similar transactions	Date of disclosure	Disclosure Index
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors and general managers	Sale of goods	Sale of products	Based on the market price, to be determined subject to the negotiation between two parties	Market Price	617,406.28	4.26%	720,000	No	Payment before delivery	Market Price	April 29, 2021	Disclosed on www.cninfo.com.cn on April 29, 2021, Announcement No. 2021-018
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors	Sale of goods	Sale of products	Based on the market price, to be determined subject to the negotiation between two parties	Market Price	281,758.29	1.95	680,000	No	Payment before delivery	Market Price	April 29, 2021	Disclosed on www.cninfo.com.cn on April 29, 2021, Announcement No. 2021-018

Gree Altairnano New Energy Inc. and its subsidiaries and holding subsidiaries	Companies and their subsidiaries and holding subsidiaries where the chairman of the Company serves as a director	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	Based on the market price, to be determined subject to the negotiation between two parties	Market Price	70,903.27	0.49%	300,000	No	Settlement by progress	Market Price	April 29, 2021	Disclosed on www.cninfo.com.cn on April 29, 2021, Announcement No. 2021-018
Gree Altairnano New Energy Inc. and its subsidiaries and holding subsidiaries	Companies and their subsidiaries and holding subsidiaries where the chairman of the Company serves as a director	Material Procurement	Batteries, energy storage components, new energy vehicles and accessories, etc.	Based on the market price, to be determined subject to the negotiation between two parties	Market Price	10,861.18	0.08%	30,000	No	Settlement by progress	Market Price	April 29, 2021	Disclosed on www.cninfo.com.cn on April 29, 2021, Announcement No. 2021-018
Total				--	--	980,929.02	--	1,730,000	--	--	--	--	--
Details of large-amount sales return				Not Applicable									
Actual fulfillment (if any) in the report period when the total amount is estimated by category for the daily related transaction to take place for the current period				Implementation is within the limit									

Cause for the large difference between transaction price and market reference price (if applicable)	Not Applicable
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## 2. Related transactions of acquisition or sales of assets or equity

Applicable  Not applicable

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

## 3. Related transactions of common foreign investment

Applicable  Not applicable

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

## 4. Associated credits and liabilities

Applicable  Not applicable

The Company was not involved in any associated credit or liability in the report period.

## 5. Transactions with finance companies with which the company has related relationships

Applicable  Not applicable

There is no deposit, loan, credit or other financial business between the company and the finance company and related parties with which the company has related relationships.

## 6. Transactions between the financial company controlled by the enterprise and related parties

Applicable  Not applicable

There is no significant deposit, loan, credit or other financial business between the finance company controlled by the enterprise and related parties.

## 7. Other significant related transactions

Applicable  Not applicable

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

## XV. Significant contracts and their fulfillment

### 1. Information about trusteeship, contracting and lease

#### (1) Trusteeship

Applicable  Not applicable

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

#### (2) Contracting

Applicable  Not applicable

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

**(3) Lease**

Applicable  Not applicable

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

## 2. Significant guarantee

√ Applicable □ Not applicable

Unit: 10,000 yuan

External guarantees of the company and its subsidiaries (excluding guarantees to subsidiaries)										
Name of the guarantee object	Date of disclosure of the announcement related to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual amount of occurrence	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the fulfillment is completed	Whether guarantee is for related parties
None										
Guarantee of the Company to its subsidiaries										
Name of the guarantee object	Date of disclosure of the announcement related to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual amount of occurrence	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the fulfillment is completed	Whether guarantee is for related parties
None										
Guarantee of subsidiaries to subsidiaries										
Name of the guarantee object	Date of disclosure of the announcement related to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual amount of occurrence	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the fulfillment is completed	Whether guarantee is for related parties

Gree Altairnano New Energy Inc.	December 24, 2021	65,000	December 29, 2021	65,000	General warranty	None	None	From the effective date of the guarantee contract to three years after the date of expiration of the performance period of the debt under the main contract	No	No
Tianjin Guangtong Automobile Co., Ltd.	December 24, 2021	35,000	December 29, 2021	35,000	General warranty	None	None	From the effective date of the guarantee contract to three years after the date of expiration of the performance period of the debt under the main contract	No	No
Zhuhai Gree Altairnano Electric Appliances, Co., Ltd	December 24, 2021	10,000	December 28, 2021	10,000	General warranty	None	None	From the effective date of the guarantee contract to three years after the expiration of the performance period of the debt under the main contract	No	No

Zhuhai Guangtong Automobile Co., Ltd.	December 24, 2021	30,000							
Total amount of guarantees to subsidiaries approved during the report period(C1)		140,000	Total occurrence amount of guarantees to subsidiaries during the report period(C2)						110,000
Total amount of guarantees to subsidiaries approved at the end of the report period(C3)		140,000	Total actual guarantee balance to subsidiaries at the end of the report period (C4)						110,000
Total company guarantees (i.e. total of the first three major items)									
Total amount of guarantee approved during the report period (A1+B1+C1)		140,000	Total occurrence amount of guarantees incurred during the report period (A2+B2+C2)						110,000
Total amount of approved guarantees at the end of the report period (A3+B3+C3)		140,000	Total actual guarantee balance at the end of the report period (A4+B4+C4)						110,000
Proportion of actual total guarantees (i.e. A4+B4+C4) to the company's net assets									1.06%
Among them:									
Balance of guarantees provided by shareholders, effective controllers and their related parties (D)									0
Debt guarantee balance for guaranteed parties whose direct or indirect asset-liability ratio is over 70% (E)									110,000
Total guarantee amount exceeding 50% of the net assets (F)									0
Total amount of the foregoing three items (D+E+F)									110,000

For unexpired guarantee contracts, a description of the guarantee liability has been incurred during the report period or there is evidence of the possibility of joint and several liabilities	Not Applicable
Description of external guarantees provided in violation of prescribed procedures (if any)	Not Applicable

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

#### (1) Entrusted financing

Applicable  Not applicable

Overview of entrusted wealth management during the report period

Unit: 10,000 yuan

Specific type	Source of funds for entrusted wealth management	Occurrence amount of entrusted wealth management	Outstanding balance	Amount overdue but not recovered yet	Impaired amount for overdue wealth management
Bank wealth management products	Own funds	50,156.41			
Trust wealth management products	Own funds	5,078.35			
Broke wealth management products	Own funds	8,130.93	8,130.93		
<b>Total</b>		63,365.69	8,130.93		

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

Applicable  Not applicable

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

Applicable  Not applicable

#### (2) Entrusted loan

Applicable  Not applicable

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

### 4. Other significant contracts

Applicable  Not applicable

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

## XVI. Description of other significant matters

Applicable  Not applicable

There were no other significant matters that need to be explained during the report period.

## **XVII. Significant Matters of the Company's Subsidiaries**

Applicable  Not applicable

## Section VII Changes in Shares and Shareholders

### I. Changes in shares

#### 1. Changes in share capital

Unit: shares

	Before this change		Increase and decrease of this change (+, -)					After this change	
	Quantity	Percentage	New Issue	Bonus Issue	Shares converted from reserved funds	Others	Subtotal	Quantity	Percentage
I. Shares with trading restriction conditions	45,822,044	0.76%				-244,719	-244,719	45,577,325	0.77%
1. Shares held by the State									
2. Shares held by the state-owned legal person									
3. Shares held by other domestic capital	45,822,044	0.76%				-244,719	-244,719	45,577,325	0.77%
Among them: Shares held by the domestic legal person									
Shares held by the domestic natural person	45,822,044	0.76%				-244,719	-244,719	45,577,325	0.77%
4. Shares held by the foreign capital									
Among them: Shares held by the foreign legal person									
Shares held by the foreign natural person									

II. Shares without trading restriction conditions	5,969,908,834	99.24%					-101,017,119	-101,017,119	5,868,891,715	99.23%
1. RMB common stocks	5,969,908,834	99.24%					-101,017,119	-101,017,119	5,868,891,715	99.23%
2. Domestically listed foreign shares										
3. Overseas listed foreign shares										
4. Others										
III. Total of shares	6,015,730,878	100.00%					-101,261,838	-101,261,838	5,914,469,040	100.00%

Causes for changes in share capital

Applicable  Not applicable

On November 9, 2021, the total share capital of the Company and the number of circulating shares with unlimited sale conditions changed from 6,015,730,878 shares to 5,914,469,040 shares as a result of the cancellation of shares in the special securities account for the repurchase, please refer to "Announcement of Zhuhai Gree Electric Appliances, Inc. Announcement No.: 2021-073) on www.cninfo.com.cn.

Approval of share changes

Applicable  Not applicable

The Company held the 23th Meeting of the 11th Board of Directors and the 17th Meeting of the 11th Board of Supervisors on June 27, 2021. The Second Interim General Meeting of 2021 held on September 29, 2021 deliberated and approved the "Proposal on Changing the Use of Repurchased Shares and Cancellation" and decided to adjust the use of the second phase of repurchased shares from the original plan of "Repurchased shares will be used for Employee Stock Ownership Plan or equity incentive" to "Repurchased shares will be used for cancellation to reduce registered capital". After this change and cancellation, the total share capital of the Company was changed from 6,015,730,878 shares to 5,914,469,040 shares. For details, please refer to "Announcement of Zhuhai Gree Electric Appliances, Inc. on the Completion of Cancellation of Repurchased Shares and Changes in Shares" (Announcement No. 2021-073) on www.cninfo.com.cn.

Transfer of share changes

Applicable  Not applicable

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

Applicable  Not applicable

The Company's net profit attributable to shareholders of the parent company in 2021 was 23,063,732,372.62 yuan, and the equity attributable to owners of the parent company was 103,651,654,599.87 yuan as of the end of the report period. Based on the weighted average number of 5,714,951,366.88 common shares outstanding in 2021, corresponded earnings per share and diluted earnings per share were 4.04 yuan, and net asset per share was 18.14 yuan; Based on the weighted average number of 5,983,797,083.90 common shares outstanding in 2020, earnings per share and diluted earnings per share were 3.85 yuan and the net asset value per share was 17.32 yuan.

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

Applicable  Not applicable

## 2. Changes in restricted shares

Applicable  Not applicable

Unit: shares

Name of shareholders	Number of restricted shares at the beginning of the period	Number of restricted shares increased for the current period	Number of restricted shares released from lock-up for the	Number of restricted shares at the end of the period	Reasons for restriction	Release date

			current period			
Wang Jingdong	884,674		221,169	663,505	Outgoing Senior Management Share Lock-Up	July 16, 2022
Duan Xiufeng	596,625		149,100	447,525	Senior Management Lock-Up Shares	-
Fang Xiangjian	0	125,550		125,550	Senior Management Lock-Up Shares	-
<b>Total</b>	<b>1,481,299</b>	<b>125,550</b>	<b>370,269</b>	<b>1,236,580</b>	<b>--</b>	<b>--</b>

## II. Issuance and listing of securities

### 1. Issuance of securities (excluding preferred shares) during the report period

Applicable  Not applicable

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

Applicable  Not applicable

The Company held the 23th Meeting of the 11th Board of Directors and the 17th Meeting of the 11th Board of Supervisors on June 27, 2021. The Second interim General Meeting of 2021 held on September 29, 2021 deliberated and approved the "Proposal on Changing the Use of Repurchased Shares and Cancellation", and decided to adjust the use of the second phase of repurchased shares from the original plan of "repurchased shares will be used for employee stock ownership plan or equity incentive" to "repurchased shares will be used for cancellation to reduce registered capital". After this change and cancellation, the total share capital of the Company was changed from 6,015,730,878 shares to 5,914,469,040 shares.

On November 9, 2021, the total share capital of the Company and the number of circulating shares with unlimited sale conditions changed from 6,015,730,878 shares to 5,914,469,040 shares as a result of the cancellation of shares in the special securities account for the repurchase, please refer to "Announcement of Zhuhai Gree Electric Appliances, Inc. Announcement No.: 2021-073) on www.cninfo.com.cn.

### 3. Existing internal employee stock

Applicable  Not applicable

### III. Information about the shareholders and actual controllers

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

Unit: shares

Total number of common shareholders at the end of the report period	949,288	Total number of common shareholders at the end of last month before the disclosure date of the annual report	926,919	Total number of preferred shareholders (if any) whose voting rights were restored at the end of report period (See Note 8)	0	Total number of preferred shareholders (if any) whose voting rights were restored at the end of last month before the disclosure date of the annual report (See Note 8)	0	
Shareholding of the shareholders holding more than 5% of total stocks or shareholding of the top 10 shareholders								
Name of shareholders	Nature of shareholder	Shareholding proportion	Number of shares held at the end of the period	Increase/decrease during the report period	Number of shares with trading restriction conditions held	Number of shares without trading restriction conditions held	Pledged, tagged or frozen	
							Stock status	Quantity
Zhuhai Mingjun Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	15.26%	902,359,632				Pledged	902,359,632
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	11.15%	659,345,659	-465,565,385				
Jinghai Internet Technology Development Co., Ltd.	Domestic non-state-owned legal person	8.34%	493,140,455					

China Securities Finance Co., Ltd.	State-owned legal person	3.04%	179,870,800					
Zhuhai Gree Group Co., Ltd.	State-owned legal person	2.87%	169,519,792	-24,376,200				
Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	Others	0.79%	46,660,192	-13,426,669				
Zhuhai Gree Electric Appliances, Inc.- Employee Stock Ownership Plan Phase I	Others	0.78%	46,334,473	46,334,473				
Dong Mingzhu	Domestic natural person	0.75%	44,488,492		33,366,369	11,122,123	Pledged	17,162,750
HHLR Management Limited - HHLR China Fund	Foreign legal person	0.73%	43,396,407					
Abu Dhabi Investment Authority	Foreign legal person	0.48%	28,401,951	3,051,813				
Situation (if any) where a strategic investor or general legal person becomes one of top 10 shareholders due to placement of new shares (see Note 3)	None							
Description for related relationship or concerted action of the above shareholders	Zhuhai Mingjun Investment Partnership (Limited Partnership) and Dong Mingzhu are the persons acting in concert. Except for that, the Company does not know whether there is related relationship between the above shareholders or whether they are persons acting in concert.							
Description of above-mentioned shareholders' entrusting/being entrusted with and waiving voting rights	None							

Special Note on the existence of repurchase accounts among the top 10 shareholders (if any) (see Note 10)	Zhuhai Gree Electric Appliances, Inc. held 377,791,307 shares, or 6.39% of the shares at the end of the report period.		
Shareholding of the top 10 shareholders of shares without trading restriction conditions			
Name of shareholders	Number of shares without trading restriction conditions held at the end of the report period	Type of stocks	
		Type of stocks	Quantity
Zhuhai Mingjun Investment Partnership (Limited Partnership)	902,359,632	RMB common stocks	902,359,632
Hong Kong Securities Clearing Company Ltd.	659,345,659	RMB common stocks	659,345,659
Jinghai Internet Technology Development Co., Ltd.	493,140,455	RMB common stocks	493,140,455
China Securities Finance Co., Ltd.	179,870,800	RMB common stocks	179,870,800
Zhuhai Gree Group Co., Ltd.	169,519,792	RMB common stocks	169,519,792
Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	46,660,192	RMB common stocks	46,660,192
Zhuhai Gree Electric Appliances, Inc.- Employee Stock Ownership Plan Phase I	46,334,473	RMB common stocks	46,334,473
HHLR Management Limited - HHLR China Fund	43,396,407	RMB common stocks	43,396,407
Abu Dhabi Investment Authority	28,401,951	RMB common stocks	28,401,951
Central Huijin Asset Management Co., Ltd	26,291,256	RMB common stocks	26,291,256
Description for related relationship or concerted action among the top 10 shareholders holding circulating shares without trading restriction conditions and between the top 10 shareholders holding circulating shares without trading restriction conditions and the top 10 shareholders	Zhuhai Mingjun Investment Partnership (Limited Partnership) and Dong Mingzhu are the persons acting in concert. Except for that, the Company does not know whether there is related relationship between the above shareholders or whether they are persons acting in concert.		

Description of the participation in margin trading business of the top 10 common shareholders (if any) (see Note 4)	None
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Whether the top 10 common shareholders and top 10 common shareholders without trading restriction conditions of the Company conducted agreed repurchase transactions in the report period

Yes  No

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

## 2. Company's controlling shareholder

Nature of controlling shareholder: No controlling entity

Type of controlling shareholder: No controlling shareholder

Description of the situation that the Company has no controlling shareholder

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

Change in controlling shareholder during the report period

Applicable  Not applicable

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

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

Nature of the actual controller: No actual controller

Type of the actual controller: No actual controller

Description of the situation that the Company has no actual controller

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

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

Yes  No

Legal person

Particulars on shareholding at the ultimate control level

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

Change in the actual controller in the report period

Applicable  Not applicable

The company has no actual controller.

The actual controller controls the Company through a trust or other asset management methods

Applicable  Not applicable

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

Applicable  Not applicable

Name	Type of shareholders	Total amount of stock pledge financing (10,000 yuan)	Specific purpose	Repayment Period	Source of repayment funds	Whether there is a risk of debt service or liquidation	Whether it affects the stability of the control of the company
Zhuhai Mingjun Investment Partnership (Limited Partnership)	The largest shareholder	1,897,400	Repayment of original loan	April 30, 2027	Own funds and self-financing	No	No
Dong Mingzhu	Persons acting in concert with the largest	45,000	Personal capital demand	March 18, 2022	Own funds and self-financing	No	No

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

Applicable  Not applicable

#### 6. Restrictions on shareholding reduction by controlling shareholders, actual controllers, restructuring parties and other committed entities

Applicable  Not applicable

### IV. Specific implementation of share repurchase during the report period

Progress of implementation of share repurchase

Applicable  Not applicable

Program disclosure time	Number of shares proposing to repurchase	Proportion to total share capital	Proposed repurchase amount	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Number of repurchased shares as a proportion to the underlying shares covered by the Equity Incentive Plan (if any)
April 13, 2020	108,365,753	1.80%	5,999,591,034.74	No more than 12 months from April 10, 2020	The original purpose of the plan was Employee Stock Ownership Plan or equity incentive, but after approval, part of it was changed to cancellation purpose	108,365,753	

October 14, 2020	101,261,838	1.68%	5,999,520,920.65	No more than 12 months from October 13, 2020	The original purpose of the plan was Employee Stock Ownership Plan or equity incentive, but after approval, part of it was changed to cancellation purpose	101,261,838	
May 27, 2021	315,760,027	5.25%	14,999,985,072.39	No more than 12 months from May 26, 2021	The original purpose of the plan was Employee Stock Ownership Plan or equity incentive, but after approval, part of it was changed to cancellation purpose	315,760,027	

Progress of reducing shares repurchased by centralized bidding

Applicable  Not applicable

## Section VIII Related Information of Preferred Share

Applicable  Not applicable

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

## Section IX Related Information on Bonds

Applicable  Not Applicable

## Section X Financial statement

### I. Audit Report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	April 29, 2022
Name of audit agency	Union Power Certified Public Accountants (Special General Partnership)
Document number of audit report	Union Power Audit (2022) No.0510054
Name of certified public accountant	Han Zhenping, Qiu Yiwu

Audit report text

## Audit Report

Union Power Audit (2022) No.0510054

All shareholders of Zhuhai Gree Electric Appliances, Inc.:

### I Audit opinion

We have audited the financial statements of Zhuhai GREE Electric Appliances, Inc.(hereinafter referred to as "your company"), including the consolidated and parent company's balance sheets ended December 31, 2021 and consolidated and parent company's income statements, consolidated and parent company's cash flow statements and consolidated and parent company's statements of changes in shareholders' equity and notes to financial statements for the year 2021.

In our opinion, the accompanying financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises and fairly reflected the consolidated and parent company's financial position of your company ended December 31, 2021 and consolidated and parent company's operating results and cash flows for the year 2021.

### II Basis for forming audit opinions

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

### III Key audit items

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

**( I ) Revenue recognition**

Key audit items	How this item is dealt with in auditing?
<p>Please refer to "Note III, 31", "Note V, 51" and "Note XIV, 4" in the financial statements.</p> <p>In FY2021 and FY2020 consolidated financial statements of your company, the revenue from selling goods was 187,886,874,900 yuan and 168,190,244,000 yuan respectively, representing an increase of 11.69% year-on-year.</p> <p>Since the amount is significant and revenue is one of the key business indicators of your company, and whether it is based on real transactions and whether it is included in the appropriate accounting period has a significant impact on the financial statements, we consider revenue recognition as a key audit matter.</p>	<ol style="list-style-type: none"> <li>1. We understood the internal control of key financial statements related to revenue recognition, and evaluated the effectiveness of its design and operation;</li> <li>2. We asked about the revenue recognition policy adopted by the management, checked the sales contract sample, understood the delivery terms of the transaction, evaluated whether the business model was consistent with revenue recognition, evaluated whether the terms of the sales contract comply with industry practices, and whether the revenue recognition accounting policy meets the requirements of the accounting standards for business enterprises;</li> <li>3. On the basis of audit sampling, we inspected the original supporting documents related to revenue recognition, such as orders, delivery orders, and arrival receipts, to evaluate whether the revenue actually occurred and whether it was recognized in accordance with the accounting policies;</li> <li>4. On the basis of audit sampling, we implemented the letter verification procedure, and checked the original documents of the difference in the response letter and the situation of the payment, to evaluate the accuracy and authenticity of the occurrence amount of revenue;</li> <li>5. We implemented an analysis procedure to analyze different dimensions such as monthly fluctuations, sales regions, product categories, and product gross profit margins to verify the reasonableness of the transaction;</li> <li>6. We carried out a cut-off test procedure and expanded the scope of post-period inspections to check whether there was inter-period and a sales return to deal with revenue inter-period;</li> </ol>

Key audit items	How this item is dealt with in auditing?
	<p>7. We also reviewed the adequacy of the information disclosure related to revenue recognition in "Note III. 31", "Note V. 51" and "Note XIV. 4" in the financial statements.</p>

**(II) Related party relationships and transactions**

Key audit items	How this item is dealt with in auditing?
<p>Please refer to "Note X, 4", "Note X, 5", "Note X, 6" and "Note X, 8" in the financial statements. "</p> <p>In 2021, your company purchased 2,750,068,000 yuan of raw materials, fixed assets and other products and leased 22,011,300 yuan of fixed assets from the related parties, totaling 2,772,749,300 yuan; sold 1,085,655,200 yuan of air conditioners, intelligent equipment and other products and leased 900 yuan of fixed assets to the related parties, totaling 1,085,655.71 yuan.</p> <p>Because of the significant transaction amount of your company with related parties, the related party relationships and integrity of its transaction disclosure and the fairness of the related transaction will have a significant impact on the business performance and disclosure of information. Therefore, we regard the related party relationships and their transactions as key audit items.</p>	<ol style="list-style-type: none"> <li>1. We understood, evaluated and tested the internal control related to the identification and disclosure of related party relationships and their transactions, and reviewed effectiveness of the corresponding internal control design and implementation</li> <li>2. We obtained the management's statement on integrity of the related party relationships and their transactions, obtained a list of related party relationships provided by management, and checked it against the information obtained from other public channels;</li> <li>3. We reviewed the major procurement, sales and other contracts to identify whether there was an undisclosed related party, and also obtained the resolution of the Board of Directors and the resolution of the shareholders' meeting related to the related transaction, checked the permissions and procedure of the related transaction decision, judged the legality and compliance of related transactions, and checked if it was authorized and approved appropriately</li> <li>4. We carried out the sampling inspection procedure, checked the corresponding transaction agreement, delivery order, receipt document, sales invoice, purchase invoice, sales receipt and purchase payment voucher, analyzed the purpose of transaction to determine whether the way of obtaining cash flow of the two parties before and after the transaction, amount and risks were substantially changed, and whether the transaction has commercial substance, and combined other audit procedures such as letters to verify authenticity of the related transaction</li> <li>5. We compared the sale and purchase prices of the related party with the sale and purchase prices of similar products of the non-related parties or the market prices of similar products, and judged fairness</li> </ol>

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

**(III) Provision of inventory falling price reserves**

Key audit items	How this item is dealt with in auditing?
<p>Refer to the description in "Note III. 13", "Note V. 8" and "Note V. 62" in the financial statement.</p> <p>As of December 31, 2021, the book value of inventory in your company's consolidated balance sheet was 4,276,559.83 yuan, wherein the book balance of inventory was 4,490,657.00 yuan and the provision for inventory falling price reserves was 2,140,971.16 yuan.</p> <p>Recognition of the provision for inventory falling price reserves depends on estimation of the net realizable value of the inventory. For recognition of the net realizable value of the inventory, the management should estimate the future selling price of inventory, cost (e.g., the related cost) to be incurred, selling expenses, and related taxes by the time of completion.</p> <p>In consideration of the importance of recognition of the inventory and provision for inventory falling price reserves to the consolidated financial statements and the complicated calculation process of provision for inventory falling price reserves, and significant judgments, assumptions and estimates of the management involved when the net realizable value of the inventory is determined, there may be error or potential management bias. Therefore, we identified it as a key audit item of your company.</p>	<ol style="list-style-type: none"> <li>1. We tested implementation of the internal control related to recognition of provision for inventory falling price reserves</li> <li>2. We evaluated the significant judgments, assumptions and estimates involved in management's calculation of net realizable value, and we reviewed the basis and documentation on which management determined the future selling price of the inventory and the costs incurred to completion (if relevant), selling expenses and related taxes.</li> <li>3. We carried out the auditing procedures such as checking and recalculation, and particularly we recalculated to determine the net realizable value of the inventory according to the related data;</li> <li>4. We perform an analytical review of the ageing of inventories to determine the adequacy of the corresponding provision for inventory falling price reserves.</li> <li>5. We conducted supervision of inventory taking. During supervision of inventory taking, we focused on authenticity and accuracy of the inventory and use of the inventory, checked for slow moving inventory and defective inventory so as to evaluate adequacy of the provision for inventory falling price reserves;</li> <li>6. We also checked the adequacy of the information disclosure related to the provision for falling price reserves in "Note III. 13", "Note V. 8" and "Note V. 62" in the financial statement.</li> </ol>

#### **IV Other information**

The management of your company is responsible for other information. Other information includes the information covered in the 2021 annual report of your company, excluding the financial statements and our audit reports.

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

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

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

#### **V Responsibilities of management and those charged with governance for financial statements**

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

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

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

#### **VI Auditor's responsibilities for the audit of the financial statements**

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

statements.

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

(I) Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that was sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

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

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

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

(V) Evaluated the overall presentation, structure and content of the financial statements, including the disclosure, and evaluate whether the financial statements fairly reflected the underlying transactions and events.

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

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

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

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

Union Power Certified Public Accountants (Special General Partnership)

Chinese Certified Public Accountant:

(engagement partner)

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Han Zhenping

Chinese Certified Public Accountant:

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Qiu Yiwu

Wuhan, China

April 29, 2022

### Consolidated Balance Sheet

December 31, 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI Unit: Yuan

Item	Note	December 31, 2021	January 1, 2021	December 31, 2020
Current assets:				
Monetary funds	V. 1	116,939,298,776.87	136,413,143,859.81	136,413,143,859.81
Lending funds				
Trading financial liabilities	V. 2		370,820,500.00	370,820,500.00
Derivative financial assets	V. 3	198,773,198.65	285,494,153.96	285,494,153.96
Bills receivable				
Accounts receivable	V. 4	13,840,898,802.76	8,738,230,905.44	8,738,230,905.44
Receivable financing	V. 5	25,612,056,693.07	20,973,404,595.49	20,973,404,595.49
Advance payments	V. 6	4,591,886,517.34	3,129,202,003.24	3,129,202,003.24
Other receivables	V. 7	334,161,870.18	147,338,547.86	147,338,547.86
Including: Interests receivable				
Dividends receivable		615,115.33		
Buying back the sale of financial assets				
Inventory	V. 8	42,765,598,328.01	27,879,505,159.39	27,879,505,159.39
Contract assets	V. 9	1,151,228,472.63	78,545,525.60	78,545,525.60
Assets held for sale				
Non-current assets due within one year	V. 10	11,033,571,932.60		
Other current assets	V. 11	9,382,177,587.07	15,617,301,913.87	15,617,301,913.87
<b>Total current assets</b>		<b>225,849,652,179.18</b>	<b>213,632,987,164.66</b>	<b>213,632,987,164.66</b>
Non-current assets:				
Disbursement of loans statements and advances	V. 12	4,142,652,901.85	5,273,805,581.52	5,273,805,581.52
Debt investment				
Other debt investments	V. 13	5,910,056,891.62	502,202,293.17	502,202,293.17
Long-term receivables	V. 14	2,419,031.07		
Long-term equity investments	V. 15	10,337,008,014.57	8,119,841,062.14	8,119,841,062.14
Other equity instruments investments	V. 16	10,114,246,030.05	7,788,405,891.47	7,788,405,891.47
Other non-current financial assets	V. 17	81,309,327.39	2,003,483,333.33	2,003,483,333.33
Investment real estate	V. 18	454,854,822.63	463,420,861.39	463,420,861.39
Fixed assets	V. 19	31,188,726,142.99	18,990,525,087.94	18,990,525,087.94
Construction in progress	V. 20	6,481,236,333.38	4,016,082,730.07	4,016,082,730.07
Usufruct assets	V. 21	14,603,282.99	38,952,103.28	
Intangible assets	V. 22	9,916,967,208.10	5,878,288,762.64	5,878,288,762.64
Development expenditures				
Goodwill	V. 23	707,629,136.24	201,902,704.02	201,902,704.02
Long-term unamortized expenses		18,724,025.74	1,954,062.19	8,567,923.50
Deferred income tax assets	V. 24	13,661,849,772.68	11,550,292,201.02	11,550,292,201.02
Other non-current assets	V. 25	716,248,679.90	788,118,031.40	788,118,031.40
<b>Total non-current assets</b>		<b>93,748,531,601.20</b>	<b>65,617,274,705.58</b>	<b>65,584,936,463.61</b>
<b>Total assets</b>		<b>319,598,183,780.38</b>	<b>279,250,261,870.24</b>	<b>279,217,923,628.27</b>

**Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi**

**Consolidated Balance Sheet (Continued)**

December 31, 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI Unit: Yuan

Item	Note	December 31, 2021	January 1, 2021	December 31, 2020
Current liabilities:				
Short-term borrowings	V. 26	27,617,920,548.11	20,304,384,742.34	20,304,384,742.34
Loans from other banks	V. 27	300,021,500.00	300,020,250.00	300,020,250.00
Trading financial liabilities				
Derivative financial liabilities				
Notes payable	V. 30	40,743,984,514.42	21,427,071,950.32	21,427,071,950.32
Accounts payable	V. 31	35,875,090,911.05	31,604,659,166.88	31,604,659,166.88
Advances from customers				
Contract liabilities	V. 32	15,505,499,178.75	11,678,180,424.65	11,678,180,424.65
Financial assets sold for repurchase	V. 28	746,564,041.09	475,033,835.62	475,033,835.62
Deposits from customers and interbank	V. 29	182,681,905.74	261,006,708.24	261,006,708.24
Employee pay payable	V. 33	3,466,630,401.73	3,365,355,468.69	3,365,355,468.69
Taxes and dues payable	V. 34	2,230,471,191.49	2,301,355,583.02	2,301,355,583.02
Other payables	V. 35	6,763,119,937.14	2,379,395,717.44	2,379,395,717.44
Including: Interests payable				
Dividends payable		2,367,112.94	6,986,645.96	6,986,645.96
Liabilities held for sale				
Non-current liabilities due within one year	V. 36	1,255,294,034.84	22,927,889.42	
Other current liabilities	V. 37	62,414,107,264.20	64,382,254,283.54	64,382,254,283.54
Total current liabilities		<b>197,101,385,428.56</b>	158,501,646,020.16	158,478,718,130.74
Non-current liabilities:				
Long-term borrowings	V. 38	8,960,864,258.30	1,860,713,816.09	1,860,713,816.09
Bonds payable				
Including: Preferred stock				
Perpetual bond				
Lease liabilities	V. 39	3,313,452.52	9,410,352.55	
Long-term payables	V. 40	446,194,591.92		
Long-term payroll payable	V. 41	164,408,471.00	149,859,788.00	149,859,788.00
Accrued liabilities				
Deferred Income	V. 42	2,702,653,897.78	437,033,702.46	437,033,702.46
Deferred income tax liabilities	V. 24	2,293,912,513.79	1,411,111,102.84	1,411,111,102.84
Other non-current liabilities				
Total non-current liabilities		<b>14,571,347,185.31</b>	3,868,128,761.94	3,858,718,409.39
Total liabilities		<b>211,672,732,613.87</b>	162,369,774,782.10	162,337,436,540.13
Shareholders' equity:				

Capital stock	V. 43	5,914,469,040.00	6,015,730,878.00	6,015,730,878.00
Other equity instruments				
Including: Preferred stock				
Perpetual bond				
Capital reserves	V. 44	125,874,127.56	121,850,280.68	121,850,280.68
Less: Treasury stock	V. 45	19,579,646,233.43	5,182,273,853.90	5,182,273,853.90
Other comprehensive income	V. 46	11,204,004,355.27	7,396,060,195.47	7,396,060,195.47
Special reserve	V. 47	22,403,846.26		
Surplus reserve	V. 48	1,983,727,107.74	3,499,671,556.59	3,499,671,556.59
General risk provisions	V. 49	505,599,356.30	497,575,772.26	497,575,772.26
Undistributed profit	V. 50	103,475,223,000.17	102,841,596,377.66	102,841,596,377.66
Equity total attributable to the shareholders of the parent company		103,651,654,599.87	115,190,211,206.76	115,190,211,206.76
Minority equity		4,273,796,566.64	1,690,275,881.38	1,690,275,881.38
<b>Equity total of the shareholders</b>		<b>107,925,451,166.51</b>	<b>116,880,487,088.14</b>	<b>116,880,487,088.14</b>
<b>Total liabilities and shareholders' equity</b>		<b>319,598,183,780.38</b>	<b>279,250,261,870.24</b>	<b>279,217,923,628.27</b>

**Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi**

## Consolidated Income Statement

January to December in 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	For the Year 2021	For the Year 2020
<b>I. Total operating revenues</b>		<b>189,654,033,523.50</b>	<b>170,497,415,702.41</b>
Including: Operating Revenue	V. 51	187,868,874,892.71	168,199,204,404.53
Interest revenue	V. 52	1,785,060,001.28	2,295,972,686.55
Fee and commission income		98,629.51	2,238,611.33
<b>II. Total operating costs</b>		<b>163,521,848,332.24</b>	<b>146,260,681,865.34</b>
Including: Operating Cost	V. 51	142,251,638,589.87	124,229,033,680.92
Interest expense	V. 52	523,238,956.03	304,448,121.92
Handling charges and commission expenses		815,760.35	516,318.75
Taxes and surcharges	V. 53	1,076,664,461.78	964,600,693.81
Sales expense	V. 54	11,581,735,617.31	13,043,241,798.27
Administrative expense	V. 55	4,051,241,003.05	3,603,782,803.64
Research and development expenses	V. 56	6,296,715,941.03	6,052,563,108.10
Financial expense	V. 57	-2,260,201,997.18	-1,937,504,660.07
Including: Interest expense		1,752,112,003.72	1,088,369,394.87
Interest revenue		4,242,449,764.06	3,708,312,903.06
Add: Other incomes	V. 58	832,177,253.43	1,164,120,111.04
Income from investments (losses expressed with "-")	V. 59	522,063,222.58	713,010,071.67
Including: Investment incomes from joint ventures or associates		51,594,928.82	35,314,343.21
Income from derecognition of financial assets measured at amortization costs			
Income from changes in fair value (losses expressed with "-")	V. 60	-58,130,545.10	200,153,472.05
Credit impairment losses (losses expressed with "-")	V. 61	-150,980,869.74	192,824,692.53
Asset impairment losses (losses expressed with "-")	V. 62	-606,161,255.62	-466,270,321.67
Income from disposal of assets (losses expressed with "-")	V. 63	6,212,295.19	2,945,975.01
<b>III. Operating profit (losses expressed with "-")</b>		<b>26,677,365,292.00</b>	<b>26,043,517,837.70</b>
Add: Non-operating revenues	V. 64	154,321,776.87	287,160,721.97
Less: Non-operating expenses	V. 65	28,449,570.30	21,741,130.88
<b>IV. Total profit (total losses expressed with "-")</b>		<b>26,803,237,498.57</b>	<b>26,308,937,428.79</b>
Less: Income tax expenses	V. 66	3,971,343,865.68	4,029,695,233.52
<b>V. Net profit (net loss expressed with "-")</b>		<b>22,831,893,632.89</b>	<b>22,279,242,195.27</b>
(I) Classification by business sustainability			
1. Continuous operating net profit (net loss expressed with "-")		22,831,895,323.32	22,279,523,503.64
2. Discontinued operation net profit (net loss expressed with "-")		-1,690.43	-281,308.37
(II) Classification by ownership			
1. Net profits attributable to shareholders of the parent company ("-" stands for net losses)		23,063,732,372.62	22,175,108,137.32
2. Minority shareholders' gains and losses ("-" stands for net losses)		-231,838,739.73	104,134,057.95
<b>VI. Net of tax of other comprehensive income</b>	V. 46	<b>3,923,057,187.22</b>	<b>1,135,981,683.99</b>

(I) Net of tax of other comprehensive income attributable shareholders of the parent company		3,922,893,977.40	1,135,768,214.34
1. Other comprehensive income which cannot be reclassified into profits and losses		3,977,359,915.54	1,242,966,688.50
(1) Changes arising from remeasurement of the defined benefit plan		-12,391,783.00	-6,851,653.00
(2) Other comprehensive income which cannot be transferred to profit or loss under the equity method		1,849,833,156.32	215,136,201.85
(3) Changes in fair value of other equity instrument investments		2,139,918,542.22	1,034,682,139.65
(4) Changes in fair value of the company's own credit risk			
(5) Others			
2. Other comprehensive income which will be reclassified into profits and losses in the future		-54,465,938.14	-107,198,474.16
(1) Other comprehensive income that can be transferred to profit or loss under the equity method		-208,819.44	-182,758.17
(2) Changes in fair value of other debt investments		-2,346,134.55	-1,862,050.54
(3) Amount of financial assets reclassified and included into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedge reserve		6,966,706.25	13,739,102.50
(6) Difference arising from translation of financial statements in foreign currency		-58,877,690.40	-118,892,767.95
(II) Net of tax of other comprehensive income attributable to minority shareholders		163,209.82	213,469.65
<b>VII. Total comprehensive income</b>		<b>26,754,950,820.11</b>	<b>23,415,223,879.26</b>
(I) Total comprehensive income attributable to shareholders of the parent company		26,986,626,350.02	23,310,876,351.66
(II) Total comprehensive income attributable to minority shareholders		-231,675,529.91	104,347,527.60
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (Yuan per Share)		4.04	3.71
(II) Diluted earnings per share (Yuan per Share)		4.04	3.71

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

## Consolidated Cash Flow Statement

January to December in 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI Unit: Yuan

Item	Note	For the Year 2021	For the Year 2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods or rendering of services		169,646,517,565.79	155,890,384,313.86
Net increase in deposits and due from banks		-78,563,388.63	-92,506,750.32
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions			-700,000,000.00
Cash received from interests, fees and commissions		955,723,978.81	1,137,265,615.92
Net increase in placements from other financial institutions			
Net increase in repurchase business capital		271,500,000.00	475,000,000.00
Refund of tax and levies		2,467,381,243.01	2,484,293,128.44
Other cash received relating to operating activities	V 67. (1)	3,938,701,318.02	4,698,328,013.32
<b>Subtotal of cash inflows from operating activities</b>		<b>177,201,260,717.00</b>	<b>163,892,764,321.22</b>
Cash payments for goods acquired and services received		145,601,518,405.47	121,793,121,343.62
Net increase in loans and advances to customers		-1,131,768,349.46	-9,091,377,401.54
Net increase in deposits with central bank and other financial institutions		-633,908,556.69	-976,192,487.64
Net increase in lending funds			
Cash paid for interests, fees and commissions		525,419,503.63	312,753,420.49
Cash paid to and on behalf of employees		9,848,593,392.99	8,901,277,136.77
Payments of all types of taxes		8,371,839,466.55	8,184,052,900.55
Other cash paid relating to operating activities	V 67. (2)	12,725,203,595.79	15,530,492,099.81
<b>Subtotal of cash outflows from operating activities</b>		<b>175,306,897,458.28</b>	<b>144,654,127,012.06</b>
<b>Net cash flows from operating activities</b>		<b>1,894,363,258.72</b>	<b>19,238,637,309.16</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investments		7,349,802,107.98	9,520,639,757.24
Cash received from return of investments		161,515,418.96	305,411,730.38
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,956,809.63	6,631,829.54
Net cash received from disposal of subsidiaries and other business units		13,498,800.00	
Other cash received relating to investing activities	V 67. (3)	47,851,587,196.05	4,322,649,440.42
<b>Subtotal of cash inflows from investment activities</b>		<b>55,391,360,332.62</b>	<b>14,155,332,757.58</b>
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		5,727,074,800.44	4,528,646,805.03
Cash paid for investments		18,154,432,702.74	3,561,055,956.90
Net cash paid for acquisition of subsidiaries and other business units	V 68. (2)	1,747,336,403.99	425,875,376.81
Other cash paid relating to investing activities	V 67. (4)	10,532,866.10	5,542,024,468.66
<b>Subtotal of cash outflows from investment activities</b>		<b>25,639,376,773.27</b>	<b>14,057,602,607.40</b>
<b>Net cash flows from investment activities</b>		<b>29,751,983,559.35</b>	<b>97,730,150.18</b>

<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment		45,113,614.81	14,670,000.00
Including: Cash received from minority shareholder investment by subsidiary		45,113,614.81	14,670,000.00
Cash received from borrowings		88,802,444,041.60	37,599,791,534.80
Other cash received relating to financing activities	V 67. (5)	1,143,534,793.64	
<b>Subtotal of cash inflows from financing activities</b>		89,991,092,450.05	37,614,461,534.80
Cash repayments of amounts borrowed		57,868,429,527.67	29,475,431,119.54
Cash paid for dividend and profit distribution or interest payment		17,546,695,095.00	14,236,014,439.83
Including: Dividends and profits paid to minority shareholders by subsidiaries			411,607,065.23
Other cash paid relating to financing activities	V 67. (6)	39,906,551,717.86	15,014,513,473.63
<b>Subtotal of cash outflows from financing activities</b>		115,321,676,340.53	58,725,959,033.00
<b>Net cash flow from financing activities</b>		-25,330,583,890.48	-21,111,497,498.20
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-589,068,807.74</b>	<b>-372,392,144.48</b>
<b>V. Net increase in cash and cash equivalents</b>		5,726,694,119.85	-2,147,522,183.34
Add: Beginning balance of cash and cash equivalents		24,225,049,638.15	26,372,571,821.49
<b>VI. Ending balance of cash and cash equivalents</b>		<b>29,951,743,758.00</b>	<b>24,225,049,638.15</b>

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiang Head of Accounting Department: Liu Yanzi



## Consolidated Statement of Changes in Shareholders' Equity

January to December in 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI Unit: Yuan

Item	For the year 2021												Minority equity	Equity total of the shareholders
	Equity attributable to the shareholders of the parent company													
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk provisions	Undistributed profit	Subtotal		
	Preferred stock	Perpetual bond	Others											
<b>I. Ending balance for the previous year</b>	6,015,730,878.00				121,850,280.68	5,182,273,853.90	7,396,060,195.47		3,499,671,556.59	497,575,772.26	102,841,596,377.66	115,190,211,206.76	1,690,275,881.38	116,880,487,088.14
Add: Changes in accounting policies														
Early error correction														
Business combination involving enterprises under common control														
<b>II. Beginning balance for the current year</b>	6,015,730,878.00				121,850,280.68	5,182,273,853.90	7,396,060,195.47		3,499,671,556.59	497,575,772.26	102,841,596,377.66	115,190,211,206.76	1,690,275,881.38	116,880,487,088.14
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>	-101,261,838.00				4,023,846.88	14,397,372,379.53	3,807,944,159.80	22,403,846.26	-1,515,944,448.85	8,023,584.04	633,626,622.51	-11,538,556,606.89	2,583,520,685.26	-8,955,035,921.63
<b>(I) Total comprehensive income</b>							3,922,893,977.40				23,063,732,372.62	26,986,626,350.02	-231,675,529.91	26,754,950,820.11
<b>(II) Capital invested by shareholders and capital decrease</b>	-101,261,838.00				4,023,846.88	14,397,372,379.53		21,259,298.20	-3,499,671,556.59		-3,794,252,950.50	-21,767,275,579.54	2,864,813,072.60	-18,902,462,506.94
1. Ordinary stocks invested by shareholders													49,331,294.00	49,331,294.00
2. Capital invested by holders of other equity														
3. Amounts of share-based payments recognized into shareholders' equity					31,002,910.71							31,002,910.71		31,002,910.71
4. Others	-101,261,838.00				-26,979,063.83	14,397,372,379.53		21,259,298.20	-3,499,671,556.59		-3,794,252,950.50	-21,798,278,490.25	2,815,481,778.60	-18,982,796,711.65
<b>(III) Profit distribution</b>									1,983,727,107.74	8,023,584.04	-18,744,282,186.78	-16,752,531,495.00	-49,903,893.39	-16,802,435,388.39
1. Appropriation to surplus reserves								1,983,727,107.74			-1,983,727,107.74			
2. Appropriation to general risk provisions									8,023,584.04	-8,023,584.04				
3. Allocation to shareholders											-16,752,531,495.00	-16,752,531,495.00	-49,903,893.39	-16,802,435,388.39
4. Others														
<b>(IV) Internal carry-over of shareholders' equity</b>									-114,949,817.60		108,429,387.17	-6,520,430.43		-6,520,430.43
1. Transfer of capital reserves into capital (or stock capital)														
2. Transfer of surplus reserves into capital (or stock capital)														
3. Surplus reserves for making up losses														
4. Defined benefit plan change carried over into retained earnings														

5. Other comprehensive income carried forward to retained earnings						-114,949,817.60				108,429,387.17	-6,520,430.43		-6,520,430.43
6. Others							1,144,548.06				1,144,548.06	287,035.96	1,431,584.02
(V) Special reserves													
1. Amount withdrawn for the period							2,404,215.46				2,404,215.46	552,286.62	2,956,502.08
2. Amount used for the period							1,259,667.40				1,259,667.40	265,250.66	1,524,918.06
(VI) Others													
IV. Ending balance for the current year	5,914,469,040.00			125,874,127.56	19,579,646,233.43	11,204,004,355.27	22,403,846.26	1,983,727,107.74	505,599,356.30	103,475,223,000.17	103,651,654,599.87	4,273,796,566.64	107,925,451,166.51

Legal Representative: Dong Mingzhu

Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

### Consolidated Statement of Changes in Shareholders' Equity (Continued) January to December in 2020

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	For the Year 2020														
	Equity attributable to shareholders of the parent company													Minority equity	Equity total of the shareholders
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profit	Subtotal			
	Preferred stock	Perpetual bond	Others												
<b>I. Ending balance for the previous year</b>	6,015,730,878.00				93,379,500.71		6,260,291,981.13		3,499,671,556.59	489,855,826.75	93,794,643,539.49	110,153,573,282.67	1,894,083,240.41	112,047,656,523.08	
Add: Changes in accounting policies															
Early error correction															
Business combination involving enterprises under common control															
<b>II. Beginning balance for the current year</b>	6,015,730,878.00				93,379,500.71		6,260,291,981.13		3,499,671,556.59	489,855,826.75	93,794,643,539.49	110,153,573,282.67	1,894,083,240.41	112,047,656,523.08	
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>					28,470,779.97	5,182,273,853.90	1,135,768,214.34			7,719,945.51	9,046,952,838.17	5,036,637,924.09	-203,807,359.03	4,832,830,565.06	
<b>(I) Total comprehensive income</b>							1,135,768,214.34				22,175,108,137.32	23,310,876,351.66	104,347,527.60	23,415,223,879.26	
<b>(II) Capital invested by shareholders and capital decrease</b>					2,966,412.88	5,182,273,853.90						-5,179,307,441.02	128,956,545.69	-5,050,350,895.33	
1. Ordinary stocks invested by shareholders													14,670,000.00	14,670,000.00	
2. Capital invested by holders of other equity															
3. Amounts of share-based payments recognized into shareholders' equity															
4. Others					2,966,412.88	5,182,273,853.90						-5,179,307,441.02	114,286,545.69	-5,065,020,895.33	
<b>(III) Profit distribution</b>										7,719,945.51	-13,148,143,215.11	-13,140,423,269.60	-411,607,065.23	-13,552,030,334.83	
1. Appropriation to surplus reserves															
2. Appropriation to general risk provisions										7,719,945.51	-7,719,945.51				
3. Allocation to shareholders											-13,140,423,269.60	-13,140,423,269.60	-411,607,065.23	-13,552,030,334.83	
4. Others															
<b>(IV) Internal carry-over of shareholders' equity</b>					25,504,367.09						19,987,915.96	45,492,283.05	-25,504,367.09	19,987,915.96	
1. Transfer of capital reserves into capital (or stock capital)															
2. Transfer of surplus reserves into capital (or stock capital)															
3. Surplus reserves for making up losses															
4. Defined benefit plan change carried over into retained earnings															
5. Other comprehensive income carried forward to retained earnings											19,987,915.96	19,987,915.96		19,987,915.96	
6. Others					25,504,367.09							25,504,367.09	-25,504,367.09		
<b>(V) Special reserves</b>															
1. Amount withdrawn for the period															
2. Amount used for the period															
<b>(VI) Others</b>															
<b>IV. Ending balance for the current year</b>	6,015,730,878.00				121,850,280.68	5,182,273,853.90	7,396,060,195.47		3,499,671,556.59	497,575,772.26	102,841,596,377.66	115,190,211,206.76	1,690,275,881.38	116,880,487,088.14	

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

## Balance Sheet of Parent Company

December 31, 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	December 31, 2021	January 1, 2021	December 31, 2020
Current assets:				
Monetary funds		100,413,441,304.10	123,828,677,860.41	123,828,677,860.41
Trading financial liabilities			370,820,500.00	370,820,500.00
Derivative financial assets		21,610,541.29	76,680,617.45	76,680,617.45
Bills receivable				
Accounts receivable	XIV. 1	3,685,619,949.29	3,548,791,695.27	3,548,791,695.27
Receivable financing		21,973,920,103.73	18,642,206,012.24	18,642,206,012.24
Advance payments		23,689,469,573.43	17,963,607,702.38	17,963,607,702.38
Other receivables	XIV. 2	2,076,879,180.43	2,307,154,984.66	2,307,154,984.66
Including: Interests receivable				
Dividends receivable			2,932,373.42	2,932,373.42
Inventory		10,215,532,982.28	13,884,110,379.81	13,884,110,379.81
Contract assets				Not Applicable
Assets held for sale				
Non-current assets due within one year		10,969,772,555.56		
Other current assets		5,506,040,199.45	9,773,701,904.35	9,773,701,904.35
<b>Total current assets</b>		<b>178,552,286,389.56</b>	<b>190,395,751,656.57</b>	<b>190,395,751,656.57</b>
Non-current assets:				
Debt investment				
Other debt investments		5,182,465,277.78		
Long-term receivables				
Long-term equity investments	XIV. 3	29,888,588,986.29	24,619,357,367.01	24,619,357,367.01
Other equity instruments investments		9,889,910,814.28	7,505,139,669.97	7,505,139,669.97
Other non-current financial assets		81,309,327.39	2,003,483,333.33	2,003,483,333.33
Investment real estate		19,871,480.80	22,173,605.79	22,173,605.79
Fixed assets		2,535,403,625.71	2,706,217,465.90	2,706,217,465.90
Construction in progress		907,483,903.01	570,077,306.55	570,077,306.55
Usufruct assets				
Intangible assets		843,960,439.75	780,743,893.31	780,743,893.31
Development expenditures				
Goodwill				
Long-term unamortized expenses				
Deferred income tax assets		10,730,613,644.43	10,926,393,867.16	10,926,393,867.16
Other non-current assets		86,616,430.09	97,653,134.61	97,653,134.61

Total non-current assets		<b>60,166,223,929.53</b>	49,231,239,643.63	49,231,239,643.63
<b>Total assets</b>		<b>238,718,510,319.09</b>	239,626,991,300.20	239,626,991,300.20

**Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi**

**Balance Sheet of Parent Company (Continued)**  
**December 31, 2021**

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	Note	December 31, 2021	January 1, 2021	December 31, 2020
Current liabilities:				
Short-term borrowings		18,068,823,304.24	15,862,663,592.40	15,862,663,592.40
Trading financial liabilities				
Derivative financial liabilities				
Notes payable		35,673,937,662.52	19,177,017,664.74	19,177,017,664.74
Accounts payable		33,677,905,272.50	44,365,200,963.00	44,365,200,963.00
Advances from customers				
Contract liabilities		12,219,603,424.23	14,594,653,911.45	14,594,653,911.45
Employee pay payable		1,464,834,311.62	1,306,897,769.56	1,306,897,769.56
Taxes and dues payable		1,067,213,552.76	777,604,964.68	777,604,964.68
Other payables		2,470,038,943.73	1,773,107,761.34	1,773,107,761.34
Including: Interests payable				
Dividends payable		602,881.87	602,881.87	602,881.87
Liabilities held for sale				
Non-current liabilities due within one year		135,037,104.90		
Other current liabilities		59,674,216,467.38	59,737,975,078.14	59,737,975,078.14
<b>Total current liabilities</b>		<b>164,451,610,043.88</b>	157,595,121,705.31	157,595,121,705.31
Non-current liabilities:				
Long-term borrowings		6,606,444,166.67	143,254,262.42	143,254,262.42
Bonds payable				
Including: Preferred stock				
Perpetual bond				
Lease liabilities				
Long-term payables				
Long-term payroll payable		164,408,471.00	149,859,788.00	149,859,788.00
Accrued liabilities				
Deferred Income		85,326,589.00	74,814,702.48	74,814,702.48
Deferred income tax liabilities		1,291,446,408.46	848,906,843.68	848,906,843.68
Other non-current liabilities				
<b>Total non-current liabilities</b>		<b>8,147,625,635.13</b>	1,216,835,596.58	1,216,835,596.58
<b>Total liabilities</b>		<b>172,599,235,679.01</b>	158,811,957,301.89	158,811,957,301.89
Shareholders' equity:				
Capital stock		5,914,469,040.00	6,015,730,878.00	6,015,730,878.00
Other equity instruments				
Including: Preferred stock				
Perpetual bond				
Capital reserves		109,621,222.84	184,850,281.86	184,850,281.86
Less: Treasury stock		19,579,646,233.43	5,182,273,853.90	5,182,273,853.90
Other comprehensive income		11,663,015,593.78	7,763,409,043.86	7,763,409,043.86
Special reserve				
Surplus reserve		1,983,727,107.74	3,497,114,024.31	3,497,114,024.31
Undistributed profit		66,028,087,909.15	68,536,203,624.18	68,536,203,624.18
<b>Equity total of the shareholders</b>		<b>66,119,274,640.08</b>	<b>80,815,033,998.31</b>	<b>80,815,033,998.31</b>
<b>Total liabilities and shareholders' equity</b>		<b>238,718,510,319.09</b>	239,626,991,300.20	239,626,991,300.20

**Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi**

## Income Statement of Parent Company

January to December in 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF

Unit: Yuan

ZHUHAI

Item	Note	For the Year 2021	For the Year 2020
<b>I. Operating revenues</b>	<b>XIV. 4</b>	<b>117,502,214,959.15</b>	<b>107,841,790,174.49</b>
Less: Operating Cost	XIV. 4	84,576,440,398.57	76,008,352,345.28
Taxes and surcharges		268,607,695.48	174,392,631.24
Sales expense		9,733,828,322.47	11,169,691,825.61
Administrative expense		875,539,864.96	808,715,696.48
Research and development expenses		4,964,928,966.97	4,811,036,302.94
Financial expense		-3,058,810,928.42	-2,919,245,870.62
Including: Interest expense		1,312,749,932.63	840,469,134.14
Interest revenue		4,719,654,050.92	4,434,457,504.91
Add: Other incomes		98,992,747.91	233,757,468.48
Income from investments (losses expressed with "-")	XIV. 5	2,960,166,670.54	12,402,627,036.29
Including: Investment incomes from joint ventures or		-12,905,170.50	-12,168,894.57
Income from derecognition of financial assets			
Income from net exposure hedging (losses expressed with			
Income from changes in fair value (losses expressed with "-")		-57,612,527.32	56,685,742.93
Credit impairment losses (losses expressed with "-")		47,932,902.68	2,282,469.02
Asset impairment losses (losses expressed with "-")		-482,109,320.46	-178,340,890.13
Income from disposal of assets (losses expressed with "-")		1,775,599.93	1,733,177.13
<b>II. Operating profit (losses expressed with "-")</b>		<b>22,710,826,712.40</b>	<b>30,307,592,247.28</b>
Add: Non-operating revenues		19,734,701.84	46,252,800.73
Less: Non-operating expenses		2,241,847.84	9,176,432.87
<b>III. Total profit (total losses expressed with "-")</b>		<b>22,728,319,566.40</b>	<b>30,344,668,615.14</b>
Less: Income tax expenses		2,891,048,488.98	2,659,156,932.61
<b>IV. Net profit (net loss expressed with "-")</b>		<b>19,837,271,077.42</b>	<b>27,685,511,682.53</b>
(I) Net profit from continuing operations (net loss expressed with		19,837,271,077.42	27,685,511,682.53
(II) Net profit from discontinued operations (net loss expressed			
<b>V. Net of tax of other comprehensive income</b>		<b>4,014,556,367.52</b>	<b>1,301,384,947.45</b>
(I) Other comprehensive income not to be reclassified to profit or		4,016,410,674.15	1,294,557,343.46
1. Changes arising from remeasurement of the defined		-12,391,783.00	-6,851,653.00
2. Other comprehensive income which cannot be		1,849,833,156.32	215,136,201.85
3. Changes in fair value of other equity instrument		2,178,969,300.83	1,086,272,794.61
4. Changes in fair value of the company's own credit risk			
5. Others			
(II) Other comprehensive income to be reclassified to profit or		-1,854,306.63	6,827,603.99
1. Other comprehensive income that can be transferred to			-182,758.17
2. Changes in fair value of other debt investments		-8,821,012.88	-6,728,740.34
3. Amount of financial assets reclassified and included			
4. Provision for credit impairment of other debt			
5. Cash flow hedge reserve		6,966,706.25	13,739,102.50
6. Difference arising from translation of financial			
7. Others			
<b>VI. Total comprehensive income</b>		<b>23,851,827,444.94</b>	<b>28,986,896,629.98</b>

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

**Cash Flow Statements of Parent Company**

January to December in 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF

Unit: Yuan

**ZHUHAI**

Item	Note	For the Year 2021	For the Year 2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods or rendering of services		96,059,533,928.05	93,602,519,755.19
Refund of tax and levies		2,115,966,444.28	2,108,659,339.52
Other cash received relating to operating activities		50,710,080,340.57	35,640,698,959.97
<b>Subtotal of cash inflows from operating activities</b>		<b>148,885,580,712.90</b>	<b>131,351,878,054.68</b>
Cash payments for goods acquired and services received		116,836,791,145.16	88,931,239,009.32
Cash paid to and on behalf of employees		3,576,725,919.34	3,521,483,800.64
Payments of all types of taxes		4,278,081,434.78	3,915,413,842.97
Other cash paid relating to operating activities		18,436,681,133.15	18,625,111,285.52
<b>Subtotal of cash outflows from operating activities</b>		<b>143,128,279,632.43</b>	<b>114,993,247,938.45</b>
<b>Net cash flows from operating activities</b>		<b>5,757,301,080.47</b>	<b>16,358,630,116.23</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investments		7,204,261,026.83	1,154,839,757.24
Cash received from return of investments		93,574,837.20	3,616,084,603.45
Net cash received from disposal of fixed assets, intangible assets and		668,332.00	2,552,696.74
Net cash received from disposal of subsidiaries and other business			
Other cash received relating to investing activities		44,645,766,820.10	5,376,248,383.05
<b>Subtotal of cash inflows from investment activities</b>		<b>51,944,271,016.13</b>	<b>10,149,725,440.48</b>
Cash paid for purchase and construction of fixed assets, intangible		791,819,639.99	806,766,396.66
Cash paid for investments		19,474,047,673.02	6,623,118,162.38
Net cash paid for acquisition of subsidiaries and other business units		1,828,275,113.56	150,000,000.00
Other cash paid relating to investing activities		1,693,811,425.80	8,155,280,838.65
<b>Subtotal of cash outflows from investment activities</b>		<b>23,787,953,852.37</b>	<b>15,735,165,397.69</b>
<b>Net cash flows from investment activities</b>		<b>28,156,317,163.76</b>	<b>-5,585,439,957.21</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from absorbing investment			
Cash received from borrowings		63,139,445,175.64	29,395,517,581.94
Other cash received relating to financing activities		2,441,352,006.04	878,448,565.19
<b>Subtotal of cash inflows from financing activities</b>		<b>65,580,797,181.68</b>	<b>30,273,966,147.13</b>
Cash repayments of amounts borrowed		50,350,925,464.00	24,568,052,850.00
Cash paid for dividend and profit distribution or interest payment		17,449,330,238.22	13,662,321,384.07
Other cash paid relating to financing activities		28,618,739,788.45	15,508,240,629.89
<b>Subtotal of cash outflows from financing activities</b>		<b>96,418,995,490.67</b>	<b>53,738,614,863.96</b>
<b>Net cash flow from financing activities</b>		<b>-30,838,198,308.99</b>	<b>-23,464,648,716.83</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash</b>		<b>-228,723,815.38</b>	<b>-548,526,629.60</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>2,846,696,119.86</b>	<b>-13,239,985,187.41</b>
Add: Beginning balance of cash and cash equivalents		17,119,780,780.05	30,359,765,967.46
<b>VI. Ending balance of cash and cash equivalents</b>		<b>19,966,476,899.91</b>	<b>17,119,780,780.05</b>

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

**Statement of Changes in Shareholders' Equity of Parent Company**

January to December in 2021

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

Unit: Yuan

Item	For the year 2021										
	Capital stock	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Equity total of the shareholders
		Preferred stock	Perpetual bond	Others							
<b>I. Ending balance for the previous year</b>	6,015,730,878.00				184,850,281.86	5,182,273,853.90	7,763,409,043.86		3,497,114,024.31	68,536,203,624.18	80,815,033,998.31
Add: Changes in accounting policies											
Early error correction											
Others											
<b>II. Beginning balance for the current year</b>	6,015,730,878.00				184,850,281.86	5,182,273,853.90	7,763,409,043.86		3,497,114,024.31	68,536,203,624.18	80,815,033,998.31
<b>III. Increase or decrease in the current year (decrease expressed with "-")</b>	-101,261,838.00				-75,229,059.02	14,397,372,379.53	3,899,606,549.92		-1,513,386,916.57	-2,508,115,715.03	-14,695,759,358.23
<b>(I) Total comprehensive income</b>							4,014,556,367.52			19,837,271,077.42	23,851,827,444.94
<b>(II) Capital invested by shareholders and capital decrease</b>	-101,261,838.00				-75,229,059.02	14,397,372,379.53			-3,497,114,024.31	-3,717,557,576.88	-21,788,534,877.74
1. Ordinary stocks invested by shareholders											
2. Capital invested by holders of other equity											
3. Amounts of share-based payments recognized into shareholders' equity					31,002,910.71						31,002,910.71
4. Others	-101,261,838.00				-106,231,969.73	14,397,372,379.53			-3,497,114,024.31	-3,717,557,576.88	-21,819,537,788.45
<b>(III) Profit distribution</b>									1,983,727,107.74	-18,736,258,602.74	-16,752,531,495.00
1. Appropriation to surplus reserves									1,983,727,107.74	-1,983,727,107.74	
2. Allocation to shareholders										-16,752,531,495.00	-16,752,531,495.00
3. Others											
<b>(IV) Internal carry-over of shareholders' equity</b>							-114,949,817.60			108,429,387.17	-6,520,430.43
1. Transfer of capital reserves into capital (or stock capital)											
2. Transfer of surplus reserves into capital (or stock capital)											
3. Surplus reserves for making up losses											
4. Defined benefit plan change carried over into retained earnings											
5. Other comprehensive income carried forward to retained earnings							-114,949,817.60			108,429,387.17	-6,520,430.43
6. Others											
<b>(V) Special reserves</b>											
1. Amount withdrawn for the period											
2. Amount used for the period											
<b>(VI) Others</b>											
<b>IV. Ending balance for the current year</b>	5,914,469,040.00				109,621,222.84	19,579,646,233.43	11,663,015,593.78		1,983,727,107.74	66,028,087,909.15	66,119,274,640.08

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

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

January to December in 2020

Prepared by: GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI Unit: Yuan

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

Legal Representative: Dong Mingzhu Chief Accountant: Liao Jianxiong Head of Accounting Department: Liu Yanzi

# GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

## Notes Financial Statements for the Year 2021

### I Basic information of the Company

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

The registered capital and equity of the Company was RMB 5,914,469,040.00 by the end of December 31, 2021. For the specific equity, see Note (V) 43 "Equity".

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

Organizational form of the Company: joint stock limited company

The Company's registration place and office address: Office 608, No. 108, Huitong Third Road, Hengqin New Area, Zhuhai City, Guangdong Province.

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

The Company is a manufacturing enterprise mainly engaging in the production and sales of air-conditioners and their accessories and home appliances and their accessories.

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

As of December 31, 2021, the Company had no actual controller.

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

As of the end of the report period, there were a total of 156 subsidiaries included in the scope of the consolidated financial statements. Among them, please see Note VII. 1 "Rights and interests in the subsidiary" for first-level subsidiaries and Note VI "Changes in the consolidation scope" for the changes in the scope of consolidated financial statements in this period.

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

This financial report was submitted under approval the Board of Directors of the Company as of April 29, 2022.

### II Preparation basis of financial statements

#### 1. Preparation basis of financial statements

The Company prepares the financial statements on the basis of a going concern and according to the transactions and events actually incurred and the disclosure provisions in the *Accounting Standards for Business Enterprises - Basic Standards* (promulgated by the Ministry of Finance Order No. 33, revised by the Ministry of Finance Order No.76) and the specific accounting standards, the Implementation Guide for the Accounting Standards for Business Enterprises, the Interpretations of the Accounting Standards for Business Enterprises and other applicable regulations promulgated and revised by the Ministry of Finance on and after February 15, 2006 (collectively referred to as the "Accounting Standards for Business Enterprises"), as well as the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision)*

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

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

## **2. Going concern**

This financial statement was presented on a going concern basis. The management carefully evaluated factors of the Company in the future 12 months commencing from December 31, 2021 such as the macropolicy risk, market operation risk, current and long-term profitability and solvency of the enterprise, financial flexibility, and the management's intention of changing the operation policy, and held that there was no event that can generate significant influence on the Company's ability to continue as a going concern.

## **III Major accounting policies and accounting estimates**

Specific accounting policies and accounting estimate suggestions:

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

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

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the financial position of the Company on December 31, 2021, and the related information such as operating results and cash flows in the year 2021. Besides, the financial statements prepared by the Company, in all the major aspects, also conform to the disclosure requirements of financial statements and their notes in the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports revised by the China Securities Regulatory Commission in 2014.

### **2. Accounting period**

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

### **3. Operating cycle**

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

#### 4. Functional currency

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

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

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

##### (1) Business combination under common control

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

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

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

that are accounted using the equity method or recognized using financial instruments and accounted according to the measurement standard for recognition. When this investment is disposed of, accounting treatment is conducted using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities. For other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution in net assets of the invested entity that are recognized because of accounting using the equity method, accounting treatment is not conducted temporarily; they shall be transferred to the profits and losses of the current period at the time of disposing of this investment.

## (2) Business combination not under common control

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

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

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

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

In the consolidated financial statements, the stocks of the acquired party held before the date of acquisition shall be remeasured based on the fair value of such stocks on the date of acquisition, and the difference between their fair value and carrying amount shall be charged to the investment income of the current period; where the stocks of the acquired party held before the date of acquisition involve other comprehensive income under accounting of the equity method and other changes in owners' equities other than the net profits/losses, other comprehensive income and profit

distribution, other comprehensive income and other changes in owners' equities concerned with them shall be transferred to the investment income in the period in which the date of acquisition is included (excluding other comprehensive income arising from changes in the net assets or net liabilities of the benefit plan remeasured and redefined by the invested entity). The summation of the fair value of the stocks of the acquired party held before the date of acquisition on the date of acquisition and newly increased investment costs on the date of acquisition shall be the combination cost of the investment.

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

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

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

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

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

## 6. Preparation of consolidated financial statements

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

The consolidation scope of consolidated financial statements shall be determined on the basis of control. Control means that the Company owns the power to the invested entity, enjoys variable return by participating relevant activities of the invested entity, and has the capacity of using the power to the invested entity to affect its return amount.

### (2) Preparation of consolidated financial statements

The consolidated financial statements of the Company are prepared by the Company based on individual financial statements of the Company and subsidiaries and according to other relevant data. During preparation of consolidated financial statements, the accounting policy and accounting period of the Company shall be consistent

with those of subsidiaries, and the inter-company major transactions and balances shall be offset.

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

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

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

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

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

Where the equity investment for a subsidiary is disposed of step by step through multiple transactions till the

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

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

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

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

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

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

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

### **(2) Accounting treatment of co-management**

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

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

b. Independently undertaken liabilities, as well as the jointly undertaken liabilities to be recognized according to the share of the Company;

c. Revenue generated by selling the output share of co-management that is enjoyed by the Company;

d. Revenue that is generated by selling the output during co-management and recognized according to the share of the Company;

e. Independently incurred expense, as well as the expense incurred by co-management and recognized according to the share of the Company.

2) Where the Company puts assets into or sells assets to the parties to co-management (except that the assets constitute business), before the said assets are sold to a third party by the parties to co-management, the Company recognizes only the part in the profits or losses arising from this transaction that is attributable to other participants in the co-management. In case that the put or sold assets involve the asset impairment loss

complying with provisions in the *Accounting Standards for Business Enterprises No. 8 - Impairment of Assets*, the Company shall recognize the said loss in full.

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

## 8. Criteria for cash and cash equivalents

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

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

### (1) Method of translation for foreign currency transactions

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

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

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

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

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

The assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date, except for the "undistributed profit" item, other items of owners' equity are converted at the spot exchange rate

at the time of occurrence. The asset and liability items in the balance sheets shall be translated at an average exchange rate. The balance arisen from the translation of foreign currency financial statements in compliance with the aforesaid method shall be presented separately under the owners' equity item of the balance sheets. The foreign currency cash flow statement shall be translated at the average exchange rate on the cash flow date. The amount of influence of the exchange rate change on cashes shall be presented separately under the adjusted item in the cash flow statement.

## 10. Financial instruments

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

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

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

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

#### 1) Financial assets measured at amortization costs

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

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

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

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

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

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

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

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

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

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

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

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

2) Other financial liabilities

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

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

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

1) The contract right to receive the cash flow of the financial assets is terminated;

2) The financial assets have been transferred, and almost all the risks and rewards of ownership of the financial assets are transferred to the transferring party;

3) The financial assets have been transferred, although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, it has given up control over the financial assets.

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

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

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

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

### (4) Derecognition of financial liabilities

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

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

(5) Offsetting financial assets with financial liabilities

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

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

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

(7) Equity instruments

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

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

## 11. Impairment of financial assets

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

#### (1) Recognition methods of provision for impairment

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

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

The general method for measuring expected credit losses is that the Company assesses on each balance sheet date whether the credit risk of financial assets has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss provisions according to the amount equal to lifetime expected credit losses. If the credit risk has not increased significantly since initial recognition, the Company measures the loss provisions according to the amount equal to 12-month expected credit losses. The Company considers all reasonable and valid information, including forward-looking information, when assessing expected credit losses.

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

#### (2) Judgment standards for whether the credit risks have increased significantly since the initial recognition

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

#### (3) Assessment methods of the expected credit risks based on combinations

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

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

#### (4) Accounting treatment methods of financial assets impairment

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

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

### 1) Notes receivable and receivables financing

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

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

### 2) Accounts receivable and contract assets

For accounts receivable and contract assets that do not contain significant financing components and contain significant financing components, the Company measures the loss provision based on the lifetime expected credit loss amount. Expected credit losses related to contract assets are included in asset impairment losses.

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

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

### 3) Disbursement of loans statements and advances

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

### 4) Other receivables

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

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

### 5) Debt investment

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

### 6) Other debt investments

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

#### 7) Long-term receivables

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

### 12. Receivable financing

For notes receivable and accounts receivable classified as measured at fair value and of which changes are included in other comprehensive income, the portion within one year (including one year) from the date of acquisition is presented as receivables financing; while the portion beyond one year is presented as other debt investment. For related accounting policies, please refer to Note III. 10 "Financial Instruments" and Note III. 11 "Impairment of Financial Assets".

### 13. Inventory

#### (1) Inventory classification

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

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

#### (2) Valuation for delivered inventories

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

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

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

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

#### (4) Stock count system for inventories

The Company's inventory adopts the perpetual inventory system.

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

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

#### 14. Contract assets

The Company presented the right to collect payments from customers which the customers have not yet paid the contract consideration, but the Company has fulfilled its performance obligations in accordance with the contract, and which is not unconditional (that is, only depending on the passage of time) as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

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

#### 15. Contract costs

(1) Determination of asset amount related to contract costs

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

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

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

(2) Amortization of assets related to contract costs

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

(3) Impairment of assets related to contract costs

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

If the depreciation factors in the previous period change later, causing the aforementioned difference is higher than the book value of the asset, the Company will reverse the previously-made provision for impairment and include

it in the current profits or losses, but the book value of the asset after the reversal can not exceed the book value of the asset at the date of reversal under the assumption that no provision is made for the impairment.

## 16. Assets held for sale

### (1) Recognition standard

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

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

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

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

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

### (2) Accounting treatment

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

Where the net value of the fair value of non-current assets held for sale on the balance sheet date minus the selling expense increases subsequently, the previous write-down amount is restored and will be reversed in the amount of assets impairment loss after classification as the category held for sales is confirmed, and the reversed

amount shall be included in the current profits and losses. Asset impairment losses recognized before the classification are not reversed.

Where the net value of the fair value of disposal group held for sale on the balance sheet date minus the selling expense increases subsequently, the previous write-down amount is restored and will be reversed in the amount of assets impairment loss confirmed for non-current assets applicable to the measurement provisions of the category held for sale after classification as the category held for sales, and the reversed amount shall be included in the current profits and losses.

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

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

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

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

2) Recoverable amount.

## 17. Long-term equity investments

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

(1) Judgment standards of control and significant influence

Judgment standards of control:

1) The Company owns the power to the invested entity;

2) The Company enjoys variable return by participating relevant activities of the invested entity;

3) The Company has the ability to use the power over the invested entity to influence the Company's return amount;

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

Judgment standards of significant influence:

1) The Company has the power to participate in the decision-making of the investee's financial and operating policies, but does not control, or jointly control the formulation of these policies with other parties;

2) Where GDG is able to exert significant impact on the investee, it is the associated enterprise of GDG;

3) The invested entity under common control by the Company and other participants is a joint venture of the Company. Common control means that any participant cannot independently control this arrangement, and any participant with the right to common control on this arrangement can prevent other participants or the combination of participants from independently controlling this arrangement.

(2) Determination of the investment cost of the long-term equity investment

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

(3) Subsequent measurement of long-term equity investments and methods of profit or loss recognition

The company adopts the cost method to calculate the long-term equity investment that can control the investee, and the equity method to calculate the investment of associated enterprise and joint venture.

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

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

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

losses and other comprehensive income. For other changes in owners' equities other than the net profits or losses, other comprehensive income and profit distribution, the carrying amount of the long-term equity investment shall be adjusted and recorded into the owners' equities.

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

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

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

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

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

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

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

For the originally held investments for associates and joint ventures, if they are not able to be under common control with or have significant influences on the invested entity, if they are not able to be under common control with or have significant influences on the invested entity due to reason such as partial disposal, accounting treatment must be performed for remaining equity investments according to the recognition and measurement standards for financial instruments, and the difference between the fair value and carrying amount on the date on which the common control or significant influence is lost shall be charged to profits or losses of the current period. When

accounting based on the equity method is terminated for other related comprehensive income originally subject to accounting of equity method, accounting treatment is performed using the basis the same as that used by the invested entity to directly dispose of relevant assets or liabilities; all the owners' equities that are recognized due to other changes in owners' equities other than the net profits/losses, other comprehensive income and profit distribution of the invested entity shall be transferred to the profits or losses of the current period when accounting based on the equity method is terminated.

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

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

For the originally held long-term equity investment that is able to control the invested entity, if the shareholding proportion declines due to reasons such as partial disposal and the investment cannot be able to control, be under

common control with or have significant influences on the invested entity, accounting treatment must be performed for remaining equity investments according to the recognition and measurement standards for financial instruments. The difference between the fair value and carrying amount on the date of control loss shall be recorded into the investment income of the current period.

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

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

## **18. Investment real estate**

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

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

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

See 24 "Long-term asset impairment" of the Note III for the impairment test method and impairment reserve accrual method of investment real estate.

## **19. Fixed assets**

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

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

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

## (2) Measurement of fixed assets

The fixed assets are measured at cost.

1) The cost of a purchased fixed asset consists of the purchase price, the relevant taxes, freight, loading and unloading fees, professional service fees and other expenses that bring the fixed asset to the expected conditions for use and that may be relegated to the fixed asset.

2) If the payment for a fixed asset is delayed beyond the normal credit conditions and it is of financing nature in effect, the cost of the fixed asset shall be recognized based on the present value of the purchase price. The difference between the actual payment and the present value of the purchase price shall be included in the current profits and losses within the credit period, unless it shall be capitalized in accordance with the *Accounting Standards No. 17 - Borrowing Costs*.

3) The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the assets reaching the predetermined usable state.

4) The cost invested to a fixed asset by the investor shall be recognized in accordance with the value as stipulated in the investment contract or agreement, other than those of unfair value as stipulated in the contract or agreement.

5) The costs of fixed assets acquired through the exchange of non-monetary assets, recombination of liabilities, merger of enterprises shall be respectively recognized in accordance with the *Accounting Standards No. 7 - Exchange of Non-monetary Assets*, *Accounting Standards for Enterprises No. 12 - Debt Restructuring*, *Accounting Standards for Enterprises No. 20 - Merger of Enterprises* and *Accounting Standards for Enterprises No. 21 - Leases*.

## (3) Classification of fixed assets

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

## (4) Depreciation of fixed assets

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

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

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

Depreciation of fixed assets of which a provision for impairment has been made: For a fixed asset of which a provision for impairment has been made, the depreciation of the fixed asset shall be made based on the amount of

deducting its expected net salvage value, depreciation amount and provision for impairment from the original price of the fixed asset and remaining service life of the fixed asset.

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

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

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

(5) Treatment of subsequent expenditures for fixed assets

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

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

(6) Impairment test method and accounting and drawing method for impairment provision of fixed assets

See 24 "Long-term Assets Impairment" of the Note III for the impairment test method and impairment provision method of fixed assets.

## 20. Construction in progress

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

(1) Valuation of construction in progress

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

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

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

See 24 "Long-term Asset Impairment" in the Note III for the impairment test method and impairment provision method of construction in process.

## 21. Borrowing costs

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

(1) Recognition of capitalization of borrowing costs

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

(2) Period of capitalization of borrowing costs

1) Time point of capitalization of borrowing costs.

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

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

2) Time point of ceasing capitalization of borrowing costs:

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

3) Recognition of suspending capitalization of borrowing costs:

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

(3) Computing method of capitalizing amount of borrowing costs

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

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

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

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

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

## **22. Usufruct assets**

For the determination method of right-of-use asset and accounting treatment method, please see Note III. 34 "Lease".

## **23. Intangible assets**

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

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

### **(1) Measurement of intangible assets**

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

### **(2) Subsequent measurement**

The Company shall analyze and judge the service life of intangible assets when it obtains intangible assets. If the

Company is unable to forecast the period when the intangible asset can bring economic benefits to it, it shall be regarded as an intangible asset with uncertain service life.

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

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

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

### (3) Estimation of service life

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

1) General life cycle of products manufactured by using the assets and information about service life of similar assets available;

2) Present situation of technologies and process and estimation for future development trends;

3) Market demand of products manufactured or services rendered by using the assets;

4) Expected actions of present or potential competitors;

5) Expected maintenance expenses for economic capacity from the assets and the Company's expected capability to pay relevant expenses;

6) Laws and regulations or similar restrictions relating to the control period of the assets, such as concession period and lease period;

7) Relevance with service life of other assets held by the Company, etc.

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

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

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

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

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

c. How the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

d. Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

e. Ability to measure reliably the expenditure that is attributable to the intangible asset during its development.

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

(5) Impairment test method and accounting and drawing method of impairment provision for intangible assets

See 24 “Long-term Assets Impairment” of the Note III for the impairment test method and impairment provision method of intangible assets.

#### **24. Impairment of long-term assets**

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

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

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

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

#### **25. Long-term unamortized expenses**

Long-term deferred expenses refer to the expenses incurred by the Company but attributable to the current and subsequent accounting periods of more than one year (excluding one year), including the expenses for improvement of fixed assets leased by operating lease.

Long-term deferred expenses shall be recorded into the account based on their actual amount of expenditure and shall be averagely amortized by their beneficial period, if long-term deferred expenses can not benefit subsequent accounting periods, the unamortized value of the project shall be all transferred to the profits and losses of the current period.

#### **26. Contract liabilities**

Contract liability refers to the Company's obligation to transfer goods to customers for consideration received or receivable from customers. If before the Company transfers the goods to the customer, the customer has paid the contract consideration or the Company has obtained the unconditional right to receive payment, the Company will, at the earlier time point between the actual payment by the customer and the payment due, present the amount received or receivables as contract liabilities. Contract assets and contract liabilities under the same contract are presented in net amount, and contract assets and contract liabilities under different contracts are not offset.

## 27. Employees' wages and salaries

### (1) Accounting treatment of short-term wages and salaries

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

### (2) Accounting treatment of separation benefits

The severance benefit plans can be divided into the defined contribution plan and the defined benefit plan

1) In the accounting period during which employees provide services to the Company, the Company recognizes the amount to be deposited (calculated according to the defined contribution plan) as liabilities and charges it to the current-period profits and losses or relevant asset costs.

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

a. The Company will estimate the relevant demographic statistical variables and financial variables with unbiased and consistent actuarial assumptions by using the projected unit credit method, and then measure the obligations arising from the defined benefit plan, and the period in which the obligations incurred is determined accordingly;

b. The present value of obligation under the defined benefit plan minus the deficit or surplus formed by the fair value of asset under the defined benefit plan shall be recognized as the net liabilities or net assets under a defined benefit plan. If the defined benefit plan had surplus, the Company should measure the net asset under the defined benefit plan with the surplus or asset caps of the defined benefit plan, whichever is lower. The upper asset limit refers to the present value of the economic interest that can be obtained by the Company from refund of the defined benefit plan or by reducing the fund to be deposited for the defined benefit plan in the future;

c. At the end of the period, recognize the costs of employees' wages and salaries arising from the defined benefit plan as the service costs, net interests of net liabilities or net assets of the defined benefit plan, and changes arising from remeasurement of net liabilities or net assets of the defined benefit plan, wherein the service costs and net interests of net liabilities or net assets of the defined benefit plan are recorded into the current-period profits/losses or relevant asset costs, changes arising from remeasurement of net liabilities or net assets of the defined benefit plan are recorded into other comprehensive income and cannot be reversed to profits/losses in the subsequent accounting period, but such amount recognized in other comprehensive income can be transferred within the equity scope;

d. Recognize a settlement gain or loss during settlement of the defined benefit plan.

### (3) Accounting treatment of dismiss welfare

The liability of employees' wages and salaries that arises from the dismiss welfare shall be recognized on the

earlier one of the following two dates and charged to the current-period profits/losses:

- 1) When the Company cannot unilaterally cancel the dismissal welfare provided for the labor relationship cancellation plan or staff reduction suggestion;
  - 2) When the Company recognizes the cost or expense related to reconstruction involving dismissal welfare payment.
- (4) Accounting treatment of other long-term employee welfares

If other long-term employee welfares offered by the Company to employees comply with the defined contribution plan, accounting treatment will be conducted according to the defined contribution plan; the long-term benefits other than these will undergo accounting treatment according to the defined benefit plan. However, "changes arising from remeasurement of net liabilities or net assets of the defined benefit plan" under relevant employees' wages and salaries will be included into the current profits or losses or relevant asset costs.

## **28. Lease liabilities**

For the determination method of lease liability and accounting treatment method, please see Note III. 34 "Lease".

## **29. Accrued liabilities**

- (1) Recognition criteria of estimated liabilities

When the businesses related to contingencies such as external guarantee, pending action or arbitration, product quality assurance, plan for layoffs, loss contract, restructuring obligations and fixed asset disposal obligations meet all following conditions, they shall be recognized as liabilities:

- 1) The liabilities are present liabilities assumed by the Company;
- 2) The fulfillment of the liabilities might cause outflow of economic benefits from the enterprise;
- 3) The amount of the liabilities can be reliably measured.

- (2) Measurement methods of estimated liabilities

The estimated liabilities shall be measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be recognized in accordance with the middle estimate within the range. In other cases, the best estimate shall be recognized in accordance with the following methods, respectively:

- 1) When a contingency involves a single item, the best estimate shall be determined according to the most probable amount;
- 2) If the contingencies concern two or more items, the best estimate shall be calculated and recognized in accordance with all possible outcomes and the relevant probabilities.

When all or some of the expenses necessary for the liquidation of estimated liabilities of the company is expected to be compensated by a third party or other parties, the compensation shall be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement shall not exceed the carrying amount of the recognized estimated liabilities.

## **30. Share-based payments**

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

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

#### 1) Equity-settled share-based payments

The equity-settled share-based payment in return for employee services is measured at the fair value of the equity instruments on the day granted to the employees. The fair value is measured based on the best estimate of the number of vesting equity instruments in the waiting period and included in the relevant costs or expenses by the straight-line method when its right is exercised only after the service in the waiting period is completed or the specified performance conditions are met. When the vesting is exercised immediately after granted, the relevant cost or fee is included on the date of the granting date, and the capital reserve is increased accordingly.

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

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

#### 2) Cash-settled share-based payments

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

In each balance sheet date and the date of settlement before the settlement of the relevant liabilities, re measure the fair value of liabilities, the changes recorded in the current profits and losses.

### (2) Relevant accounting treatment for amending and terminating share-based payment plan

When the Company amends the share-based payment plan, if the fair value of equity instruments granted is increased due to the amendment, the increase of the services obtained will be recognized correspondingly according to the increase of the fair value of equity instruments. The increase of the fair value of equity instruments refers to the difference between the fair values on the amendment date of equity instruments before and after amendment. If the amendment reduces the total fair value of the share-based payment or adopts other unfavorable methods to the employees, the accounting treatment of the obtained services will be continued as if the modification has never occurred, unless the Company cancels part or all of the equity instruments granted.

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

### 31. Revenue

For the contract between the Company and the customer, the Company recognizes the revenue at the point when the customer obtains control over the relevant goods and the following conditions are met simultaneously: the parties to the contract have approved the contract and promised to perform their respective obligations; the contract clarifies the rights and obligations of the parties to the contract in relation to the transferred goods or the provided services; the contract has clear payment terms related to the transferred goods; the contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow; and the consideration that the Company is entitled to obtain due to its transfer of goods to customers is likely to be recovered.

At the commencement date of the contract, the Company identifies each individual performance obligation in the contract, and allocates the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the Company considers the impact of out a variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

The Company recognizes the transaction price allocated to each individual performance obligation as revenue at the point when the customer obtains control over the relevant goods. When judging whether the customer has obtained control over the goods, the Company considers the following signs: where the Company has the current right to receive payment for the goods, that is, the customer has the current payment obligation for the goods; where the Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; where the Company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind; where the Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; where the customer has accepted the goods; and other signs that the customer has obtained control over the goods.

The Company's main sales of air conditioners and related products usually only include the performance obligations of the transferred goods.

#### (1) Income from selling goods

1) For the income from domestic sales of products, the Company mainly adopts the form of payment in advance. The Company recognizes the income when the product is outbound and delivered to the purchaser, the shipping document is issued or the customer's receipt bill is obtained, and the amount of income from product sales is determined;

2) In terms of the export sales income, the Company completes the customs declaration and port departure procedures for the products according to the contract and obtains the bill of lading. The income is confirmed when the amount of the sales revenue is determined.

(2) Income from rendering labor services

1) For the income from storage services, after the relevant labor services are provided, the Company will settle the income on a monthly basis when the amount of income has been determined according to the working hours and standard wages of the services provided, facilities used and related expenses;

2) For the income from material processing services, the Company will recognize the income when it processes the materials according to the contract and delivers it to the customer to obtain the customer's receipt document, and the amount of income is determined;

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

For the service charge and commission income, the completion time point of the contractual performance obligations is determined according to the business settlement sheet formulated through settlement with the customer when the business is completed, and the specific amount of revenue is recognized according to the terms and ratios stipulated in the business contract or agreement.

(3) Income from alienating of right to use assets

The income from abalienating the right to use assets includes the interest income, leasehold income, etc.

The Company confirms the income from abalienating the right to use assets when the income amount can be reliably measured and the relevant economic benefits are likely to flow into the enterprise.

1) The interest income of the Company includes the income from the interest of the money deposited at a financial enterprise and loan interest income. The income from the interest of the money deposited at a financial enterprise is recognized by period according to the time of depositing and the actual interest rate. The loan interest income is recognized when the Company grants self-operating loan and the interest is accrued by period. The loan interest income is recognized according to the effective interest rate method.

The effective interest rate method means that the amortization cost of a financial asset or financial liability and interest income or interest expenditure of each period are calculated according to its effective rate of interest. The effective rate of interest refers to the interest rate used to discount the future cash flow of a financial asset or financial liability within the expected period of existence or a shorter period to the current book value of the financial asset or financial liability. When determining the effective rate of interest, the Company predicts the future cash flow on the basis of considering all the contract terms of financial asset or financial liability, but does not consider the loss of future credits. All the charges paid or collected by the Company and becoming a constituent part of the effective rate of interest, transaction expense and transaction premium or discount shall be considered when the effective rate of interest is determined.

2) The leasehold revenue recognition conditions of the Company are as follows:

- a. The lease contract, agreement or other settlement notices recognized by the lessee are available;
- b. The obligations stipulated in the contract are fulfilled, the lease invoice is issued, and the price has been obtained or will be obtained for sure;
- c. The rental cost can be measured reliably.

### 32. Government subsidies

A government subsidy means the monetary and non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the owner. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

The Company defines the obtained government subsidies used for purchase or construction, or forming the long-term assets by other ways as government subsidies pertinent to assets, and all the other government subsidies as government subsidies pertinent to income. If the government document does not specify the subsidy object, the following mode is adopted to classify the subsidies into government subsidies pertinent to income and government subsidies pertinent to assets:

(1) If the government document specifies the project to which the subsidy aims, the amount is divided according to the relative proportion of the paid amount to form assets to the paid amount to be recorded into expenses in the budget of this specific project, and this division proportion needs to be checked on every balance sheet date and be changed when necessary;

(2) If the government document provides only a general presentation of the purpose without specifying the specific project, the subsidy shall be regarded as government subsidy pertinent to income.

The government subsidies pertinent to assets shall be recognized as deferred income and included in the profits and losses by period according to the reasonable and systematic methods in the service life of the relevant asset when this asset reaches the intended state of use. Where the relevant asset is sold, transferred, scrapped or damaged before the service life ends, the related deferred income balance unallocated is transferred to the profits and losses of the current period of asset disposal.

If the government subsidies pertinent to incomes are used for compensating the related expenses or losses in the later period, they shall be recognized as deferred income when being obtained and shall be recorded into the current-period profits and losses in the period when the relevant expenses or losses are recognized; if the government subsidies pertinent to incomes are used for compensating the related cost expenses or losses incurred, they shall be recorded into the current-period profits and losses directly when being obtained.

The government subsidies pertinent to daily activities shall be recorded in other incomes; the government subsidies not pertinent to daily activities shall be recorded in the non-operating incomes and expenditures.

(3) The obtained subsidized interest of policy preference undergoes accounting treatment by differentiating the following two obtaining ways:

a. Where the financial department disburses the discount fund to the loan bank so that the loan bank provides a loan to the Company at the policy-based preferential interest rate, the fair value of loan is used as the entry value of loan, the borrowing cost is calculated according to the effective interest rate method, and the difference between the actual amount received and the fair value of borrowing is recognized as deferred income. The deferred income is amortized using the effective interest rate method in the borrowing remaining period to offset the relevant borrowing cost;

b. Where the financial department disburses the discount fund to the Company directly, the corresponding discount is used to offset the relevant borrowing cost.

(4) Where the government subsidies are monetary assets, they shall be measured according to the amount received or receivable. Where the government subsidies of non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained in a reliable way, the subsidies shall be measured at the nominal amount. When a government subsidy is actually received, the Company usually recognizes and measures it according to the

actually received amount. At the end of the period, however, if there is any exact evidence showing that the Company complies with relevant conditions provided in the financial supporting policy, and it is expected to receive the capital support from the government, this subsidy shall be measured according to the amount receivable. The government subsidy measured according to the amount receivable shall comply with all the following conditions:

1) The amount of receivable subsidy has been confirmed by the authoritative government department by issuing a document, or the subsidy can be independently and reasonably measured and calculated in accordance with relevant provisions of the formally issued financial fund management measures, and it is predicted that its amount does not involve significant uncertainty;

2) The subsidy is based on the financially supported project that is formally released by the local financial department and initiatively disclosed according to provisions of the Regulation of the People's Republic of China on the Disclosure of Government Information, as well as its financial fund management measures, and the management measures must be generous (any enterprise meeting the defined conditions can apply for the subsidy) and are not formulated specially for specific enterprises;

3) Other conditions that shall be matched according to specific conditions of the Company and this matter of subsidy.

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

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference between the tax base of assets and liabilities and their book values (temporary differences). For deductible losses that can be deducted from taxable income in subsequent years in accordance with the provisions of the tax law, the corresponding deferred income tax assets are recognized. For temporary differences arising from the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. For temporary differences arising from the initial recognition of assets or liabilities arising from non-business combination transactions that neither affect accounting profits nor taxable income (or deductible losses), the corresponding deferred income tax assets and deferred income tax liabilities are not recognized. At the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The Company recognizes the deferred income tax assets to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary differences, deductible losses and tax deductions.

Deferred income tax liabilities are recognized for all taxable temporary differences arising from the investments in subsidiaries, joint ventures and associates, except to the extent that both of the following conditions are satisfied: the Company is able to control the timing of the reversal of the temporary differences; and it is likely that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences associated with investments in subsidiaries, joint ventures and associates if all of the following conditions are satisfied: it is likely that the deductible temporary difference will reverse in the foreseeable future and it is likely that taxable profit in the future will be available against which the deductible temporary difference can be utilized.

The deferred tax assets and the deferred tax liabilities are offset and presented on a net basis when all of conditions are satisfied:

- a. deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity of the Company; and
- b. the taxable entity of the Company has a legal right to settle current tax assets and liabilities on a net basis.

### 34. Lease

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

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

##### 1) Initial measurement

On the beginning of the lease term, the Company will recognize the right to use the leased assets during the lease term as the right-of-use asset and the current value of the lease payment amount that has not been paid as lease liability, except for short-term lease and low-value asset lease. When calculating the current value of the lease payment amount, the Company uses the implied interest rate in lease as a discount rate. If the implied interest rate in lease cannot be determined, the lessee incremental borrowing interest rate is used as the discount rate.

The Company should initially measure right-of-use assets according to the cost. The cost includes:

- a. The initially measured amount of the lease liabilities;
- b. The lease payments minus the enjoyed lease incentives made by the Company on or before the start date of the lease term;
- c. The initial direct cost of the Company;
- d. The estimated cost incurred by the Company to disassemble and remove the leased assets, restore the site of the leased assets to the original condition or restore the leased assets to the condition agreed in the lease contract.

##### 2) Subsequent measurement

The Company calculates and distills depreciation by referring to fixed asset depreciation policies (see Note III. 19 "Fixed assets"). If the Company can reasonably determine the obtaining of the ownership of the leasing assets when the lease term expires, it will calculate and distill depreciation within the remaining service life of the leasing asset. Where it is impossible to reasonably determine if the ownership of the leased asset can be acquired upon the expiration of the lease term, the Company will make depreciation within a shorter period between the lease term and the remaining service life of the leased asset.

For lease liability, the Company calculates its interests during the lease term according to a fixed periodic interest rate and includes them in the current profit or loss or the cost of related assets. The variable lease payment amount that is not included in the lease liability is included in the current profit or loss or cost of related assets when it actually occurs.

After the lease term starts, in case of changes in the substantial fixed payment amount, the estimated amount payable of the guarantee residual value, the index or ratio used for determining the lease payment amount, the call option, renewal option or the assessment result or actual vesting of the termination option, the Company re-measures the lease liability according to the current value of the lease payment amount after the change and adjusts the book

value of the right-of-use asset accordingly. The book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company will include the remaining amount into the current profits and losses.

### 3) Short-term leases and low value asset leases

For short-term lease (with a lease term of no more than 12 months from the beginning of the lease) and low-value asset lease, the Company adopts a simplified processing method to include the lease payment amount into the cost of relevant assets or current profit and loss during the lease term according to the straight line method or other systematic and reasonable methods instead of recognizing the right-of-use asset and lease liability.

#### (2) With the Company as the Lessor

Based on the substance of transaction, the Company classifies the lease as finance lease and operating lease on the lease commencement date. Finance lease refers to the lease that transfers substantially almost all risks and rewards associated with the ownership of the assets. Operating lease refers to the lease other than the finance lease.

##### 1) Operating leases

The Company adopts the straight line method to recognize the lease payment amount of the operating lease as the rental income during the lease term. Variable lease payments in connection with the operating lease that are not included in lease receipts are included in the current profits and losses when actually incurred.

##### 2) Finance lease

On the beginning date of the lease term, the Company recognizes the financial lease receivables and terminates the recognition of the financial lease assets. The financial lease receivables are initially measured by the net lease investment (the sum of present value the discounted implied interest rate in lease for the non-guaranteed residual value and the lease payments that have not been received on the beginning date of the lease term) and the interests during the lease term are calculated according to a fixed periodic interest rate. The variable rental payments obtained by the Company that are not included in the net lease investment are included in the current profit and loss when they actually occur.

## 35. Discontinued operation

Discontinued operation refers to a constituent part that meets one of the following conditions and can be distinguished separately, and this constituent part has been disposed of or classified into the category held for sale:

- (1) This constituent part represents an independent main business or a separate main business area;
- (2) This constituent part is one part of an associated plan for disposing of an independent main business or a separate main business area;
- (3) This constituent part is a subsidiary specially acquired for resale.

The Company lists the continuous operation profit and loss and discontinued operation profit and loss in the consolidated income statement and the income statement respectively. For the non-current asset or disposal group held for sale that does not comply with the definition of discontinued operation, its impairment loss and reversed amount and profit and loss from disposal shall be listed as continuous operation profit and loss. The impairment loss and reversed amount of discontinued operation and other operation profits and losses and profits and losses from disposal shall be listed as discontinued operation profits and losses.

For the discontinued operation listed in the current period, in the current financial statements, the information originally listed as continuous operation profit and loss is re-listed as discontinued operation profits and losses of the comparable accounting period. Where the disposal group for discontinued use that is not for sale meets the condition of the relevant constituent part in the definition of discontinued operation, it shall be listed as discontinued operation from the date of discontinued use. Where the control right of a subsidiary is lost due to reasons such as selling the investment into the subsidiary and this subsidiary complies with the definition of discontinued operation, the relevant discontinued operation profits and losses shall be listed in the consolidated income statement.

### **36. Segment report**

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, determines the report segment based on the operating segment, and discloses the segment information.

The operating segment refers to the constituent part in the Company that meets the following conditions at the same time:

(1) This constituent part can generate income and cost in daily activities;

(2) The management of the Company can regularly evaluate the operating results of the constituent part so as to decide configuration of resources to it and evaluate its performance;

(3) The Company can obtain the relevant accounting information of this constituent part such as its financial status, operating results and cash flows. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they can be combined into one operating segment.

### **37. Repurchase share**

If the Company's shares are acquired due to the reduction of registered capital or employee rewards, the amount actually paid shall be treated as the treasury share and registered at the same time for future reference. If the repurchased share is canceled, the difference between the total share face value and amount paid for actual repurchase calculated by the face value of the canceled share and number of shares canceled is used to offset the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be offset;

If the repurchased shares are used to reward the Company's employees as equity-settled share-based payment, please refer to Note III. 30 "Share-based payment" for the corresponding accounting treatment.

### **38. Hedging**

To avoid certain risks, the Company hedges certain financial instruments as hedging instruments. Hedge that meets the prescribed conditions will be handled by the Company using hedge accounting methods. The Company's hedging includes fair value hedge, cash flow hedge and hedge of net investment in overseas operations.

At the beginning of the hedging, the Company officially designates the hedging tool and the hedged item, and prepares written documents on the hedging relationship and the risk management strategy and risk management objectives of the Company engages in hedging. In addition, the Company will continue to assess the effectiveness of the hedging when and after the hedging begins.

(1) Fair value hedge

For eligible hedging instruments designated as fair value hedge, the gains or losses generated thereby are included in the current profits and losses. If a hedging instrument is hedged on a non-trading equity instrument

investment (or its component) that is selected to be measured at fair value and of which changes are included in other comprehensive income, the gains and losses generated thereby are included in other comprehensive income. Gain or loss of a hedged item due to hedging risk exposure is included in the current profits and losses, while adjusting the book value of the hedged item. If a hedged item is measured at fair value, the gain or loss of the hedged item due to hedging risk exposure does not need to adjust the book value of the hedged item, and the related gain and loss are included in the current profits or losses or other comprehensive income.

When the Company revokes the designation of the hedging relationship, the hedging instrument has expired or is sold, the contract is terminated or exercised, or the conditions for the use of hedging accounting is no longer met, the use of hedging accounting is terminated.

#### (2) Cash flow hedging

For eligible hedging instruments designated as cash flow hedge, the portion of the gains or losses generated thereby that is determined to be an effective hedge is included in other comprehensive income, while the portion that is determined to be an ineffective hedge is included in the current profits and losses.

If the expected transaction causes the Company to subsequently recognize a non-financial asset or non-financial liability, or the expected transaction of the non-financial asset or non-financial liability forms a firm commitment applicable to fair value hedge accounting, the Company will transfer out the amount of cash flow hedge reserve originally recognized in other comprehensive income and includes it in the initial recognition amount of the asset or liability. For other cash flow hedging, the Company will, during the same period in which the hedged expected cash flow affects the profit or loss, transfer out the amount of cash flow hedge reserve originally recognized in other comprehensive income and includes it in the current profits and losses.

If it is expected that all or part of the net loss originally included in other comprehensive income cannot be compensated in the future accounting period, the portion which cannot be compensated will be transferred out and included in the current profits and losses.

When the Company terminates the use of hedging accounting for cash flow hedges, the accumulated cash flow hedge reserve that has been included in other comprehensive income will be retained when future cash flow expectations still occur, and will be transferred out of other comprehensive income and included in the current profits and losses when future cash flow expectations no longer occur.

#### (3) Hedge of net investment in an overseas operation

Hedge of net investment in overseas operations is accounted for using a method similar to the cash flow hedge. Among the gains or losses of hedging instruments, the portion that is determined to be an effective hedge is included in other comprehensive income, while the portion that is determined to be an ineffective hedge is included in the current profits and losses.

Gains and losses that have been included in other comprehensive income will be transferred out of other comprehensive income and included in the current profits and losses when disposing of overseas operations.

### **39. Safe production expense**

Some subsidiaries of the Company withdraw the safety production costs in accordance with national regulations and include them in the costs of related products or current profit or loss.

Where the expenses for production safety extracted are of a cost nature, the special reserves shall be directly written off. If the expenses for safety production extracted are used to form fixed assets, the expenses incurred by the

account collection of "construction in progress" shall be recognized as fixed assets when the safety project is completed and reaches the expected serviceable state; at the same time, according to the cost of forming fixed assets, special reserves shall be written down, and the same amount of accumulated depreciation shall be confirmed. The fixed asset is no longer depreciated at a later stage.

#### 40. Risk reserve

In accordance with the *Administrative Measures for the Reserve Accrual of Financial Enterprises* ("Accrual Measures") (CJ [2012] No. 20) promulgated by the Ministry of Finance, the financial industry subsidiaries under the Company establish general risk provisions on the basis of provision for preparation for the impairment of assets to make up for potential losses related to risk assets that have not yet been recognized. This general risk preparation will be treated as distribution of profits. It is an integral part of the owner's equity. In principle, it should not be less than 1.5% of the ending balance of risk assets. According to the requirements of the accrual measures, if the proportion of the general preparation balance of financial enterprises in the ending balance of risk assets is difficult to reach 1.5% at one time, it can be in place in years. In principle, it should not exceed 5 years.

#### 41. Major accounting policies and accounting estimate changes

##### (1) Changes in important accounting policies

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 - Leases (Finance and Accounting [2018] No. 35) on December 7, 2018, requiring companies listed at home and abroad at the same time and companies listed overseas and adopting IFRS or Accounting Standards for Business Accounting to prepare financial statements to implement from January 1, 2019; and requiring other domestic listed companies implementing Accounting Standards for Business Enterprises to implement from January 1, 2021. The Company made corresponding changes to its accounting policies in accordance with the requirements of the standard.

According to the provisions of the new lease criteria, for the contract that has existed prior to the first execution date, the Company chooses not to re-evaluate whether it is lease or includes lease. Only the retained earnings at the beginning of the period and other related statement items were adjusted on first-time implementation, and no adjustments were made to comparable period information. The change in accounting policy did not have a significant impact on the financial indicators of total assets, total liabilities, net assets and net profit of the Company.

The following shows adjustments to the financial statements at the beginning of the period of the first implementation of the new lease standard for the first time starting from 2021:

Report Item	Amount as at 31 December, 2020 (before change)		Amount as at January 1, 2021 (after change)	
	Consolidated Statements	Parent company's statement	Consolidated Statements	Parent company's statement
<b>Non-current assets:</b>				
Usufruct assets			38,952,103.28	
Long-term unamortized expenses	8,567,923.50		1,954,062.19	
Total non-current assets	65,584,936,463.61	49,231,239,643.63	65,617,274,705.58	49,231,239,643.63
<b>Total assets</b>	<b>279,217,923,628.27</b>	<b>239,626,991,300.20</b>	<b>279,250,261,870.24</b>	<b>239,626,991,300.20</b>
Current liabilities:				

Report Item	Amount as at 31 December, 2020 (before change)		Amount as at January 1, 2021 (after change)	
	Consolidated Statements	Parent company's statement	Consolidated Statements	Parent company's statement
Non-current liabilities due within one year			22,927,889.42	
<b>Total current liabilities</b>	<b>158,478,718,130.74</b>	<b>157,595,121,705.31</b>	<b>158,501,646,020.16</b>	<b>157,595,121,705.31</b>
Non-current liabilities:				
Lease liabilities			9,410,352.55	
<b>Total non-current liabilities</b>	<b>3,858,718,409.39</b>	<b>1,216,835,596.58</b>	<b>3,868,128,761.94</b>	<b>1,216,835,596.58</b>
<b>Total liabilities</b>	<b>162,337,436,540.13</b>	<b>158,811,957,301.89</b>	<b>162,369,774,782.10</b>	<b>158,811,957,301.89</b>
<b>Total liabilities and owner's equity</b>	<b>279,217,923,628.27</b>	<b>239,626,991,300.20</b>	<b>279,250,261,870.24</b>	<b>239,626,991,300.20</b>

(2) Changes of major accounting estimates

No.

## VI Taxes

### 1. Main tax categories and tax rates

Category	Tax Base	Tax Rate
Added-value tax	Added value from sales of goods or provision of labor services	13.00%, 9.00%, 6.00%, etc.
Urban maintenance & construction tax	Payable circulation tax	7.00%, 5.00%
Educational surcharges	Payable circulation tax	3.00%
Local education surcharge	Payable circulation tax	2.00%
Business income tax	Taxable income	34.00%, 25.00%, 20.00%, 16.50%, 15.00%, etc.

[Note] The place of business of the Company's subsidiary Hong Kong Gree Electric Appliances Sales Limited is Hong Kong Special Administrative Region, and the profit tax rate of Hong Kong is 16.50%; the place of business of the Company's subsidiaries Gree (Brazil) Electric Appliances Co., Ltd. and Brazil United Electric Appliances Industry and Commerce Co., Ltd. is Brazil, and the federal enterprise income tax rate of Brazil is 34.00%.

### 2. Tax preferences

(1) The Company was registered in Zhuhai, Guangdong, and has been enjoying the preferential policy for the high and new tech enterprises (High-tech Enterprise Certificate No. GR202044007307). The Company applied the income tax rate of 15.00%, which is valid for 3 years.

(2) Deemed to be high and new tech enterprises, the following subsidiaries of the Company applied the enterprise income tax rate of 15.00% in 2021

No.	Name of tax payer	Certificate number	Time for acquiring the certificate	Valid period
1	Zhuhai Landa Compressor Co., Ltd.	GR202044007788	December 9, 2020	Three years
2	Zhuhai Gree Xinyuan Electronics Co., Ltd.	GR201944009719	November 30, 2019	Three years

No	Name of tax payer	Certificate number	Time for acquiring the certificate	Valid period
3	Zhuhai Kaibang Motor Manufacture Co., Ltd.	GR202144007599	December 20, 2021	Three years
4	Zhuhai Gree Daikin Precision Mold Co., Ltd.	GR201944005454	December 2, 2019	Three years
5	Gree Electric Appliances Appliance (Hefei) Co., Ltd	GR202034000570	August 17, 2020	Three years
6	Gree Green Refrigeration Technology Center Co., Ltd. of Zhuhai	GR202044006403	December 9, 2020	Three years
7	Gree (Wuhan) Electric Appliances Co., Ltd.	GR201942003097	November 28, 2019	Three years
8	Gree (Zhengzhou) Electric Appliances Co., Ltd.	GR202041001002	September 9, 2020	Three years
9	Gree (Wuhu) Electric Appliances Co., Ltd.	GR202034002197	August 17, 2020	Three years
10	Gree (Shi Jiazhuang) Electric Appliances Co., Ltd.	GR201913002804	December 2, 2019	Three years
11	Zhuhai EWP Information Technology Co., Ltd.	GR201944005394	December 2, 2019	Three years
12	Changsha Gree HVAC Equipment Co., Ltd.	GR202043000055	September 11, 2020	Three years
13	Zhuhai Gree Precision Mold Co., Ltd.	GR202044007901	December 9, 2020	Three years
14	GREE (Zhongshan) Household Appliances Co., Ltd.	GR202044011848	December 9, 2020	Three years
15	Hefei Kinghome Electrics Co., Ltd	GR202134001678	September 18, 2021	Three years
16	Zhuhai Gree New Material Co., Ltd.	GR201944009559	December 2, 2019	Three years
17	Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	GR201913002825	December 2, 2019	Three years
18	Zhuhai Gree Dakin Device Co., Ltd.	GR202144007849	December 20, 2021	Three years
19	Zhuhai Gree Electormechanical Engineering Co., Ltd.	GR202044011411	December 9, 2020	Three years
20	Gree TOSOT (Suqian) Home Appliances Co., Ltd.	GR202032012986	December 2, 2020	Three years
21	Gree (Hangzhou) Electric Appliances Co., Ltd.	GR202033001006	December 1, 2020	Three years
22	Hefei Landa Compressor Co., Ltd.	GR202034001654	August 17, 2020	Three years
23	Zhengzhou Landa Compressor Co., Ltd.	GR202041001848	December 4, 2020	Three years
24	Wuhan Landa Compressor Co., Ltd.	GR202042001716	December 1, 2020	Three years
25	Hefei Kaibang Motor Manufacture Co., Ltd.	GR202034002198	August 17, 2020	Three years
26	Henan Kaibang Motor Manufacture Co., Ltd.	GR202041000105	September 9, 2020	Three years
27	Gree Electric Enterprises (Ma'anshan) Ltd.	GR202034001625	August 17, 2020	Three years
28	Gree Altairnano New Energy Inc.	GR202144004177	December 20, 2021	Three years
29	Zhuhai Guangtong Automobile Co., Ltd.	GR202044009236	December 9, 2020	Three years

No.	Name of tax payer	Certificate number	Time for acquiring the certificate	Valid period
30	Zhuhai Gree Altairnano Electric Appliances, Inc.	GR202144006478	December 20, 2021	Three years
31	Chengdu Gree Titanium New Energy Inc.	GR201951002380	November 28, 2019	Three years
32	Hebei Gree Titanium New Energy Inc.	GR201913001838	October 30, 2019	Three years
33	Northern Aotai Nanotechnology Co., Ltd.	GR202113001126	September 18, 2021	Three years

(3) The following subsidiaries of the Company enjoy the country's western development policy, and applied the income tax rate of 15.00%.

No.	Name of tax payer	Start time
1	Gree (Chongqing) Electric Appliances Co., Ltd.	January 1, 2008
2	Chongqing Landa Compressor Co., Ltd.	January 1, 2015
3	Chongqing Kaibang Motor Manufacture Co., Ltd.	January 1, 2013
4	Chengdu Gree Xinhui Medical Equipment Co., Ltd.	April 8, 2020
5	Chengdu Guangtong Automobile Co., Ltd.	June 13, 2017

## V Items in consolidated financial statements

For the following note items (including notes to the main items of the parent company's financial statements), unless otherwise specified, "the beginning of the period" means January 1, 2021, "the end of the period" means December 31, 2021, and "the end of the previous year" means December 31, 2020, "the current year" refers to 2021, and "the previous year" refers to 2020. Unless otherwise stated, the amount unit is Yuan.

### 1. Monetary funds

Item	Balance at the end of the period	Beginning balance
Cash on hand	1,021,935.16	468,623.79
Bank deposits	37,248,838,390.03	78,022,377,237.18
Other monetary capital [Note 1]	36,207,001,226.17	18,693,373,853.14
Deposits in central bank [Note 2]	1,406,034,172.78	2,039,998,699.60
Deposits in other banks	38,791,111,355.15	35,190,517,674.79
Subtotal	113,654,007,079.29	133,946,736,088.50
Accrued interest	3,285,291,697.58	2,466,407,771.31
Total	116,939,298,776.87	136,413,143,859.81
Including: Total amount deposited abroad	341,734,386.47	637,626,876.23

[Note 1] The balance at the end of the period of other monetary capital refers to banks' acceptance bill deposits, guarantee deposits, letter of credit deposits, etc., where the restricted fund was RMB 35,924,841,935.70;

[Note 2] The statutory deposit reserve in the Company's deposits in central bank are RMB 1,403,981,413.43, and its use is restricted;

[Note 3] Except the above situations, there are no other funds in the end-of-period balance of monetary funds

that have limited use and potential recovery risks due to mortgage, pledge or freezing.

## 2. Trading financial liabilities

Item	Balance at the end of the period	Beginning balance
Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income		370,820,500.00
Including: Debt instrument investment		370,820,500.00
Total		370,820,500.00

## 3. Derivative financial assets

Item	Balance at the end of the period	Beginning balance
Forward foreign exchange settlement/sale	198,773,198.65	285,494,153.96
Total	198,773,198.65	285,494,153.96

## 4. Accounts receivable

(1) Accounts receivables are disclosed by account age

Account age	Balance at the end of the period
Within 1 year	12,223,311,908.11
1 ~ 2 years	1,097,130,089.53
2 to 3 years	654,718,975.22
Over 3 years	2,131,328,023.16
Subtotal	16,106,488,996.02
Less: Bad debt provisions	2,265,590,193.26
Total	13,840,898,802.76

[Note] The Company's accounts receivable with the account age of over 1 year are mainly subsidy receivables for dismantling waste electrical and electronic products and payment for new energy vehicles.

(2) Disclosure of accounts receivable classification

Category	Balance at the end of the period				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt provisions accrued separately	1,293,262,223.96	8.03	1,029,353,603.16	79.59	263,908,620.80
Accounts receivable with bad debt provisions accrued according to the combination	14,813,226,772.06	91.97	1,236,236,590.10	8.35	13,576,990,181.96
Including: account age combination	12,433,046,350.06	77.19	1,041,853,417.60	8.38	11,391,192,932.46
Low risk combination	2,380,180,422.00	14.78	194,383,172.50	8.17	2,185,797,249.50

Category	Balance at the end of the period				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Credit loss rate (%)	
Total	16,106,488,996.02	100.00	2,265,590,193.26	14.07	13,840,898,802.76

(Continued)

Category	Beginning balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt provisions accrued separately	125,518,248.51	1.32	125,518,248.51	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	9,365,829,735.59	98.68	627,598,830.15	6.70	8,738,230,905.44
Including: account age combination	7,773,779,870.59	81.91	484,681,830.93	6.23	7,289,098,039.66
Low risk combination	1,592,049,865.00	16.77	142,916,999.22	8.98	1,449,132,865.78
Total	9,491,347,984.10	100.00	753,117,078.66	7.93	8,738,230,905.44

1) Accounts receivable for which bad debt reserves are accrued individually:

Name	Balance at the end of the period			
	Book balance	Bad debt provision	Credit loss rate (%)	Reason for appropriation
43 units in total	1,293,262,223.96	1,029,353,603.16	79.59	It is expected to be difficult to recover in full
Total	1,293,262,223.96	1,029,353,603.16	79.59	

2) In the combination, the accounts receivable with bad debt provisions accrued by account age combination:

Account age	Book balance	Bad debt provision	Credit loss rate (%)
Within 1 year	11,116,991,920.25	555,849,596.19	5.00
1 ~ 2 years	475,779,000.79	86,302,607.06	18.14
2 to 3 years	223,686,004.19	62,249,391.62	27.83
Over 3 years	616,589,424.83	337,451,822.73	54.73
Total	12,433,046,350.06	1,041,853,417.60	8.38

[Note] The changes in the expected credit loss rate of aging combination in this period are caused by the company combination not under the same control.

3) In the combination, the accounts receivable with bad debt provisions accrued by low risk combination

Name	Balance at the end of the period		
	Book balance	Bad debt provision	Credit loss rate (%)
Low risk combination	2,380,180,422.00	194,383,172.50	8.17

Name	Balance at the end of the period		
	Book balance	Bad debt provision	Credit loss rate (%)
Total	2,380,180,422.00	194,383,172.50	8.17

(3) Changes in the bad-debt provision in this period

Category	Beginning balance	Change of the current period				Balance at the end of the period
		Changes in the scope of combination	Appropriation	Recovered or reversed	Wrote-off	
Single accrual	125,518,248.51	906,365,112.59		2,529,757.94		1,029,353,603.16
Account age combination	484,681,830.93	406,611,041.33	150,772,299.04		211,753.70	1,041,853,417.60
Low risk combination	142,916,999.22	28,462,574.33	23,003,598.95			194,383,172.50
Total	753,117,078.66	1,341,438,728.25	173,775,897.99	2,529,757.94	211,753.70	2,265,590,193.26

[Note] There was no significant recovery or reversal of bad debt provisions during the current period.

(4) Particulars on accounts receivable actually wrote-off in the current period

Item	Wrote-off amount
6 units in total	211,753.70
Total	211,753.70

(5) Accounts receivable of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Balance at the end of the period of accounts receivable	Percentage (%) in the total balance at the end of the period of accounts receivable	Balance of provision for bad debts at the end of the period
First	1,610,790,135.00	10.00	165,143,601.52
Second	1,099,252,494.86	6.82	54,962,624.56
Third	769,390,287.00	4.78	29,239,570.98
Fourth	497,718,000.00	3.09	24,885,900.00
Fifth	368,451,389.27	2.29	18,422,569.45
Total	4,345,602,306.13	26.98	292,654,266.51

(6) Accounts receivable derecognized due to the transfer of financial assets

No.

(7) Assets and liabilities formed due to the transfer and continuous involvement of accounts receivable

No.

## 5. Receivable financing

(1) Receivables financing classified and listed

Item	Balance at the end of the period	Beginning balance
Notes receivable measured at fair value		
Including: Bank acceptance bills	25,612,056,693.07	20,972,269,154.21
Including: Notes accepted by Gree Finance Company	804,781,351.78	1,105,774,342.96
Commercial acceptance bill		1,135,441.28
Total	25,612,056,693.07	20,973,404,595.49

(2) Receivables financing pledged by the Company at the end of the period

Item	Pledged amount at the end of the period
Bank acceptance bills	12,911,461,792.08
Total	12,911,461,792.08

(3) Receivables financing that has been endorsed or discounted by the Company at the end of the period but not yet due at the balance sheet date

Item	Amount whose recognition is terminated at the end of the period	Amount whose recognition is not terminated at the end of the period
Bank acceptance bills	23,818,750,252.14	840,000,000.00
Commercial acceptance bill		12,128,009.63
Total	23,818,750,252.14	852,128,009.63

(4) Receivables financing transferred by the Company into accounts receivable due to the note issuer's failure of performance

No.

(5) Receivables financing actually wrote off in the current period

No.

## 6. Advance payments

(1) The prepayments are listed by account age as follows

Account age	Balance at the end of the period		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	4,500,793,847.23	98.02	3,103,519,802.42	99.18
1 ~ 2 years	21,906,080.13	0.48	17,658,164.08	0.56
2 to 3 years	24,927,433.26	0.54	5,665,338.67	0.18
Over 3 years	44,259,156.72	0.96	2,358,698.07	0.08
Total	4,591,886,517.34	100.00	3,129,202,003.24	100.00

[Note] The changes in the age structure of advance payment in this period are caused by business combination not under the same control.

(2) Advance payment aged over one year and significant amount in this period

No.

(3) Prepayments of top 5 prepayment objects in the balance at the end of the period collected by the prepayment object

The aggregate balance amount of prepayments of top 5 suppliers in the balance at the end of the period collected by the supplier was RMB 2,496,164,550.08, accounting for 54.36% of the total balance of prepayments at the end of the period.

## 7. Other receivables

Item	Balance at the end of the period	Beginning balance
Dividends receivable	615,115.33	
Other receivables [Note 1]	333,546,754.85	147,338,547.86
Total	334,161,870.18	147,338,547.86

[Note 1] Other receivables in the table above refer to other receivables after deduction of interest receivables and dividends receivable;

[Note 2] The Company has no interest receivable balance at the end and the beginning of the period.

(1) Dividends receivable

1) Classification of dividends receivable

Item	Balance at the end of the period	Beginning balance
Dividends receivable	615,115.33	
Total	615,115.33	

2) Significant dividends receivable aged over 1 year

No.

(2) Other receivables

1) Other receivables classified by nature

Nature of money	Balance at the end of the period	Beginning balance
Current and low-risk payments	487,589,373.01	165,954,624.87
Less: Bad debt provisions	154,042,618.16	18,616,077.01
Total	333,546,754.85	147,338,547.86

2) Accrual of bad debt reserves

Bad debt provision	Phase I	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	

Bad debt provision	Phase I	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	7,377,897.43		11,238,179.58	18,616,077.01
Changes in the scope of combination in this period	6,744,383.37		124,278,371.61	131,022,754.98
Appropriation for the current period			7,620,570.28	7,620,570.28
Reserved in the current period	3,158,127.91			3,158,127.91
Wrote-off in the current period	36,392.38		22,263.82	58,656.20
Balance on December 31, 2021	10,927,760.51		143,114,857.65	154,042,618.16

## 3) Disclosure by aging

Account age	Book balance
Within 1 year	223,370,210.02
1 ~ 2 years	66,464,345.41
2 to 3 years	95,316,990.94
Over 3 years	102,437,826.64
Subtotal	487,589,373.01
Less: Bad debt provisions	154,042,618.16
Total	333,546,754.85

## 4) Bad debt reserves accrued, recovered or reversed in the current period

Category	Beginning balance	Change of the current period			Balance at the end of the period
		Changes in the scope of combination	Accrual/reversal	Wrote-off	
Single accrual		73,373,158.79	2,527,264.75		75,900,423.54
Account age combination	17,944,577.01	57,649,596.19	2,547,427.62	58,656.20	78,082,944.62
Low risk combination	671,500.00		-612,250.00		59,250.00
Total	18,616,077.01	131,022,754.98	4,462,442.37	58,656.20	154,042,618.16

[Note] There is no significant recovery or reversal of bad debt provisions during the current period.

## 5) Other receivables actually wrote off in the current period

Item	Wrote-off amount
4 units in total	58,656.20

[Note] There was no significant writing-off of other receivables during the current period.

## 6) Other receivables of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Nature of money	Balance at the end of the period	Account age	Proportion to the total balance of other receivables at the end of the period (%)	Balance of provision for bad debts at the end of the period
First	Intercourse funds	77,016,600.00	2 to 3 years	15.80	19,255,186.18
Second	Intercourse funds	40,312,312.68	1 to 3 years, 3 years or more	8.27	40,312,312.68
Third	Intercourse funds	36,017,222.73	Within 1 year	7.39	1,800,861.14
Fourth	Intercourse funds	23,019,791.78	Over 3 years	4.72	23,019,791.78
Fifth	Intercourse funds	20,050,000.00	Within 1 year	4.11	1,002,500.00
Total		196,415,927.19		40.29	85,390,651.78

7) Receivables involving government subsidies

No.

8) Other receivables derecognized due to the transfer of financial assets

No.

9) Assets and liabilities formed due to the transfer and continuous involvement of other receivables

No.

## 8. Inventory

(1) Classification of inventories

Item	Balance at the end of the period		
	Book balance	Inventory depreciation provision or provision for impairment of contract performance cost	Book value
Raw material	11,013,706,175.31	844,318,692.51	10,169,387,482.80
Goods in process and contract performance cost	1,974,184,596.76		1,974,184,596.76
Finished goods	27,845,565,162.22	1,296,652,950.63	26,548,912,211.59
Development cost	4,073,114,036.86		4,073,114,036.86
Total	44,906,569,971.15	2,140,971,643.14	42,765,598,328.01

(Continued)

Item	Beginning balance		
	Book balance	Falling price reserve of inventory or impairment reserves of contract performance cost	Book value
Raw material	8,959,268,217.85	388,954,526.10	8,570,313,691.75
Goods in process and contract performance cost	2,046,139,363.33		2,046,139,363.33

Item	Beginning balance		
	Book balance	Falling price reserve of inventory or impairment reserves of contract performance cost	Book value
Finished goods	15,761,579,871.16	108,259,680.25	15,653,320,190.91
Development cost	1,609,731,913.40		1,609,731,913.40
Total	28,376,719,365.74	497,214,206.35	27,879,505,159.39

(2) Provision for the loss on decline in value of inventories

Item	Beginning balance	Increase in the combination scope	Increased amount in the current period	Decreased amount in the current period	Balance at the end of the period
			Appropriation	Write-off amount	
Raw material	388,954,526.10	450,926,043.68	120,560,679.83	116,122,557.10	844,318,692.51
Finished goods	108,259,680.25	866,222,164.30	349,919,336.20	27,748,230.12	1,296,652,950.63
Total	497,214,206.35	1,317,148,207.98	470,480,016.03	143,870,787.22	2,140,971,643.14

Specific bases for making a provision for decline in value of inventories and reasons of reversing or writing off the provision for decline in value of inventories in the current period:

Item	Specific basis for making a provision for decline in value of inventories	Writing off the provision for decline in value of inventories in the current period
Raw material	The lower of the inventory cost and net realizable value	Applied for or sold in the current period
Finished goods	The lower of the inventory cost and net realizable value	Sold in the current period

(3) The inventory balance at the end of the period did contain capitalized amounts of borrowing costs

No.

(4) Amortization amount of the current period of contract performance cost: The amortized contract performance cost in the current period is 109,805,808.67 yuan.

## 9. Contract assets

(1) Contract assets are disclosed by account age

Account age	Balance at the end of the period
Within 1 year	417,335,707.89
1 ~ 2 years	279,122,410.83
2 to 3 years	368,013,139.80
Over 3 years	480,647,482.82
Subtotal	1,545,118,741.34
Less: provision for impairment	393,890,268.71
Total	1,151,228,472.63

(2) Contract assets are disclosed by category

Item	Balance at the end of the period			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Account age combination	721,024,117.34	115,256,697.58	605,767,419.76	91,786,834.71	13,241,309.11	78,545,525.60
Low risk combination	824,094,624.00	278,633,571.13	545,461,052.87			
Total	1,545,118,741.34	393,890,268.71	1,151,228,472.63	91,786,834.71	13,241,309.11	78,545,525.60

(3) Particulars on impairment provisions accrued for contract assets in the current period:

Item	Beginning balance	Increase in the combination scope	Appropriation for the current period	Reserved in the current period	Balance at the end of the period
Low risk combination		279,915,098.02		1,281,526.89	278,633,571.13
Account age combination	13,241,309.11	72,146,394.86	29,868,993.61		115,256,697.58
Total	13,241,309.11	352,061,492.88	29,868,993.61	1,281,526.89	393,890,268.71

### 10. Non-current assets due within one year

Item	Balance at the end of the period	Beginning balance	Remark
Other debt investments due within one year	10,860,197,639.98		
Long-term receivables due within one year	3,406,416.52		
Subtotal	10,863,604,056.50		
Accrued interest of other debt investments due within one year	169,967,876.10		
Total	11,033,571,932.60		

### 11. Other current assets

Item	Balance at the end of the period	Beginning balance
Monetary investment products	5,460,000,000.00	8,274,000,000.00
Input tax to be deducted and prepaid tax	2,786,329,636.97	2,532,692,156.12
Notes which have been endorsed or discounted but not yet due	852,128,009.63	4,588,589,780.94
Others	282,434,079.34	104,308,689.13
Subtotal	9,380,891,725.94	15,499,590,626.19
Add: Accrued interests	21,626,670.32	117,711,287.68
Less: Preparation for impairment of other mobile assets	20,340,809.19	
Total	9,382,177,587.07	15,617,301,913.87

### 12. Disbursement of loans statements and advances

(1) Distribution of enterprises and individuals

Item	Balance at the end of the period	Beginning balance
------	----------------------------------	-------------------

Item	Balance at the end of the period	Beginning balance
Disbursement of loans statements and advances measured at amortized costs:		
Disbursement of corporate loans and advances	4,247,674,817.07	5,403,251,177.80
Including: (1) Loan	1,052,040,000.00	3,857,680,000.00
(2) Discount	3,195,634,817.07	1,545,571,177.80
Including: discount asset interest adjustment	-31,355,182.93	-7,547,171.66
Less: loan loss provision	106,975,750.00	135,269,958.74
Including: combined appropriation	106,975,750.00	135,269,958.74
Subtotal	4,140,699,067.07	5,267,981,219.06
Accrued interest	1,953,834.78	5,824,362.46
Book value of disbursement of corporate loans and advances	4,142,652,901.85	5,273,805,581.52

(2) Changes in loss provision for loans

Item	Balance at the end of the period	Beginning balance
Disbursement of loans statements and advances measured at amortized costs:		
Beginning balance	135,269,958.74	369,304,393.78
Appropriation for the current period	-28,294,208.74	-234,034,435.04
Balance at the end of the period	106,975,750.00	135,269,958.74

### 13. Other debt investments

(1) Particulars on other debt investments

Items	Balance at the end of the period				
	Cost	Accrued interest	Fair value changes	Book value	Accumulated loss provisions recognized in other comprehensive income
Treasuries	294,120,614.59	3,378,082.20	7,448,985.41	304,947,682.20	
Corporate bonds	469,153,368.80	6,880,882.18	7,002,641.18	483,036,892.16	
Transferable certificate of deposit [Note]	17,100,000,000.00	354,467,166.67		17,454,467,166.67	
Subtotal	17,863,273,983.39	364,726,131.05	14,451,626.59	18,242,451,741.03	
Less: Other debt investment due within one year	10,859,752,569.26	169,967,876.10	445,070.72	11,030,165,516.08	
Less: Other current assets	1,300,000,000.00	2,229,333.33		1,302,229,333.33	
Total	5,703,521,414.13	192,528,921.62	14,006,555.87	5,910,056,891.62	

(Continued)

Item	Beginning balance				Accumulated loss provisions recognized in other comprehensive income
	Cost	Accrued interest	Fair value changes	Book value	
Treasuries	292,922,755.76	3,378,082.20	2,565,844.24	298,866,682.20	
Corporate bonds	199,243,635.63	1,890,410.97	2,201,564.37	203,335,610.97	
Total	492,166,391.39	5,268,493.17	4,767,408.61	502,202,293.17	

[Note] The transferable certificate of deposit held by the Company is classified as financial assets measured at fair value and whose changes are included in other comprehensive income according to the management's intention and the cash flow of contract, and listed as other debt investment, other mobile assets, and non-current assets due within one year according to its liquidity. On December 31, 2021, there was no significant difference between the cost of the Company's transferable certificate of deposit and fair value.

(2) Important debt investment

Other debt items	Balance at the end of the period				Beginning balance			
	Face value	Coupon rate (%)	Real interest rate (%)	Date due	Face value	Coupon rate (%)	Real interest rate (%)	Date due
16. Interest-bearing treasuries 17	200,000,000.00	2.74	3.10	August 4, 2026	200,000,000.00	2.74	3.10	August 4, 2026
16. Interest-bearing treasuries 17	100,000,000.00	2.74	3.44	August 4, 2026	100,000,000.00	2.74	3.44	August 4, 2026
20 Nongfa 08	200,000,000.00	3.45	3.54	September 23, 2025	200,000,000.00	3.45	3.54	September 23, 2025
19 Huafa Group MTN007	50,000,000.00	4.57	5.00	December 6, 2022				
19 Huafa Group MTN007	10,000,000.00	4.57	5.10	December 6, 2022				
19 Huafa Group MTN008B	10,000,000.00	5.30	5.31	December 11, 2024				
21 Huafa Group MTN007	200,000,000.00	4.65	4.65	June 28, 2024				
Transferable certificate of deposit	17,100,000,000.00	3.35-4.18	3.35-4.18	January 14, 2022 to December 9, 2024				
Total	17,870,000,000.00				500,000,000.00			

**14. Long-term receivables**

Item	Balance at the end of the period		
	Book balance	Bad debt provision	Book value
Goods sold on installment	38,157,391.25	20,340,809.19	17,816,582.06
Less: Unrealized financing income	844,248.07		844,248.07

Item	Balance at the end of the period		
	Book balance	Bad debt provision	Book value
Less: Long-term account receivable due within one year	3,406,416.52		3,406,416.52
Less: Reclassified to other mobile assets	31,487,695.59	20,340,809.19	11,146,886.40
Total	2,419,031.07		2,419,031.07

## 15. Long-term equity investments

Name of invested entities	Beginning balance		Increase/Decrease in the current period					Balance at the end of the period	
	Original value	Provision for impairment	Changes in the scope of combination	Decreased investment	Investment gains and losses recognized under equity law	Adjustment of other comprehensive incomes	Declaration and distribution of cash dividends or profits	Original value	Provision for impairment
I. Joint venture									
Six companies including Songyuan Grain Group Jiangwan Rice Industry Co., Ltd. [Note]			1,145,000.00		75,914.19			1,220,914.19	
Subtotal			1,145,000.00		75,914.19			1,220,914.19	
II. Associates									
Gree (Vietnam) Electric Appliances, Inc.	1,940,009.35	1,940,009.35						1,940,009.35	1,940,009.35
Liaowang All Media Communication Co., Ltd.	36,052,960.09				1,332,591.91			37,385,552.00	
Beijing Gree Technology Co., Ltd.	2,294,251.09				-237,069.32		2,057,181.77		
Chongqing Pargo Mechanical Equipment Co., Ltd.	11,249,230.03			13,498,800.00	2,249,569.97				
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	14,729,087.92				212,951.68			14,942,039.60	
Hunan Guoxin Semiconductor Technology Co., Ltd.	20,099,845.47				13,817.45		108,922.33	20,004,740.59	
Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)	7,061,709,059.56				-18,046,764.90	1,849,833,156.32		8,893,495,450.98	
Henan Yuze Finance Leasing Co., Ltd.	51,286,191.75				1,569,732.71		1,106,576.00	51,749,348.46	
Zhuhai Hanling Equity Investment Partnership (Limited Partnership)	922,420,436.23				53,187,718.56		55,127,991.72	920,480,163.07	

Name of invested entities	Beginning balance		Increase/Decrease in the current period					Balance at the end of the period	
	Original value	Provision for impairment	Changes in the scope of combination	Decreased investment	Investment gains and losses recognized under equity law	Adjustment of other comprehensive incomes	Declaration and distribution of cash dividends or profits	Original value	Provision for impairment
Lanzhou Guangtong New Energy Automobile Co., Ltd.			101,054,678.56		8,076,320.55	-685,328.00		108,445,671.11	
Guizhou Qianzhixing New Energy Co., Ltd.			2,682,419.83		92,796.23			2,775,216.06	
Ningxia Nenggu New Energy Technology Co., Ltd.			443,125.41		-99,262.34			343,863.07	
Eocell Limited			7,284,782.90		-2,144,270.51			5,140,512.39	
Beijing Liyin Automobile Technology Co., Ltd.			4,605,056.55					4,605,056.55	
Sichuan Jinshi Leasing Co., Ltd.			271,108,603.86		5,310,882.64			276,419,486.50	
Subtotal	8,121,781,071.49	1,940,009.35	387,178,667.11	13,498,800.00	51,519,014.63	1,849,147,828.32	58,400,671.82	10,337,727,109.73	1,940,009.35
Total	8,121,781,071.49	1,940,009.35	388,323,667.11	13,498,800.00	51,594,928.82	1,849,147,828.32	58,400,671.82	10,338,948,023.92	1,940,009.35

[Note] For the disposal of 6 companies including Songyuan Grain Group Jiangwan Rice Industry Co., Ltd., please refer to Note VI. 4 "Disposal of subsidiaries".

## 16. Other equity instruments investments

### (1) Particulars on other equity instrument investments

Item	Balance at the end of the period	Beginning balance
Shanghai Highly (Group) Co., Ltd.	755,079,703.46	667,802,216.81
Xinjiang Joinworld Company Limited	217,422,947.74	215,172,336.36
Wingtech Technology Co., Ltd. [Note 1]	4,636,568,053.50	3,550,040,505.00
RSMACALLINE-HSHS	195,769,835.63	254,461,858.93
San'an Optoelectronics Co., Ltd. [Note 2]	4,302,405,489.72	3,093,928,974.37
COFCO Trading (Suibin) Agricultural Development Co., Ltd.	7,000,000.00	7,000,000.00
Total	10,114,246,030.05	7,788,405,891.47

[Note 1] The Company directly holds 35,858,995 shares of Wingtech Technology Co., Ltd., and the sale of such shares is restricted for 36 months from October 2019.

[Note 2] The Company directly holds 114,547,537 shares of San'an Optoelectronics Co., Ltd., and the sale of such shares is restricted for 36 months from June 2020.

### (2) Particulars on non-trading equity instrument investment

Item Name	Dividend income recognized	Accumulated gains	Cumulative losses	Other comprehensive income Amount transferred to retained earnings	Reason for designation as at fair value through other comprehensive income	Reason for the amount transferred from other comprehensive income into retained earnings
Shanghai Highly (Group) Co., Ltd.	14,411,825.47		386,430,427.61		According to the management's intention and contractual cash flow	
RSMACALLINE-HSHS			444,254,984.68		According to the management's intention and contractual cash flow	
Wingtech Technology Co., Ltd.	5,916,734.18	3,751,568,056.90			According to the management's intention and contractual cash flow	
Xinjiang Joinworld Company Limited	3,918,701.49	105,586,941.75		114,949,817.60	According to the management's intention and	Sales of some stocks

Item Name	Dividend income recognized	Accumulated gains	Cumulative losses	Other comprehensive income Amount transferred to retained earnings	Reason for designation as at fair value through other comprehensive income	Reason for the amount transferred from other comprehensive income into retained earnings
					contractual cash flow	
San'an Optoelectronics Co., Ltd.	17,182,130.55	2,302,405,489.72			According to the management's intention and contractual cash flow	
COFCO Trading (Suibin) Agricultural Development Co., Ltd.	1,448,000.00				According to the management's intention and contractual cash flow	
Total	42,877,391.69	6,159,560,488.37	830,685,412.29	114,949,817.60		

#### 17. Other non-current financial assets

Item	Balance at the end of the period	Beginning balance
Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	81,309,327.39	2,003,483,333.33
Total	81,309,327.39	2,003,483,333.33

#### 18. Investment real estate

Investment real estate using cost measurement model

Item	Houses and buildings	Total
I. Total of original carrying amount		
1. Beginning balance	706,658,435.30	706,658,435.30
2. Increased amount in current period	67,357,852.46	67,357,852.46
Including: Transfer-in from construction in progress	3,856,543.64	3,856,543.64
Business combination increase	63,501,308.82	63,501,308.82
3. Amount decreased in the current period		
4. Ending balance	774,016,287.76	774,016,287.76
II. Accumulated depreciation and accumulated amortization		
1. Beginning balance	243,237,573.91	243,237,573.91
2. Increased amount in current period	75,923,891.22	75,923,891.22

Item	Houses and buildings	Total
Including: appropriation or amortization	42,857,231.40	42,857,231.40
Business combination increase	33,066,659.82	33,066,659.82
3. Amount decreased in the current period		
4. Ending balance	319,161,465.13	319,161,465.13
III. Provision for impairment		
IV. Carrying amount		
1. Book value at the end of the period	454,854,822.63	454,854,822.63
2. Book value at the beginning of the period	463,420,861.39	463,420,861.39

[Note] As of December 31, 2021, the book value of investment real estate - houses and buildings of which the Company has not obtained the property ownership certificates was RMB 46,525,035.59.

## 19. Fixed assets

Item	Balance at the end of the period	Beginning balance
Fixed assets [Note]	31,183,285,286.03	18,983,485,128.88
Fixed assets in liquidation	5,440,856.96	7,039,959.06
Total	31,188,726,142.99	18,990,525,087.94

[Note] The fixed assets in the table above refer to the fixed assets after deduction of the fixed assets in liquidation.

### (1) Information of fixed assets

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other equipment	Total
I. Total of original carrying amount:						
1. Beginning balance	17,304,790,191.65	16,739,570,987.42	1,168,546,991.86	1,696,626,020.86	502,623,927.59	37,412,158,119.38
2. Increased amount in current period	9,710,894,812.73	8,246,492,826.56	180,145,760.74	450,112,870.37	280,075,404.66	18,867,721,675.06
Including: (1) Purchase	4,453,637.33	929,053,433.28	62,106,561.69	287,036,850.51	83,056,784.42	1,365,707,267.23
(2) Transfer-in from construction in progress	3,977,111,042.23	460,072,431.30				4,437,183,473.53
(3) Increase by business combination	5,729,330,133.17	6,857,366,961.98	118,039,199.05	163,076,019.86	197,018,620.24	13,064,830,934.30
3. Decreased amount in current period		130,197,050.73	19,918,270.13	18,282,517.97	8,397,536.00	176,795,374.83
Including: Disposal or scrapping		130,197,050.73	19,918,270.13	18,282,517.97	8,397,536.00	176,795,374.83
4. Difference arising from translation of financial statements in foreign currency	-9,510,888.19	-4,391,313.92	-195,041.33	-262,606.71	-167,273.80	-14,527,123.95
5. Ending balance	27,006,174,116.19	24,851,475,449.33	1,328,579,441.14	2,128,193,766.55	774,134,522.45	56,088,557,295.66
II. Accumulated depreciation						
1. Beginning balance	5,471,702,676.23	10,176,319,528.39	862,969,705.20	1,522,777,567.14	378,141,308.28	18,411,910,785.24
2. Increased amount in current period	1,971,102,824.69	3,835,185,358.72	240,475,124.77	351,525,719.45	218,242,927.57	6,616,531,955.20

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other equipment	Total
Including: (1) Appropriation	1,021,472,481.42	1,903,203,855.74	156,246,465.72	235,321,835.34	87,378,510.22	3,403,623,148.44
(2) Business combination increased	949,630,343.27	1,931,981,502.98	84,228,659.05	116,203,884.11	130,864,417.35	3,212,908,806.76
3. Decreased amount in current period		96,268,974.60	18,383,962.97	16,965,952.05	4,983,671.65	136,602,561.27
Including: Disposal or scrapping		96,268,974.60	18,383,962.97	16,965,952.05	4,983,671.65	136,602,561.27
4. Difference arising from translation of financial statements in foreign currency	-600,096.15	-2,168,714.12	-124,183.41	-133,129.70	-78,543.50	-3,104,666.88
5. Ending balance	7,442,205,404.77	13,913,067,198.39	1,084,936,683.59	1,857,204,204.84	591,322,020.70	24,888,735,512.29
III. Provision for impairment						
1. Beginning balance	13,788,472.27	2,694,962.53	8,282.39	131,160.63	139,327.44	16,762,205.26
2. Increased amount in current period						
3. Decreased amount in current period		34,136.43	8,282.39	95,587.13	-	138,005.95
Including: Disposal or scrapping		34,136.43	8,282.39	95,587.13	-	138,005.95
4. Difference arising from translation of financial statements in foreign currency		-87,701.97				-87,701.97
5. Ending balance	13,788,472.27	2,573,124.13		35,573.50	139,327.44	16,536,497.34
IV. Carrying amount						
1. Ending book value	19,550,180,239.15	10,935,835,126.81	243,642,757.55	270,953,988.21	182,673,174.31	31,183,285,286.03
2. Beginning book value	11,819,299,043.15	6,560,556,496.50	305,569,004.27	173,717,293.09	124,343,291.87	18,983,485,128.88

[Note] As of December 31, 2021, the book value of fixed assets - houses and buildings that the Company has not obtained the property ownership certificates was RMB 10,961,925,644.13.

(2) Information of temporary idle fixed assets

No.

(3) Information of fixed assets leased out through operating leases

No.

(4) Fixed assets in liquidation

Item	Balance at the end of the period	Beginning balance
Fixed assets in liquidation	5,440,856.96	7,039,959.06
Total	5,440,856.96	7,039,959.06

**20. Construction in progress**

Item	Balance at the end of the period	Beginning balance
Construction in Progress [Note]	6,481,236,333.38	4,016,082,730.07
Total	6,481,236,333.38	4,016,082,730.07

[Note] The construction in progress in the above table refers to the construction in progress after deduction of engineering materials.

(1) Construction in Progress

Item	Balance at the end of the period			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Gree Altairnano Project	2,267,183,174.63	54,413.75	2,267,128,760.88			
Gree HQ project	907,483,903.01		907,483,903.01	570,077,306.55		570,077,306.55
Gree Gaolan Port Project	661,759,431.04		661,759,431.04	62,939,878.48		62,939,878.48
Gree Nanjing Project	579,446,466.90		579,446,466.90	1,141,086,342.69		1,141,086,342.69
Gree Chengdu Project	419,085,010.72		419,085,010.72	260,766,823.26		260,766,823.26
Intelligent Equipment Project	293,302,450.67		293,302,450.67	2,003,175.80		2,003,175.80
Gree Energy Project	258,133,665.03		258,133,665.03	150,133,461.00		150,133,461.00
Gree Ganzhou Project	244,948,297.47		244,948,297.47			
Gree Luoyang Project	192,443,288.72		192,443,288.72	1,046,021,393.89		1,046,021,393.89
Zhuhai Green Prevention and Control Project	115,158,283.10		115,158,283.10	23,108,375.54		23,108,375.54
Others	542,346,775.84		542,346,775.84	759,945,972.86		759,945,972.86

Item	Balance at the end of the period			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Total	6,481,290,747.13	54,413.75	6,481,236,333.38	4,016,082,730.07		4,016,082,730.07

## (2) Current-period changes in important construction projects in progress

Item Name	Beginning balance	Increase in the scope of the combination in this period	Increased amount in the current period	Amount transferred into fixed assets during the current period	Transfer to investment real estate in this period	Balance at the end of the period	Including: Amount of capitalization of interests for the current period
Gree Altairnano Project		2,341,162,945.24	49,560,244.17	123,540,014.78		2,267,183,174.63	
Gree HQ project	570,077,306.55		458,200,283.61	120,793,687.15		907,483,903.01	
Gree Gaolan Port Project	62,939,878.48		598,819,552.56			661,759,431.04	
Gree Nanjing Project	1,141,086,342.69		736,808,586.56	1,298,448,462.35		579,446,466.90	53,871,154.40
Gree Chengdu Project	260,766,823.26		379,308,256.58	220,990,069.12		419,085,010.72	5,778,289.15
Intelligent Equipment Project	2,003,175.80		291,442,864.61	143,589.74		293,302,450.67	
Gree Energy Project	150,133,461.00		108,000,204.03			258,133,665.03	
Gree Ganzhou Project			244,948,297.47			244,948,297.47	
Gree Luoyang Project	1,046,021,393.89		764,232,702.64	1,617,810,807.81		192,443,288.72	
Zhuhai Green Prevention and Control Project	23,108,375.54		92,049,907.56			115,158,283.10	
Others	759,945,972.86		841,714,189.20	1,055,456,842.58	3,856,543.64	542,346,775.84	8,880,935.92
Total	4,016,082,730.07	2,341,162,945.24	4,565,085,088.99	4,437,183,473.53	3,856,543.64	6,481,290,747.13	68,530,379.47

## (3) Appropriation of provisions for impairment of construction in progress during the current period

Item	Beginning balance	Increase in the current year	Decrease in the current year	Balance at the end of the period	Reason for amount calculated and withdrawn
Gree Altairnano Project		54,413.75		54,413.75	
Total		54,413.75		54,413.75	

**21. Usufruct assets**

Item	Housing and buildings	Machinery equipment	Total
I. Total of original carrying amount			
1. Beginning balance	32,338,241.97	6,613,861.31	38,952,103.28
2. Increased amount in current period	5,307,937.09		5,307,937.09
Including: renting	5,307,937.09		5,307,937.09
3. Decreased amount in current period			
4. Ending balance	37,646,179.06	6,613,861.31	44,260,040.37
II. Accumulated depreciation			
1. Beginning balance			
2. Increased amount in current period	25,532,820.33	4,123,937.05	29,656,757.38
Including: appropriation	25,532,820.33	4,123,937.05	29,656,757.38
3. Amount decreased in the current period			
4. Ending balance	25,532,820.33	4,123,937.05	29,656,757.38
III. Provision for impairment			
IV. Carrying amount			
1. Book value at the end of the period	12,113,358.73	2,489,924.26	14,603,282.99
2. Book value at the beginning of the period	32,338,241.97	6,613,861.31	38,952,103.28

**22. Intangible assets**

## Information of intangible assets

Item	Land use rights	Patent rights and others	Total
I. Total of original carrying amount			
1. Beginning balance	6,579,859,889.53	910,035,623.63	7,489,895,513.16
2. Increased amount in current period	4,054,952,283.34	985,780,299.92	5,040,732,583.26
Including: purchase	1,136,180,177.63	13,024,545.35	1,149,204,722.98
Business combination increase	2,918,772,105.71	972,755,754.57	3,891,527,860.28

Item	Land use rights	Patent rights and others	Total
3. Amount decreased in the current period		22,373,120.00	22,373,120.00
Including: writing off [Note 1]		22,373,120.00	22,373,120.00
4. Ending balance	10,634,812,172.87	1,873,442,803.55	12,508,254,976.42
<b>II. Accumulated amortization</b>			
1. Beginning balance	811,406,456.89	76,470,097.45	887,876,554.34
2. Increased amount in current period	395,290,707.77	628,182,641.55	1,023,473,349.32
Including: appropriation	161,076,502.06	48,999,518.21	210,076,020.27
Business combination increase	234,214,205.71	579,183,123.34	813,397,329.05
3. Amount decreased in the current period		22,373,120.00	22,373,120.00
Including: writing off		22,373,120.00	22,373,120.00
4. Ending balance	1,206,697,164.66	682,279,619.00	1,888,976,783.66
<b>III. Provision for impairment</b>			
1. Beginning balance		723,730,196.18	723,730,196.18
2. Increased amount in current period			
3. Amount decreased in the current period		21,419,211.52	21,419,211.52
Including: writing off		21,419,211.52	21,419,211.52
4. Ending balance		702,310,984.66	702,310,984.66
<b>IV. Carrying amount</b>			
1. Book value at the end of the period	9,428,115,008.21	488,852,199.89	9,916,967,208.10
2. Book value at the beginning of the period	5,768,453,432.64	109,835,330.00	5,878,288,762.64

[Note 1] Write-off amounts of intangible assets - patented technology and others in the current period were the used quota licensing rights;

[Note 2] As of December 31, 2021, the book value of intangible assets of which the Company has not obtained the property ownership certificates was RMB 32,599.95.

[Note 3] There were no intangible assets formed through the Company's internal research and development during the current period.

## 23. Goodwill

### (1) Original carrying amount of goodwill

Name of invested entity or matter generating goodwill	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period

		Formed by business combination	Disposal	
Hefei Kinghome Electrics Co., Ltd	51,804,350.47			51,804,350.47
Nanjing Walsin Nonferrous Metal Co., Ltd.	274,115,040.11			274,115,040.11
Gree Altairnano New Energy Inc.		612,777,583.92		612,777,583.92
Total	325,919,390.58	612,777,583.92		938,696,974.50

[Note] On August 31, 2021, the Company obtained 336,197,406 shares of Zhuhai Yinlong New Energy Co., Ltd. (hereinafter referred to as "Yinlong New Energy") through participating in the public auction of judicial sale, accounting for 30.47% equity of Yinlong New Energy. At the same time, Ms. Dong Mingzhu, chairman of the Company, entrusted 17.46% of the voting rights corresponding to 192,672,001 shares of Yinlong New Energy to the Company for exercising. The Company controls the voting rights corresponding to 528,869,407 shares of Yinlong New Energy in total, accounting for 47.93% of the total share capital of Yinlong New Energy. Yinlong New Energy became the Company's holding subsidiary. On November 9, 2021, Yinlong New Energy was renamed Gree Altairnano New Energy Inc. (hereinafter referred to as "Gree Altairnano New Energy").

As of the purchase date on October 31, 2021, the fair value of the recognizable net assets attributable to the owner of the parent company was 1,215,497,529.64 yuan. The fair value of the corresponding recognizable net assets was evaluated by China United Assets Appraisal Group Co., Ltd., and China United Appraisal Report Zi [2022] No. 1362 Appraisal Report was issued. The difference between the acquisition cost of 1,828,275,113.56 yuan and the fair value of Gree Altairnano New Energy's recognizable net assets formed a goodwill of 612,777,583.92 yuan.

(2) Goodwill impairment provision of Nanjing Walsin Nonferrous Metal Co., Ltd.

Name of invested entity or matter generating goodwill	Beginning balance	Increase in the current period		Decrease for the current period		Balance at the end of the period
		Appropriation	Others	Disposal	Others	
Nanjing Walsin Nonferrous Metal Co., Ltd.	124,016,686.56	107,051,151.70				231,067,838.26
Total	124,016,686.56	107,051,151.70				231,067,838.26

[Note] The Company acquired 94.30% of the equity of Nanjing Walsin Nonferrous Metal Co., Ltd., forming a goodwill of RMB 274,115,040.11. According to the *Appraisal Report on the Asset Group Recoverable Amount Evaluation Project Related to Goodwill Involved by Zhuhai Gree Electrical Co., Ltd. for the Goodwill Impairment Test Due to Merger and Acquisition of Nanjing Walsin Nonferrous Metal Co., Ltd.* with the report number of China Alliance Appraisal Report Zi [2022] No. 040218 issued by China Alliance Appraisal Co., Ltd., RMB 107,051,151.70 of impairment provision was accrued for the above-mentioned goodwill formed due to the acquisition in the current period.

Goodwill asset group and impairment test

1) Information about the asset or asset group combination in which the goodwill is located

The Company tested the impairment of goodwill by combining the asset group related to goodwill that can benefit from the synergistic effect of business combination. Because it was difficult to directly obtain the fair market value of the asset group containing goodwill, the Company calculated the recoverable amount of the asset group by

using the method of predicting the present value of future cash flow. After comprehensively considering factors such as production and operation activities management, monitoring methods, continuous use and disposal, the asset group containing goodwill was finally determined. At the end of the period, the asset group where the goodwill was located was consistent with the assets group determined when the goodwill was formed on the acquisition date, and its composition has not changed. The information on the asset group including goodwill was as follows:

Unit: 10,000 Yuan

Serial No.	Name of asset	Book value of asset group
1	Fixed assets	11,798.77
2	Construction in progress	736.71
3	Intangible assets	10,099.60
4	Goodwill [Note]	15,917.11
	Total	38,552.19

[Note] The goodwill shown in the above table included the part attributable to minority shareholders.

2) Important assumptions and key parameters of goodwill impairment test:

A. Assumption of orderly transactions: orderly transactions refer to transactions where the relevant assets or liabilities have usual market activities during a period of time before the measurement date;

B. Assumption of going concern: assumption of going concern refers to the assumption that the asset group will be used normally and continuously according to the purpose and use method of the benchmark date, and there will be no unforeseen factors that will cause it to fail to continue operations, and the valuation method, parameters and basis will be determined accordingly;

C. It is assumed that the Company has no major changes in the core management team, technical team, and marketing team based on the existing management methods and levels, and no other human force majeure and unforeseen factors have a major adverse impact on the Company;

D. Given the Company's operation and production are mainly to earn processing profits, the fluctuation of raw material prices does not have a substantial impact on the Company's operating profits, therefore, it is assumed that the raw material prices will remain unchanged in the coming years in the evaluation.

When conducting the asset impairment test, the Company estimated the expected return on investment of property rights holders based on the analysis and calculation of selected and compared companies. After the calculation, the pre-tax discount rate used in the impairment test was 12.30%.

3) Evaluation results of goodwill impairment test

Unit: 10,000 Yuan

Company name	Book value of asset group	Recoverable amount of asset group	Goodwill impairment amount
Nanjing Walsin Nonferrous Metal Co., Ltd.	38,552.19	27,200.00	11,352.19

[Note] According to the Appraisal Report on the *Appraisal Report on the Asset Group Recoverable Amount Evaluation Project Related to Goodwill Involved by Zhuhai Gree Electrical Co., Ltd. for the Goodwill Impairment Test Due to Merger and Acquisition of Nanjing Walsin Nonferrous Metal Co., Ltd.* with the report number of China Alliance Appraisal Report Zi [2022] No. 040218 issued by China Alliance Appraisal Co., Ltd., the asset group

including goodwill should be provided with a goodwill impairment loss of RMB 113,521,900.00, of which the goodwill impairment loss attributable to shareholders of the parent company should be RMB 107,051,151.70.

(3) Goodwill impairment preparation of Gree Altairnano New Energy Inc.

From Gree Altairnano New Energy's evaluation base date of October 31, 2021 to the balance sheet date of December 31, 2021, the production and operation of the company has not changed significantly, the goodwill impairment preparation was not accrued.

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

(1) Deferred income tax assets not offset

Item	Balance at the end of the period		Beginning balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Assets depreciation reserves	5,526,051,132.93	934,860,835.60	1,945,939,722.60	331,079,465.72
Deductible loss	6,783,704,724.84	1,426,651,977.24	929,716,127.83	200,650,142.61
Accrued expenses	70,642,488,124.58	10,603,767,691.88	70,734,519,794.58	10,612,752,964.88
Employee pay payable	1,342,012,620.97	207,941,829.63	1,138,661,981.04	177,276,992.60
Assets amortization	282,882,015.47	43,093,274.62	277,892,654.00	42,292,876.53
Others	2,866,665,758.43	445,534,163.71	1,051,311,939.85	186,239,758.68
Total	87,443,804,377.22	13,661,849,772.68	76,078,042,219.90	11,550,292,201.02

(2) Deferred income tax liabilities not offset

Item	Balance at the end of the period		Beginning balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Fair value changes in derivative financial assets	282,767,966.53	47,017,208.48	894,532,218.27	172,009,915.29
Accrued interest	3,671,369,000.39	696,523,997.54	2,595,212,306.29	481,753,397.01
Assets amortization	1,395,006,607.26	228,029,140.30	1,150,514,923.85	188,338,452.95
Changes in fair value of other equity instrument investments	5,788,793,612.15	868,319,041.82	3,360,535,396.59	504,080,309.49
Appraisal and appreciation for consolidated assets of enterprises not under the same control	2,005,971,524.03	320,359,752.22	274,949,344.47	63,085,772.95
Others	535,300,948.02	133,663,373.43	8,513,732.04	1,843,255.15
Total	13,679,209,658.38	2,293,912,513.79	8,284,257,921.51	1,411,111,102.84

(3) Details of deferred income tax assets which were not recognized

Item	Balance at the end of the period	Beginning balance
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Item	Balance at the end of the period	Beginning balance
Deductible temporary differences	2,649,057,873.48	741,969,846.84
Deductible loss	1,999,613,109.29	202,245,092.25
Total	4,648,670,982.77	944,214,939.09

(4) The deductible losses of deferred income tax assets not recognized will become due in the following years

Year	Amount at the end of the period	Amount at the beginning of the period
2022	14,111,337.16	
2023	58,759,679.60	30,888,536.25
2024	37,615,022.30	196,543.53
2025	37,836,203.73	8,502,385.16
2026	73,328,698.01	
Open-ended	1,777,962,168.49	162,657,627.31
Total	1,999,613,109.29	202,245,092.25

## 25. Other non-current assets

Item	Balance at the end of the period			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for equipment	319,558,426.19		319,558,426.19	642,531,256.64		642,531,256.64
Prepaid project funds and deposit	357,562,564.75		357,562,564.75	111,813,697.80		111,813,697.80
Prepaid land-transferring fees and others	39,127,688.96		39,127,688.96	33,773,076.96		33,773,076.96
Total	716,248,679.90		716,248,679.90	788,118,031.40		788,118,031.40

## 26. Short-term borrowings

(1) Classification of short-term borrowings

Item	Balance at the end of the period	Beginning balance
Pledge loans	12,624,147,777.77	10,050,000,000.00
Mortgaged borrowings	2,252,700,000.00	92,999,987.80
Guaranteed loan		58,000,000.00
Borrowing on credit	12,586,183,086.85	9,991,044,455.36
Subtotal	27,463,030,864.62	20,192,044,443.16
Accrued interest	154,889,683.49	112,340,299.18
Total	27,617,920,548.11	20,304,384,742.34

(2) Short-term borrowings that have been overdue but not yet repaid

No.

**27. Loans from other banks**

Item	Balance at the end of the period	Beginning balance
Credit lending	300,000,000.00	300,000,000.00
Accrued interest	21,500.00	20,250.00
Total	300,021,500.00	300,020,250.00

**28. Funds from financial assets sold for repurchase**

Item	Balance at the end of the period	Beginning balance
Bonds (pledge-style repurchase)	746,564,041.09	475,033,835.62
Total	746,564,041.09	475,033,835.62

**29. Deposits from customers and interbank**

Item	Balance at the end of the period	Beginning balance
Current deposits	34,023,561.14	40,660,078.51
Time deposits	142,684,338.50	153,847,631.94
Draft deposits		60,763,500.00
Subtotal	176,707,899.64	255,271,210.45
Accrued interest	5,974,006.10	5,735,497.79
Total	182,681,905.74	261,006,708.24

**30. Notes payable**

Type	Balance at the end of the period	Beginning balance
Banker's acceptance bill	40,737,984,514.42	21,416,071,950.32
Trade acceptance draft	6,000,000.00	11,000,000.00
Total	40,743,984,514.42	21,427,071,950.32

**31. Accounts payable**

(1) Listing of accounts payable

Item	Balance at the end of the period	Beginning balance
Payment for goods and service charges	33,845,824,271.75	30,675,053,443.18
Others	2,029,266,639.30	929,605,723.70
Total	35,875,090,911.05	31,604,659,166.88

(2) Important payables with account age exceeding 1 year

No.

### 32. Contract liabilities

Item	Balance at the end of the period	Beginning balance
Loans	15,505,499,178.75	11,678,180,424.65
Total	15,505,499,178.75	11,678,180,424.65

[Note] Contract liabilities are mainly the payment for goods of dealers received in advance.

### 33. Employee pay payable

(1) Presentation of employees' wages and salaries payable

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
I. Short-term wages and salaries	3,362,509,189.13	9,694,087,979.57	9,595,005,228.57	3,461,591,940.13
II. Separation benefits - defined contribution plan	2,846,279.56	615,473,128.68	613,280,946.64	5,038,461.60
Total	3,365,355,468.69	10,309,561,108.25	10,208,286,175.21	3,466,630,401.73

(2) Listing of short-term wages and salaries

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
1. Wages, bonuses, subsidies and allowances	2,454,866,944.76	8,183,052,058.41	8,153,762,416.21	2,484,156,586.96
2. Employee welfares		849,219,795.07	849,219,795.07	
3. Social insurance premiums	760,334.68	229,759,614.44	229,687,133.56	832,815.56
Including: medical insurance premiums	725,202.12	201,971,778.90	201,893,360.85	803,620.17
Work-related injury insurance premiums	14,221.87	13,183,884.99	13,169,857.67	28,249.19
Maternity insurance premiums	20,910.69	14,603,950.55	14,623,915.04	946.20
4. Housing accumulation funds	1,503,063.69	190,249,506.59	189,153,654.03	2,598,916.25
5. Labor union expenditures and employee education funds	905,378,846.00	241,807,005.06	173,182,229.70	974,003,621.36
Total	3,362,509,189.13	9,694,087,979.57	9,595,005,228.57	3,461,591,940.13

(3) Presentation of separation benefits - defined contribution plan

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
1. Basic endowment insurance premiums	2,515,822.87	593,679,622.25	592,311,212.16	3,884,232.96
2. Unemployment insurance premium	330,456.69	21,793,506.43	20,969,734.48	1,154,228.64
Total	2,846,279.56	615,473,128.68	613,280,946.64	5,038,461.60

### 34. Taxes and dues payable

Item	Balance at the end of the period	Beginning balance
Added-value tax	1,015,503,640.35	1,188,975,420.12
Business income tax	961,029,463.82	785,653,809.28
Others	253,938,087.32	326,726,353.62
Total	2,230,471,191.49	2,301,355,583.02

### 35. Other payables

Item	Balance at the end of the period	Beginning balance
Dividends payable	2,367,112.94	6,986,645.96
Other payables [Note 1]	6,760,752,824.20	2,372,409,071.48
Total	6,763,119,937.14	2,379,395,717.44

[Note 1] Other payables in the table above refer to other payables after deduction of interest payable and dividends payable;

[Note 2] The Company has no interest payable at the end and the beginning of the period.

(1) Other payables are presented by amount nature

Item	Balance at the end of the period	Beginning balance
Intercourse funds	3,018,271,527.82	1,527,670,503.18
Margin and deposit	1,010,801,182.18	844,738,568.30
Enterprise borrowing and interest	2,731,680,114.20	
Total	6,760,752,824.20	2,372,409,071.48

(2) Other important payables with account age exceeding 1 year

Item	Balance at the end of the period	Cause of failing to repay or carry over
Unit 1	1,313,486,008.35	Unsatisfied repayment conditions
Unit 2	455,928,100.00	Unsatisfied repayment conditions
Total	1,769,414,108.35	

### 36. Non-current liabilities due within one year

Item	Balance at the end of the period	Beginning balance
Long-term borrowing due within one year	1,226,863,474.75	
Long-term payable to be matured within one year	16,958,747.82	
Lease liability due within 1 year	11,471,812.27	22,927,889.42
Total	1,255,294,034.84	22,927,889.42

### 37. Other current liabilities

Item	Balance at the end of the period	Beginning balance
Repair cost	1,913,804,227.53	1,893,012,124.81
Sale's returned profit	52,669,278,982.00	55,808,250,764.80
Obligation to pay commercial papers which is not derecognized	852,128,009.63	4,588,589,780.94
Output tax to be wrote-off	1,925,767,413.76	1,469,269,506.13
Short-term bonds payable [Note]	4,048,840,948.73	
Others	1,004,287,682.55	623,132,106.86
Total	62,414,107,264.20	64,382,254,283.54

[Note] The following is the change in short-term bonds payable of the Company in this period:

Abbreviation of bonds	Face value	Issuing date	Bond duration	Amount issued	Beginning balance	Current issuance	Accrued interest at nominal value	Amortization of the premiums and discounts	Current payment	Balance at the end of the period
21 Gree Electric Appliances SCP001	3,000,000,000.00	January 21, 2021	35 days	3,000,000,000.00		3,000,000,000.00	6,817,808.22		3,006,817,808.22	
21 Gree Electric Appliances SCP002	3,000,000,000.00	February 24, 2021	43 days	3,000,000,000.00		3,000,000,000.00	8,482,191.78		3,008,482,191.78	
21 Gree Electric Appliances SCP003	2,000,000,000.00	March 19, 2021	96 days	2,000,000,000.00		2,000,000,000.00	14,465,753.42		2,014,465,753.42	
21 Gree Electric Appliances SCP004	4,000,000,000.00	March 29, 2021	98 days	4,000,000,000.00		4,000,000,000.00	28,997,260.27		4,028,997,260.27	
21 Gree Electric Appliances SCP005	3,000,000,000.00	April 16, 2021	44 days	3,000,000,000.00		3,000,000,000.00	8,534,794.52		3,008,534,794.52	
21 Gree Electric Appliances SCP006	3,000,000,000.00	June 17, 2021	48 days	3,000,000,000.00		3,000,000,000.00	9,271,232.88		3,009,271,232.88	
21 Gree Electric Appliances SCP007	1,000,000,000.00	June 17, 2021	169 days	1,000,000,000.00		1,000,000,000.00	12,038,356.16		1,012,038,356.16	
21 Gree Electric Appliances SCP008	2,000,000,000.00	June 29, 2021	162 days	2,000,000,000.00		2,000,000,000.00	23,079,452.05		2,023,079,452.05	
21 Gree Electric Appliances SCP009	4,000,000,000.00	July 9, 2021	177 days	4,000,000,000.00		4,000,000,000.00	49,008,219.18	-167,270.45		4,048,840,948.73
Total	25,000,000,000.00			25,000,000,000.00		25,000,000,000.00	160,695,068.48	-167,270.45	21,111,686,849.30	4,048,840,948.73

**38. Long-term borrowings**

Item	Balance at the end of the period	Beginning balance
Pledge loans	133,082,315.96	142,481,242.20
Mortgaged borrowings	2,303,590,315.07	1,561,190,447.00
Borrowing on credit	7,726,847,919.32	152,752,584.38
Subtotal	10,163,520,550.35	1,856,424,273.58
Accrued interest	24,207,182.70	4,289,542.51
Less: Long-term borrowing due within one year	1,226,863,474.75	
Total	8,960,864,258.30	1,860,713,816.09

**39. Lease liabilities**

Item	Balance at the end of the period	Beginning balance
Lease liabilities	14,785,264.79	32,338,241.97
Less: Lease liability due within 1 year	11,471,812.27	22,927,889.42
Total	3,313,452.52	9,410,352.55

**40. Long-term payables**

Item	Balance at the end of the period	Beginning balance
Financial liabilities formed after repurchase	463,153,339.74	
Less: Long-term payables due within 1 year	16,958,747.82	
Total	446,194,591.92	

**41. Long-term payroll payable**

## (1) Table of long-term payroll payable

Item	Balance at the end of the period	Beginning balance
Separation benefits - net liabilities of defined benefit plan	164,408,471.00	149,859,788.00
Total	164,408,471.00	149,859,788.00

## (2) Changes in the defined benefit plan

## 1) Present value of obligations under the defined benefit plan:

Item	Amount for the current period	Amount for the previous period
I. Beginning balance	149,859,788.00	141,021,228.00
II. Defined benefit cost recorded in the current profits and losses	7,930,751.00	7,441,863.00

Item	Amount for the current period	Amount for the previous period
1. Service cost of the current period	2,611,662.00	2,312,128.00
2. Net interest	5,141,391.00	4,837,059.00
3. Impact on new personnel	177,698.00	292,676.00
III. Cost of the defined benefit plan included in other comprehensive income	12,391,783.00	6,851,653.00
Including: actuarial gains (losses are listed with "-")	12,391,783.00	6,851,653.00
IV. Other changes	-5,773,851.00	-5,454,956.00
Including: paid benefits	-5,773,851.00	-5,454,956.00
V. Balance at the end of the period	164,408,471.00	149,859,788.00

2) Net liabilities (net assets) of the defined benefit plan:

Item	Amount for the current period	Amount for the previous period
I. Beginning balance	149,859,788.00	141,021,228.00
II. Defined benefit cost recorded in the current profits and losses	7,930,751.00	7,441,863.00
III. Cost of the defined benefit plan included in other comprehensive income	12,391,783.00	6,851,653.00
IV. Other changes	-5,773,851.00	-5,454,956.00
V. Balance at the end of the period	164,408,471.00	149,859,788.00

(3) Contents and associated risks of the defined benefit plan, and its influences on the Company's future cash flow, time and uncertainty:

1) Contents and associated risks of the defined benefit plan, and its influences on the Company's future cash flow, time and uncertainty:

The Company's defined benefit plan is a supplementary post-retirement pension plan for some retirees, early retirees and serving officers after normal retirement. This defined benefit plan didn't involve big amount, so it didn't lead to significant influence on the future cash flow the Company.

2) Significant actuarial assumptions and sensitivity analysis results of the defined benefit plan

According to requirements of the Accounting Standards for Business Enterprises No. 9 - Employee Compensation, the discount rate adopted by the Company at the time of discount is recognized by the market yields of high-quality corporate bonds in the treasury bonds or active market that match the obligatory term and currency of the defined benefit plan on the balance sheet date; the annual growth rates and annual dismissal rates of all benefits are based on the actual measurement data of the Company; the death rate is recognized by referring to the experience life table for insurance business of China Life Insurance (Group) Company.

(4) Quantitative sensitivity analysis of all the used major assumptions by the end of the Report Period:

Sensitivity analysis of discount rate	Influence on the amount at the end of the period
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Sensitivity analysis of discount rate	Influence on the amount at the end of the period
Influence on the present obligation value of defined welfare benefit by increase of one percentage point	-21,612,508.00
Influence on the present obligation value of defined welfare benefit by decrease of one percentage point	27,344,235.00
Influence on the service cost by increase of one percentage point	-686,100.00
Influence on the service cost by decrease of one percentage point	730,522.00

## 42. Deferred Income

### (1) Classification of deferred income

Item	Beginning balance	Increase in the combination scope	Increase in the current period	Decrease for the current period	Balance at the end of the period
Government subsidies	437,033,702.46	1,179,257,549.38	1,206,207,782.75	126,411,065.89	2,696,087,968.70
Others		6,804,690.12		238,761.04	6,565,929.08
Total	437,033,702.46	1,186,062,239.50	1,206,207,782.75	126,649,826.93	2,702,653,897.78

### (2) Projects involved in government subsidies

Item	Beginning balance	Increase in the combination scope	Increase in the current period	Decrease for the current period	Balance at the end of the period
I. Government subsidies pertinent to incomes	181,089,774.04		67,387,011.32	37,124,718.37	211,352,066.99
Including: environmental protection upgrade project	2,656,866.22		24,833,400.00	2,196,632.83	25,293,633.39
Scientific research project of refrigerating field	115,014,244.49		35,491,861.32	25,268,671.05	125,237,434.76
Others	63,418,663.33		7,061,750.00	9,659,414.49	60,820,998.84
II. Government subsidies pertinent to assets	255,943,928.42	1,179,257,549.38	1,138,820,771.43	89,286,347.52	2,484,735,901.71
Including: environmental protection upgrade project	13,707,325.37		14,759,808.25	2,038,753.26	26,428,380.36
Scientific research project of refrigerating field	210,623,822.17		1,075,495,434.86	56,482,290.10	1,229,636,966.93
Energy vehicle project		1,179,257,549.38	210,528.32	10,494,868.66	1,168,973,209.04
Others	31,612,780.88		48,355,000.00	20,270,435.50	59,697,345.38
Total	437,033,702.46	1,179,257,549.38	1,206,207,782.75	126,411,065.89	2,696,087,968.70

## 43. Capital stock

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Total number of stocks	6,015,730,878.00		101,261,838.00	5,914,469,040.00
Total	6,015,730,878.00		101,261,838.00	5,914,469,040.00

[Note] For the reasons for changes in the share capital in this period, please refer to Note V. 45 "Treasury stock" for details.

#### 44. Capital reserves

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Capital stock premium	26,979,063.83		26,979,063.83	
Other capital reserves	94,871,216.85	31,002,910.71		125,874,127.56
Total	121,850,280.68	31,002,910.71	26,979,063.83	125,874,127.56

[Note] For the reasons for changes in the capital reserve in this period, please refer to Note V. 45 "Treasury stock" for details.

#### 45. Treasury stock

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Repurchase share	5,182,273,853.90	22,963,072,582.09	8,565,700,202.56	19,579,646,233.43
Total	5,182,273,853.90	22,963,072,582.09	8,565,700,202.56	19,579,646,233.43

[Note 1] As of December 31, 2021, the Company has cumulatively repurchased 431,202,956 shares in this period, of which 14,181,091 shares were repurchased in the first period, 101,261,838 were repurchased in the second period, and 315,760,027 shares were repurchased in the third period, which was completed on September 9, 2021. The three-period repurchase funds totaled 21,819,537,788.45 yuan. The repurchased treasury stock accounts for 7.17% of the Company's total share capital at that time, all of which were stored in the Company's special securities account. During the storage period, the right to voting, profit distribution, provident fund converted into share capital, allotment of shares, pledge and other related rights are not enjoyed during the storage period.

[Note 2] The repurchased 101,261,838 shares in the second period were canceled on November 9, 2021, with an amount of 6,000,083,145.56 yuan, reducing the Company's share capital of 101,261,838 yuan, the corresponding capital stock premium by of 26,979,063.83 yuan, the statutory surplus reserve of 2,530,583,291.14 yuan, discretionary surplus reserve of 969,088,265.45 yuan, and undistributed profit of 2,372,170,687.14 yuan;

[Note 3] On December 13, 2021, transferred 46,334,473 shares from the Company's special securities account for repurchase by the non-trading transfer method to Gree Electric Appliances, Inc. of Zhuhai - special account for the first phase of the employee shareholding plan of 2,565,617,057.00 yuan, accounting for 0.78% of the Company's total share capital at that time, which reduced the undistributed profit of 1,422,082,263.36 yuan. At the same time, the recognition of stock repurchase obligations in this period increased the treasury stock of 1,143,534,793.64 yuan and the apportion of stock ownership incentive - employee shareholding holding plan fees increased other capital reserves of 31,002,910.71 yuan.

#### 46. Other comprehensive income

Item	Beginning balance	Amount for the current period						Balance at the end of the period
		Amount incurred before income tax in the current period	Less: Amount recognized into other comprehensive income in previous period and transferred to the current profits and losses	Less: Amount included into other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to the parent company after tax	Amount attributable to minority shareholders after tax	
I. Other comprehensive income which cannot be reclassified into profits and losses	7,384,141,428.99	4,341,598,647.87		114,949,817.60	364,238,732.33	3,862,410,097.94		11,246,551,526.93
Changes arising from remeasurement of the defined benefit plan	-51,014,494.00	-12,391,783.00				-12,391,783.00		-63,406,277.00
Other comprehensive income which cannot be transferred to profit or loss under the equity method	4,999,568,613.35	1,849,833,156.32				1,849,833,156.32		6,849,401,769.67
Changes in fair value of other equity instrument investments	2,435,587,309.64	2,504,157,274.55		114,949,817.60	364,238,732.33	202,4968,724.62		4,460,556,034.26
II. Other comprehensive income which will be reclassified into profits and losses in the future	11,918,766.48	-30,049,881.26	22,298,300.00		1,954,547.06	-54,465,938.14	163,209.82	-42,547,171.66
Other comprehensive income that can be transferred to profit or loss under the equity method		-685,328.00				-208,819.44	-476,508.56	-208,819.44
Changes in fair value of other debt investments	-57,643,029.12	-1,251,507.19			725,128.31	-2,346,134.55	369,499.05	-59,989,163.67
Cash flow hedge reserve	18,953,555.00	30,494,425.00	22,298,300.00		1,229,418.75	6,966,706.25		25,920,261.25
Difference arising from translation of financial statements in foreign currency	50,608,240.60	-58,607,471.07				-58,877,690.40	270,219.33	-8,269,449.80

Item	Beginning balance	Amount for the current period						Balance at the end of the period
		Amount incurred before income tax in the current period	Less: Amount recognized into other comprehensive income in previous period and transferred to the current profits and losses	Less: Amount included into other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to the parent company after tax	Amount attributable to minority shareholders after tax	
Total other comprehensive income	7,396,060,195.47	4,311,548,766.61	22,298,300.00	114,949,817.60	366,193,279.39	3,807,944,159.80	163,209.82	11,204,004,355.27

#### 47. Special reserve

Item	Beginning balance	Increase within the combination scope	Increase in the current period	Decrease for the current period	Balance at the end of the period
Safe production expense		21,259,298.20	2,404,215.46	1,259,667.40	22,403,846.26
Total		21,259,298.20	2,404,215.46	1,259,667.40	22,403,846.26

#### 48. Surplus reserve

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
Statutory surplus reserve	2,530,583,291.14	1,983,727,107.74	2,530,583,291.14	1,983,727,107.74
Discretionary surplus reserve	969,088,265.45		969,088,265.45	
Total	3,499,671,556.59	1,983,727,107.74	3,499,671,556.59	1,983,727,107.74

[Note 1] According to the regulations, the Company accrues the legal reserve at 10% of the net profits of the parent company in this period;

[Note 2] For the reasons for decrease in the surplus public accumulation in this period, please refer to Note V. 45 "Treasury stock" for details.

#### 49. General risk provisions

Item	Beginning balance	Increase in the current period	Decrease for the current period	Balance at the end of the period
General risk provisions	497,575,772.26	8,023,584.04		505,599,356.30
Total	497,575,772.26	8,023,584.04		505,599,356.30

[Note] The subsidiaries of the financial enterprise under the Company withdraws general risk preparation with their respective annual net profits or risk assets at the end of the year according to the "Administrative Measures for the Accrual of Reserve Funds of the Financial Enterprises" and other relevant provisions.

#### 50. Undistributed profit

Item	Amount for the current period	Amount for the previous period
Undistributed profit at the beginning of the period	102,841,596,377.66	93,794,643,539.49
Undistributed profit at the beginning of the period after adjustment	102,841,596,377.66	93,794,643,539.49
Add: Net profit attributable to owners of the parent company for the current period	23,063,732,372.62	22,175,108,137.32
Less: Withdrawal of statutory surplus reserves	1,983,727,107.74	
Appropriation of general risk provisions	8,023,584.04	7,719,945.51
Ordinary stock dividends payable [Notes 1]	16,752,531,495.00	13,140,423,269.60
Influence of share-based payment and share cancellation [Note 2]	3,794,252,950.50	
Add: Other comprehensive income carried forward to retained earnings	108,429,387.17	19,987,915.96
Undistributed profit at the end of the period	103,475,223,000.17	102,841,596,377.66

[Note 1] According to the resolutions of the general meeting of shareholders on June 30, 2021, the Company distributed cash dividends to all shareholders at a rate of RMB 30.00 (including tax) per 10 shares. Based on the deduction of repurchased shares (the Company has cumulatively repurchased a total of 431,553,713 shares) in the special account for repurchase from the Company's total share capitals of 6,015,730,878 shares, RMB 16,752,531,495.00 of cash dividends were actually distributed.

[Note 2] For the influence of the Company's share-based payment and share cancellation in this period on the undistributed profits, please refer to Note V. 45 "Treasury stock" for details.

## 51. Operating revenues and operating costs

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main business	144,840,537,601.90	101,021,238,221.75	130,427,766,473.54	87,921,191,886.69
Other business	43,028,337,290.81	41,230,400,368.12	37,771,437,930.99	36,307,841,794.23
Total	187,868,874,892.71	142,251,638,589.87	168,199,204,404.53	124,229,033,680.92

Information related to the main business incomes:

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Classified by industry				
Manufacturing industry	144,840,537,601.90	101,021,238,221.75	130,427,766,473.54	87,921,191,886.69
Total	144,840,537,601.90	101,021,238,221.75	130,427,766,473.54	87,921,191,886.69
Classified by product type				
Including: air conditioner	131,712,664,218.81	90,576,252,210.44	115,576,822,921.57	75,391,437,042.70
Home appliances	4,881,607,693.72	3,262,705,849.18	4,521,756,518.81	3,083,266,840.17
Industrial products	3,194,552,084.04	2,604,593,659.63	2,304,816,992.20	2,038,896,719.43
Intelligent equipment	857,741,120.95	606,116,653.12	600,778,785.76	425,337,854.62
Green energy	2,907,445,769.91	2,729,740,202.70	1,782,282,335.29	1,488,663,827.16
Others	1,286,526,714.47	1,241,829,646.68	5,641,308,919.91	5,493,589,602.61
Total	144,840,537,601.90	101,021,238,221.75	130,427,766,473.54	87,921,191,886.69
Classified by region				
Including: sale in domestic market	122,305,111,567.10	80,703,210,957.38	110,407,002,220.87	70,329,850,923.05
Export sales	22,535,426,034.80	20,318,027,264.37	20,020,764,252.67	17,591,340,963.64
Total	144,840,537,601.90	101,021,238,221.75	130,427,766,473.54	87,921,191,886.69

## 52. Interest incomes, interest expenditures

Item	Amount for the current period	Amount for the previous period
Interest revenue	1,785,060,001.28	2,295,972,686.55
Including: interest revenue from deposits in other banks and central banks	967,523,971.58	1,395,939,587.36
Interest revenue from disbursement of loans and advances	642,933,336.95	762,577,244.28
Others	174,602,692.75	137,455,854.91
Interest expenses	523,238,956.03	304,448,121.92
Including: expenses from transactions with financial institutions	492,270,450.54	290,237,534.52
Others	30,968,505.49	14,210,587.40
Net interest revenue	1,261,821,045.25	1,991,524,564.63

### 53. Taxes and surcharges

Item	Amount for the current period	Amount for the previous period
Urban maintenance & construction tax	192,741,080.66	181,452,425.09
Educational surcharges	140,987,749.25	136,118,810.46
House property tax	182,944,167.04	141,422,302.62
Land use tax	114,448,407.21	98,229,736.11
Commodity circulation tax and industrial product tax of Brazil	93,622,542.23	82,095,878.99
Funds from processing of waste electric appliances	189,225,358.89	203,651,307.67
Others	162,695,156.50	121,630,232.87
Total	1,076,664,461.78	964,600,693.81

### 54. Sales expense

Item	Amount for the current period	Amount for the previous period
Sales expense	11,581,735,617.31	13,043,241,798.27
Total	11,581,735,617.31	13,043,241,798.27

[Note] In 2021, the selling expenses mainly included the installation and maintenance cost, transportation and warehousing fee and loading and unloading fee, and promotion fee, accounting for more than 80% of the total selling expenses.

### 55. Administrative expense

Item	Amount for the current period	Amount for the previous period
Administrative expense	4,051,241,003.05	3,603,782,803.64
Total	4,051,241,003.05	3,603,782,803.64

[Note] In 2021, the overhead expenses included the employees' wages and salaries, material consumption, depreciation and amortization, accounting for more than 80% of the total overhead expenses.

## 56. Research and development expenses

Item	Amount for the current period	Amount for the previous period
Research and development expenses	6,296,715,941.03	6,052,563,108.10
Total	6,296,715,941.03	6,052,563,108.10

[Note] In 2021, the R&D expenses included the employees' labor cost and direct investment cost, accounting for more than 80% of the total R&D expenses.

## 57. Financial expense

Item	Amount for the current period	Amount for the previous period
Interest expense [Note 1]	1,752,112,003.72	1,088,369,394.87
Less: Interest income [Note 2]	4,242,449,764.06	3,708,312,903.06
Exchange gain and loss	99,198,910.38	598,702,350.00
Bank charges	125,651,596.78	76,682,416.86
Interest charges for defined welfare benefit obligations	5,141,391.00	4,837,059.00
Others	143,865.00	2,217,022.26
Total	-2,260,201,997.18	-1,937,504,660.07

[Note 1] The above interest expenses included the long-term and short-term borrowing interest expenses and the note discount interest expense immediately recognized upon the derecognition of notes;

[Note 2] Both the above interest income and the "Interest income, interest expenditure" in Note V. 52 were capital gains.

## 58. Other incomes

### (1) Classification of other incomes

Sources of other incomes	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit and loss of the current period
Government subsidies	818,485,990.31	1,146,204,685.40	790,604,956.72
Handling charge refund of individual income tax and others	13,691,263.12	17,915,425.64	13,691,263.12
Total	832,177,253.43	1,164,120,111.04	804,296,219.84

### (2) Government subsidies recorded in the profits and losses of current period

Subsidy items	Amount for the current period	Amount for the previous period	Asset-related/income-related
Financial rewards	268,054,381.05	450,465,248.34	Pertinent to assets and incomes
Capital allowance for development projects	157,603,446.43	137,091,175.26	Pertinent to assets and incomes
Technological innovation subsidies income	99,160,068.06	149,409,503.16	Pertinent to assets and incomes
Human resources subsidy	117,247,050.67	230,407,062.27	Pertinent to incomes

Subsidy items	Amount for the current period	Amount for the previous period	Asset-related/income-related
Others	176,421,044.10	178,831,696.37	Pertinent to assets and incomes
Total	818,485,990.31	1,146,204,685.40	

#### 59. Income from investment

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income calculated by the equity method	51,594,928.82	35,314,343.21
Investment income from derivative financial instruments	260,896,892.48	325,129,297.18
Investment income recognized from trading financial assets	35,466,278.80	213,050,762.46
Others	174,105,122.48	139,515,668.82
Total	522,063,222.58	713,010,071.67

#### 60. Incomes from changes in fair value

Sources of incomes from changes in fair value	Amount for the current period	Amount for the previous period
Trading financial assets and instruments	-2,542,451.16	-19,994,874.52
Derivative financial instruments	-70,951,646.94	245,563,316.57
Others	15,363,553.00	-25,414,970.00
Total	-58,130,545.10	200,153,472.05

#### 61. Credit impairment losses

Item	Amount for the current period	Amount for the previous period
Loss on bad debt	-179,275,078.48	-41,209,742.51
Impairment losses of loans and advances	28,294,208.74	234,034,435.04
Total	-150,980,869.74	192,824,692.53

#### 62. Asset impairment loss

Item	Amount for the current period	Amount for the previous period
Impairment losses of contract assets	-28,587,466.72	-5,036,930.75
Inventory falling price loss	-470,468,223.45	-337,216,704.36
Impairment losses of business reputation	-107,051,151.70	-124,016,686.56
Impairment losses on the construction in progress	-54,413.75	
Total	-606,161,255.62	-466,270,321.67

#### 63. Income from disposal of assets

Source of income from disposal of assets	Amount for the current period	Amount for the previous period
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Source of income from disposal of assets	Amount for the current period	Amount for the previous period
Profit from disposal of non-current assets (losses indicated with "-")	6,212,295.19	2,945,975.01
Total	6,212,295.19	2,945,975.01

#### 64. Non-operating revenues

Item	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit and loss of the current period
Government subsidies not pertinent to operation	83,322,120.02	223,314,876.04	83,322,120.02
Net profit from destruction scrap of non-current assets	737,924.23	414,312.82	737,924.23
Including: Gains from disposal of fixed assets	737,924.23	414,312.82	737,924.23
Others	70,261,732.62	63,431,533.11	70,261,732.62
Total	154,321,776.87	287,160,721.97	154,321,776.87

Government subsidies recorded in current profits or losses:

Subsidy items	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit and loss of the current period
Financial rewards	83,289,185.02	223,268,715.18	83,289,185.02
Others	32,935.00	46,160.86	32,935.00
Total	83,322,120.02	223,314,876.04	83,322,120.02

#### 65. Non-operating expenses

Item	Amount for the current period	Amount for the previous period	Amount recorded in non-recurring profit and loss of the current period
Net loss from destruction scrap of non-current assets	16,698,680.87	8,334,512.45	16,698,680.87
Including: net losses from destruction scrap of fixed assets	16,698,680.87	8,334,512.45	16,698,680.87
Others	11,750,889.43	13,406,618.43	11,750,889.43
Total	28,449,570.30	21,741,130.88	28,449,570.30

#### 66. Income tax expenses

(1) Table of income tax expenses

Item	Amount for the current period	Amount for the previous period
Income tax expenses of the current period	3,952,404,363.46	2,745,896,993.46
Deferred income tax expenses	18,939,502.22	1,283,798,240.06
Total	3,971,343,865.68	4,029,695,233.52

(2) Adjustment process of accounting profits and income tax expenses

Item	Amount for the current period
Total profits	26,803,237,498.57
Income tax expenses calculated by the statutory/applicable tax rate	4,020,485,624.79
Impact by different tax rates applicable to subsidiaries	194,827,963.39
Impact by non-deductible costs, expenses and losses	56,839,496.07
Impact by deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	234,302,496.48
Others	-535,111,715.05
Income tax expenses	3,971,343,865.68

## 67. Items of cash flow statement

### (1) Other cash received relating to operating activities

Item	Amount for the current period	Amount for the previous period
Government subsidies	1,975,966,016.65	1,521,419,832.12
Interest revenue	188,322,311.64	83,834,745.40
Net decrease in bill pledge deposits and guarantee deposits	377,056,472.79	1,833,792,536.95
Margin, deposit and others	1,397,356,516.94	1,259,280,898.85
Total	3,938,701,318.02	4,698,328,013.32

### (2) Other cash payment related to operating activities

Item	Amount for the current period	Amount for the previous period
Cash repayments for selling expenses	9,807,177,220.69	13,357,256,381.18
Cash repayments for overhead expenses and R&D expenses	1,355,681,755.66	1,591,137,889.61
Return of advance project funds	166,827,066.61	73,050,795.30
Others	1,395,517,552.83	509,047,033.72
Total	12,725,203,595.79	15,530,492,099.81

### (3) Other cash received relating to investing activities

Item	Amount for the current period	Amount for the previous period
Receipts from forward foreign exchange settlement and purchasing	2,659,865,473.92	342,260,149.12
Net decrease in fixed deposit and others	45,191,721,722.13	3,980,389,291.30
Total	47,851,587,196.05	4,322,649,440.42

### (4) Other cash paid relating to investing activities

Item	Amount for the current period	Amount for the previous period
------	-------------------------------	--------------------------------

Item	Amount for the current period	Amount for the previous period
Net increase in time deposits and payment for forward foreign exchange settlement and sales		5,542,024,468.66
Others	10,532,866.10	
Total	10,532,866.10	5,542,024,468.66

(5) Other cash paid relating to financing activities

Item	Amount for the current period	Amount for the previous period
Received subscriptions for employee stock ownership plan	1,143,534,793.64	
Total	1,143,534,793.64	

(6) Other cash paid relating to financing activities

Item	Amount for the current period	Amount for the previous period
Net increase in pledge margin on borrowings	16,441,927,495.00	9,825,529,906.65
Cash paid for repurchase of stocks	21,819,537,788.45	5,182,273,853.90
Others	1,645,086,434.41	6,709,713.08
Total	39,906,551,717.86	15,014,513,473.63

## 68. Supplementary information about cash flow statement

(1) Supplementary information about cash flow statement

Supplementary information	Amount in the current period	Amount in the previous period
1. Convert net profit to cash flow from operating activities:		
Net profit	22,831,893,632.89	22,279,242,195.27
Add: Assets depreciation reserves	757,142,125.36	273,445,629.14
Fixed asset depreciation, oil and gas assets accumulated depreciation, productive biological assets accumulated depreciation	3,476,137,137.22	3,377,378,887.04
Amortization of intangible assets	168,287,721.43	211,327,446.74
Losses on disposal of fixed assets, intangible assets and other long-term assets (incomes marked with “-”)	-6,212,295.19	-2,945,975.01
Loss from retirement of fixed assets (earnings are marked with “-”)	15,960,756.64	7,920,199.63
Losses from changes in fair value (incomes marked with “-”)	58,130,545.10	-200,153,472.05
Financial expenses (incomes marked with “-”)	-2,206,918,302.50	-3,117,118,954.25
Investment losses (earnings are marked with “-”)	-522,063,222.58	-713,010,071.67
Decrease in deferred income tax assets (increase marked with “-”)	-201,498,429.60	993,661,744.02
Increase in deferred income tax liabilities (decrease marked with “-”)	220,437,931.82	290,136,496.04
Decrease of inventories (increase marked with “-”)	-13,233,904,716.97	-3,734,232,466.37

Supplementary information	Amount in the current period	Amount in the previous period
Decrease in operating receivables (increase marked with “-”)	-2,983,553,411.83	15,242,828,006.57
Increase in operating payables (decrease marked with “-”)	-7,479,006,628.48	-18,480,942,047.82
Others [Note]	999,530,415.41	2,811,099,691.88
Net cash flows from operating activities	1,894,363,258.72	19,238,637,309.16
2. Major investing and financing activities not involving cash receipts and payment:		--
Conversion of debt into capital		
Convertible bonds expiring within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		--
Ending balance of cash	29,951,743,758.00	24,225,049,638.15
Less: Beginning balance of cash	24,225,049,638.15	26,372,571,821.49
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	5,726,694,119.85	-2,147,522,183.34

[Note] "Others" includes the decreased amount RMB 633,908,556.69 of statutory deposit reserve and the net decreased amount RMB 365,621,858.72 of bill margin.

(2) Net cash paid for acquisition of subsidiaries in the current period

Item	Amount
Cash or cash equivalent paid in the current period for business combination that occurred in the current period	1,828,275,113.56
Including: Bank deposits	1,828,275,113.56
Less: Cash and cash equivalents held by the subsidiary on the date of purchase	80,938,709.57
Net cash paid for acquisition of subsidiaries	1,747,336,403.99

(3) Composition of cash and cash equivalents

Item	Balance at the end of the period	Beginning balance
I. Monetary capital	116,939,298,776.87	136,413,143,859.81
Including: Cash on hand	1,021,935.16	468,623.79
Bank deposit for payment at any time	7,036,671,283.79	7,302,375,145.99
Other monetary capital for payment at any time	282,159,290.47	395,860,332.07
Deposits in the central bank available for payment at any time	2,052,759.35	2,108,729.48
Deposits in other banks available for payment at any time	22,629,838,489.23	16,524,236,806.82
Fixed deposits and accrued interest not in the category of cash and cash equivalents	49,658,731,669.74	91,852,690,730.47

Deposits with restricted use	37,328,823,349.13	20,335,403,491.19
II. Cash equivalents		
III. Balance of monetary funds and cash equivalents at the end of the year	116,939,298,776.87	136,413,143,859.81
Less: Fixed deposits and accrued interest not in the category of cash and cash equivalents	49,658,731,669.74	91,852,690,730.47
Less: Deposits with restricted use	37,328,823,349.13	20,335,403,491.19
Including: Statutory deposit reserve	1,403,981,413.43	2,037,889,970.12
Bill, letter of credit and other deposits	35,924,841,935.70	18,297,513,521.07
VI. Ending balance of cash and cash equivalents	29,951,743,758.00	24,225,049,638.15

#### 69. Assets with restricted ownership or use rights

Item	Book value at the end of the period	Restricted reason
Monetary funds	37,328,823,349.13	Statutory deposit reserve and deposits
Accounts receivable	276,321,025.79	Pledged
Receivable financing	12,911,461,792.08	Pledged
Contract assets	422,560,112.06	Pledged
Other current assets	6,800,000,000.00	Pledged
Non-current assets due within one year	60,197,639.98	Pledged
Other debt investments	4,717,527,970.00	Pledged
Other equity instruments investments	8,938,973,543.22	Restricted shares
Long-term equity investments	312,711,807.79	Pledged
Fixed assets	847,908,771.37	Pledged
Construction in progress	225,701,846.53	Pledged
Intangible assets	947,343,396.76	Pledged
Other non-current assets	44,163,315.00	Pledged
Total	73,833,694,569.71	

## 70. Monetary items of foreign currencies

### (1) Monetary items of foreign currencies

Item	USD Converted into RMB	BRL Converted into RMB	Pounds Converted into RMB	HKD Converted into RMB	Euro Converted into RMB	Other currencies Converted into RMB	Total Converted into RMB
Exchange rate as of December 31, 2021	6.3757	1.1436	8.6064	0.8176	7.2197	Not Applicable	Not Applicable
Monetary assets of foreign currency	9,492,070,463.82	806,164,007.51	173,373,191.16	44,135,425.85	25,148,047.82	279,730.59	10,541,170,866.75
Monetary funds	6,449,482,697.58	227,528,885.95		8,164,571.28	1,805,651.37	42,484.88	6,687,024,291.06
Accounts receivable	3,038,709,912.61	578,403,260.59	173,295,647.50	35,619,564.10	23,279,901.21	237,245.71	3,849,545,531.72
Contract assets	3,383,169.57						3,383,169.57
Other receivables	494,684.06	231,860.97	77,543.66	351,290.47	62,495.24		1,217,874.40
Monetary liabilities of foreign currency	4,730,180,826.38	33,430,777.93		20,305,305.31	79,517,507.35	28,279,931.74	4,891,714,348.71
Short-term borrowings	4,178,592,622.67						4,178,592,622.67
Accounts payable	277,410,941.36	31,466,447.77		20,192,476.51	4,331,820.00	28,256,476.40	361,658,162.04
Other payables	176,789,758.72	1,964,330.16		112,828.80	6,730,436.09	23,455.34	185,620,809.11
Non-current liabilities due within one year	66,581,853.64				68,455,251.26		135,037,104.90
Other current liabilities	30,805,649.99						30,805,649.99

### (2) Description of overseas operating entities

No.

## VI Change in the consolidation scope

### 1. Business combinations not under common control

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

Name of the Purchased Party	Point of acquisition of equity	Equity acquisition cost	Equity acquisition proportion	Equity acquisition method	Acquisition date	Basis for determining the acquisition date	Operating revenue from the acquisition date to statement date	Net profit from the acquisition date to statement date
Gree Altairnano New Energy Inc.	October 31, 2021	1,828,275,113.56	30.47%	Purchase in cash	October 31, 2021	Acquisition of control	694,344,061.76	-416,767,701.45

#### (2) Combination cost and goodwill

Cost of business combination	Amount
Cost of business combination	1,828,275,113.56
Less: fair value share of the identifiable net assets acquired	1,215,497,529.64
Amount of goodwill/combination cost less than the share of fair value of identifiable net asset acquired	612,777,583.92

[Note 1] As described in Remark V-23 "Goodwill", GREE Titanium New Energy became a holding subsidiary of the Company on October 31, 2021.

[Note 2] As of the acquisition date October 31, 2021, the fair value of the identifiable net assets attributable to the owners of the parent company of Gree Altairnano New Energy was 1,215,497,529.64 yuan, and the fair value of the corresponding identifiable net assets was appraised by China United Assets Appraisal Group Limited, which issued appraisal report ZLPBZ [2022] No. 1362.

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

Item	Gree Altairnano New Energy Inc.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Monetary funds	1,646,843,953.97	1,646,843,953.97
Trading financial liabilities	10,000.00	10,000.00
Accounts receivable	2,779,548,017.55	2,779,548,017.55
Advance payments	215,800,208.73	215,800,208.73
Other receivables	234,176,292.67	234,176,292.67
Inventory	2,135,766,221.72	2,135,766,221.72
Contract assets	996,806,636.13	996,806,636.13
Non-current assets due within one year	2,810,789.73	2,810,789.73
Other current assets	856,356,937.01	856,356,937.01

Item	Gree Altairnano New Energy Inc.	
	Fair value on the acquisition date	Book value on the acquisition date
Long-term receivables	3,014,657.86	3,014,657.86
Long-term equity investments	390,685,789.09	535,849,709.81
Other equity instruments investments	2,170,000.00	2,170,000.00
Investment real estate	30,434,649.00	6,404,970.97
Fixed assets	9,851,922,127.54	8,874,157,430.70
Construction in progress	2,341,162,945.24	2,301,429,874.64
Intangible assets	3,078,130,531.23	2,103,825,250.26
Long-term unamortized expenses	18,801,886.89	18,801,886.89
Deferred income tax assets	1,906,423,128.64	1,906,423,128.64
Other non-current assets	277,326,714.43	277,326,714.43
Subtotal of assets	26,768,191,487.43	24,897,522,681.71
Liabilities:		
Short-term borrowings	2,202,310,244.21	2,202,310,244.21
Notes payable	1,382,825,460.48	1,382,825,460.48
Accounts payable	4,860,305,562.25	4,860,305,562.25
Contract liabilities	5,024,137,616.68	5,024,137,616.68
Employee pay payable	49,442,281.69	49,442,281.69
Taxes and dues payable	46,366,595.59	46,366,595.59
Other payables	4,233,517,352.93	4,233,517,352.93
Non-current liabilities due within one year	98,518,621.44	98,518,621.44
Other current liabilities	2,088,457,921.70	2,088,457,921.70
Long-term borrowings	850,000,000.00	850,000,000.00
Long-term payables	392,843,262.75	392,843,262.75
Deferred Income	1,186,062,239.50	1,186,062,239.50
Deferred income tax liabilities	13,873,952.69	13,873,952.69
Subtotal of liabilities	22,428,661,111.91	22,428,661,111.91
Net assets	4,339,530,375.52	2,468,861,569.80

(4) Profit or loss arising from the remeasurement of equity held before the purchase date at fair value

Name of the Purchased Party	Book value of equity held before the acquisition date on the acquisition date	Fair value on the purchase date of share held before that date	Gains or losses on remeasurement of previously held equity interest to fair value before the acquisition date

Name of the Purchased Party	Book value of equity held before the acquisition date on the acquisition date	Fair value on the purchase date of share held before that date	Gains or losses on remeasurement of previously held equity interest to fair value before the acquisition date
Gree Altairnano New Energy Inc.	None	None	None

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

1) Valuation determination method: The assets and liabilities were mainly evaluated using the asset-based method and the income method.

1) Key assumptions in the evaluation process.

A. The appraised entity is capable of making timely adjustments and innovations in line with the development of the market and science and technology, while maintaining consistency in its business scope, business methods and management mode.

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

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

D. The assets and liabilities declared by the appraised entity are free from title disputes and other economic disputes;

E. The appraised entity's future sources of funding and costs for R&D and production will not have a material adverse impact on the enterprise.

2) Reasons for asset appreciation:

A. Machinery and equipment: the market price of some equipment increased and the depreciable life of the enterprise's equipment was shorter than the economic life of the equipment;

B. Housings and buildings: there was a difference between the depreciable life and the actual economic life, and some buildings were built a long period of time ago, resulting in an increase in replacement costs (labor, materials, etc.);

C. Land use rights: the time when the enterprise acquired the land is far from the benchmark date of the evaluation and the price was low, and the land price increased between the acquisition date and the current valuation benchmark date.

**2. Business combination under common control**

No.

**3. Counterpurchase**

No.

#### 4. Disposal of subsidiaries

Company name	Equity disposal price	Equity disposal proportion (%)	Equity disposal method	Time point of losing control	Basis for determining the point at which control is lost	The difference between the disposal price and the share of the subsidiary's net assets in the consolidated financial statements corresponding to the disposal investment.	Proportion of remaining equity on the date of losing control (%)	Book value of remaining equity on the date of losing control	Fair value of remaining equity on the date of losing control	Gains or losses arising from remeasurement of remaining equity at fair value.	Determination methods and main assumptions of the fair value of the remaining equity on the date of losing control.	Amount of other comprehensive income related to equity investment of the original company transferred into investment profit and loss.
SL Group Jiangwan Rice Industry Co., Ltd	255,000.00	2.00	Sale	August, 2021	Share Transfer Agreement	215,501.72	49.00	1,145,000.00	1,145,000.00		Book value	None
SL Group Lianhe Ecology Farm Co., Ltd	21,000.00	21.00	Sale	August, 2021	Share Transfer Agreement	-50,939.54	49.00				Book value	None
SL Group Yuan Agriculture Co., Ltd		40.00	Sale	September, 2021	Industrial and commercial change registration	2,291.72	30.00				Book value	None
SL Group Lvzhuyuan Agriculture Co., Ltd		40.00	Sale	September, 2021	Industrial and commercial change registration	142,792.55	30.00				Book value	None
SL Group Dongwei Rice Industry Co., Ltd		21.00	Sale	September, 2021	Industrial and commercial change registration	92,134.32	30.00				Book value	None
SL(Ningbo) Grain Sales Co., Ltd		100.00	Sale	September, 2021	Industrial and commercial change registration	23,927.91					Book value	None

## 5. Change of consolidation scope for other reasons

### (1) Newly established entities for the current period

Name	Date of establishment	Net assets at the end of the period	Net profit from the combination date to the end of the period
Zhuhai Gree Appliancesal and Mechanical Engineering (Linyi) Co., Ltd.	March 1, 2021	36,931,910.01	6,931,910.01
Wuhu Gree Intelligent Logistics Co., Ltd	March 19, 2021		
Gree (Zhuhai Hengqin) GREE Development Co., Ltd.	April 25, 2021	998,450,036.83	-1,549,963.17
Gree Electric Appliances (Linyi) Co., Ltd.	May 6, 2021	194,574,519.31	-5,425,480.69
Jiangxi Jinrun Real Estate Co., Ltd	June 16, 2021	85,809,836.46	-14,190,163.54
Changsha Kinghome Electrics Co., Ltd	July 1, 2021	5,720,175.31	-279,824.69
Green Electricity New Material (Maanshan) Technology Co., Ltd.	September 7, 2021		
Wuhan Yuli Runzhu Real Estate Co., Ltd	September 26, 2021	6,723,663.82	-276,336.18
Huaxingtao (Maanshan) Technology Co., Ltd.	October 12, 2021		
Zhuhai MinRoad Supply Chain Technology Co., Ltd	November 19, 2021		

### (2) Other decrease for the current period

The company cancelled its subsidiaries, SL Group Ermapao Eco-Farm Co., Ltd. and Handan YingDong New Energy Technology Co., Ltd.

## VII Equity in other subjects

### 1. Equity in subsidiaries

#### (1) Composition of the enterprise group

Serial No.	Name of subsidiary	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
1	Gree (Chongqing) Electric Appliances Co., Ltd.	Chongqing City	Chongqing City	Industrial manufacture	97.00		97.00	Establishment
2	Zhuhai Landa Compressor Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
3	Zhuhai Gree Electrical Co., Ltd	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
4	Zhuhai Gree Xinyuan Electronics Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination involving enterprises under common control
5	Zhuhai Kaibang Motor Manufacturing Co., Ltd	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combinations not under common control
6	Gree Electric Appliances Appliance (Hefei) Co., Ltd	Hefei city	Hefei city	Industrial manufacture	100.00		100.00	Establishment
7	Gree (ZhongShan) Small Home Appliances Co.,LTD	Zhongshan City	Zhongshan City	Industrial manufacture	100.00		100.00	Establishment
8	Zhuhai Gree Group Finance Company Limited [Note 1]	Zhuhai City	Zhuhai City	Finance	94.16	0.46	94.62	Business combination involving enterprises under common control
9	<u>Gree Electric Appliances (Brazil) Co., Ltd.</u>	Manaus, Brazil	Manaus, Brazil	Industrial manufacture	100.00		100.00	Establishment
10	Gree Hong Kong Electric Appliances Sales Co., Ltd.	Kowloon, Hong Kong	Kowloon, Hong Kong	Sales	100.00		100.00	Business combinations not under common control
11	GREE Shanghai Air Conditioners Sales Co., Ltd. [Note 2]	Shanghai City	Shanghai City	Sales	90.00	9.70	99.70	Establishment

Serial No.	Name of subsidiary	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
12	Zhuhai Gree Daikin Precision Mold Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
13	Zhuhai Gree Dakin Device Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	51.00		51.00	Establishment
14	Gree Green Refrigeration Technology Center Co., Ltd. of Zhuhai	Zhuhai City	Zhuhai City	Technical research and development	100.00		100.00	Establishment
15	Gree (Zhengzhou) Electric Appliances Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
16	Gree (Wuhan) Electric Appliances Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
17	Gree Green Renewable Resources (Zhengzhou) Co., Ltd.	Zhengzhou City	Zhengzhou City	Industrial manufacture	100.00		100.00	Establishment
18	Hunan Green Resources Recycling Co., Ltd.	Ningxiang County	Ningxiang County	Industrial manufacture	100.00		100.00	Establishment
19	Wuhu Green Resources Recycling Co., Ltd.	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
20	Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Establishment
21	Gree (Wuhu) Electric Appliances Co., Ltd.	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
22	Shijiazhuang Green Resources Recycling Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Establishment
23	Gree (Wuhu) Electric Appliances Co., Ltd.	Shijiazhuang City	Shijiazhuang City	Industrial manufacture	100.00		100.00	Business combinations not under common control
24	Tianjin Green Resources Recycling Co., Ltd.	Tianjin	Tianjin	Industrial manufacture	100.00		100.00	Establishment
25	Zhuhai HVAC Equipment Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
26	<u>Zhuhai Gree TOSOT Life Electric Appliances Co., Ltd.</u>	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment

Serial No.	Name of subsidiary	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
27	Zhuhai Ligao Precision Manufacturing Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
28	Zhuhai IVP Information Technology Co., Ltd.	Zhuhai City	Zhuhai City	Information technologies	100.00		100.00	Establishment
29	Changsha Gree HVAC Equipment Co., Ltd.	Changsha City	Changsha City	Industrial manufacture	100.00		100.00	Establishment
30	Gree TOSOT (Suqian) Home Appliances Co., Ltd.	Suqian City	Suqian City	Industrial manufacture	100.00		100.00	Establishment
31	Wuhu GREE Precision Manufacturing Co., Ltd.	Wuhu City	Wuhu City	Industrial manufacture	100.00		100.00	Establishment
32	Zhuhai GREE Intelligent Equipment Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
33	Zhuhai Hengqin Gree <u>Commercial Factoring</u> Co., Ltd.	Zhuhai City	Zhuhai City	Finance	100.00		100.00	Establishment
34	Zhuhai Gree Precision Mold Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
35	Gree (Wuhan) HVAC Equipment Co., Ltd.	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
36	Zhuhai GREE Intelligent Equipment Technology Research Institute Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
37	Zhuhai Gree New Material Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
38	<u>Gree (Wuhan) Precision Mold Co., Ltd.</u>	Wuhan City	Wuhan City	Industrial manufacture	100.00		100.00	Establishment
39	Zhuhai Gree Energy Environment Technology Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
40	Gree (Hangzhou) Electric Appliances Co., Ltd.	Hangzhou City	Hangzhou City	Industrial manufacture	100.00		100.00	Establishment
41	Zhuhai Gree Info Technology Co., Ltd.	Zhuhai City	Zhuhai City	Information technologies	51.00		51.00	Establishment
42	Gree (Chengdu) HVAC Equipment Co., Ltd.	Chengdu City	Chengdu City	Industrial manufacture	100.00		100.00	Establishment

Serial No.	Name of subsidiary	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
43	Zhuhai Gree CNC Machine Tool Research Institute Co., Ltd.	Zhuhai City	Zhuhai City	Technical research and development	100.00		100.00	Establishment
44	Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	Wu'an County	Wu'an County	Industrial manufacture	70.00		70.00	Establishment
45	<u>Zhuhai Gree Transportation Co., Ltd.</u>	Zhuhai City	Zhuhai City	Transportation	100.00		100.00	Establishment
46	Gree (Luoyang) Robot Co., Ltd.	Luoyang City	Luoyang City	Technical research and development	100.00		100.00	Establishment
47	<u>Gree (Nanjing) Electric Appliances Co., Ltd.</u>	Nanjing city	Nanjing city	Industrial manufacture	100.00		100.00	Establishment
48	<u>Gree (Luoyang) Electric Appliances Co., Ltd.</u>	Luoyang City	Luoyang City	Industrial manufacture	100.00		100.00	Establishment
49	Zhuhai Zero Boundary Integrated Circuit Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
50	Zhuhai Lianyun Technology Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
51	Gree (Chengdu) Electric Appliances Co., Ltd.	Chengdu City	Chengdu City	Industrial manufacture	100.00		100.00	Establishment
52	Zhuhai Gree Material Supply Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
53	<u>Zhuhai Gree Lvkong Technology Co., Ltd.</u>	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
54	Hefei Kinghome Electrics Co., Ltd	Hefei city	Hefei city	Industrial manufacture	100.00		100.00	Business combinations not under common control
55	Zhuhai Gree Electormechanical Engineering Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Business combination under common control
56	Gree (Chengdu) Precision Mold Co., Ltd.	Chengdu City	Chengdu City	Industrial manufacture	100.00		100.00	Establishment
57	<u>Gree (Luoyang) Washing Machine Co., Ltd.</u>	Luoyang City	Luoyang City	Industrial manufacture	100.00		100.00	Establishment

Serial No.	Name of subsidiary	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Voting right percentage (%)	Acquisition mode
					Direct	Indirect		
58	Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd [Note 3].	Zhuhai City	Zhuhai City	Information technologies	75.00	5.00	80.00	Establishment
59	Gree (Anji) Precision Mold Co., Ltd.	Anji County	Anji County	Industrial manufacture	100.00		100.00	Establishment
60	Gree Green Renewable Resources (Zhuhai) Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
61	Gree E-commerce Co., Ltd.	Zhuhai City	Zhuhai City	Wholesales and retail trades	100.00		100.00	Establishment
62	<u>Zhuhai Gejian Medical Technology Co., Ltd.</u>	Zhuhai City	Zhuhai City	Medical device	100.00		100.00	Establishment
63	Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	Zhuhai City	Zhuhai City	Industrial manufacture	100.00		100.00	Establishment
64	Chengdu Gree Xinhui Medical Equipment Co., Ltd. [Note 4]	Chengdu City	Chengdu City	Medical device	75.00	5.00	80.00	Establishment
65	Songyuan Grain Group Co., Ltd.	Songyuan City	Songyuan City	Agriculture	75.00		75.00	Business combinations not under common control
66	Gree (Ganzhou) Electric Appliances Co., Ltd.	Ganzhou City	Ganzhou City	Industrial manufacture	100.00		100.00	Establishment
67	Tianjin Gree Xinhui Medical Equipment Co., Ltd.	Tianjin	Tianjin	Industrial manufacture	100.00		100.00	Establishment
68	Gree Electric Appliances (Linyi) Co., Ltd.	Linyi City	Linyi City	Industrial manufacture	100.00		100.00	Establishment
69	Gree (Zhuhai Hengqin) GREE Development Co., Ltd.	Zhuhai City	Zhuhai City	Real estate industry	100.00		100.00	Establishment
70	Changsha Kinghome Electrics Co., Ltd	Changsha City	Changsha City	Industrial manufacture	100.00		100.00	Establishment
71	GREE Altairnano New Energy Inc. [Note 5]	Zhuhai City	Zhuhai City	Research and test development	30.47		47.93	Business combinations not under common control
72	Zhuhai MinRoad Supply Chain Technology Co., Ltd	Zhuhai City	Zhuhai City	Transportation	70.00		70.00	Establishment

[Note 1] The company holds 94.16% of the stock right of Gree Finance Company, and the Company's wholly-owned subsidiaries Gree Electrical and Gree Xinyuan each hold 0.23% of the stock right of Gree Finance Company, so the Company's control over Gree Finance Company remained unchanged;

[Note 2] The Company directly holds 90.00% of stock right of Gree Shanghai Air Conditioners Sales Co., Ltd., and Gree (Chongqing) Electric Appliances Co., Ltd., as the subsidiary of the Company, holds its remaining 9.70% stock right, so the Company holds its 99.70% stock right in the direct and indirect ways.

[Note 3] The Company directly holds 75.00% of stock right of Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd, and GREE Altairnano New Energy Inc., as the subsidiary of the Company, holds its remaining 5.00% stock right, so the Company holds its 80.00% stock right in the direct and indirect ways.

[Note 4] The Company directly holds 75.00% of stock right of Chengdu Gree Xinhui Medical Equipment Co., Ltd., and GREE Altairnano New Energy Inc., as the subsidiary of the Company, holds its remaining 5.00% stock right, so the Company holds its 80.00% stock right in the direct and indirect ways.

[Note 5] The Company included GREE Altairnano New Energy in the consolidation during the current period, the details and financial information of which are described in Remark 6-1 "Business combination not under the same control".

## (2) Important non-wholly owned subsidiaries

Information of rights and interests held by minority shareholders of important non-wholly owned subsidiaries and profits and losses:

Name of subsidiary	Shareholding ratio of minority shareholders	Profits or losses attributable to minority shareholders in the current period	Dividends declared to distribute to minority shareholders in the current period	Equity balance of minority shareholders at the end of the period
Gree (Chongqing) Electric Appliances Co., Ltd.	3.00%	5,739,957.63	49,903,893.39	29,720,208.45
Zhuhai Gree Group Finance Company Limited	5.38%	21,907,875.49		341,819,829.08

## (3) Main financial information of important non-wholly owned subsidiaries

Name of subsidiary	Balance at the end of the period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Gree (Chongqing) Electric Appliances Co., Ltd.	1,704,926,333.20	841,684,649.00	2,546,610,982.20	1,544,393,100.17	11,544,266.70	1,555,937,366.87
Zhuhai Gree Group Finance Company Limited	41,592,729,227.65	10,677,512,278.06	52,270,241,505.71	45,552,841,401.15	359,144,354.50	45,911,985,755.65

(Continued)

Name of subsidiary	Beginning balance
--------------------	-------------------

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Gree (Chongqing) Electric Appliances Co., Ltd.	2,920,871,321.12	944,587,263.99	3,865,458,585.11	1,390,158,036.58	12,495,741.40	1,402,653,777.98
Zhuhai Gree Group Finance Company Limited	38,131,598,722.42	14,678,190,451.97	52,809,789,174.39	46,634,275,949.33	232,033,203.40	46,866,309,152.73

(Continued)

Name of subsidiary	Amount for the current period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Gree (Chongqing) Electric Appliances Co., Ltd.	4,260,079,859.97	191,331,921.06	191,331,921.06	203,644,311.67
Zhuhai Gree Group Finance Company Limited	1,904,221,332.12	407,512,564.92	414,775,728.40	3,626,629,910.99

(Continued)

Name of subsidiary	Amount for the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Gree (Chongqing) Electric Appliances Co., Ltd.	4,820,238,798.40	75,181,066.77	75,181,066.77	-3,051,189,240.49
Zhuhai Gree Group Finance Company Limited	2,379,170,026.46	679,943,713.67	681,885,945.92	-12,691,657,223.44

## 2. Equities in joint ventures or associates

### (1) Important joint ventures or associates

Name of invested entity	Main location of operation	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment of associates or joint ventures
				Direct	Indirect	
Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)	Zhuhai City	Zhuhai City	Business services	91.27		Equity method
Zhuhai Hanling Equity Investment Partnership (Limited Partnership)	Zhuhai City	Zhuhai City	Business services	47.92		Equity method

### (2) Main financial information of important joint ventures

#### 1) Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)

Item	Ending balance/Current amount	Beginning balance/Amount for the previous period
Current assets	11,636,952,794.62	1,536,916.77
Including: cash and cash equivalents	1,753,243.88	1,536,916.77
Non-current assets		8,660,996,176.54
Total assets	11,636,952,794.62	8,662,533,093.31
Current liabilities	42,567,398.01	23,078,118.19
Total liabilities	42,567,398.01	23,078,118.19
Share of net assets calculated by the agreement	8,893,495,450.98	7,061,709,059.56
Total comprehensive income	2,552,450,421.49	1,114,839,883.69

#### 2) Zhuhai Hanling Equity Investment Partnership (Limited Partnership)

Item	Ending balance/Current amount	Beginning balance/Amount for the previous period
Current assets	678,478,666.88	123,178,588.99
Including: cash and cash equivalents	3,478,666.88	476,698.58
Non-current assets	245,000,000.00	800,000,000.00
Total assets	923,478,666.88	923,178,588.99
Current liabilities	2,998,503.81	758,152.76
Total liabilities	2,998,503.81	758,152.76
Share of net assets calculated by the agreement	920,480,163.07	922,420,436.23
Total comprehensive income	53,187,718.56	29,115,512.75
Dividends received from joint ventures in the current year	55,127,991.72	26,695,076.52

### (3) Significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

No.

(4) Excess losses incurred by joint ventures or associates

No.

(5) Unrecognized commitments related to investment in joint ventures

No.

(6) Contingent liabilities related to investment in joint ventures or associates

No.

### 3. Important co-management

No.

### 4. Equity in structured entities which were not included in the scope of consolidated financial statements

No.

## VIII Risks associated with financial instruments

Main financial instruments of the Company includes monetary capital, trading financial assets, derivative financial assets, receivables financing, receivables, disbursement of loans and receivables, buying back the sale of financial assets, debt investments, other debt investments, other equity instrument investments, other financial liabilities (e.g., payables) arising from operation, etc. These financial instruments aim to provide funds for operation of the Company.

The financial instruments of the Company may lead to the main risks of credit risks, liquidity risks and market risks.

### 1. Classification information of financial instruments

The book values of various financial instruments on the balance sheet date:

(1) Balance at the end of the period

Item	Classification of financial assets			Total
	Financial assets measured at amortization costs	Financial assets measured at fair value with changes included in other comprehensive income	Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	
1. Measured by cost or amortized cost				
Monetary funds	116,939,298,776.87			116,939,298,776.87
Accounts receivable	13,840,898,802.76			13,840,898,802.76
Other receivables	334,161,870.18			334,161,870.18

Item	Classification of financial assets			Total
	Financial assets measured at amortization costs	Financial assets measured at fair value with changes included in other comprehensive income	Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	
1. Measured by cost or amortized cost				
Non-current assets due within one year	3,406,416.52			3,406,416.52
Other current financial assets	5,249,688,091.77			5,249,688,091.77
Loans and advances	4,142,652,901.85			4,142,652,901.85
Long-term receivables	2,419,031.07			2,419,031.07
Subtotal	140,512,525,891.02			140,512,525,891.02
2. Measured by their fair values				
Derivative financial assets			198,773,198.65	198,773,198.65
Receivable financing		25,612,056,693.07		25,612,056,693.07
Non-current assets due within one year		11,030,165,516.08		11,030,165,516.08
Other current financial assets		1,332,723,758.33	13,436,100.00	1,346,159,858.33
Other debt investments		5,910,056,891.62		5,910,056,891.62
Other equity instruments investments		10,114,246,030.05		10,114,246,030.05
Other non-current financial assets			81,309,327.39	81,309,327.39
Subtotal		53,999,248,889.15	293,518,626.04	54,292,767,515.19
Total	140,512,525,891.02	53,999,248,889.15	293,518,626.04	194,805,293,406.21

(Continued)

Item	Classification of financial liabilities		
	Derivative financial liabilities	Other financial liabilities	Total
1. Measured by cost or amortized cost			
Short-term borrowings		27,617,920,548.11	27,617,920,548.11
Loans from other banks		300,021,500.00	300,021,500.00
Notes payable		40,743,984,514.42	40,743,984,514.42
Accounts payable		35,875,090,911.05	35,875,090,911.05
Financial assets sold for repurchase		746,564,041.09	746,564,041.09
Deposits from customers and interbank		182,681,905.74	182,681,905.74
Other payables		6,763,119,937.14	6,763,119,937.14

Item	Classification of financial liabilities		
	Derivative financial liabilities	Other financial liabilities	Total
Non-current liabilities due within one year		1,243,822,222.57	1,243,822,222.57
Other current liabilities		7,819,060,868.44	7,819,060,868.44
Long-term borrowings		8,960,864,258.30	8,960,864,258.30
Long-term payables		446,194,591.92	446,194,591.92
Subtotal		130,699,325,298.78	130,699,325,298.78
Total		130,699,325,298.78	130,699,325,298.78

(2) Beginning balance

Item	Classification of financial assets			
	Financial assets measured at amortization costs	Financial assets measured at fair value with changes included in other comprehensive income	Financial assets which are measured at their fair values and of which the changes are included into other comprehensive income	Total
1. Measured by cost or amortized cost				
Monetary funds	136,413,143,859.81			136,413,143,859.81
Accounts receivable	8,738,230,905.44			8,738,230,905.44
Other receivables	147,338,547.86			147,338,547.86
Other current financial assets	13,039,786,857.75			13,039,786,857.75
Loans and advances	5,273,805,581.52			5,273,805,581.52
Subtotal	163,612,305,752.38			163,612,305,752.38
2. Measured by their fair values				
Trading financial liabilities			370,820,500.00	370,820,500.00
Derivative financial assets			285,494,153.96	285,494,153.96
Receivable financing		20,973,404,595.49		20,973,404,595.49
Other current financial assets		22,298,300.00	22,524,600.00	44,822,900.00
Other debt investments		502,202,293.17		502,202,293.17
Other equity instruments investments		7,788,405,891.47		7,788,405,891.47
Other non-current financial assets			2,003,483,333.33	2,003,483,333.33
Subtotal		29,286,311,080.13	2,682,322,587.29	31,968,633,667.42
Total	163,612,305,752.38	29,286,311,080.13	2,682,322,587.29	195,580,939,419.80

(Continued)

Item	Classification of financial liabilities		
	Derivative financial liabilities	Other financial liabilities	Total
Measured by cost or amortized cost			
Short-term borrowings		20,304,384,742.34	20,304,384,742.34
Deposits from customers and interbank		261,006,708.24	261,006,708.24
Loans from other banks		300,020,250.00	300,020,250.00
Notes payable		21,427,071,950.32	21,427,071,950.32
Accounts payable		31,604,659,166.88	31,604,659,166.88
Financial assets sold for repurchase		475,033,835.62	475,033,835.62
Other payables		2,379,395,717.44	2,379,395,717.44
Other current liabilities		7,104,734,012.61	7,104,734,012.61
Long-term borrowings		1,860,713,816.09	1,860,713,816.09
Total		85,717,020,199.54	85,717,020,199.54

## 2. Credit risks

Credit risks refer to financial losses suffered by one party due to the non-performance of obligations by the other party of financial instrument.

The Company will have transactions with recognized customers with a good reputation only. According to the policy of the Company, all the customers who require the credit form for transactions shall undergo credit review. Besides, the Company implements continuous monitoring on the balance of accounts receivable to ensure that the Company is not confronted with the major risk of bad debts.

Financial assets of the Company include monetary capital, receivables financing, etc. The credit risks of these financial assets come from nonperformance of the transaction counterparty, and the maximum risk exposure is equal to the carrying amount of these instruments. Trade terms between the Company and customers focus on advances, banker's acceptance bill or the mode of paying on delivery, assisted by transaction with credit.

The monetary capital is deposited in state-owned financial institutions with high credit rating, minimizing the risk; the receivables financing is mainly banker's acceptance bills, and the risk exposure is rather small. The book value of receivables financing, accounts receivable, other receivables, contract assets, loans and advance money and long-term receivables in the consolidated balance sheet is the highest credit risk with which the Company may be confronted.

As at the end of the Report Period, the Company's receivables financing, accounts receivable, other accounts receivable, contract assets, loans and advance money and long-term receivables accounts for 14.11% of the total assets (the balance at the beginning of the period is 12.61%), and the above amounts are mainly due within 1 year, so the Company has no significant credit risk. For the Company's credit risk exposures arising from the above financial

assets, see the disclosed information in Note V. 4 "Receivables", Note V. 5 "Receivables financing", Note V. 7 "Other receivables", Note V. 9 "Contract assets", Note V. 12 "Loans and advances granted" and Note V. 14 "Long-term receivables".

### 3. Liquidity risk

Liquidity risks refer to risks of fund shortage generated when the enterprise performs the obligation to settle accounts by cash payment or other financial assets.

As indicated by changes in the Company's financial instruments at the beginning and end of the period, the proportion of the Company's "Financial assets" to "Financial liabilities" at the end of the report period was 1.49 (which was 2.28 at the beginning of the period), which shows that the Company has adequate liquidity and the risk in shortage of liquidity is low.

### 4. Market risks

Market risks refer to fluctuation risks of the fair value or future cash flow of financial instrument due to changes in the market price, including exchange rate risk and interest rate risk.

#### (1) Exchange rate risk

Exchange rate risk refers to the fluctuation risk of the fair value or future cash flow of financial instruments due to changes in the foreign exchange rate.

As at December 31, 2021, the amounts of foreign currency financial assets and liabilities held by the Company converted into RMB are presented in details in Note (V) 70 (1) "Foreign Currency Monetary Items".

The Company will minimize the exchange risk by carrying out the forward exchange transaction business and controlling the scale of foreign currency assets and liabilities according to changes in the market exchange rate.

#### (2) Interest rate risks

Interest rate risk refers to the fluctuation risk of the fair value or future cash flow of financial instruments due to changes in the market rate of interest.

Set out below are the Company's liabilities with interests as of December 31, 2021:

Report Item	Amount	Interest rate range	Remark
Short-term borrowings	27,617,920,548.11	0.63%-9.00%	Floating interest rate
Deposits from customers and interbank	182,681,905.74	0.55%-4.13%	Floating interest rate
Loans from other banks	300,021,500.00	2.58%	
Long-term borrowings	8,960,864,258.30	3.1%-6.18%	Floating interest rate
Money from financial assets sold for repurchase	746,564,041.09	3.00%~3.20%	Floating interest rate
Non-current liabilities due within one year	1,243,822,222.57	4.67%-13.00%	Floating interest rate

Other current liabilities	4,048,840,948.73	2.60%	
Long-term payables	446,194,591.92	4.67%-6.175%	Floating interest rate
Total	43,546,910,016.46		

## IX Fair value disclosure

### 1. Fair values of assets and liabilities at the end of period that are measured at the fair value

Item	Ending fair value			Total
	Measurement of the fair value at the first level	Measurement of the fair value at the second level	Measurement of the fair value at the third level	
Continuous fair value measurement				
Derivative financial assets		198,773,198.65		198,773,198.65
Receivable financing		25,612,056,693.07		25,612,056,693.07
Non-current financial assets due within one year	60,392,960.52	10,969,772,555.56		11,030,165,516.08
Other current assets	43,930,525.00	1,302,229,333.33		1,346,159,858.33
Other debt investments	727,591,613.84	5,182,465,277.78		5,910,056,891.62
Other equity instruments investments	10,107,246,030.05		7,000,000.00	10,114,246,030.05
Other non-current financial assets		81,309,327.39		81,309,327.39
Total of assets measured by fair value continuously	10,939,161,129.41	43,346,606,385.78	7,000,000.00	54,292,767,515.19

### 2. Basis for determining market prices of items continuously and not continuously measured at the first-level fair value

Non-current assets-bonds due within one year, other current assets, other debt investment-bonds, and other equity instrument investments held by the Company at the first-level fair value are determined based on the quotation of corresponding products and investment projects on the open market.

### 3. Qualitative and quantitative information on valuation techniques and important parameters adopted by items continuously and not continuously measured at the second-level fair value

Receivables financing held by the Company at the second-level fair value is the bank acceptance bills and commercial acceptance bills held by the Company, and their corresponding transfer and discounted amounts are used as the basis for determining their market prices;

Non-current assets due within one year, other current assets, other debt investments and other non-current financial assets, derivative financial assets and other non-current financial assets held by the Company at the second-level fair value are mainly forward hedging instruments, large-denomination negotiable certificate of deposit and assets management plan with a recovery period of more than one year, and the recoverable amount of the corresponding financial assets is used as the basis for determining the market price.

**4. Qualitative and quantitative information on valuation techniques and important parameters adopted by items continuously and not continuously measured at the third-level fair value**

Non-trading equity instrument investments designated to be measured at their fair values and of which the changes are recorded into comprehensive income, which are held by the Company at the third layer, are mainly equity investment projects which cannot be verified with the data from the observable active market and of which the financial forecast is made with their own data.

**5. For continuous fair value measurement items, in case of conversion among different levels during the current period, the reasons for conversion and the policy for determining the timing for conversion**

No.

**6. Changes in valuation techniques and reasons for changes occurred during the current period**

No.

**7. Particulars on fair value of financial assets and liabilities which are not measured at fair value**

No.

**X Related parties and related transaction**

**1. Parent company of the Company**

The Company has no controlling shareholders or substantial controllers.

**2. Subsidiaries of the Company**

For details, see Note (VII)-1 "Equity in subsidiaries".

**3. Joint ventures and associates of the Company**

For important joint ventures and associates of the Company, see the Note VII-2 "Equity in ventures and associates of the Company" for details.

**4. Other related parties**

Name of other affiliates	Relationships of other related parties with the Company
Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries	The Company holds more than 5.00% of its shares
Henan Province Hongli Electric Sales Co., Ltd.	The son of the director of the Company acts as its general manager
Henan Huizhong Yifeng Electronic Commerce Co., Ltd.	The director of the Company act as its board chairman
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	The Company's director holds its equity and serves as its board chairman
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Companies where directors of the Company act as executive directors and general managers
GREE Altairmano New Energy Inc. and its subsidiaries and holding subsidiaries [Note 1]	Companies and their subsidiaries and holding subsidiaries where the chairman of the Company serves as a director
Nanyang Lida Optic-electronics Co., Ltd.	It is a wholly-owned or controlled subsidiary where the Company's independent director serves as its independent director.

Name of other affiliates	Relationships of other related parties with the Company
Shenzhen Royole Technology Co. Ltd.	It is a wholly-owned or controlled subsidiary where the Company's independent director serves as its independent director.
Guangdong Guangxin Junda Law Firm	The Company's independent directors serve as its partner chairmen
Hunan Green Renewable Resources Recycling Co., Ltd.	The Company has great influence upon it.
Wuhu Green Renewable Resources Recycling Co., Ltd.	The Company has great influence upon it.
Zibo Qiaopeng Trade Co., Ltd.	The younger brother of the Company's supervisor is an executive director and manager of this company.
Shandong Meili Property Co., Ltd.	It is a subsidiary where sons of supervisors of the Company act as executive directors and managers.
Shandong Red April Holdings Group Co., Ltd. and its subsidiaries	The supervisors of the Company act as its executive directors and general managers.
Shandong Jierui Logistics Co., Ltd.	The supervisors of the Company act as its executive directors and general managers.
Subsidiaries and holding companies of Zhuhai Gree Group Co., Ltd. [Note 2]	Subsidiaries and holding subsidiaries of the Company's original controlling shareholder

[Note 1] GREE Altairnano New Energy Inc. (formerly: Yinlong New Energy Co., Ltd.) and its subsidiaries and holding subsidiaries, which are not other related parties of the Company after October 31, 2021, are subsidiaries of the Company. Therefore, only the amount of connected transactions from January 2021 to October 2021 will be disclosed. For details of the connected transactions and dealings between the Company and Gree Altairnano New Energy", please refer to Remark X-8.

[Note 2] Zhuhai Gree Group Co., Ltd. and its subsidiaries and its holding company are not other related parties of the Company after January 23, 2021, therefore, only the related transactions occurring from January 1 to January 23 are disclosed.

## 5. Related transactions

### (1) Related transactions of purchase and sale of goods, provision and acceptance of services

#### 1) Purchase of commodities/receiving of services

Related party	Related transaction types	Content of related transactions	Amount for the current period	Amount for the previous period
Zhuhai Gree Group Co., Ltd. and its holding companies	Deposit-taking	Interest expenses	89.00	168,517.68
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Deposit-taking	Interest expenses	96.10	640.04
Shandong Jierui Logistics Co., Ltd.	Deposit-taking	Interest expenses		540.83
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Deposit-taking	Interest expenses	7,700.16	5,393.77
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	Deposit-taking	Interest expenses	85.02	105.88
Shandong Zhirun Electric Appliances Co., Ltd.	Deposit-taking	Interest expenses		0.65
Shandong Meili Property Co., Ltd.	Deposit-taking	Interest expenses	0.17	8.75
Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	Material Procurement	Raw material	2,527,902,885.40	2,057,922,093.99
Wuhu Green Renewable Resources Recycling Co., Ltd.	Material Procurement	Raw material		509,270.48
Hunan Green Renewable Resources Recycling Co., Ltd.	Material Procurement	Raw material	7,895,587.14	4,281,006.00

Related party	Related transaction types	Content of related transactions	Amount for the current period	Amount for the previous period
Beijing Gree Technology Co., Ltd.	Material Procurement	Accessories	58,532,547.11	46,875,937.46
Shenzhen Royole Technology Co. Ltd.	Material Procurement	Accessories	175,706.84	
Zhuhai Gree Group Co., Ltd. and its holding companies	Material Procurement	Accessories and infrastructure projects	38,209,208.33	5,563,078.35
Gree Altairnano New Energy Inc. and its subsidiaries and holding subsidiaries	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	114,441,306.42	456,527,871.20
Chongqing Pargo Mechanical Equipment Co., Ltd.	Procurement of materials and services	Accessories, cleaning services	246,203.54	15,961,014.17
Liaowang All Media Communication Co., Ltd.	Service procurement	Publicity and advertising fee	1,849,056.61	4,150,943.41
Henan Yuze Finance Leasing Co., Ltd.	Service procurement	Interest expenses	1,387,542.20	
Total			2,750,648,014.04	2,591,966,422.66

2) Schedule of goods sold/services provided

Related party	Related transaction types	Content of related transactions	Amount incurred in current period	Amount for the previous period
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Interest revenue		42,501,985.05
Shandong Jierui Logistics Co., Ltd.	Loan	Interest revenue		10,440,199.17
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Interest revenue		17,299,672.42
Shandong Zhirun Electric Appliances Co., Ltd.	Loan	Interest revenue		141,115.31
Beijing Gree Technology Co., Ltd.	Loan	Interest revenue	1,055,231.60	
Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	Loan	Interest revenue	8,055.86	
Shandong Jierui Logistics Co., Ltd.	Loan	Handling charge income		194.34
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Handling charge income	14.62	189.15
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Loan	Handling charge income		378.30
Shandong Zhirun Electric Appliances Co., Ltd.	Loan	Handling charge income		5.19

Related party	Related transaction types	Content of related transactions	Amount incurred in current period	Amount for the previous period
Shandong Meili Property Co., Ltd.	Loan	Handling charge income	5.19	
Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	Loan	Handling charge income	9.91	
Henan Shengshi Xinxing Gree Trading Co., Ltd.	Sale of goods	Sales revenue	2,817,582,876.54	4,285,955,595.20
Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	Sale of goods	Sales revenue	6,174,062,804.40	4,509,434,341.94
Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	Sale of goods	Sales revenue	1,066,814,988.67	1,135,301,130.49
Gree Altairnano New Energy Inc. and its subsidiaries and holding subsidiaries	Sale of goods	Sales revenue	709,032,680.61	123,800,930.62
Beijing Gree Technology Co., Ltd.	Sale of goods	Sales revenue	154,826.18	21,750,223.87
Zhuhai Gree Group Co., Ltd. and its holding companies	Sale of goods	Sales revenue	1,051,467.87	26,204,546.50
Shandong Red April Holdings Group Co., Ltd. and its subsidiaries	Sale of goods	Sales revenue	152,586.11	18,008,378.79
Henan Huizhong Yifeng Electronic Commerce Co., Ltd.	Sale of goods	Sales revenue	86,581,480.47	79,088,623.28
Chongqing Pargo Mechanical Equipment Co., Ltd.	Sale of goods	Sales revenue		474,477.90
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	Sale of goods	Sales revenue		2,856,000.00
Henan Province Hongli Electric Sales Co., Ltd.	Sale of goods	Sales revenue	14,158.41	
Henan Yuze Finance Leasing Co., Ltd.	Sale of goods	Sales revenue	10,662.83	
Zibo Qiaopeng Trade Co., Ltd.	Sale of goods	Sales revenue	452.83	
Guangdong Guangxin Junda Law Firm	Sale of goods	Sales revenue	29,989.22	

Related party	Related transaction types	Content of related transactions	Amount incurred in current period	Amount for the previous period
Shenzhen Royole Technology Co. Ltd.	Sale of goods	Sales revenue	3,892.30	
Total			10,856,556,183.62	10,273,257,987.52

[Note] Songwon Grain Group Co., Ltd. and its subsidiaries, Zhuhai Vantone Special Engineering Plastics Co., Ltd. and Shandong Shengshi Xinxing Gree Trading Co., Ltd. are not other related parties of the Company in the current period.

(2) Associated trusteeship management/contracting or entrusted management/outsourcing

No.

(3) Associated lease

1) The Company as the lessor:

Name of the lessee	Type of leased assets	Confirmed income earned on leases	
		Amount for the current period	Amount for the previous period
Shanghai Highly (Group) Co., Ltd. and its holding subsidiaries	Lease of fixed assets	884.96	
Total		884.96	

2) The Company as the lessee:

Name of the lessor	Type of leased assets	Confirmed rental expenditure	
		Amount for the current period	Amount for the previous period
Zhuhai Gree Group Co., Ltd. and its holding companies	Lease of fixed assets		524,859.52
Gree Altairnano New Energy Inc. and its subsidiaries and holding subsidiaries	Lease of fixed assets	22,101,319.15	8,361,254.31
Total		22,101,319.15	8,886,113.83

(4) Associated guarantee

No.

(5) Fund borrowing of related party

No.

(6) Asset transfer and debt restructuring of the related party

No.

(7) Remunerations for key management personnel

Item	Amount for the current period	Amount for the previous period
Remunerations for key management personnel	28,776,688.73	21,711,900.94

(8) Other related transactions

No.

## 6. Accounts receivable and payable by related parties

(1) Receivable items

Item	Related party	Balance at the end of the period		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	275,974,949.72	13,798,747.48	252,078,651.19	12,603,932.56
Accounts receivable	Wuhu Green Renewable Resources Recycling Co., Ltd.	6,053,077.41	1,210,615.48	6,053,168.30	302,658.42
Other receivables	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries			300.00	15.00
Other receivables	Henan Yuze Finance Leasing Co., Ltd.	2,000,000.00	100,000.00		
Receivable financing	Henan Shengshi Xinxing Gree Trading Co., Ltd.	1,682,308,050.00		1,060,266,463.33	
Receivable financing	Shandong Jierui Logistics Co., Ltd.	807,003.00		250,000.00	
Receivable financing	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	563,643,910.00		51,154,515.78	
Receivable financing	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	209,459,790.34		250,468,129.83	
Receivable financing	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	7,212,720.20		54,790,620.60	
Receivable financing	Henan Province Hongli Electric Sales Co., Ltd.	254,056,500.00			
Advance payments	Beijing Gree Technology Co., Ltd.			4,525,924.98	
Advance payments	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	159,295.76		18,388,182.09	
Contract assets	Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	230,520.00	11,526.00	461,040.00	23,052.00
Total		3,001,905,816.43	15,120,888.96	1,698,436,996.10	12,929,657.98

(2) Accounts payable

Item	Related party	Balance at the end of the period	Beginning balance
Contract liabilities	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	82,274.34	
Contract liabilities	Henan Shengshi Xinxing Gree Trading Co., Ltd.	1,467,255,376.86	892,271,917.85

Item	Related party	Balance at the end of the period	Beginning balance
Contract liabilities	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	711,732,407.73	195,303,464.04
Contract liabilities	Nanyang Lida Optic-electronics Co., Ltd.	90,000.00	
Other current liabilities - Output tax to be wrote-off	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	10,695.66	
Other current liabilities - Output tax to be wrote-off	Henan Shengshi Xinxing Gree Trading Co., Ltd.	190,743,199.00	115,995,349.32
Other current liabilities - Output tax to be wrote-off	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	92,525,213.00	25,389,450.32
Deposit-taking	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.		21,518.97
Deposit-taking	Shandong Jierui Logistics Co., Ltd.		0.26
Deposit-taking	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	16,031.72	29,820.55
Deposit-taking	Henan Shengshi Xinxing Gree Trading Co., Ltd.	10,963.99	273,262.06
Deposit-taking	Shandong Meili Property Co., Ltd.		2,464.18
Deposit taking - Accrued interest	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.		2.30
Deposit taking - Accrued interest	Shandong Meili Property Co., Ltd.		0.26
Deposit taking - Accrued interest	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	2.70	3.19
Deposit taking - Accrued interest	Henan Shengshi Xinxing Gree Trading Co., Ltd.	1.84	19.11
Accounts payable	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	315,231,596.28	205,355,411.45
Accounts payable	Beijing Gree Technology Co., Ltd.	7,746,578.74	17,669,736.14
Accounts payable	Hunan Green Renewable Resources Recycling Co., Ltd.	2,455,852.10	3,341,338.52
Accounts payable	Wuhu Green Renewable Resources Recycling Co., Ltd.	3,789,547.79	3,789,547.79
Accounts payable	Henan Shengshi Xinxing Gree Trading Co., Ltd.	249,988.68	
Accounts payable	Shenzhen Royole Technology Co. Ltd.	29,815.13	
Other payables	Shenzhen Royole Technology Co. Ltd.	2,462.10	
Other payables	Shanghai Highly (Group) Co., Ltd. and its subsidiaries and holding subsidiaries	12,200.00	1,013,050.00
Other payables	Beijing Gree Technology Co., Ltd.		205,402.42
Other payables	Zhejiang Tongcheng Gree Electric Appliances Co., Ltd. and its holding companies	204.24	204.24
Other payables	Shandong Jierui Logistics Co., Ltd.	0.26	
Other payables	Zhejiang Shengshi Xinxing Gree Trading Co., Ltd.	371,617.37	
Long-term payables	Henan Yuze Finance Leasing Co., Ltd.	47,732,374.61	
Total		2,840,088,404.14	1,460,661,962.97

## 7. Commitment of related parties

No.

## 8. The related transactions between the Company and GREE Altairnano New Energy Inc. and its subsidiaries and holding subsidiaries

### (1) Purchase of commodities/receiving of services and payables and prepayments

Related party	Related transaction types	Content of related transaction	Amount incurred in current period	Amount incurred in previous period	Beginning balance
					Other non-current assets (+)/accounts payable (-)
Zhuhai Guangdong Automobile Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	5,788,013.23	32,534,842.93	-76,780,334.68
Zhuhai Gree Altairnano Electric Appliances, Co., Ltd	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	102,223.77		-218,273.50
Gree Altairnano New Energy Inc.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	396,110.22	16,381,555.97	-2,464,269.09
Shijiazhuang Zhongbo Automobile Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	80,744.91	384,706.96	320,894.16
Tianjin Guangdong Automobile Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	34,513.27	156,878.28	8,805.08
Tianjin Gree Altairnano New Energy Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	166,914.96	2,106,414.29	-243,255.40
Chengdu Gree Titanium New Energy Co., Ltd.	Purchase of fixed assets and materials and lease of fixed assets	Batteries, energy storage components, new energy vehicles and accessories, etc.	3,852,804.97	385,045.87	-419,700.00
Hebei Gree Titanium New Energy Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	447,955.02	90,311.20	50,000.00
Chengdu Guangdong Automobile Co., Ltd.	Purchase of fixed assets and materials and lease of fixed assets	Batteries, energy storage components, new energy vehicles and accessories, etc.	98,479,702.80	404,164,773.10	9,198,296.24
Northern Aotai Nanotechnology Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	8,805,956.71	6,317.88	50,000.00
Luoyang Guangdong Automobile Co., Ltd.	Purchase of fixed assets and materials	Batteries, energy storage components, new energy vehicles and accessories, etc.	141,592.92	701,769.91	
Luoyang Gree Altairnano New Energy Co., Ltd.	Purchase of fixed assets and materials and lease of fixed assets	Batteries, energy storage components, new energy vehicles and accessories, etc.	18,246,092.79	7,976,509.12	

Related party	Related transaction types	Content of related transaction	Amount incurred in current period	Amount incurred in previous period	Beginning balance
					Other non-current assets (+)/accounts payable (-)
Total	Total		136,542,625.57	464,889,125.51	-70,497,837.19

[Note] The above-mentioned related transactions included RMB 114,441,306.42 for purchase of fixed assets and materials and RMB 22,101,319.15 for lease of fixed assets, totaling RMB 136,542,625.57.

(2) Sales of commodities/rendering of services and receivables and account collected in advance

Related party	Related transaction types	Content of related transaction	Amount incurred in current period	Amount incurred in previous period	Beginning balance	
					Accounts receivable (+)/contract liabilities (-)/other current liabilities (-)	Receivables financing / other current assets
Hebei Gree Titanium New Energy Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	30,418,872.26	11,484,769.87	3,533,733.09	
Northern Aotai Nanotechnology Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	1,336,159.29			
Chengdu Guangtong Automobile Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	171,315,666.03	4,189,479.65	4,734,112.00	
Tianjin Guangtong Automobile Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	217,607,143.70	3,982,247.77	4,499,940.00	
Chengdu Gree Titanium New Energy Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	16,192,621.18	52,625,416.72		
Gree Altairnano New Energy Inc.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	162,039,130.29	25,795,708.14	2,460,901.13	24,186,193.10
Tianjin Gree Altairnano New Energy Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.				665,000.00
Zhuhai Guangtong Automobile Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	46,673,904.58	4,034,509.62	6,608,210.07	391,183.31
Zhuhai Gree Altairnano Electric Appliances, Co., Ltd	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	63,383,608.04	18,096,962.94	20,133,788.34	10,000,000.00
Shijiazhuang Zhongbo Automobile Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.		3,591,835.91	4,055,582.60	586,774.97

Related party	Related transaction types	Content of related transaction	Amount incurred in current period	Amount incurred in previous period	Beginning balance	
					Accounts receivable (+)/contract liabilities (-)/other current liabilities (-)	Receivables financing / other current assets
Luoyang Gree Altairnano New Energy Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	42,470.80			
Luoyang Guangtong Automobile Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	12,487.63			
Nanjing Guangtong Automobile Co., Ltd.	Sale of goods	Sales of intelligent equipment, molds, vehicle air conditioners, power systems, etc.	10,616.81			
Total			709,032,680.61	123,800,930.62	46,026,267.23	35,829,151.38

## **XI Commitments and contingencies**

### **1. Important commitment**

The Company had no significant commitments to be disclosed.

### **2. Contingencies**

In December 2015, Sunshine Life Insurance Co., Ltd. (hereinafter referred to as "Sunshine Insurance") and GREE Altairnano New Energy Inc.(hereinafter referred to as "GREE Altairnano New Energy") and the original major shareholder Zhuhai Yinlong Investment Holding Group Co., Ltd (hereinafter referred to as "Yinlong Group") and the actual controller Wei Yincang signed a capital increase agreement and a supplementary agreement. It was agreed that Sunshine Insurance would increase its capital by RMB 1 billion to GREE Altairnano New Energy, and agreed on a "performance bet". After that, Sunshine Insurance filed an arbitration at Shenzhen International Arbitration Court for the company's performance did not meet the standards, requiring that GREE Altairnano New Energy, Yinlong Group, and Wei Yincang to make performance compensation, with a specific appeal of RMB 1 billion in principal and more than RMB 150 million in interest, totaling RMB 1.15 billion. According to the capital increase agreement and supplementary agreement, Yinlong Group and Wei Yincang bear the direct responsibility for performance compensation, and GREE Altairnano New Energy bears indirect responsibility for the debt when the performance does not reach the agreed standard. This case is currently in the stage of waiting for the arbitral tribunal to investigate and obtain evidence and ruling after two hearings and several written exchanges of views with each other. The amount of litigation cost required to be borne by GREE Altairnano can hardly be estimated yet.

A capital increase agreement similar to "performance bet" with Sunshine Insurance involves a total of 7 shareholders (excluding Sunshine Insurance), with an investment principal of RMB 1.11 billion.

### **3. Others**

No.

## **XII Events after the balance sheet date**

### **1. Important non-adjustment events**

Gree Electric Appliances, Inc. of Zhuhai announced on November 17, 2021 that it intends to acquire 270,360,000 shares (representing 29.48% of the total share capital of the subject company as at the date of announcement) of Zhejiang Dunan Artificial Environment Co., Ltd. (hereinafter referred to as "Dunan Environment") held by Zhejiang Dunan Precision Machinery Group Co., Ltd. (hereinafter referred to as "Dunan Precision") (hereinafter referred to as "Transfer of Shares "). The price of the transfer is approximately 2.19 billion yuan. At the same time, the Company intends to subscribe for 139,414,802 shares of Dunan Environment's non-public offering to certain parties in cash (collectively as "Transaction") for a subscription price of approximately RMB810 million (hereinafter referred to as the "Non-Public Offering"). Dunan Environment will be a controlling subsidiary of the company after this transfer of shares. Upon completion of the transaction, Gree Electric Appliances will hold 409,774,802 shares of Dunan Environment, representing 38.78% of the total share capital of Shield Environment after the issuance.

Up to the date of this report, Dunan Environment has provided a related guarantee for Dunan Holdings. On

March 31, 2022, as considered and approved at the second meeting of the twelfth session of the Board of Directors of the Company, Gree Electric Appliances signed a "Special Agreement on Settlement of Related Guarantees" with Dunan Precision, Dunan Holdings and Hangzhou Branch of Zhejiang Commercial Bank Co., Ltd. and reached the following arrangements in respect of the related guarantees:

(1) Dunan Holdings and Gree Electric Appliances shall each bear 50% of the related guaranteed debts as of the maturity date of the financing (loan), and any additional debts (if any) arising from the related guaranteed debts from the maturity date of the financing (loan), including but not limited to interest and penalty interest, shall be settled by Dunan Holdings itself.

(2) All parties should do their best to ensure that the related guarantee debts should be repaid no later than May 15, 2022, and the guarantee obligations borne by Dunan Environment shall be released.

## 2. Distribution of profits

According to the resolution at the third meeting of the twelfth session of the board of directors, the Company's profit distribution plan of 2021: Temporarily based on the total 5,536,677,733 shares entitled to profit distribution rights on April 29, 2022 (namely the total stock capital of the Company equivalent to 5,914,469,040 shares minus 377,791,307 shares held by the Company's repurchase account), all shareholders will be distributed a cash of RMB 20 (tax included) per 10 shares, with the total amount of cash dividends to be distributed in such a way up to RMB 11,073,355,466.00. This distribution plan still needs to be approved by the general meeting of shareholders.

## 3. Sales return

No important sales return occurred after the balance sheet date.

## 4. Other events after the balance sheet date

No.

## XII I Other important events

### 1. Correction of early errors in accounting

No.

### 2. Debt restructuring

No.

### 3. Asset replacement

(1) Exchange of non-monetary assets

No.

(2) Replacement of other assets

No.

### 4. Pension plan

No.

### 5. Discontinued operation

Item	Revenue	Expense	Total profits	Income tax expenses	Net profit	Profit from discontinued operation attributable to owners of parent company
Gree (USA) Sales Co., Ltd.		211,825.22	-211,825.22	-210,134.79	-1,690.43	-1,690.43

(Continued)

Item	Net cash flows from operating activities	Net cash flows from investment activities	Net cash flows from financing activities
Gree (USA) Sales Co., Ltd.	-1,690.43		

## 6. Other important transactions and events affecting investor decisions

### (1) Share repurchase

The Company held the tenth and sixteenth meetings of the eleventh session of board of directors on April 10, 2020 and October 13, 2020, respectively, which deliberated and approved the *Proposal on the Partial Repurchase of Public Shares* and agreed to the Company's use of self-owned funds to repurchase the Company's A shares by means of centralized bidding transactions (hereinafter referred to as "Phase-1 Repurchase" and "Phase-2 Repurchase"), and the total amount of repurchase funds of each phase shall not be lower than RMB 3 billion (inclusive) and shall not exceed RMB 6 billion (inclusive); The Company held the twenty-first meetings of the eleventh session of board of directors on May 26, 2021, which deliberated and approved the *Proposal on the Partial Repurchase of Public Shares* and agreed to the Company's use of self-owned funds to repurchase the Company's A shares by means of centralized bidding transactions (hereinafter referred to as "Phase-3 Repurchase"), and the total amount of repurchase funds of each phase shall not be lower than RMB 7.5 billion (inclusive) and shall not exceed RMB 15 billion (inclusive).

As of February 24, 2021, the phase-1 repurchase plan of the Company had been implemented. The Company accumulatively bought 108,365,753 shares of the Company by means of centralized bidding transactions through the special security repurchase account. The highest transaction price was RMB 60.18/share, the lowest transaction price was RMB 53.01/share, and the total transaction amount was RMB 5,999,591,034.74 (excluding transaction costs).

On June 27, 2021, the twenty-third meeting of the eleventh Board of Directors and the seventeenth Meeting of the eleventh Supervisory Board approved the *Proposal on the Change of Use of Repurchased Shares and Cancellation*. It is proposed to adjust the *Proposal on the Repurchase of Part of the Public Shares* (hereinafter referred to as "the second phase of the repurchase") adopted at the 16th meeting of the 11th Board of Directors on October 13, 2020: "The repurchased shares will be used for employee stock ownership plan or equity incentive" was changed to "Repurchased shares will be used for cancellation to reduce registered capital". The Company repurchased a total of 101,261,838 shares in the second phase, and this resolution is subject to the approval of the shareholders' meeting.

### (2) Issuance of ultra-short-term financing bills

The Company's first interim general meeting of shareholders in 2020 considered and approved the *Proposal on Debt Financing Instruments to be Registered and Issued*, and agreed that the Company registers debt financing instruments with a total amount not exceeding RMB 18 billion (inclusive), of which the ultra-short-term financing bonds to be registered did not exceed RMB 10 billion (inclusive), the short-term financing bonds to be registered did not exceed RMB 3 billion (inclusive), and the medium-term notes to be registered did not exceed RMB 5 billion (inclusive).

The China Interbank Market Dealers Association held the 37th registration meeting on April 7, 2020, and agreed to accept the registration of the Company's ultra-short-term financing bonds, short-term financing bonds and medium-term bills, and issued the *Registration Acceptance Notice* for them respectively.

According to the Company's capital plan arrangement and the interbank market situation, during January 21 - July 7, 2021, the Company issued the first-ninth phases of ultra-short-term financing bonds for 2021, and the total actual issuance amount was RMB 25 billion. The first-ninth phases of ultra-short-term financing bills were cashed on February 26, April 9, June 26, July 6, June 2, August 5, October 7, October 9, 2021 and January 6, 2022 respectively.

### (3) Company Guarantee

As of December 31, 2021, the total amount of guarantees provided by the company's holding subsidiary, GREE Altairnano New Energy, was RMB 7,602,673,700, of which the total amount of guarantees provided by GREE Altairnano New Energy's subsidiaries for short-term loans, long-term loans, accounts payable (EICT), bank acceptance bills issued, long-term payables and other funds was RMB 4,296,357,600; the total amount of guarantees provided to companies outside the consolidated statements The total amount of guarantees provided to companies outside the consolidated statements was RMB 3,306,316,100 (representing the stock guarantees provided by GREE Altairnano New Energy for its bus company and other clients' finance lease purchase business).

### (4) Financial support

GREE Altairnano New Energy Inc., the subsidiary of the Company, provided financial loans of RMB 94,200, RMB 681,400, RMB 23,019,800 and RMB 17,200 respectively to the original shareholder and its related parties Wei Yincang, Sun Guohua, Zhuhai Yinlong Investment Holding Group Co. As of the date of this report, the above-mentioned borrowings have not been recovered.

## XIV Notes to main items of financial statements of the parent company

### 1. Accounts receivable

#### (1) Receivables are disclosed by account age

Account age	Balance at the end of the period
Within 1 year	3,786,981,476.31
1 ~ 2 years	54,216,014.16
2 to 3 years	15,247,206.47
Over 3 years	15,902,264.48
Subtotal	3,872,346,961.42
Less: Bad debt provisions	186,727,012.13
Total	3,685,619,949.29

#### (2) Disclosure of accounts receivable classification

Category	Balance at the end of the period				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Credit loss rate (%)	

Category	Balance at the end of the period				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt provisions accrued separately	4,715,115.32	0.12	4,715,115.32	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	3,867,631,846.10	99.88	182,011,896.81	4.71	3,685,619,949.29
Including: account age combination	3,127,809,201.36	80.77	182,011,896.81	5.82	2,945,797,304.55
Risk-free combination	739,822,644.74	19.11			739,822,644.74
Total	3,872,346,961.42	100.00	186,727,012.13	4.82	3,685,619,949.29

(Continued)

Category	Beginning balance				Book value
	Book balance		Bad debt provision		
	Amount	Percentage (%)	Amount	Credit loss rate (%)	
Accounts receivable with bad debt provisions accrued separately	4,715,115.32	0.12	4,715,115.32	100.00	
Accounts receivable with bad debt provisions accrued according to the combination	3,779,130,839.10	99.88	230,339,143.83	6.10	3,548,791,695.27
Including: account age combination	3,019,555,812.57	79.81	230,339,143.83	7.63	2,789,216,668.74
Risk-free combination	759,575,026.53	20.07			759,575,026.53
Total	3,783,845,954.42	100.00	235,054,259.15	6.21	3,548,791,695.27

1) Accounts receivable for which bad debt reserves are accrued individually:

Name	Balance at the end of the period			
	Book balance	Bad debt provision	Credit loss rate (%)	Reason for appropriation
Unit 1	4,715,115.32	4,715,115.32	100.00	It is expected to be difficult to recover in full
Total	4,715,115.32	4,715,115.32	100.00	

2) In the combination, the accounts receivable with bad debt provisions accrued by account age combination:

Account age	Book balance	Bad debt provision	Credit loss rate (%)
Within 1 year	3,047,158,831.57	152,357,941.57	5.00
1 ~ 2 years	54,216,014.16	10,843,202.84	20.00
2 to 3 years	15,247,206.47	7,623,603.24	50.00
Over 3 years	11,187,149.16	11,187,149.16	100.00
Total	3,127,809,201.36	182,011,896.81	5.82

(3) Provision for bad debt accrued, recovered or reversed in the current period

Category	Beginning balance	Recovery or reversal in the current period	Balance at the end of the period
Single accrual	4,715,115.32		4,715,115.32
Account age combination	230,339,143.83	48,327,247.02	182,011,896.81
Total	235,054,259.15	48,327,247.02	186,727,012.13

[Note] There was no significant recovery or reversal of bad debt provisions during the current period.

(4) Accounts receivable actually written off in current period:

No.

(5) Accounts receivable of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Balance at the end of the period of accounts receivable	Percentage (%) in the total balance at the end of the period of accounts receivable	Balance of provision for bad debts at the end of the period
First	1,099,224,286.67	28.39	54,961,214.15
Second	669,717,406.78	17.29	
Third	322,068,295.62	8.32	16,103,414.78
Fourth	281,752,770.21	7.28	14,087,638.51
Fifth	138,438,223.70	3.58	6,921,911.19
Total	2,511,200,982.98	64.86	92,074,178.63

(6) Accounts receivable derecognized due to the transfer of financial assets

No.

(7) Assets and liabilities formed due to the transfer and continuous involvement of accounts receivable

No.

## 2. Other receivables

Item	Balance at the end of the period	Beginning balance
Dividends receivable		2,932,373.42
Other receivables [Note 1]	2,076,879,180.43	2,304,222,611.24
Total	2,076,879,180.43	2,307,154,984.66

[Note 1] Other receivables in the table above refer to other receivables after deduction of interest receivables and dividends receivable;

[Note 2] The Company has no interest receivable balance at the end and the beginning of the period.

(1) Dividends receivable

1) Classification of dividends receivable

Item	Balance at the end of the period	Beginning balance
Dividends receivable		2,932,373.42
Total		2,932,373.42

2) Significant dividends receivable aged over 1 year

No.

(2) Other receivables

1) Other receivables classified by nature

Nature of money	Ending book balance	Beginning book balance
Current and free-risk payments	2,083,804,977.50	2,310,790,456.35

Nature of money	Ending book balance	Beginning book balance
Less: Bad debt provisions	6,925,797.07	6,567,845.11
Total	2,076,879,180.43	2,304,222,611.24

#### 2) Accrual of bad debt reserves

Bad debt provision	Phase I	Phase 2	Phase 3	Total
	Next 12 months Expected credit losses	The entire duration Expected credit losses (no credit impairment)	The entire duration Expected credit losses (credit impairment occurred)	
Balance as at January 1, 2021	4,173,300.51		2,394,544.60	6,567,845.11
Appropriation for the current period			2,612,830.06	2,612,830.06
Reserved in the current period	2,218,485.72			2,218,485.72
Wrote-off in the current period	36,392.38			36,392.38
Balance on December 31, 2021	1,918,422.41		5,007,374.66	6,925,797.07

#### 3) Disclosure by aging

Account age	Book balance
Within 1 year	2,064,254,626.85
1 ~ 2 years	18,140,539.35
2 to 3 years	61,089.01
Over 3 years	1,348,722.29
Subtotal	2,083,804,977.50
Less: Bad debt provisions	6,925,797.07
Total	2,076,879,180.43

#### 4) Bad debt reserves accrued, recovered or reversed in the current period

Category	Beginning balance	Change of the current period			Balance at the end of the period
		Appropriation	Recovered or reversed	Wrote-off	
Account age combination	6,567,845.11	2,612,830.06	2,218,485.72	36,392.38	6,925,797.07
Total	6,567,845.11	2,612,830.06	2,218,485.72	36,392.38	6,925,797.07

#### 5) Other receivables actually wrote off in the current period

Item	Wrote-off amount
Unit 1	36,392.38

[Note] There was no significant writing-off of other receivables during the current period.

6) Other receivables of top 5 debtors in the balance at the end of the period collected by the debtor

Name of entity	Nature of money	Balance at the end of the period	Account age	Proportion in total closing balance of other receivables (%)	Balance of provision for bad debts at the end of the period
First	Risk-free fund	1,250,437,686.09	Within 1 year	60.01	
Second	Risk-free fund	255,969,551.84	Within 1 year	12.28	
Third	Risk-free fund	185,641,672.21	Within 1 year	8.91	
Fourth	Risk-free fund	173,610,000.00	Within 1 year	8.33	
Fifth	Risk-free fund	104,136,437.19	Within 1 year	5.00	
Total		1,969,795,347.33		94.53	

7) Receivables involving government subsidies

No.

8) Other receivables derecognized due to the transfer of financial assets

No.

9) Assets and liabilities formed due to the transfer and continuous involvement of other receivables

No.

### 3. Long-term equity investments

Item	Balance at the end of the period			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments to subsidiaries	20,871,011,854.66		20,871,011,854.66	17,421,936,741.10		17,421,936,741.10
Investments to associated enterprises and joint ventures	9,019,517,140.98	1,940,009.35	9,017,577,131.63	7,199,360,635.26	1,940,009.35	7,197,420,625.91
Total	29,890,528,995.64	1,940,009.35	29,888,588,986.29	24,621,297,376.36	1,940,009.35	24,619,357,367.01

#### (1) Investments to subsidiaries

Name of invested entities	Beginning balance (book value)	Increase/Decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional Investment	Decreased Investment	Accrual of provision for impairment	Others		
Gree (Brazil) Electric Appliances Co., Ltd.	659,342,914.36					659,342,914.36	
Gree (Chongqing) Electric Appliances Co., Ltd.	223,100,000.00					223,100,000.00	
GREE Shanghai Air Conditioners Sales Co., Ltd.	1,800,000.00					1,800,000.00	
Zhuhai Gree Group Finance Company Limited	4,040,371,239.99					4,040,371,239.99	
Zhuhai Gree Electrical Co., Ltd.	1,684,680,359.95					1,684,680,359.95	
Zhuhai Landa Compressor Co., Ltd.	968,225,519.93					968,225,519.93	
Zhuhai Gree Xinyuan Electronics Co., Ltd.	154,290,096.61					154,290,096.61	
Zhuhai Gree TOSOT Home Appliances Co., Ltd.	30,000,000.00					30,000,000.00	
Zhuhai Kaibang Motor Manufacturing Co., Ltd.	83,860,929.67					83,860,929.67	
Gree (Hefei) Electric Appliances Co., Ltd.	505,370,626.10					505,370,626.10	

Name of invested entities	Beginning balance (book value)	Increase/Decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional Investment	Decreased Investment	Accrual of provision for impairment	Others		
Gree Hong Kong Electric Appliances Sales Co., Ltd.	472,879.08					472,879.08	
Zhuhai Gree Dakin Device Co., Ltd.	283,117,574.47					283,117,574.47	
Zhuhai Gree Daikin Precision Mold Co., Ltd.	201,911,186.86					201,911,186.86	
Gree (ZhongShan) Small Home Appliances Co., Ltd.	30,000,000.00					30,000,000.00	
Gree (Zhuhai) Green Refrigeration Technology Center Co., Ltd.	676,040,000.00					676,040,000.00	
Zhuhai HVAC Equipment Co., Ltd.	100,000,000.00					100,000,000.00	
Fortune Electric (Wuhan) Co., Ltd.	600,000,000.00					600,000,000.00	
Gree (Zhengzhou) Electric Appliances Co., Ltd.	720,000,000.00					720,000,000.00	
Gree Green Renewable Resources (Zhengzhou) Co., Ltd.	5,000,000.00					5,000,000.00	
Hunan Green Renewable Resources Co., Ltd.	5,000,000.00					5,000,000.00	
Wuhu Green Renewable Resources Co., Ltd.	2,000,000.00					2,000,000.00	
Gree (Shijiazhuang) Small Home Appliances Co., Ltd.	10,000,000.00					10,000,000.00	
Gree (Wuhu) Electric Appliances Co., Ltd.	20,000,000.00					20,000,000.00	
Shijiazhuang Green Renewable Resources Co., Ltd.	5,000,000.00					5,000,000.00	
Gree (Shijiazhuang) Electric Appliances Co., Ltd.	98,940,059.97					98,940,059.97	
Tianjin Green Renewable Resources Co., Ltd.	5,000,000.00					5,000,000.00	
Zhuhai Ligao Precision Manufacturing Co., Ltd.	30,000,000.00					30,000,000.00	
Changsha Gree HVAC Equipment Co., Ltd.	50,000,000.00					50,000,000.00	

Name of invested entities	Beginning balance (book value)	Increase/Decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional Investment	Decreased Investment	Accrual of provision for impairment	Others		
Zhuhai IVP Information Technology Co., Ltd.	100,000,000.00					100,000,000.00	
Gree TOSOT (Suqian) Home Appliances Co., Ltd.	140,000,000.00					140,000,000.00	
Wuhu Green Precision Manufacturing Co., Ltd.	30,000,000.00					30,000,000.00	
Zhuhai Gree New Material Co., Ltd.	30,000,000.00					30,000,000.00	
Zhuhai GREE Intelligent Equipment Co., Ltd.	100,000,000.00					100,000,000.00	
Zhuhai Hengqin GREE Business Factoring Co., Ltd.	100,000,000.00					100,000,000.00	
Zhuhai Gree Precision Mold Co., Ltd.	100,000,000.00					100,000,000.00	
Gree (Wuhan) Precision Mold Co., Ltd.	80,000,000.00	20,000,000.00				100,000,000.00	
Zhuhai GREE Intelligent Equipment Technology Research Institute Co., Ltd.	50,000,000.00					50,000,000.00	
Zhuhai Gree Energy Environment Technology Co., Ltd.	200,000,000.00					200,000,000.00	
Gree (Wuhan) HVAC Equipment Co., Ltd.	40,000,000.00	60,000,000.00				100,000,000.00	
Gree (Hangzhou) Electric Appliances Co., Ltd.	550,000,000.00					550,000,000.00	
Zhuhai Gree Info Technology Co., Ltd.	510,000.00					510,000.00	
Gree (Wu'an) Precision Equipment Manufacturing Co., Ltd.	210,000,000.00					210,000,000.00	
Zhuhai Gree Transportation Co., Ltd.	50,000,000.00					50,000,000.00	
Gree (Luoyang) Electric Appliances Co., Ltd.	50,000,000.00					50,000,000.00	
Gree (Nanjing) Electric Appliances Co., Ltd.	504,000,000.00	196,000,000.00				700,000,000.00	
Zhuhai Gree Material Supply Co., Ltd.	150,000,000.00					150,000,000.00	

Name of invested entities	Beginning balance (book value)	Increase/Decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional Investment	Decreased Investment	Accrual of provision for impairment	Others		
Gree (Chengdu) Electric Appliances Co., Ltd.	400,000,000.00					400,000,000.00	
Hefei Kinghome Electrics Co., Ltd.	1,247,087,108.76					1,247,087,108.76	
Zhuhai Zero Boundary Integrated Circuit Co., Ltd.	50,000,000.00					50,000,000.00	
Zhuhai Lianyun Technology Co., Ltd.	40,000,000.00					40,000,000.00	
Zhuhai Gree Electormechanical Engineering Co., Ltd	149,092,300.30					149,092,300.30	
Zhuhai Green Renewable Resources Co., Ltd	50,000,000.00					50,000,000.00	
Zhuhai Gree Lvkong Technology Co., Ltd.	270,000,000.00					270,000,000.00	
Gree (Luoyang) Washing Machine Co., Ltd.	50,000,000.00					50,000,000.00	
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	22,500,000.00					22,500,000.00	
Gree (Anji) Precision Mold Co., Ltd.	60,000,000.00	18,800,000.00				78,800,000.00	
Songyuan Grain Group Co., Ltd.	230,223,945.05					230,223,945.05	
Gree Electric (Zhuhai Gaolan Port) Co., Ltd.	1,000,000,000.00					1,000,000,000.00	
Zhuhai Gejian Medical Technology Co., Ltd.	20,000,000.00					20,000,000.00	
Chengdu Gree Xinhui Medical Equipment Co., Ltd.	75,000,000.00					75,000,000.00	
Gree (Ganzhou) Electric Appliances Co., Ltd.	80,000,000.00	20,000,000.00				100,000,000.00	
Gree E-commerce Co., Ltd.		100,000,000.00				100,000,000.00	
Changsha Kinghome Electrics Co., Ltd.		6,000,000.00				6,000,000.00	
Gree Electric (Linyi) Co., Ltd.		200,000,000.00				200,000,000.00	

Name of invested entities	Beginning balance (book value)	Increase/Decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional Investment	Decreased Investment	Accrual of provision for impairment	Others		
Gree Altairmano New Energy Inc.		1,828,275,113.56				1,828,275,113.56	
Gree (Zhuhai Hengqin) GREE Development Co., Ltd.		1,000,000,000.00				1,000,000,000.00	
Total	17,421,936,741.10	3,449,075,113.56				20,871,011,854.66	

(2) Investments to associated enterprises and joint ventures

Name of invested entities	Beginning balance		Increase/Decrease in the current period					Balance at the end of the period		
	Original value	Provision for impairment	Increase/decrease investment	Profit and losses on investment recognized by equity method	Adjustment of Other Comprehensive Incomes	Other equity changes	Declaration and distribution of cash dividends or profits	Other deductions	Original value	Provision for impairment
I. Associated enterprises										
Gree (Vietnam) Electric Appliances, Inc.	1,940,009.35	1,940,009.35							1,940,009.35	1,940,009.35
Liaowang All Media Communication Co., Ltd.	36,052,960.09			1,332,591.91					37,385,552.00	
Beijing Gree Technology Co., Ltd.	2,294,251.09			-237,069.32			2,057,181.77			
Chongqing Pargo Mechanical Equipment Co., Ltd.	11,249,230.03		-13,498,800.00	2,249,569.97						
Wuhan Digital Design and Manufacturing Innovation Center Co., Ltd.	14,729,087.92			212,951.68					14,942,039.60	
Hunan Guoxin Semiconductor Technology Co., Ltd.	20,099,845.47			13,817.45			108,922.33		20,004,740.59	

Name of invested entities	Beginning balance		Increase/Decrease in the current period						Balance at the end of the period	
	Original value	Provision for impairment	Increase/decrease investment	Profit and losses on investment recognized by equity method	Adjustment of Other Comprehensive Incomes	Other equity changes	Declaration and distribution of cash dividends or profits	Other deductions	Original value	Provision for impairment
Zhuhai Ronglin Equity Investment Partnership (Limited Partnership)	7,061,709,059.56			-18,046,764.90	1,849,833,156.32				8,893,495,450.98	
Henan Yuze Finance Leasing Co., Ltd.	51,286,191.75			1,569,732.71			1,106,576.00		51,749,348.46	
Total	7,199,360,635.26	1,940,009.35	-13,498,800.00	-12,905,170.50	1,849,833,156.32		3,272,680.10		9,019,517,140.98	1,940,009.35

#### 4. Operating revenues and operating costs

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main business	111,783,657,570.87	79,364,424,299.73	101,918,116,676.30	70,442,870,159.78
Other business	5,718,557,388.28	5,212,016,098.84	5,923,673,498.19	5,565,482,185.50
Total	117,502,214,959.15	84,576,440,398.57	107,841,790,174.49	76,008,352,345.28

#### 5. Income from investment

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income calculated by the equity method	-12,905,170.50	-12,168,894.57
Investment income from conforming of trading financial assets	35,444,353.04	213,050,762.46
Dividend shares confirmed in long-term equity investment audited by cost method	2,526,350,566.25	12,177,372,543.12
Others	411,276,921.75	24,372,625.28
Total	2,960,166,670.54	12,402,627,036.29

### X V Supplementary information

#### 1. Detailed list of non-recurring profit and loss

Item	Amount	Description
Gains from disposal of non-current assets	-7,498,891.48	For details, see Note (V) 63, Note (V) 64, and Note (V) 65
Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except the government subsidies entitled according to the unified national standard quota or quantity)	875,778,734.20	For details, see Note (V) 58 and Note (V) 64
Capital occupation fee collected from the non-financial institution and recorded into the current gains and losses	6,234,097.19	
In addition to the effective hedging business related to the Company's normal business operations, the gains and losses from fair value changes generated by holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment incomes obtained from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investment	369,460,356.97	
Reversal of impairment provision for the accounts receivable for which an independent impairment test is conducted	16,844,984.00	
Non-operating incomes and expenditures other than the above items	58,510,843.19	For details, see Note (V) 64 and Note (V) 65
Other profit and loss items that conform to the definition of non-recurring profit and loss	13,691,263.12	
Subtotal	1,333,021,387.19	
Less: Influence amount of income tax	82,923,289.84	
Affected amount of minority shareholders' equity	36,416,620.04	

Item	Amount	Description
Total	1,213,681,477.31	--

## 2. Rate of return on net assets and earnings per share

Profit in the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to shareholders of the parent company	21.34%	4.04	4.04
Net profit attributable to common shareholders after deducting non-recurring profits and losses	20.21%	3.82	3.82

GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

April 30, 2022