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**Haier Smart Home Co., Ltd.\***

**海爾智家股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**Stock Code: 6690**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2024</b>	2023	Change
	<i>RMB'M</i>	<i>RMB'M</i>	%
		(Restated)	
Revenue	<b>285,971</b>	274,198	4.3
Gross profit	<b>77,843</b>	73,641	5.7
Adjusted operating profit (as defined below)	<b>20,437</b>	17,793	14.9
Profit for the year	<b>19,576</b>	17,088	14.6
Attributable to:			
Owners of the Company	<b>18,741</b>	16,597	12.9
Non-controlling interests	<b>835</b>	491	70.1
	<u><b>19,576</b></u>	<u>17,088</u>	
Earnings per share attributable to ordinary equity holders of the Company			
Basic	<b>2.02</b>	1.79	12.8
Diluted	<b>2.02</b>	1.78	13.5
Proposed dividend per 10 shares	<b>RMB9.65</b>	RMB8.04	

\* *For identification purpose only*

## ANNUAL RESULTS

The board of directors (the “**Board**”) of Haier Smart Home Co., Ltd. (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <i>RMB’M</i>	2023 <i>RMB’M</i> (Restated)
<b>REVENUE</b>	5	<b>285,971</b>	274,198
Cost of sales		<u>(208,128)</u>	<u>(200,557)</u>
<b>Gross profit</b>		<b>77,843</b>	73,641
Other gains, net		<b>3,889</b>	3,691
Selling and distribution expenses		<b>(33,586)</b>	(32,727)
Administrative expenses		<b>(24,524)</b>	(23,804)
Finance costs		<b>(2,705)</b>	(2,165)
Share of profits and losses of associates		<u><b>1,816</b></u>	<u>1,575</u>
<b>PROFIT BEFORE TAX</b>	6	<b>22,733</b>	20,211
Income tax expenses	7	<u><b>(3,157)</b></u>	<u>(3,123)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>19,576</b></u>	<u>17,088</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
Items that may be reclassified to profit or loss in subsequently periods:			
Share of other comprehensive loss of associates		<b>(17)</b>	(104)
Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax		<b>(27)</b>	(99)
Exchange differences on translating foreign operations		<u><b>(847)</b></u>	<u>(336)</u>
		<u><b>(891)</b></u>	<u>(539)</u>

	<i>Notes</i>	<b>2024</b> <b><i>RMB'M</i></b>	2023 <i>RMB'M</i> (Restated)
Items that will not be reclassified to profit or loss in subsequent periods:			
Changes arising from re-measurement of defined benefit plans		(1)	40
Change in fair value of equity investments designated at fair value through other comprehensive income (“FVTOCI”), net of tax		<u>(283)</u>	<u>463</u>
		<u>(284)</u>	<u>503</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>		<u>(1,175)</u>	<u>(36)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>18,401</u></u>	<u><u>17,052</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		18,741	16,597
Non-controlling interests		<u>835</u>	<u>491</u>
		<u><u>19,576</u></u>	<u><u>17,088</u></u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		17,564	16,576
Non-controlling interests		<u>837</u>	<u>476</u>
		<u><u>18,401</u></u>	<u><u>17,052</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
— Basic ( <i>RMB per share</i> )	9	<u><u>2.02</u></u>	<u><u>1.79</u></u>
— Diluted ( <i>RMB per share</i> )	9	<u><u>2.02</u></u>	<u><u>1.78</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'M</b>	2023 <b>RMB'M</b> (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>43,603</b>	39,871
Investment properties		<b>246</b>	99
Right-of-use assets		<b>9,127</b>	8,072
Goodwill		<b>27,384</b>	24,483
Other intangible assets		<b>10,749</b>	9,159
Interests in associates		<b>20,932</b>	20,196
Equity investments designated at FVTOCI		<b>5,987</b>	6,404
Financial assets measured at amortised cost		<b>15,699</b>	9,468
Long-term prepayments		<b>1,381</b>	1,747
Deferred tax assets		<b>2,477</b>	1,849
Other non-current assets		<b>839</b>	806
		<hr/>	<hr/>
Total non-current assets		<b>138,424</b>	122,154
<b>CURRENT ASSETS</b>			
Inventories	10	<b>43,044</b>	39,525
Trade and bills receivables	11	<b>38,592</b>	31,473
Receivables at FVTOCI		<b>360</b>	200
Contract assets		<b>988</b>	261
Prepayments, deposits and other receivables		<b>9,812</b>	7,644
Financial assets measured at fair value through profit or loss (“FVTPL”)		<b>1,236</b>	957
Financial assets measured at amortised cost		<b>1,931</b>	1,530
Derivative financial instruments		<b>143</b>	68
Pledged deposits		<b>533</b>	475
Other deposit with limited use		<b>70</b>	98
Cash and cash equivalents		<b>54,981</b>	56,683
		<hr/>	<hr/>
Total current assets		<b>151,690</b>	138,914

	<i>Notes</i>	<b>2024</b> <b><i>RMB'M</i></b>	2023 <i>RMB'M</i> (Restated)
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	<b>75,737</b>	72,179
Other payables and accruals		<b>32,224</b>	27,277
Contract liabilities		<b>10,852</b>	7,849
Interest-bearing borrowings	13	<b>24,127</b>	10,999
Lease liabilities		<b>1,351</b>	1,339
Tax payables		<b>2,650</b>	1,586
Provisions		<b>2,710</b>	2,532
Derivative financial instruments		<b>71</b>	169
		<hr/>	<hr/>
Total current liabilities		<b>149,722</b>	123,930
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,968</b>	14,984
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>140,392</b>	137,138
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowings	13	<b>9,666</b>	18,417
Lease liabilities		<b>4,481</b>	3,430
Deferred income		<b>1,081</b>	1,122
Deferred tax liabilities		<b>1,542</b>	1,528
Provisions for pensions and similar obligations		<b>2,562</b>	1,085
Provisions		<b>2,386</b>	1,935
Other payables and accruals		<b>—</b>	1,977
Other non-current liabilities		<b>285</b>	114
		<hr/>	<hr/>
Total non-current liabilities		<b>22,003</b>	29,608
		<hr/>	<hr/>
Net assets		<b>118,389</b>	107,530
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	<b>2024</b> <b><i>RMB'M</i></b>	2023 <i>RMB'M</i> (Restated)
<b>EQUITY</b>			
Share capital	14	<b>9,383</b>	9,438
Reserves		<b>101,983</b>	91,828
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>111,366</b>	101,266
Non-controlling interests		<b>7,023</b>	6,264
		<hr/>	<hr/>
Total equity		<b>118,389</b>	107,530
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 1. GENERAL INFORMATION OF THE GROUP

The predecessor of Haier Smart Home Co., Ltd (hereinafter referred to as the “**Company**”) was Qingdao Refrigerator Factory, which was established in 1984. In 1989, based on the reorganisation of the original Qingdao Refrigerator Factory, a limited company was set up by directional fund raising of RMB150 million. In 1993, after converting to a public subscription company and issuing additional 50 million shares to the public, the A shares of the Company were listed on Shanghai Stock Exchange in November 1993. The D shares and H shares of the Company were listed on The Frankfurt Stock Exchange in December 2018 and The Stock Exchange of Hong Kong Limited in December 2020 respectively.

The address of the registered office is located at the Haier Science and Technology Innovation Ecological Park, Laoshan District, Qingdao, Shandong Province.

In the opinion of the directors of the Company, the ultimate controlling parent company of the Company is Haier Group Corporation (“**Haier Group**”).

The Company and its subsidiaries (collectively referred as the “**Group**”) are mainly engaged in research, development, production and sales of home appliances covering refrigerator/freezers, kitchen appliances, air-conditioners, laundry appliances, water appliances and other smart home business, as well as offering complete sets of smart home solutions.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and all values are rounded to the nearest million (“**RMB’M**”) (“**M**”), except when otherwise indicated.

This announcement has been approved for issue by the Board on 27 March 2025.

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IASs**”) and Interpretations (hereinafter collectively refer to as the “**IFRS Accounting Standards**”) issued by the International Accounting Standards Board (the “**IASB**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

## 2.2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
IFRS 19	Subsidiaries without Public Accountability Disclosure <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.



### 3 MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESSES UNDER COMMON CONTROL

On 29 October 2024, Bingji (Shanghai) Enterprise Management Co., Ltd. (“**Bingji**”) a subsidiary of Haier Group, entered into the voting rights entrustment agreement with Guanmei (Shanghai) Enterprise Management Co., Ltd. (“**Guanmei**”), an indirectly wholly-owned subsidiary of the Company, pursuant to which Bingji shall irrevocably, exclusively and solely entrust to Guanmei the exercise of all voting rights in respect of all equity interests in Youjin (Shanghai) Corporate Management Co., Ltd. (“**Youjin**”) held by Bingji on or after the date of signing of that agreement, which representing 55% of the current total registered capital of Youjin. Bingji and Guanmei hold 55% and 45% of the equity interests in Youjin respectively. Upon the voting rights entrustment agreement effective on 20 December 2024, Guanmei is effectively control 100% of the voting rights of Youjin, and Goodaymart (Shanghai) Investment Co., Ltd., Gooday Supply Chain Technologies Co., Ltd. and their controlled subsidiaries, which are both under the control of Youjin, become entities under the effective control of the Company. The voting rights entrustment does not involve a consideration payment arrangement, which is determined after arm’s length negotiations between the parties. Youjin is an investment holding company and its subsidiaries are principally engaged in the provision of logistics services.

Since the Company and Youjin were ultimately controlled by Haier Group both before and after the completion of the voting rights entrustment agreement, the acquisition of the Youjin was accounted for using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the year ended 31 December 2024 and 2023 include the results, changes in equity and cash flows of all companies then comprising the Group and Youjin, as if the corporate structure of the Group immediately after the completion of the voting rights entrustment agreement had been in existence throughout the year ended 31 December 2024 and 2023, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2023 has been prepared to present the state of affairs of the Group and Youjin as if the corporate structure of the Group immediately after the completion of the voting rights entrustment agreement had been in existence and in accordance with the respective equity interests and/or the power to exercise control over the individual company attributable to the Company as at 31 December 2023.

#### 4. OPERATING SEGMENT INFORMATION

Information reported to the directors, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For segment reporting, these individual operating segments have been aggregated into a single reportable segment. For management purposes, the Group is organised into business units based on their products and services.

The Group’s reportable segments under IFRS 8 are as follows:

**(a) Household Food Storage and Cooking Solutions**

- manufacturing and selling refrigerators/freezers;
- manufacturing and selling kitchen appliances;

**(b) Air Solutions**

- manufacturing and selling air conditioner;

**(c) Household Laundry Management Solutions**

- manufacturing and selling washing machines and dryers;

**(d) Household Water Solutions**

- manufacturing and selling water heaters and water purifiers;

**(e) Other Business**

- comprising distribution services, parts and components, small home appliances, logistics services and others.

All assets are allocated to operating segments other than unallocated corporate assets (mainly comprising goodwill, interests in associates and cash and cash equivalents); and

All liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising interests-bearing borrowings and deferred tax liabilities).

Inter-segment sales represent the goods and services provided between segments. Segment result has been derived after elimination of inter-segment cost changed between segments.

The following is an analysis of the Group's revenue and results by reportable segments:

**For the year ended 31 December 2024**

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers <i>RMB'M</i>	Kitchen Appliances <i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>
<i>Segment revenue</i>							
Segment revenue from external customers	83,344	41,119	49,301	63,134	16,014	33,059	285,971
Inter segment revenue	212	65	316	186	161	85,159	86,099
Total	<u>83,556</u>	<u>41,184</u>	<u>49,617</u>	<u>63,320</u>	<u>16,175</u>	<u>118,218</u>	372,070
<i>Reconciliation:</i>							
Inter-segment eliminations							<u>(86,099)</u>
Total							<u>285,971</u>
Segments results	5,974	3,179	2,304	6,499	2,221	418	20,595
<i>Reconciliation:</i>							
Elimination of inter-segment results							<u>7</u>
							20,602
Corporate and other unallocated income and gains or losses							3,509
Corporate and other unallocated expenses							(489)
Finance costs							(2,705)
Share of profits and losses of associates							<u>1,816</u>
Profit before taxation							<u>22,733</u>

For the year ended 31 December 2023 (Restated)

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers <i>RMB'M</i>	Kitchen Appliances <i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>
<i>Segment revenue</i>							
Segment revenue from external customers	81,731	41,594	45,810	61,312	15,170	28,581	274,198
Inter segment revenue	179	60	294	180	166	81,689	82,568
Total	<u>81,910</u>	<u>41,654</u>	<u>46,104</u>	<u>61,492</u>	<u>15,336</u>	<u>110,270</u>	356,766
<i>Reconciliation:</i>							
Inter-segment eliminations							<u>(82,568)</u>
Total							<u>274,198</u>
Segments results	5,152	2,958	1,904	5,649	1,838	345	17,846
<i>Reconciliation:</i>							
Elimination of inter-segment results							<u>80</u>
							17,926
Corporate and other unallocated income and gains or losses							3,226
Corporate and other unallocated expenses							(351)
Finance costs							(2,165)
Share of profits and losses of associates							<u>1,575</u>
Profit before taxation							<u>20,211</u>

**As at 31 December 2024**

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers <i>RMB'M</i>	Kitchen Appliances <i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>
<b>Segment assets</b>	50,543	21,840	32,729	37,335	11,353	97,865	251,665
Reconciliation:							
Elimination of segment assets							(96,864)
Goodwill							27,384
Interests in associates							20,932
Equity investments designated at FVTOCI							5,987
Deferred tax assets							2,477
Financial assets measured at FVTPL							1,236
Financial assets measured at amortised cost							17,630
Derivative financial instruments							143
Pledged deposits							533
Other deposits with limited use							70
Cash and cash equivalents							54,981
Other receivables							3,940
<b>Total assets</b>							<b>290,114</b>
<b>Segment liabilities</b>	71,520	14,943	29,805	27,393	4,228	78,917	226,806
Reconciliation:							
Elimination of segment liabilities							(96,725)
Tax payable							2,650
Other payable							3,303
Derivative financial instruments							71
Interest-bearing borrowings							33,793
Deferred tax liabilities							1,542
Other non-current liabilities							285
<b>Total liabilities</b>							<b>171,725</b>

As at 31 December 2023 (Restated)

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers <i>RMB'M</i>	Kitchen Appliances <i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>
<b>Segment assets</b>	47,692	21,251	23,814	31,675	7,189	78,983	210,604
Reconciliation:							
Elimination of segment assets							(75,050)
Goodwill							24,483
Interests in associates							20,196
Equity investments designated at FVTOCI							6,404
Deferred tax assets							1,849
Financial assets measured at FVTPL							957
Financial assets measured at amortised cost							10,998
Derivative financial instruments							68
Pledged deposits							475
Other deposits with limited use							98
Cash and cash equivalents							56,683
Other receivables							3,303
Total assets							<u>261,068</u>
<b>Segment liabilities</b>	62,419	12,953	22,843	18,786	6,071	69,224	192,296
Reconciliation:							
Elimination of segment liabilities							(74,905)
Tax payable							1,586
Other payable							3,334
Derivative financial instruments							169
Interest-bearing borrowings							29,416
Deferred tax liabilities							1,528
Other non-current liabilities							114
Total liabilities							<u>153,538</u>

**For the year ended 31 December 2024**

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers <i>RMB'M</i>	Kitchen Appliances <i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>
<b>Other segment information:</b>							
Product warranty provisions	2,244	623	1,246	1,607	683	—	6,403
Provision for obsolete and slow-moving inventories, net	257	78	257	192	101	73	958
Allowance for/(reversal of) expected credit losses in respect of trade and bills receivable, net	43	33	38	74	(4)	122	306
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	155	9	—	22	40	14	240
Loss/(gain) on disposal/write-off of non-current assets, net	15	13	12	9	4	(3)	50
Depreciation and amortisation	<u>2,093</u>	<u>1,440</u>	<u>789</u>	<u>1,792</u>	<u>446</u>	<u>1,520</u>	<u>8,080</u>

**For the year ended 31 December 2023 (Restated)**

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers <i>RMB'M</i>	Kitchen Appliances <i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>	<i>RMB'M</i>
<b>Other segment information:</b>							
Product warranty provisions	2,201	650	1,244	1,608	641	—	6,344
Provision for obsolete and slow-moving inventories, net	300	262	78	202	80	169	1,091
Allowance for/(reversal of) expected credit losses in respect of trade and bills receivable, net	111	(1)	114	122	30	(80)	296
Allowance for/(reversal of) expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	155	4	(12)	(45)	53	135	290
Loss/(gain) on disposal/write-off of non-current assets, net	38	44	(2)	35	1	(8)	108
Depreciation and amortisation	<u>2,010</u>	<u>1,379</u>	<u>692</u>	<u>1,576</u>	<u>322</u>	<u>1,663</u>	<u>7,642</u>

## Geographical information

### (a) Revenue from external customers

	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Mainland China	142,157	137,786
North America	79,529	79,751
Europe	32,089	28,544
South Asia	11,525	9,521
Australia and New Zealand	6,642	6,142
Southeast Asia	6,633	5,780
Japan	3,426	3,662
Middle East and Africa	2,674	1,935
Other countries/regions	1,296	1,077
	<u>285,971</u>	<u>274,198</u>

The revenue information of above is based on the locations of the customers.

The revenue related to sales to overseas is subject to relevant tax at corresponding jurisdictions, if any.

### (b) Non-current assets

	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Mainland China	30,089	28,602
Other countries/regions	35,856	31,152
	<u>65,945</u>	<u>59,754</u>
Interests in associates	20,932	20,196
Goodwill	27,384	24,483
Equity investments designated at FVTOCI	5,987	6,404
Financial assets measured at amortised cost	15,699	9,468
Deferred tax assets	2,477	1,849
	<u>138,424</u>	<u>122,154</u>

The non-current asset information above is based on the locations of the assets and excludes interests in associates, goodwill, equity investments designated at FVTOCI, financial assets measured at amortised cost and deferred tax assets.



### Information about major customers

No single customer of the Group contributed 10% or more to the total revenue of the Group during the years ended 31 December 2024 and 2023.

## 5. REVENUE

An analysis of revenue from contracts with customers is as follows:

	<b>2024</b> <b>RMB'M</b>	2023 <i>RMB'M</i> (Restated)
Sale of goods	<b>272,898</b>	261,278
Rendering of services	<b>13,073</b>	12,920
	<b>285,971</b>	274,198

  

	<b>2024</b> <b>RMB'M</b>	2023 <i>RMB'M</i> (Restated)
Sale of goods		
— Point in time	<b>272,898</b>	261,278
Rendering of service		
— Point in time	<b>83</b>	64
— Over time	<b>12,990</b>	12,856
	<b>285,971</b>	274,198

All revenue contracts are for a period of one year or less. As permitted under IFRS 15, the transaction price allocated to unsatisfied or partially satisfied contracts is not disclosed.

Information about the Group's performance obligations under IFRS 15 is summarised below:

### Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

### Rendering of services

The performance obligation is satisfied over time or at point in time as services are rendered or when the customer obtains control of the distinct services and payment is generally due within 30 to 90 days from customers. Service contracts are for periods of one year or less, or are billed based on the time incurred.

## 6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	<b>2024</b>	2023
	<b>RMB'M</b>	RMB'M
		(Restated)
Cost of inventories sold	<b>188,592</b>	181,029
Provision for product warranty	<b>6,403</b>	6,344
Provision for obsolete and slow-moving inventories, net <i>(Note (a))</i>	<b>958</b>	1,091
Cost of services	<b>12,175</b>	12,093
	<b>208,128</b>	200,557
Employee benefit expense: (including directors', chief executive and supervisors' remuneration):		
Salaries, bonuses, allowances and benefits in kind	<b>29,934</b>	29,561
Pension scheme contributions	<b>2,049</b>	1,982
Equity-settled share-based expense	<b>374</b>	611
	<b>32,357</b>	32,154
Research and development costs	<b>10,740</b>	10,380
Auditors' remuneration	<b>13</b>	13
Expenses relating to short-term leases and low value leases	<b>978</b>	999
Variable lease payments not included in the measurement of lease liabilities	<b>86</b>	177

*Note:*

- (a) The net provision for obsolete and slow-moving inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

## 7. INCOME TAX EXPENSES

	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Current tax		
Charge for the year	4,027	3,690
Deferred tax	<u>(870)</u>	<u>(567)</u>
Total tax charge for the year	<u><u>3,157</u></u>	<u><u>3,123</u></u>

## 8. DIVIDENDS

	2024 <i>RMB'M</i>	2023 <i>RMB'M</i>
Proposed final dividend	<u>8,997</u>	<u>7,471</u>
Dividend paid during the year	<u><u>7,444</u></u>	<u><u>5,254</u></u>
	2024 <i>RMB</i>	2023 <i>RMB</i>
Dividend proposed per share*	<u><u>0.965</u></u>	<u><u>0.804</u></u>

\* The amount represents RMB9.65 for every 10 shares in 2024 (2023: RMB8.04 for every 10 shares). With regards to the payment of final dividend for the year ended 31 December 2023, as the total share capital of the Company changed before the registration date on 19 July 2024 and the Company maintained the total distribution of RMB7,471 million (tax inclusive) unchanged, the Company adjusted the distribution ratio per share from RMB8.04 (tax inclusive) per 10 shares to RMB8.0131 (tax inclusive) per 10 shares accordingly.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, excluding dividend payable to expected vested share award, and the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held for share award schemes.

The calculation of the diluted earnings per share amount is based on the profit attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>2024</b>	2023
	<b><i>RMB'M</i></b>	<i>RMB'M</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	<b>18,741</b>	16,597
Less: Dividend payable to expected vested share award	<u>(70)</u>	<u>—</u>
Profit attributable to ordinary equity holders of the Company used in calculating basic earnings per share	<u><b>18,671</b></u>	<u>16,597</u>
Profit attributable to ordinary equity holders of the Company used in calculating diluted earnings per share	<u><b>18,741</b></u>	<u>16,597</u>
	<b>2024</b>	2023
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>9,223,578,468</b>	9,272,589,918
Effect of dilutive potential ordinary shares:		
Share award	<b>63,134,874</b>	62,441,014
Share options	<u><b>6,702,593</b></u>	<u>—</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u><b>9,293,415,935</b></u>	<u>9,335,030,932</u>

*Notes:*

The weighted average number of ordinary shares as above are adjusted by the number of shares that would have been issued assuming vesting of share award and exercise of share options. The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares in 2023.

## 10. INVENTORIES

	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Raw material	6,691	5,665
Work in progress	222	48
Finished goods	<u>36,131</u>	<u>33,812</u>
	<u><u>43,044</u></u>	<u><u>39,525</u></u>

## 11. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Trade receivables	27,528	24,152
Less: Allowance for expected credit losses ("ECL")	<u>(1,055)</u>	<u>(1,469)</u>
Trade receivables, net	<u>26,473</u>	<u>22,683</u>
Bills receivables	12,120	8,795
Less: Allowance for ECL	<u>(1)</u>	<u>(5)</u>
Bills receivables, net	<u>12,119</u>	<u>8,790</u>
Total	<u><u>38,592</u></u>	<u><u>31,473</u></u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranges from 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of ECL, is as follows:

	<b>2024</b> <b>RMB'M</b>	2023 <i>RMB'M</i> (Restated)
1 to 3 months	<b>24,078</b>	20,178
3 months to 1 year	<b>1,635</b>	1,912
1 to 2 years	<b>559</b>	415
2 to 3 years	<b>120</b>	122
Over 3 years	<b>81</b>	56
	<u><b>26,473</b></u>	<u>22,683</u>

## 12. TRADE AND BILLS PAYABLES

	<b>2024</b> <b>RMB'M</b>	2023 <i>RMB'M</i> (Restated)
Trade payables	<b>54,588</b>	49,918
Bills payables	<b>21,149</b>	22,261
	<u><b>75,737</b></u>	<u>72,179</u>

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2024</b> <b>RMB'M</b>	2023 <i>RMB'M</i> (Restated)
Within 1 year	<b>74,848</b>	71,516
1 to 2 years	<b>520</b>	304
2 to 3 years	<b>135</b>	166
Over 3 years	<b>234</b>	193
	<u><b>75,737</b></u>	<u>72,179</u>

The trade and bills payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 270 days.

### 13. INTEREST-BEARING BORROWINGS

The analysis of the carrying amount of interest-bearing borrowings is as follows:

	<b>2024</b> <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
<b>Current</b>		
Bank loans — unsecured	<b>23,599</b>	10,679
Bank loans — secured	<b>528</b>	320
	<u><b>24,127</b></u>	<u>10,999</u>
<b>Non-current</b>		
Bank loans — unsecured	<b>9,557</b>	18,402
Bank loans — secured	<b>109</b>	15
	<u><b>9,666</b></u>	<u>18,417</u>
Unsecured	<b>33,156</b>	29,081
Secured	<b>637</b>	335
	<u><b>33,793</b></u>	<u>29,416</u>
Analysed into:		
Loans repayable:		
Within one year or on demand	<b>24,127</b>	10,999
In the second year	<b>2,274</b>	13,443
In the third to fifth years, inclusive	<b>6,832</b>	4,876
Over five years	<b>560</b>	98
	<u><b>33,793</b></u>	<u>29,416</u>

## 14. SHARE CAPITAL

The movements of the Company's issued share capital during the years ended 31 December 2024 and 2023 are as follows:

	H Shares 'M	D Shares 'M	A Shares 'M	Total number of shares 'M	Share capital RMB'M
As at 1 January 2023	2,867	271	6,309	9,447	9,447
Share repurchased and cancelled (Note a)	<u>(9)</u>	<u>—</u>	<u>—</u>	<u>(9)</u>	<u>(9)</u>
As at 31 December 2023 and 1 January 2024	2,858	271	6,309	9,438	9,438
Share repurchased and cancelled (Note b)	(1)	—	—	(1)	(1)
Treasury share cancelled (Note c)	<u>—</u>	<u>—</u>	<u>(54)</u>	<u>(54)</u>	<u>(54)</u>
As at 31 December 2024	<u>2,857</u>	<u>271</u>	<u>6,255</u>	<u>9,383</u>	<u>9,383</u>

Notes:

- (a) During the year ended 31 December 2023, the Company repurchased a total of 8,483,600 H shares at a consideration of approximately HKD199 million which were subsequently cancelled.
- (b) During the year ended 31 December 2024, the Company repurchased a total of 1,150,000 H shares at a consideration of approximately HKD27 million which were subsequently cancelled.
- (c) During the year ended 31 December 2024, the Company cancelled a total of 54,051,559 treasury shares in A Shares, the Company recognised a decrease of RMB54 million in share capital, RMB1,495 million in treasury shares and RMB1,441 million in reserves.
- (d) All shares issued are at par value of RMB1.



## LETTER TO SHAREHOLDERS

### **Embracing Change, Building Momentum for Growth**

In 2024, Haier Smart Home remained committed to “Creating Better Lives for Global Families” and achieved new heights in revenue and profit through strengthening technological innovation, accelerating digital transformation, and optimizing global strategic footprint while implementing business model transformation to lay down a solid foundation for sustainable growth.

### **Key Performances in 2024**

#### **We delivered record-level revenue and net profit.**

In 2024, Haier Smart Home’s global revenue reached RMB285.971 billion, representing a year-on-year increase of 4.3%. Net profit attributable to shareholders grew 12.9% to RMB18.741 billion.

We generated net cash flow from operating activities totalled RMB26.543 billion, 1.4 times our net profit.

We consolidate market leadership in refrigerators, washing machines, and water heaters in China. We have made considerable progress in premium kitchen appliances, with the Casarte Ultra-realm (致境) seamless built-in range hood achieving 400% volume growth in the segment priced above RMB7,000.

In 2024, we strengthened user engagement by implementing initiatives including digital inventory management and marketing, driving improvements in both user experience and operational efficiency. As a result, our domestic order response cycle improved by 13%.

We actively capitalized on opportunities created by trade-in policy in China, to realized 10% overall revenue growth and over 30% Casarte growth in the fourth quarter.

In the U.S., despite sluggish demand and intensifying competition, GE Appliances team focused on product leadership, channel partnerships, supply chain upgrades, and new opportunity expansion, to solidifying our position as the industry leader. Our innovative products including the Apex oven range, next-generation dishwashers with stainless steel tub, and Combo Core heat pump washer-dryer combos — have received widespread acclaim. We upgraded our Roper factory to cover full range of kitchen appliances with industry-leading manufacturing efficiency. GE Appliances’ HVAC revenue grew by 70% and RV appliances achieved double-digit growth. The Company has been recognized as the “Smart Appliance Company of the Year” by IoT Breakthrough for eight consecutive years.

2024 marks the 20<sup>th</sup> anniversary since we first entered India market and it has been a year of tremendous achievement as our revenue grew over 30% to USD 1 billion for the first time, the growth was attributable to local management team's unwavering commitment to localization strategies. Our high value-added products, including the powerful 5-star energy-efficiency air conditioners and large-capacity front-load washing machines, have performed exceptionally well.

The first phase of our eco-park in Egypt commenced operations in May 2024, with production capacity exceeding 200,000 units.

**In the HVAC sector, we continue to achieve technological breakthroughs, strengthen R&D capabilities, and implement supply chain integration for both residential air conditioning and smart building businesses, while accelerating international expansion of water heater business.**

We have continuously strengthened R&D investments in residential air conditioners over the past three years, to renovate our product platforms and models while solidifying our modular technology. Our products now lead the industry in both performance and consistency: wall-mounted units achieve APF values exceeding 6.3, while standing units surpass 5.2. Defect rate reduced by 11% year-on-year in 2024. With accelerated product iteration, new products will comprise over 50% of our offerings in 2025, promising strong market performance. We continue to deepen supply chain integration to enhance cost competitiveness, in 2024, our joint compressor factory in Zhengzhou reached a production capacity of 2.24 million units, while a total of 5.3 million units of PCBs were produced in our facilities in Zhengzhou and Chongqing.

Our Smart Building business achieved revenue growth of 15% in 2024, surpassing the RMB10 billion milestone despite downturn in real estate and public building market. This success was driven by our long-term investment in core technologies and launch of new product platforms. We maintain market leadership in magnetic levitation systems, and our air suspension centrifugal chiller has been recognized for its high energy efficiency and included in the "Green Technology Promotion Catalog (2024 Edition)" jointly issued by eight government departments led by the National Development and Reform Commission.

Our Water Heater and Purifier business is rapidly expanding into overseas markets. In December 2024, we completed the acquisition of Kwikot, a century-old market-leading water heater manufacturer in South Africa. We will enhance its competitiveness through synergies in R&D, procurement, and supply chain operations, to accelerate our global expansion in the water heater and purifier market.

In October 2024, we completed the acquisition of Carrier’s commercial refrigeration business. Through this acquisition, we will expand into commercial refrigeration including retail refrigeration and cold storage to locking new growth opportunities. Carrier’s commercial refrigeration business has accumulated extensive technical expertise and commercial applications in CO<sub>2</sub> refrigeration. Following the acquisition, both parties are actively promoting synergies in global markets, R&D, and platform capabilities, while implementing organizational restructuring to provide rapid response and customer service, thus establishing a solid foundation for sustainable development.

**Innovate marketing approach to deliver brand value in ways that resonate more with consumers, revitalize our brand, and strengthen user connections.**

We have systematically enhanced content creation, successfully launched IP series including “Haier Initiative (海廠總動員)”, which achieved over 2 million mentions in a single month. Meanwhile, we have increased investment in Leader brand to attract young consumers through distinctive, minimalist designs and upgraded marketing. As a result, Leader’s retail sales grew by 26% year-on-year in 2024.

**Our technological innovations have received wide recognition from the industry, leading the sector towards smart and sustainable transformation.**

In 2024, our Multi-dimensional (temperature, humidity, oxygen, magnetic) Precision Control Technology Innovation and Industrialization for Household Preservation Appliances was honoured with the State Science and Technology Progress Award (Second Class), making it the only home preservation technology to receive this prestigious award in its 40-year history. To date, our Company has accumulated 17 State Science and Technology Progress Awards, making us the most decorated enterprise in the home appliance industry. In 2024, Haier’s Hefei Refrigerator Interconnected Factory became the world’s first enterprise to receive the Industrie 4.0 Award<sup>1</sup> for its breakthrough in AI technology integration.

**We advanced sustainable development strategy by promoting “RenDanHeYi” (人單合一) management philosophy and strengthening commitment to diversity and inclusion.**

In 2024, our Company continued to implement sustainable development strategy, inspiring employee innovation and fostering diversity and inclusion. We strengthened sustainable risk management to navigate complexity and volatility in global market. At the same time, we established sustainability divisions in every region where we operate, fulfilling local social responsibilities and building direct interactions with all stakeholders.

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<sup>1</sup> The Industrie 4.0 Award is one of the most prestigious global industry accolades. Organized and assessed by the internationally renowned management consultancy ROI-EFESO, this award recognizes organizations that have demonstrated exceptional digital transformation achievements in smart factories, smart supply chains, smart services, and smart sustainability.

This year, we launched many energy-efficient and carbon-reducing green products across global markets to earn wide consumer recognition. Through our efficient energy-saving products and digital smart platforms, we provided comprehensive energy solutions for homes and buildings to fulfil Haier Smart Home’s commitment to a greener planet. We also catered for the well-being of elderly users by introducing products with improved accessibility such as one-touch smart washing machines and gas stoves with automatic shut-off safety features.

Guided by our “RenDanHeYi” (人單合一) management philosophy, we have created an inclusive workplace that nurtures diverse, cohesive, and high-performing teams. We believe innovation thrives when diverse cultures connect and blend. In 2024, we launched a women’s leadership empowerment program and strengthened the cultivation and development of young creators, technology experts, and globalized talents to build reserves for the future. We established a Company-wide Cultural Dialogue Platform where staff can engage in conversations about the work environment, organizational atmosphere, and cultural development, embodying our “employee-centred” principle to achieve more vibrant and diversified development.

In 2024, Haier Smart Home was selected in Forbes’ World’s Best Employers list for the eighth consecutive year, while GE Appliances received “The Most Innovative Companies of 2024” award. MSCI upgraded our ESG rating to AA level, which serves not only as affirmation but also as encouragement, motivating us to continue the path of sustainable development.

## **2025: Accelerating Change to Embrace a New Era**

The year 2025 presents an intricate tapestry of challenges and opportunities.

Geopolitical uncertainties and rising tariff barriers are accelerating the fragmentation of global trade systems, triggering cascading effects that are reshaping global supply chains. Meanwhile, the remarkable evolution of AI technology continues to drive transformative changes across industries.

We anticipate a gradual recovery in real estate demand could be brought by interest rate cuts, offering promising prospects in the home appliance sector in the US and Europe. In emerging markets, economic growth, ongoing urbanization, and favourable demographic advantages are creating fertile ground for expansion in the industry.

Originated from China, Haier Smart Home has devoted our energy and expertise to developing the best appliances to satisfy consumers all over the world by implementing global strategy leveraging Chinese engineering excellence. China’s sophisticated e-commerce and logistics infrastructures facilitate seamless communication between consumers and businesses, bridging gaps and accelerating product iteration. The robust supply chain and abundant talent pool are vital for Chinese enterprises to maintain substantial investments in innovation and create outstanding experience for users.

Furthermore, by leveraging innovative technologies including AI, Chinese companies can enhance operational efficiency while optimizing organizational structures and processes. I am full of anticipations as Haier Smart Home accelerates our global strategy going forward.

Our overseas markets still hold tremendous potential in both revenue scale and profitability. In 2025, we will capitalize on our global R&D platform to accelerate country-specific product innovation and iteration to address unique local market needs and improve price index. We will enhance our global logistics and marketing platforms as well as deploying end-to-end digitalization by adapting domestic models to local markets to drive operational efficiency. We will leverage localized production and the synergies of 131 global manufacturing facilities to build a well-balanced and resilient global supply chain, mitigating potential geopolitical impacts.

In the domestic market, accelerated digital transformation of marketing and inventory management will enable us to connect with users more directly and swiftly, allowing distributors to operate with lighter assets which in turn will help accelerate product turnover, expand market share, and enhance profitability.

In 2025, Haier Smart Home will fully embrace AI technologies to facilitate the implementation of comprehensive applications powered by advanced large models across our operations. Building on digital foundations, we will expand our AI capabilities. Our AI product series will deliver novel experiences to users with more intelligent, versatile, and personalized natural language interactions. We will leverage AI tools extensively to achieve more efficient development, targeted marketing, and optimized supply chain, while empowering every Haier team member to develop their own smart applications.

Direct yet efficient user communication and brand vitality have become critical in the era of fans economy. Since March 2024, our management team has successively launched social media accounts to share Haier stories, listen to user needs, and collect user suggestions, thereby strengthening emotional bonds. This interactive model has injected new vitality into the Haier brand by involving users in product design and brand creation. In response to suggestions on social media platforms, we launched the Leader triple-drum washing machine on March 11<sup>th</sup>, eliminating the need for manual washing and unlocking a “new era for convenience”. Its Mickey Mouse-inspired design stands out from traditional appliances and went viral on social media. Within just one week of its release, we have received over 88,000 orders. We will make greater effort in engaging with young consumers, fully leveraging our advantages in R&D, manufacturing, quality, and service, while deepening interactions and connections, to provide not only authentic, high-quality products but also create delightful experiences.

Finally, I would like to express my sincere gratitude to all shareholders for your unwavering support and trust. We are dedicated to overcoming challenges and creating greater value for shareholders, society, and users worldwide.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE OVERVIEW

In 2024, the Company achieved revenue of RMB285.971 billion, representing an increase of 4.3% compared to the same period in 2023. The growth in revenue was attributable to:

- (1) China Market: We actively capitalized on the trade-in policy and leveraged high-end product and brands, to realize a double-digit growth in the fourth quarter, with Casarte revenue up by over 30%. We strengthened strategic investments in Leader brand, focusing on building brand awareness among young consumers to drive strong revenue growth.
- (2) Overseas Markets: We continuously expanded our market share across all regions, outperforming the industry particularly in emerging markets such as Southeast Asia, South Asia, Middle East and Africa, where we focused on upgrading product mix and advancing retail transformation.
- (3) Through external acquisitions and internal transformation, we accelerated the development of our HVAC business. Strategic acquisitions of Carrier's commercial refrigeration business (consolidated in October 2024) and South Africa's water heater leader Kwikot (consolidated in December 2024) have enabled us to expand our commercial refrigeration business and accelerate the development of water heater and purifier businesses in overseas markets. Global smart building grew 15% to over RMB10 billion in revenue, supported by continuous investment in core technologies and ongoing product platform iterations.
- (4) We actively seized development opportunities from improvement in living quality and transition to low-carbon economy by building a comprehensive product portfolio including tumble dryers, dishwashers, water purifiers, home cleaning robots, heat pumps and recycling solutions.

In 2024, the net profit attributable to shareholders of the parent company was RMB18.741 billion, up 12.9% from 2023.

- (1) The Company's gross profit margin reached 27.2% in 2024, up 0.3 percentage points compared to the same period in 2023. Margin improvement in domestic market was driven by lower commodity prices, digitalization in procurement, R&D, production and sales coordination, and improved product mix. Digitalized procurement and production capacity utilization also contributed to gross margin expansion in overseas markets.



- (2) The selling and distribution expense ratio was 11.7% in 2024, a reduction of 0.2 percentage points compared to the same period in 2023, leveraging digitally enhanced efficiency in marketing resource allocation, logistics and warehouse operations in China while increased spending in network expansion, promotions, and store upgrades causing selling expense to remain flat in the overseas markets.
- (3) The administrative expense ratio was 8.6% in 2024, an improvement of 0.1 percentage points compared to the same period in 2023, driven by streamlined business processes and digitally enhanced organizational efficiency.

In 2024, the Company's net cash flow from operating activities was RMB26.543 billion, flat year-on-year.

## **I. Household Food Storage and Cooking Solutions**

### ***(1) Refrigerator business***

In 2024, global refrigerator business achieved revenue of RMB83.556 billion, representing a year-on-year growth of 2.0%. The Company maintained global leadership through continuous innovation, targeted brand positioning, and efficient localized supply chain deployment. The Company focused on advancing technologies including food preservation, built-in applications, and AI, to provide users with enhanced experiences and smart food solutions.

**Market Share Performance.** According to GfK, the Company maintained domestic market leadership as retail revenue share rose 1 percentage point year-on-year to 40.4% online, and 44.1% offline. According to Euromonitor, our overseas retail volume share was 14%, ranking first in 7 countries, among top three in 14 countries, and top five in 20 countries.

#### *Continuous technological innovation to lead the industry*

The Company continued investing in cutting-edge technologies, focusing on preservation technology, integrated home appliance and furnishing design, energy efficiency and AI applications to consolidate leadership. Our Multi-dimensional (temperature, humidity, oxygen, magnetic) Precision Control Technology Innovation and Industrialization for Household Preservation Appliances won the State Science and Technology Progress Award, establishing a new technical benchmark in the industry. Our MSA nitrogen-oxygen technology has achieved cellular-level freshness as fruits and vegetables could preserve up to 99% of nutrients after 7 days, while magnetic-controlled cooling and freezing technology could preserve the taste and texture of raw meat after 10 days. For home appliance and furnishing integration, our proprietary 594mm flat built-in technology does not only set industry standard, but also has been widely implemented in the Casarte C-label series and Haier high-end products, positioning us at the forefront of integrated solutions for luxury living. The

Company pioneered products featuring precision-controlled variable flow refrigeration, frequency conversion, and new insulation technologies that meet the European A-20% energy efficiency standard. The Company also actively integrated cutting-edge technologies such as image recognition, voice interaction, and human movement detection to create an AI large model specialized in food preservation, introduced personalized elderly-friendly and gourmet chef modes, and offered customized over-the-air smart scenario upgrades. In 2024, we published the upgrade of IEC 63169 which was the industry's first freshness preservation standard originally drafted by Haier and adopted in over 30 countries, the Company also took the lead in publishing the national preservation standard GB/T 44494.

### *The domestic market*

“Dual High-End Brand” strategy strengthened market leadership. The Company leveraged both Haier and Casarte brands to maintain industry-leading market share through precise product positioning and innovative marketing approaches. Casarte published Built-in Refrigerator White Paper and Consumer Guide, consolidating leadership with built-in specifications and bottom-mounted refrigeration system after publishing Flat Built-in Refrigerators standard in 2023, contribution to 30% market share in segment priced RMB10,000. The Haier Heyue (和悦) series, featuring innovative light-coloured exteriors, smart interactive lighting, and panoramic illumination design, increased the brand's high-end market share. Our Mailang (麥浪) series drove sales of ultra-thin, zero-gap built-in products beyond 300,000 units with soft colour palette, storage segmentation and 595mm built-in technology.

The Company strategically launched content marketing campaign and promoted user engagement on social media platforms such as Douyin and Xiaohongshu, successfully elevating Haier Mailang refrigerators to the top position in appliances trending list. Casarte Ultra-realm (致境) refrigerators ranked among the top five in online searches, with brand awareness increasing by 124% year-on-year. Additionally, we strengthen brand influence by interacting with premium users at Shanghai Haier Refrigerator Urban Experience Centre and high-end brand exhibition at Chengdu SKP.

### *Overseas markets*

In 2024, the refrigerator business continued to gain momentum in major global markets and steadily expanded our market share.

The Company continued to strengthen market leadership in the U.S., Australia, New Zealand, Japan, and Pakistan. In Europe, the Candy brand successfully reshaped its image and enhanced market competitiveness through innovative product series featuring Italian design. In India, our market share increased



from 13% to 15% leveraging differentiated high-end product portfolios and localized supply chain. In Vietnam, the Company doubled sales volume in mainstream capacity segment through precise product positioning and channel expansion, elevating our overall market share to second place.

In terms of product innovation, the high-end BM refrigerator launched in the U.S. became an instant bestseller, while the Magic Cooling series in Southeast Asia rapidly gained recognition from both distributors and consumers, effectively driving market share growth.

The continuous strengthening of supply chain competitiveness provided strong support for the rapid market share growth overseas. Our Southeast Asian factories we significantly improved manufacturing efficiency through product mix and process optimization in Southeast Asia and unlocked potentials in production capacity in South Asia.

## **(2) *Kitchen appliance business***

In 2024, our kitchen appliance business remained committed to global smart kitchen appliances leader strategy, by driving innovation in product suites, built-in technologies, and smart scenario-based solutions, to achieve global revenue of RMB41.184 billion.

According to GfK, our market shares increased by 1 percentage point online and ranks third with 0.2 percentage points expansion offline in China. According to Euromonitor International the Company's global market share (by volume) reached 9.4% in 2024.

### *The domestic market*

The Company actively integrated leading technologies of GE Appliances, FPA, and Candy to successfully overcome challenges such as range hood noise reduction, lifting technology, dry-fire protection, and automatic door opening for steam ovens to enhance user experience and improve energy efficiency performance. By connecting global technology and module platforms we were able to promote the application of advanced technologies and modules in the Chinese market, spearheading industry trends. In 2024, Casarte's Ultra-realm (致境) range hood, with its seamless built-in design, drove a 400% sales volume growth in the segment priced above RMB7,000. The Xingyue series, with its outstanding design and performance, successfully captured the largest market share in the RMB6,000 price segment.

We focused on enhancing network capabilities and sales team competencies to support business growth. We upgraded 1,000 experience centres, improved the display and sales of Ultra-realm (致境) and Galaxy (银河) series in store, and reinforced retail capabilities to increase conversion ratio.

The Company improved production efficiency and capacity by establishing automated production lines and optimizing global supply chain while reducing production costs by increasing in-house production of stove glass, sheet metal, and injection moulding.

### *Overseas markets*

Despite weak demand in the U.S., the Company enhanced brand competitiveness and market performance. New high-end products launched by GE Appliances continued to gain market recognition: the GE oven range with easy-to-clean baking tray won the USA TODAY “2024 KBIS Reviewed Awards”; the Café countertop air fryer oven was selected for Oprah’s annual gift list; and Profile and Café ovens were named best products of the year by Reviewed.com, strengthening our position in the premium market.

In Australia and New Zealand, FPA and Haier brands delivered outstanding performance. In Australia, the two brands’ market share increased by 2 percentage points, propelling us to number one. Dishwasher market share grew by 4 percentage points, while kitchen appliances increased by 1 percentage point. In New Zealand, our dual brands maintained their top position and Haier brand achieved double-digit growth across major retail channels.

In Europe, the Company successfully entered high-end retail channels including Darty in France and ECI in Spain, while expanding into professional kitchen channels in Italy. We also made progress in Southeast Asia and South Asia.

## **II. Household Laundry Management Solutions**

In 2024, our laundry business continued to strengthen technological innovation, product upgrades, market expansion, and supply chain optimization. We accelerated the digital inventory and marketing transformation to enhance omni-channel retail capabilities in the domestic market while strengthening product innovation and channel expansion to achieve stable growth overseas. In 2024, global revenue reached RMB63.320 billion, representing a year-on-year increase of 3.0%.

According to GfK, the Company continued to lead in offline market in China. Online retail share reached 37.9%, up 1.1 percentage points year-on-year. According to GfK and data from distribution channels, we captured leading market shares in multiple countries including Australia (29.5%), New Zealand (41.6%), and Pakistan (35%).

The Company capitalized on the trends toward large capacity, smart, and integrated washing and drying solutions through technological breakthroughs and pioneering products. To address the post-washing odour issue in front-load washers, we introduced “Air Navigation Technology,” which refreshes the air inside the drum every 2 minutes. To solve the lint clogging problem during drying, we implemented

AI algorithms and multi-connected PTC heaters that adapt to moisture levels, preventing temperature-related damage. The Haier LangJing (朗境) X11 series washing machine, equipped with these innovative technologies, received A-60% VDE certification from the German Association for Electrical Engineering, making it one of the most energy-efficient washing machines globally.

### ***The domestic market***

The Company enhanced operational efficiency and marketing effectiveness through digital inventory management and content marketing to improve market responsiveness and user conversion. Through multi-brand synergy, we consolidated high-end market share, expanded into both youth and senior consumer segments to increase market share. We launched premium washing machines priced above RMB10,000 to capture a dominant 80.4% market share. We also introduced products with simplified operations and practical functions to meet the needs of elderly consumers.

The Company improved efficiency and supply chain stability by increasing the in-house production ratio of core components and optimizing spatial layout. During the reporting period, we achieved 100% in-house manufacturing of twin-tub washing machines in the factory in Chongqing. Through balanced production, equipment load optimization, and production-research collaboration, we achieved over 95% equipment utilization throughout the year. Additionally, we achieved self-manufacturing of sheet metal components through the construction of new factories and resource integration in Sino-German Ecopark Phase 2.

### ***Overseas markets***

In the overseas market, we responded to global demand by strengthening product innovation and expanding distribution channels while continuously developing our global supply chain to enhance agility and competitiveness. In the European market, we launched a heat pump washer-dryer combo that reduces energy consumption by 10% compared to the previously most energy-efficient model. This product addressed the problem of fabric damage caused by traditional drying methods demonstrating our commitment toward high-end smart solutions. In the U.S., we introduced the Combo Core washer-dryer, which is 50% more energy-efficient than traditional vented electric dryers as it can complete washing and drying in just two hours without the need to transfer clothes. In Japan, we established 100 stores, with the sales volume of heat pump washers soared by 128% year-on-year. In Latin America, we expanded our fully automatic product line, driving a 35% increase in orders across all categories. We also enhanced supply chain agility and competitiveness, with Egyptian factory commencing operations in 2024 to serve the Middle East and African regions.

### III. Air Solutions

During the reporting period, the Company realized sales revenue of RMB49.617 billion, up 7.6%.

#### **(1) Home air conditioner business**

In 2024, our home air conditioner business continued to advance R&D and modular technology while strengthening supply chain integration, thereby solidifying the foundation for long-term development. In the Chinese market, we accelerated business transformation and developed comprehensive online retail capabilities. For overseas markets, we strengthened brand positioning, expanded product categories, and established franchise networks to achieve steady growth.

We continued to increase R&D investments based on user demand to maintain leadership in energy efficiency, health, and smart technologies, thereby building competitiveness in whole-house smart air solutions. The Company has developed Positive Cycle Heat Flow Defrosting Technology for Heating, which achieves 24-hour heating with indoor temperature fluctuations controlled within 0.5°C, addressing pain points in the Yangtze River region and other low-temperature, high-humidity areas where significant temperature fluctuations (5–9°C) was caused by frequent defrosting during winter. We developed core competitiveness in smart air ecosystems through AI technology integration, pioneering sound wave human sensing technology that allows airflow to follow people without direct blowing at them. We also developed AI energy-saving technology that enables air conditioners to operate on just 2 kWh of electricity per day, saving up to 46% energy usage.

#### *The domestic market*

We launched star products such as Haier Smart Airflow (聰明風) and Casarte Ultra-realm (致境) series, the former uses dual-power mechanical arms to control airflow, achieving 270° multi-directional air distribution without blowing directly at people to provide users with comfortable, powerful, and energy-efficient air solutions leveraging AI energy-saving technology based on specialized air database and AI cloud-based model.

Challenged by sluggish demand and intensified competition, the Company focused on addressing consumer needs through business innovation, content marketing, and multi-brand initiatives to enhance end-to-end operational efficiency and improve traffic conversion. We pioneered the use of digital inventory in POP stores, facilitating distributors to operate with lighter assets, shortening response lead-time, and accelerating product turnover. We precisely forecasted demand, dynamically adjusted production, and logistics to reduce waste leveraging big data models.

We catered to specific user demand through multi-brand coordination. Casarte air conditioner reinforced its All Copper Components and Gentle Breeze Technology to expand its high-end market share. Leader air conditioner focused on Generation Z by creating the popular “Ultra Energy-Saving” series. Through innovative social media marketing, Leader maintained rapid growth while strengthening competitiveness in product lineup, user traffic acquisition, and conversion online.

The Company accelerated supply chain integration, increased the in-house production of components, and strengthened cost control and improved global supply stability. Zhengzhou compressor factory commenced production in April 2024 with an annual capacity of 2.24 million units. We also doubled in-house production of PCBs by expanding Zhengzhou facility and establishing a new base in Chongqing.

### *Overseas markets*

The Company committed to a multi-brand strategy while driving retail transformation, expanding professional channels, and localizing supply chain to enhance competitiveness in overseas markets, thereby achieving sustainable growth with improved profitability.

We continued to provide users with smart, health-oriented, and energy-efficient whole-house air solutions, driving product mix upgrades. In India, Haier’s price index exceeded 100 for the first time, and our market share in TOP10 high-end chain stores reached 15.2%, ranking second in the industry.

We improved professional capabilities and expanded professional channels to achieve market share leadership in Pakistan, Thailand, and Malaysia.

We continued to enhance localized manufacturing capabilities. Our Indonesia and Bangladesh factories have completed their expansion, while the Egypt factory has rapidly improved efficiency since commencing operations in March 2024. The second phase project in Thailand has also been launched to increase risk resilience.

## **(2) *Smart building business***

During the reporting period, global smart building revenue exceeded RMB10 billion, driven by continuous investment and breakthroughs in compressors, iterations of MRV platforms, and expansion in overseas markets.

China IoL places us among the top three in the industry as the Company’s domestic and export combined market share increased by 1 percentage point to 9.3% in 2024.

We strengthened in-house R&D and manufacturing of core components, established leadership in energy-saving, low-carbon, and smart technologies to solidify foundation for growth. The Company's proprietary centrifugal compressors deliver industry-leading performance and we have established in-house development capabilities for core components such as compressors. We addressed comfort, energy efficiency, and reliability challenges in MRV units under varying application environments by developing compact cascade high-efficiency heat exchange, constant-temperature frost suppression, and comfortable humidity control and energy-saving technologies which significantly improved product safety and reliability, placing us at forefront of the global industry.

### *The domestic market*

The continuous upgrade of product lineup has driven rapid revenue growth and improved profitability. We launched the new generation Max IoT multi-connected units, achieving breakthroughs in four core technologies of high-efficiency heat exchangers, air supply, temperature and humidity control, and water-fluorine-electricity separation thermal management systems to maximize the capacity of individual module to 48 HP. The product won the only gold award in its category at the 2024 China Refrigeration Expo. It has already been applied in several projects including Fujian Future Technology Building, Huizhou Smart Industrial Park, and Yancheng Robot Industrial Park. The Company owns proprietary property rights of core components of air suspension centrifugal chiller and achieved integrated R&D, production, and distribution from compressors to complete units. This product line was successfully included in the "Green Technology Promotion Catalog (2024 Edition)" issued by the National Development and Reform Commission for excellent energy efficiency performance.

The Company focused on network expansion by enhancing distributor operational capabilities and building professional solution systems to achieve growth despite challenging market conditions. We expanded network coverage and quality by enhancing end-to-end user service capabilities and implementing differentiated network management. We helped customers signing multiple projects by building end-to-end service capabilities; while strengthening long-term engagement with strategic customers and hosting industry conferences in collaboration with design institutes to establish market insights and build an open, efficient ecosystem that improves project acquisition. The establishment of the HVAC customer club and a tiered distributor service system enabled us to respond to demand quickly, address complaints promptly, and implement clear promotion and elimination mechanisms to maintain network competitiveness.



### *Overseas markets*

The Company accelerated development of differentiated products and improved professional channel capabilities to unlock potentials and achieve favourable growth.

We optimized product platform design, improved product efficiency and profitability by enhancing energy-efficient, healthy, comfortable, convenient, and smart experience. We secured a contract for a data centre in Malaysia with a winning bid scale of 12,000 refrigeration tons. We utilized the Company's air-cooled magnetic levitation technology and optimized product structure based on customer requirements, enhanced product performance through integrated cooling system, and reduced maintenance costs with an oil-free structure. In the U.S., we launched ductless products featuring Smart HQ controls and convenient OTA functions, achieving  $-22^{\circ}\text{F}$  low-temperature heating, 100% heating capacity at  $5^{\circ}\text{F}$ , and SEER2 ratings up to 27, all of which have been well-received.

In the European market, the Company accelerated business development by expanding District Service Centre. In Southeast Asia, we drove business growth through multi-category combinations and enhanced local professional service capabilities. In the U.S., we expanded professional channels with comprehensive HVAC product solutions to ensure sustainable business development.

## **IV. Water Heaters & Purifiers**

In 2024, global water heater and purifier revenue reached RMB16.175 billion, representing a year-on-year increase of 5.5%, driven by product innovation, business model transformation, digitalization, and operational efficiency improvements in the domestic market and strategic acquisition overseas.

According to Gfk, the Company's offline retail share was 45.2%, up 1.3 percentage points year-on-year; online retail share was 40.3%, up 1.1 percentage points year-on-year in China.

The Company achieved continuous breakthroughs in temperature control, mineral health, energy efficient as well as noise control technologies, and launched multiple star products.

Haier's "Peach Blossom Water" (桃花水) series of electric water heaters has won widespread acclaim from users for its excellent skin-nourishing effects and comfortable, constant-temperature bathing experience. The "Butterfly Dance" (蝶舞) series of gas water heaters provide stable and quiet hot water with high efficiency and energy-saving advantages. The "Fresh Water" (鲜活水) purifier series ensures users enjoy fresh, pure drinking water through advanced filtration technology, with annual sales reaching 100,000 units, making it a mainstream market choice.

### ***The domestic market***

The Company fuelled business growth by aligning with industry trends and evolving demands through content marketing, distribution channel reform, and improving operational efficiency. By collaborating across the value chain, we highlighted products in everyday language and relatable formats. Through in-depth exploration of user needs and market trends, we successfully created popular water heater series such as “Peach Blossom Water” and “Butterfly Dance”, and the “Fresh Water” purifier series, establishing high-quality and influential IPs and content.

Haier water heater and purifier streamlined SKUs, focused on popular products, eliminated ineffective models, and enhanced production efficiency. By optimizing product lines and concentrating resources on developing bestsellers, we increased individual model output by 5% and optimized costs.

### ***Overseas markets***

The Company strengthened product innovation and localized professional capabilities while entering key growth markets through acquisitions.

We strengthened differentiated innovation. In the European market, to meet users’ demands for healthy bathing, we launched water heaters with independent skincare certification that transform water from cleansing to nourishing. In North America, our heat pump water heaters, featuring advanced heat pump technology and high energy efficiency, has meet the new U.S. energy consumption standards set for 2029. We also developed electric water heaters with valve structures that precisely control water temperature at below 40°C, meeting the specific bathing needs of users during Ramadan.

During the reporting period, the Company acquired the century-old Kwikot brand which held a 58% market share in South Africa. This acquisition accelerated our development in the local and EMEA markets, by enhancing global capabilities in professional water heating solutions.

## **V. China Operations:**

**In 2024, the company advanced its retail transformation by launching key initiatives such as one inventory and content-driven marketing, while enhancing its multi-brand strategy to meet the needs of a diverse consumer base.**

### ***One inventory Initiative***

With content-based e-commerce channels on the rise, distributors seek faster response, greater customization, and tighter sales-logistics alignment. The Company built an end-to-end digital platform covering order management, operations, warehousing, distribution, and installation. This enabled full-network inventory



sharing and asset-light operations boosting SKU efficiency. In December 2024, RRS Supply Chain Technology Co., Ltd. and its subsidiaries were consolidated, forming a unified logistics system that fully integrates personnel, systems, and data to accelerate retail model transformation.

### ***The Casarte Brand***

Casarte enhanced its brand strength through proprietary technology, expanded product suites, and digital marketing upgrades. We actively capitalized on the trade-in policy opportunities in Q4 2024, and Casarte's retail revenue increased by 12% for the year of 2024.

New Ultra-realm (致境) and Xingyue (星悦) suites addressed consumers' demands for design and connected living, driving a year-on-year 64.6% surge in suite sales. On Xiaohongshu, Casarte ranked No.1 in high-end appliance searches.

### ***The Leader Brand***

In 2024, the Leader brand focused on the lifestyle scenarios of young consumers. Through product innovation and enhanced marketing, we dedicated ourselves to creating personalized spaces and free lifestyles for Generation Z, achieving year-on-year increase of 26% in retail sales.

Focusing on young consumers' demands for personalized, minimalist, and efficient lifestyles, the Company launched Cloud (雲朵) series washing machines with 45-minute efficient wash-and-dry cycles and air conditioners with 180° rotating wing. We strengthened our youthful brand positioning by launching the "Lifestyle Ambassador" campaign, manifests "Your Life, Your Way". Additionally, the Company deepened partnerships with Douyin and Kuaishou to increase exposure. Our monthly GSV on Douyin exceeded RMB100 million, with A3 user<sup>1</sup> data base growing by 55%, effectively promoting synergies between the brand and our business.

### ***The San Yi Niao Platform***

San Yi Niao focused on the smart home strategy by implementing solutions that integrated smart appliances and home furnishing. We enhanced competitiveness through product solutions, outlets upgrades, platform improvements, and smart technology advancements. Our integrated cabinet solution in partnership with Boloni has strengthened whole-house customization and high-end suite product sales. In 2024, San Yi Niao's suite product sales reached 57% of total, with Casarte accounting for 35% and pre-installation products for 40%. Our Smart Home APP concentrated on improving user experience, while Smart Home Brain upgraded connectivity and voice interaction. HomeGPT helped position our Connoisseur (鑑賞家) PRO suite product series as an industry leader in AI applications.

During the reporting period, we introduced advanced large model tools to San Yi Niao, enhancing voice interaction and scenario data-driven capabilities. Through vertical domain training, we made the application of AI technology more precise and efficient in household settings. We upgraded the AI infrastructure with service-oriented and modular improvements, increasing data processing efficiency and enabling data-driven personalized services. We enhanced voice interaction technology to achieve multi-intent recognition and more natural, complex conversations. Additionally, we incorporated visual recognition technologies such as AI Eye to facilitate identification and monitoring of ingredients and environments, along with various scenario applications.

## **VI. Overseas Markets**

In 2024, the Company achieved revenue of RMB143.814 billion in overseas markets, representing a year-on-year increase of 5.4%.

During the reporting period, the Company strengthened product innovation and high-end transformation by leveraging R&D capabilities, integrating resources and technologies, and gaining user insights to deliver industry-leading product solutions. In terms of retail channel transformation, we promoted innovations online and offline while enhancing high-end product displays and standardization in stores. We also seized new e-commerce opportunities to accelerate global retail transformation. The Company increased global brand recognition by sponsoring the Australian Open and French Open. We have over 20 million followers across mainstream social media platforms overseas, continuously enhancing our brand influence through innovative content.

### **1. North America**

During the reporting period, the Company recorded sales revenue RMB79.529 billion while solidifying its market leadership in several categories including Range, Refrigerator, Freezer, Clothes Care and Dishwasher.

The Company continued to unveil future-proof solutions that embrace sustainability, inclusion, and wellness at home. Through modular design, the company launched new Apex freestanding range in early 2024, expanding its retail sales network and solidifying its market leadership in cooking appliances. Its unique EasyWash™ oven tray design won the Best Slide-In Range Award from TWICE VIP Award. Leveraging innovative Active Smoke Filtration technology, smoking food on kitchen countertop is made possible with GE Profile Smart Indoor Smoker, which received Best Product award at CES 2024; facilitated by major investment in manufacturing base, a new stainless tub Dishwasher line was launched to serve consumers seeking cleaner aesthetic design and enhanced functionality; building on the wild popularity of Opal

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1 A3 user: users frequently interact with brands online

Nugget Ice Makers, GE Profile Opal 2.0 Ultra features new industry-leading enhancements to reduce maintenance and optimized design to produce more crispy nugget ice; the Company also expanded its industry-leading portfolio of multi-door refrigerators with the launch of two quad door models including CAFÉ™ ENERGY STAR® Smart Quad-Door which was selected as the Best Refrigerator by Reviewed.com; GE Profile UltraFast Combo won the Innovation Award at CES 2024 for utilizing ventless heat pump technology which not only revolutionizes the way to wash and dry a large load of clothes, but also delivers 50% more energy efficient drying. All these innovation achievements helped the Company win The Home Depot Partner of the Year award and rank first in kitchen appliances department at Lowe's. Meanwhile, the Company continued its leading position in the contact channel by signing up more new builder customers.

The Air and Water business realized 70% growth with commercial air conditioners and 10x revenue growth with Unitary AC, driven by the successful launch of comprehensive HVAC solutions. Meanwhile leveraging expertise as a leading cooking manufacturer, the Company created a range line-up with reliable performance and user-friendly controls for the Recreational Vehicle (RV) Industry and realized 24% year-over-year revenue growth. The Company also introduced Bodewell, a personalized appliance care service that sets the industry standard by offering personalized care through its unique factory service network for all appliances, demonstrating our commitment to building relationships, earning trust, and delivering exceptional care.

Through collaboration with partners including Savant and Tantalus Systems, the Company launched GE Appliances EcoBalance System, integrating innovative energy-efficient appliances and smart home products, paired with energy demand management, solar panels, energy storage solutions and electric vehicle chargers. The system not only helps reduce strain on electrical grids, but also cuts energy costs for homeowners and reduces carbon emissions.

The Company integrated Google Cloud's generative AI platform, Vertex AI, into SmartHQ app to add new features, including Flavorly AI, which creates personalized recipes and simplifies the cooking experience based on consumers' dietary preferences and existing ingredients in their kitchen.

In January 2024, GE Appliances was named "Smart Appliance Company of the Year" for 7 consecutive years, and its SmartHQ app received the "IoT Innovation Award — Consumer Product of the Year" award at the 8th annual IoT Breakthrough Awards program. Additionally, for the 4th time, the Company also secured the "Consumer Cybersecurity Solution of the Year" in October 2024.

## **2. Europe**

During the reporting period, the Company recorded sales revenue of RMB32.089 billion, up 12.4% compared with the same period in 2023.

The growth was driven by committed product and service upgrade including successful launch of multi-door refrigerators which contributed to market share reaching 40%, acceleration of New Candy initiatives such as Candy Fresco 700 that addresses consumer pain points in capacity, energy efficiency and preservation with innovative Panaroma Light, circle fresh air flow and Adaptive Humidity Area, was an immediate bestseller with number one in Hitlist in Spain and top ten in Italy only three month after launch; the new X series 11 washing machine contributed to market share expansion from 0.6% to 8% in unit priced €1,000 and above in Spain. A new line of H2O dish washers featuring energy efficiency technologies have been introduced to help Haier brand gain 12% market share in premium segment. The mite remover was well received by the market with sell-in volume of over 60,000 units. The Company also made efforts to increase the number of outlets and implement sellout management system that help market share reach 17%, ranking number one in premium segment in Spain. Significant breakthroughs have been made in Eastern Europe where premium X series washing machine and I-Proshine dishwashers have been introduced in Poland to give a complete makeover to instore displays; strategic partnership including 20 premium store-in-stores and 1 concept showroom was formed with the biggest distributor ALTEX in Romania and the introduction of three-door and multi-door refrigerators contributed to 50% market share and exponential growth in Chez Republic.

This year the Company renewed strategic partnership with top-tier events including Roland-Garros, the Nitto ATP Finals and several ATP tournaments; the Company also became the Official Appliance Sponsor of the Davis Cup Finals 2024 Tournament in Malaga, to promote premium hospitality experience, brand exposure and fan engagement.

For the second consecutive year, Haier Europe is honoured as a Top Employer in the UK in recognition of its commitment to a better world of work and outstanding people practices.

### **3. *South Asia***

During the period, the South Asian market generated revenue of RMB11.525 billion, representing a year-on-year growth of 21.0%.

#### *India*

The Company led the Indian market with remarkable 30% revenue growth in 2024. This achievement was attributed to the effective implementation of our high-end product strategy including large capacity front-load washing machines which performed particularly well, driving continuous improvement in average selling prices.

By combining accurate market insights with strategic product portfolio, we continued to develop bestselling items and optimize our product matrix. Our cross-category lineup of high in demand products includes powerful air conditioners with 5-star energy efficiency and three-door side-by-side refrigerators.

We achieved remarkable results in distribution network expansion through successful online and offline strategic implementations. While maintaining rapid growth online, channel coverage increased by 7% by expanding in national chain stores and traditional offline channels to establish strong presence in the entire distribution network in India.

### *Pakistan*

The Company achieved 20% revenue increase in local currency and strengthened leadership with 45% market share. This was accomplished through end-to-end cost reduction, efficiency improvements, and lean management, which drove retail and premium brand transformation to boost high-end market share and price index.

## **4. *Australia & New Zealand***

During the reporting period, the Company recorded sales revenue of RMB6.642 billion, up 8.1%.

The Company also gained 2 percentage points market share and rose to number one in Australia partly driven by robust performance of Haier brand with market share gain of 3 percentage points in laundry, 2 percentages points in refrigerators, 4 percentage points in dish washers and 5 percentage points in kitchen appliances. The Company continued to lead in New Zealand with double-digit growth from Haier brand, making it the fastest growing company in the local market.

The Company continued to introduce cutting-edge products across categories including Haier 8 star energy efficiency refrigerator which was well-received by distributors including TGG and HVN, contributing to 8 percentage points market share gain in its specific capacity segment; Gemini washer and dryer combo and Hero series, which was Haier's first unit with retail price over AUD \$3,000, contributing to 15 percentage points share gain; and Haier's ultra-thin heat pump dryer featuring 7 star energy efficiency performance that help grow market share by 9 percentage points. FPA also introduced unparalleled range of kitchen appliances including oven, microwave, and steamer. On the operational front, the Company upgraded digital dashboard to optimize sell-in & sell through performances, improve data analysis and decision-making process while utilizing digital payment management, AI forecast, FPA GPT and warehousing management system to maximize order management and create the ultimate experience for both customers and consumers. On 25<sup>th</sup> November, the Company

became the official TV and Appliance partner of the Australian Open and Summer of Tennis events. The partnership aims to deliver immersive fan experiences by integrating advanced technologies in home appliances, including kitchen, laundry, and climate control systems, with world-class tennis.

## **5. Southeast Asia**

During the reporting period, revenue from the Southeast Asian market grew 14.8% to RMB6.633 billion.

High-end products accounted for 38% of total volume sold in Malaysia and high-end products grew by 20% in volume in Vietnam.

The Company launched T-door and French door refrigerators, high-end UV COOL VRA air conditioners in Malaysia; upgraded from self-cleansing to UV anti-bacteria air conditioners in Thailand; introduced UVC Pro and smart Eco air conditioners, large drum front-load washing machines, 700mm wide TM refrigerators equipped with magic zoom compartments and removable ice box in Vietnam where Aqua air conditioners also grew 40% in volume; and launched new series of multi-door refrigerators to create the ultimate food preservation experience in Indonesia.

The Company commenced construction of air conditioner factory in Thailand; assembled smart manufacturing lines with lower costs and greater efficiency for refrigerators and washing machines in Aqua facilities in Vietnam; upgraded pre-processing and completed press machine project in refrigerator factory to increase cost competitiveness while renovated air conditioner production line to improve output by 30% in Indonesia.

## **6. Middle East & Africa**

During the period, revenue from the Middle East and Africa grew 38.2% year-on-year to RMB2.674 billion.

The Company drove rapid growth through localized manufacturing, upgraded market operations, and strategic acquisitions. The Company focused on brand and product mix upgrades, promoting the penetration of large diameter washing machines and inverter air conditioners, while improving operations and retail capabilities to enhance brand image and promote mid to high-end products. In Egypt, the Company's eco-park phase one project commenced production to ramp up manufacturing of air conditioners, washing machines, and televisions thus unlock potentials in local market and neighbouring countries. In Saudi Arabia, the Company addressed distribution system pain points and implemented channel reforms, significantly improving whole-seller incentives and revenue growth. In South Africa, the Company completed the acquisition of Electrolux's water heater business that held the largest local market share,



leveraging Kwikot brand's distribution channels to promote the development of Haier refrigerators, washing machines, and other white goods throughout South Africa and neighbouring countries.

## **7. Japan**

During the reporting period, the Company recorded sales revenue of RMB3.426 billion, ranking 2<sup>nd</sup> with 16.5% market share in refrigerator by volume: 1<sup>st</sup> in freezers with 40.1% and 3<sup>rd</sup> in washing machine with 17.0%.

The Company introduced a collection of innovative products including TX refrigerator series in March with industry-leading full-space preservation utilizing smart temperature and humidity control technologies; the ultimate compact 8kg washing machine with best-in-class performance leveraging PTC drying module, 10kg heat-pump dryer combo led the market with 47.2% share in 10kg washers while sales volume of large TX refrigerator doubled. The Company also announced Yuzuru Hanyu as the new brand Ambassador to mark the launch of campaigns across multiple platforms to capture maximum attention during year-end shopping season.

## **VII. Deepening Digital Transformation and Implementing Cost Optimization Initiatives to Enhance End-to-End Cost and Expense Competitiveness**

*In 2024, the Company focused on operational cost reduction, efficiency improvement, and user experience enhancement. We deepened the end-to-end digital transformation of our domestic operations to unlock reform dividends. Additionally, we initiated digital transformation in overseas regions by implementing our domestic operational model to improve operational standards and profitability in overseas markets.*

On the market side, we continuously upgraded our business model to enhance operational capabilities. (1) We upgraded our offline channel model by actively leveraging national subsidy opportunities and implementing the Smart Home Cloud Store OTO model across more than 20,000 stores, generating retail sales of RMB450 million. (2) We advanced full-chain digital marketing to improve our new media matrix operations, smart content creation, and lead management capabilities, achieving over 1.4 billion new media impressions with a 24.7% lead conversion rate.

In our service platform, we optimized resource allocation through smart tool applications, enhancing service efficiency and user retention. (1) In customer service operations, we established smart customer service capabilities by building a knowledge base system, standardizing interaction scenarios, and implementing smart interaction solutions. In 2024, the proportion of smart interactions increased by 25.52% year-on-year, while smart resolution rates improved by 10.35%. (2) In after-sales services, we completed the development of digital capabilities including

smart scheduling, continuous online availability, and full-chain spare parts digitalization. As a result, user complaints decreased by 33.22% year-on-year, and service costs declined by 5.2%.

In our supply chain platform, we built smart forecasting capabilities to achieve agile response to market orders. We connected planning, marketing, manufacturing, procurement, and logistics nodes to establish an algorithm-driven smart prediction model and a cloud-based smart analysis operating system, which enhanced our order forecasting capabilities. We implemented a system where production scheduling information is visible and accessible within T+6 weeks, with automatic inventory replenishment and smart review capabilities, which improved our on-demand delivery efficiency. In 2024, our domestic order response cycle improved by 13%, while the customer funds cycle decreased by 7 days.

We replicated our domestic digitalization framework in overseas markets to enhance regional competitiveness and profitability. (1) We established overseas customer experience platforms in Thailand, Middle East and Africa, enabling online management of pricing policies and terminal sales. (2) We implemented digital systems across 17 overseas factories, improving capabilities in procurement strategy, production planning, manufacturing execution, commodity storage, and finished product warehouse management. (3) In customer service, by leveraging AI large models, we achieved precise guidance and rapid inquiry resolution for customer issues, reducing manual service workload and improving customer service staff efficiency, with average conversation duration shortened by 15%.

In 2024, the Company launched the Cost Optimization Project, benchmarking against global leading practices to restructure our objectives. We drove implementation through organization-wide collaboration, systematically enhancing our cost competitiveness.

In R&D processes, we optimized the product BOM lifecycle and built dynamic cost monitoring models to perform in-depth analysis of component cost structures and drive improvements. We enhanced product platform management by eliminating over 1,500 redundant long-tail models and reducing over 5,000 specialized material codes, strengthening our product cost competitiveness from the source. On the procurement side, we increased the openness of our supplier network. By establishing an order journey platform, we promoted transparency throughout the entire supplier process from ordering, delivery, and warehousing to usage and settlement, thereby improving efficiency and reducing hidden costs.



## I. INTRODUCTION OF THE INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD

### (I) Industry Overview for 2024

#### 1. *The domestic market*

Following the implementation of the national home appliance trade-in policy since August 2024, the industry has gradually recovered from the first half of the year. According to AVC, China's home appliance retail sales across all categories (excluding 3C products) reached RMB907.1 billion in 2024, representing a year-on-year increase of 6.4%.

#### *Home Air Conditioning Industry*

According to AVC, the home air conditioner industry recorded retail volume of 59.78 million units in 2024, a year-on-year decrease of 1.8%, while retail value reached RMB207.1 billion, down 2.2% year-on-year. In the first half of the year, industry demand was hampered by rainy weather in southern regions and cautious consumer behaviour. High channel inventory intensified price competition. Beginning in August, national subsidy policies were gradually implemented, effectively stimulating market demand.

High-efficiency air conditioners were increasingly favoured by consumers with Annual Performance Factor (APF) becoming a key consideration, driving market share growth. Meanwhile, innovative products such as fresh air conditioners and integrated air conditioning systems continued to emerge, meeting consumers' pursuit of healthier and more comfortable living environments with product mix upgrade.

#### *Refrigerator Industry*

In 2024, the refrigerator industry achieved steady growth driven by replacement demand and continuous innovation. According to AVC, annual retail volume reached 40.19 million units, a year-on-year increase of 4.9%, while retail revenue reached RMB143.4 billion, representing a 7.6% year-on-year growth.

Product upgrades primarily focused on built-in solutions, fresh food preservation, and smart features to enhance users' quality of life. Preservation technology emphasized nutrient retention and quality food storage, while appearance design incorporated new materials that harmonize with home environments, improving both aesthetics and functionality. In 2024, the market penetration of flat built-in refrigerators increased with from 7.1% to 20.1% online and from 12% to 38.9% offline.

### *Laundry Care Industry*

According to AVC, China's washing machine industry had a retail volume of 42.97 million units in 2024, representing a year-on-year increase of 7.3%. Retail revenue reached RMB101.4 billion, up 7.6% year-on-year. Tumble dryers demonstrated strong growth momentum in 2024, with retail volume surging 30.6% year-on-year to 2.83 million units, and retail revenue rising 25.7% year-on-year to RMB16.2 billion.

The washing machine product mix continued to improve driven by expanding front-load washing machines, whose online retail share rose by 4.8 percentage points to 44.1%, while offline retail share increased by 8.2 percentage points to 51.2% in 2024 according to Gfk. Industry trends continued to evolve towards larger capacity, multi-functionality, smart, and aesthetic appeal. Front-load washer-dryer combos maintained rapid growth, with GfK data showing the market size for these combo products increased by 65.1% year-on-year to RMB8.4 billion. Product development was accelerating towards ultra-thin, flat built-in designs to achieve better integration with home furnishings.

### *Kitchen Appliance Industry*

#### (1) Range hood and stove industry

According to AVC, the overall retail sales of range hoods reached RMB36.2 billion in 2024, representing a year-on-year increase of 14.9%, with retail volume reaching 20.83 million units, up 10.5% year-on-year. The gas stove market achieved retail sales of RMB20.4 billion, growing 15.7% year-on-year, with retail volume of 24.29 million units, up 15.2% year-on-year.

Product upgrades focused on smart, integrated home appliances with furnishings, and high energy efficiency to meet consumer demands for operational convenience and space utilization. Smart features such as gesture sensing, hood-stove integration, and APP control continued to increase. New product styles including ultra-thin models and 7-shaped hoods were gaining market share. High-power, energy-efficient gas stoves gained popularity, with dry-fire prevention feature becoming a key consideration for consumers.

#### (2) Dishwasher industry

The dishwasher industry continued to experience rapid growth. According to AVC, retail sales reached RMB13.2 billion in 2024, representing a year-on-year increase of 17.2%, while retail volume grew to 2.29 million units, up 18.0% year-on-year.

Dishwashers have evolved to offer larger capacities, better kitchen renovation compatibility, and zone washing capabilities to address user pain points such as insufficient capacity and limited kitchen space. These improvements enhanced space utilization and user experience. Fully built-in models have become the most recommended style, with their retail market share rising from 34% to 47% online and from 79% to 81% offline.

### *Water Heater Industry*

According to AVC, the water heater market in 2024 had retail sales of RMB53.2 billion, a year-on-year increase of 5.3%, with retail volume of 31.45 million units, up 5.1% year-on-year. Electric water heaters generated retail sales of RMB23.6 billion, up 1.3% year-on-year, with a retail volume of 18.02 million units, increasing 2.5% year-on-year. Gas water heaters achieved retail sales of RMB29.6 billion, up 8.8% year-on-year, with a retail volume of 13.43 million units, growing 8.7% year-on-year.

Large capacity and high-power models have become mainstream in electric water heater market, with 60L models accounting for over 60% of total. Dual-tank ultra-thin products grew rapidly by 20% both online and offline, as they align with consumer demands for home aesthetics and efficient space utilization. These products are expected to become a future market trend. National subsidies significantly boosted demand high-efficiency gas water heaters products, with GfK data showing that Level 1 energy efficiency products experienced a 69% increase in retail sales in offline markets from September to December in 2024.

Additionally, water home appliance products<sup>1</sup> maintained rapid growth in 2024, driven by trade-in policies and home improvement subsidies, with industry retail sales reaching RMB34.6 billion, a year-on-year increase of 16.3%, and retail volume reaching 27.9 million units, up 6.2% year-on-year.

Trade-in policy incentives helped offline channels accelerate in growth towards year-end, with particularly strong performance from both national and local chain retailers. According to AVC, Q4 retail sales skyrocketed by 75.5% year-on-year, with annual retail sales growing by 22.3% year-on-year. Online channels showed mixed results, with traditional e-commerce platforms posting a 6.9% year-on-year increase in annual retail sales. Content-based e-commerce has emerged as a new growth engine through innovative marketing and strong user retention, achieving a remarkable 55.5% year-on-year growth in retail sales for 2024.

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<sup>1</sup> Water purifiers, purified water dispensers, water dispensers, water purification equipment

Industry leaders leveraged technological, brand, and channel advantages through multi-brand portfolio strategies and full-category operations to capitalized on national subsidy opportunities and increase market share, resulting in higher concentration among domestic brands. Meanwhile, internet-based brands, relying on their ecosystem and traffic advantages, rapidly increased their market share online through innovative marketing and entry-level product offerings.

## 2. *Overseas markets*

According to Euromonitor, core appliances reached USD 288.2 billion in 2024, up 2.1% year-on-year, while small appliances generated USD 245.1 billion, growing 3.1% year-on-year. Developed markets was challenged by high interest rates and weak consumer confidence, while emerging markets achieved steady growth driven by air conditioners and online channel expansion, despite intensifying competition and rising costs.

By market:

### (1) *The U.S.:*

Federal Reserve's interest rate hikes kept mortgage rates elevated, suppressing real estate market and affecting home appliance performance. As competition intensified, appliance manufacturers resorted to price reductions putting pressure on profitability. High inflation led to lower-than-expected rate cut, further dampening consumption of durable goods like home appliances.

### (2) *Europe:*

GfK data indicated that European consumers generally planned to reduce discretionary spending in 2024, with overall industry sales volume growing only 1.8% year-on-year. In 2024, cumulative online sales volume increased by 7.9% year-on-year, while traditional offline channels declined by 1%.

### (3) *South Asia:*

**India:** Driven by strong air conditioner demand, overall sales volume increased 8.6% year-on-year, with revenue up 10.4% and average prices rising 2%. High-end products gained penetration in first and second-tier cities, while entry-level products remained dominant in third and fourth-tier cities. Online growth was rapid and offline chain stores were actively expanding, putting pressure on traditional channels. Leading companies responded through channel adjustments or cost reductions, while local brands captured market share through aggressive pricing strategies.

**Pakistan:** Sales volume increased 15% year-on-year, with revenue up 16% and average prices rising 2%. High inflation and rapidly rising electricity prices stimulated demand for energy-efficient products, while the share of chain channels continued to increase.

(4) *Australia & New Zealand:*

Based on channel estimates in 2024, the overall Australian market decreased 10% year-on-year, with average prices falling 5%. Consumer interest for value-for-money products was on the rise. New Zealand demand remained weak, with white goods import volumes in 2024 flat year-on-year and GDP contracting for two consecutive quarters. Consumer spending continued to tighten due to inflation and high interest rates, compounded by a sluggish real estate market, resulting in persistently weak appliance demand.

(5) *Southeast Asia:*

Thailand's growth primarily relied on the expansion of air conditioners and refrigerators. Vietnam showed increasing demand for washing machines and air conditioners. Malaysia experienced modest growth, while Indonesia remained generally flat with only refrigerators achieving growth. Consumer prefer health-conscious (water purifiers, energy-efficient air conditioners), smart, and value for money products.

(6) *Japan:*

The weak currency has driven up costs, while high prices combined with an aging population suppressed overall consumption. According to GfK, white goods including refrigerators, freezers, and washing machines experienced declines in both volume and revenue in 2024: retail volume decreased 0.6% year-on-year, retail revenue fell 1.9% year-on-year, and average unit price dropped 1.3% year-on-year. Demand shifted towards large-capacity and energy-efficient models, with front-load washing machines and variable-frequency refrigerator/washer gaining popularity, while high-end demand remained sluggish under economic pressures.

## **(II) Industry Outlook for 2025**

### **1. *The domestic market***

Currently, China's home appliance market is characterized by high penetration and a large installed base, with replacement purchases becoming the main growth driver. According to GfK, by the end of 2023, China's home appliance ownership exceeded 6.9 billion units; 66% of purchases were replacements, while 34% were first-time or additional purchases. The overall market is expected to grow in the future as consumers continue to improve quality of life thus driving value growth from product upgrades and increasing penetration of categories such as dishwashers and tumble dryers.

The 2025 Government Work Report points out that China will firmly implement strategies to expand domestic demand, allocating RMB300 billion in special ultra-long-term bonds to support trade-in programs for consumer goods. White goods, with their high value and necessity in nature, are likely to continue benefiting from these initiatives. AVC expects the home appliance industry to maintain growth in 2025.

### **2. *Overseas markets***

In 2025, global home appliance market will be affected by macroeconomic fluctuations and changes in trade policies, with consumer upgrade trends and structural growth opportunities. Companies need to monitor economic and policy developments and adapt to uncertainties through technological innovation, cost control, and flexible supply chain strategies to capture growth.

#### **(1) *North America***

OECD forecasts US economy to grow 1.9% and the FED expects PCE inflation to be 2.7% in 2025. However, tariffs continue to create uncertainties for business investment and individual incomes, thus creating pressure for home appliance market where consumers still prefer high efficiency and energy saving products. The appliance industry is likely to benefit from rate-cut related property market recovery in the long run.

## *(2) Europe*

The European economy continues to be affected by uncertainties from the Russia-Ukraine conflict and energy price fluctuations. However, production costs and retail prices of home appliances are expected to decrease with the gradual declining in natural gas prices. While trade uncertainties put pressure on the euro, EU fiscal expansion and potential increases in defence spending may alleviate some economic pressure. The market is expected to remain focused on sustainable, environmentally friendly and energy-efficient products thus intensifying competition in ESG performance and product innovation.

## *(3) Emerging Markets*

Emerging markets show favourable growth prospects. Accelerated urbanization and middle-class expansion in Southeast Asia, South Asia, the Middle East, and Africa will create new market opportunities and interest rate cuts may improve consumer credit environment thus benefiting home appliance consumption.

## **II. PRINCIPAL ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD**

Founded in 1984, the Company is committed to being an enterprise of its time. Through relentless innovation and iterations, we seize opportunities in the industry by continuously launching innovative products that steer market development. After more than 30 years, the Company has become a global leader in the major home appliance industry, as well as a pioneer in global smart home solutions.

### **Market Position**

- **Global leader of the major home appliance industry:** According to data from Euromonitor — an authoritative market researcher, the Company ranked first in terms of sales volume in global major appliance market for 16 consecutive years. The Company has a global portfolio of brands, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel and AQUA. From 2008 to 2024, Haier brand refrigerators and washing machines ranked first among global major home appliance brands in sales volume for 17 and 16 consecutive years respectively.



- **Pioneer of global smart home solutions:** Capitalizing on our full-range home appliances products, the Company is recognised by Euromonitor as one of the first in the industry to introduce smart home solutions. San Yi Niao remained committed to the mission of “providing smart home experience for a better home”, by enhancing three major capabilities in respect of tailored platforms, delivery platforms and Smart Home’s main platform, we have been dedicated to providing customised and specialised smart home appliance solutions for users.

## **Business Layout**

Over the years, the Company has established a business layout that includes smart solutions for, amongst others, food storage and cooking, laundry, air and water, the Overseas Home Appliance and Smart Home Business, and Other Business.

- **Household food storage and cooking solutions:** Through selling products such as refrigerators, freezers, kitchen appliances in global market, as well as providing one-stop smart kitchen scenario solutions and ecosystem solutions including smart cooking and nutrition planning, the Company fully addresses users’ need for convenient, healthy and tasteful gourmet experiences. For example, by upgrading the bottom front cooling technology and optimising the heat preservation system, Casarte’s original built-in refrigerator is designed to address problem of fitting home appliance into cabinet encountered in home appliances and furnishing integration, enabling a perfect match to the international standard cabinet with a depth of 600mm and a width of 800mm/900mm, providing a seamless built-in solution.
- **Household laundry management solutions:** Haier’s washing machine focuses on applying original technologies to directly address users’ pain points in home living scenarios and create new experiences and value for users. With a product lineup of washing machines, tumble dryers, all-in-one laundry machines, garment care machines, and heated drying racks, the Company has evolved from selling individual products to providing scenario-based solutions and offering end-to-end laundry care services. For example, the Zhongzihemei (中子和美) 3-in-1 washer combines washing, drying, and fabric care functions into a single unit, and the Essence Wash washing machine reduces washing time and improves cleaning effectiveness by producing a highly concentrated detergent solution that can quickly soak into clothes through detergent pre-mixing and high pressure spraying. In addition, Haier Smart Home has developed the first 3D transparent drying technology, which uses sensors to see through the outer layer of clothes and directly assess their inner condition. This allows the machine to accurately determine the level of dryness and stop drying process instantly once the clothes are dry.



- **Air solutions (Internet of air):**

**Home air-conditioners:** Through selling of our products (such as home air-conditioners and fresh air systems) to markets worldwide, as well as providing full-cycle solutions that include design, installation and services, with products featuring smart system based inter-connectivity, we have, for example, formulated all-spaces, all-scenarios intelligent air-conditioning solutions consist of multiple air-conditioner and purifier coordination, adaptive air flow, air quality monitoring and air disinfection, thereby delivering a healthy and comfortable experience at home and during commuting that caters to users' needs in terms of air temperature, humidity and quality. One notable example is our self-cleaning air-conditioners, which use smart sensors and automated water-cleaning technology to run the automated cleaning process and ensure cleanliness and health of their interior.

**Smart buildings:** The Company is committed to becoming a leader in efficient, sustainable and smart building solutions based on China's "carbon peaking and carbon neutrality" strategy. Focusing on business segments such as smart control, environment, energy and system integration of buildings, the Company provides green and smart building solutions integrating "technology + experience + space" for government and public buildings, commercial uses, railways, schools, and hospitals. In areas such as magnetic levitation centrifugal chillers, IoT-based multi-split system, and air-to-water heat pump, not only have Haier occupied a pivotal market position in China, but also have achieved remarkable success globally.

- **Household water solutions (Internet of water):** Through providing worldwide users with electric water heaters, gas water heaters, solar water heaters, air energy heat pump water heaters, POE water purifiers, POU water purifiers, water softening equipment, Haier offers smart water solutions including interactions between water heaters and purifiers, and between heating appliances and water heaters, so as to comprehensively cater to users' needs for water purification, softening and heating. One example is our water heater with instant hot water. It uses smart hot water circulation technology to provide hot water quickly, eliminating the need for users to wait for the water to heat up. In 2024, the Company acquired Kwikot, an established water heater brand in South Africa. With its strong market reputation and well-established sales channels, the acquisition enables the Company to rapidly expand its water heater business in South Africa market, boosting brand awareness and market share. This acquisition has further strengthened Haier Smart Home's business presence in the overseas water heater segment.

## **Global Market Presence**

The Company manufactures and sells a comprehensive portfolio of home appliance products and provides value-added services in more than 200 countries and regions, including North America, Europe, South Asia, Southeast Asia, Australia, New Zealand, Japan, Middle East and Africa.

To overseas markets, the Company has been manufacturing and selling proprietary appliance products catering for local users' demands for more than 20 years. During the time, a number of acquisitions contributed to our growth including acquisitions of Haier Group Corporation's overseas white goods business (which included Sanyo Electric Co., Ltd.'s white goods business in Japan and Southeast Asia) in 2015, home appliances of GE in the US in 2016, Fisher & Paykel in 2018, and Candy in 2019.

In 2024, Haier Smart Home added another two brands, namely CCR and Kwikot, under its belt through mergers and acquisitions. The CCR acquisition has enabled Haier Smart Home to push forward its comprehensive refrigeration chain strategy and broadened its business reach to the commercial refrigeration segment, providing strong support for the Company's development in the European market while further promoting the development of the commercial refrigeration sector in Asia-Pacific and other regions. The acquisition of Kwikot, a century-old water heater brand in South Africa, has strengthened Haier Smart Home's business presence in the water heater sector and further facilitated the rapid penetration of white goods business into the South African market.

At present, the overseas business of the Company has entered a stage of healthy growth, having achieved a multi-brand, cross-product and cross-regional presence on a global basis. According to Euromonitor, the Company's market shares (by retail volume) for major home appliances in key regions around the globe in 2024 were as follows: ranked 1st in Asia in terms of retail volume with a market share of 25.9%; ranked 1st in North America with a market share of 24.5%; ranked 1st in Australia and New Zealand with a market share of 15.9%; and ranked 3rd in Western Europe with a market share of 8%.

## **Other Businesses**

Building on our established smart home businesses, the Company has also developed small home appliances, cleaning robots, channel distribution and other businesses. In particular, the small home appliance business primarily involves small home appliances designed by the Company, produced by outsourced third-party manufacturers and sold under the Company's brands. It serves to enrich our smart home solutions product mix. The channel distribution business primarily offers distribution services for products such as televisions and consumer electronics for Haier Group or third-party brands, leveraging the Company's sales network. During the reporting period, the Company succeeded in acquiring CCR, which has enabled further expansion of our commercial refrigeration segment, and expedited Haier Smart Home's comprehensive refrigeration chain strategy.

## **Honours and Recognitions**

During the reporting period, the Company was once again listed among the Top 500 World's Companies and named again as the 2024 World's Most Admired Companies by the Fortune Magazine. We are the only company being selected in Europe and Asia in the home appliances industry and are the only selected company incorporated outside the US. Meanwhile, the Company is also the world's only Internet-of-Things (IoT) ecosystem brand being named again as BrandZ™ Top 100 Most Valuable Global Brands in 2024.

At the same time, the Company was named again among Fortune's China ESG Impact list and Forbes' The World's Best Employers 2024 list. The Company's ESG effort has also been recognised by external rating agencies, receiving an MSCI ESG rating of AA, which is at leading levels within home appliance sector in China. Haier Smart Home was selected into the three major ESG indices of the Hang Seng Index, including the HSI ESG Enhanced Index, the HSI ESG Enhanced Select Index and the HSCEI ESG Enhanced Index. In addition, the Company also won, amongst others, the "Top 100 ESG Golden Bull Award", "2024 ESG Pioneer 60th Annual Social Responsibility Excellence Award", "Golden Bull Best Investment Award", "Golden Information Disclosure Award" in 2024, further demonstrating the Company's influence and leading position in the industry.

### III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD.

The Company has established a solid strategic presence and competitive advantage in global market. In China's major home appliance market, the Company has long maintained a leading position across all product categories. According to Gfk CMM's report, the Company has established a continued leading market position in key major home appliance categories in 2024. In overseas markets, the Company has adhered to its high-end brand creation strategy. Coupling with the two newly acquired brands, namely CCR and Kwikot, this has served us well in building capacity to create global sustainable growth and continuously gaining market share. Building on this foundation and by leveraging on the consolidation and synergy of our global unified platform, efficiency transformation driven by digitalisation, technological strength and innovative capabilities, the Company will further consolidate its leading position in the industry. As cornerstone for sustainable development, our "Rendanheyi (人單合一)" Model also provided management guidance to the Company and enabled us to replicate successful experiences. It is believed that the following advantages will help the Company to continue to strengthen its leading position:

- (i) **Building up excellent high-end brand operation capabilities and creating a well-recognised high-end brand through forward-looking layout and long-term investment in the global market to achieve a leading market position.**

To better meet the need of consumers in pursuit of quality life, the Company has started to develop the high-end brand Casarte in the Chinese market more than 10 years ago. The creation of high-end brands requires not only focus, experience and patience, but also continuous innovation of technological standards and differentiated service capabilities to fulfil user demand for high-quality experiences. The Casarte brand combined the Company's global technological strengths, product development capabilities and manufacturing craftsmanship, as well as privilege marketing and differentiation services, which has won the trust of users in China's high-end market. According to data from CMM, the Casarte brand has assumed a definitive leading position in China's high-end major home appliance market in 2024, ranking first in the retail sales of refrigerator, washing machine and air-conditioner categories in the high-end segment. In particular, market shares (in terms of offline retail sales) of the Casarte brand of refrigerators, air-conditioners and washing machines reached 49%, 34% and 88% respectively in the market with product priced above RMB15,000 in China.

- (ii) Providing users with specialised and customised smart household solutions through the San Yi Niao brand with cross-household design focusing on scenario-based experience to carry out the mission of “providing smart home experience for a better home”.**

As users continued to demand for higher living quality, coupled with the development of technologies such as Internet of Things and big data, the industry has shown a smart and high- end development trend that prioritised product suites, based upon scenarios, and home appliances integrated with home furnishings. With leading user insights, extensive product coverage and technological accumulation from algorithms, big data models and IoT equipment technology, the Company enhanced its three major capabilities in respect of scenario-tailored platforms, delivery platforms and Smart Home’s main platform to create a new home appliances sales method with cross-household design focusing on scenario-based experience, and develop high-end, package, and front-end sales capabilities.

- (iii) Extensive and solid global presence with localised operational capability**

In respect of overseas markets, the Company seeks overseas expansion of its own brands as well as synergies with acquired brands to develop overseas markets. Such business strategy has guided the Company to establish R&D, manufacturing and marketing three-in-one structure across multiple brands, products and regions, as well as the model of self-development, interconnection and synergised operation.

The Company’s extensive global presence depends on its localised business teams as well as its flexible and autonomous management mechanisms established in various overseas markets, which have enabled the Company to gain rapid insights and respond swiftly to local user demands. The Company also proactively integrates into local markets and cultures and has established a corporate image that is recognised by local communities in the overseas regions where the Company operates.

In 2024, the Company established 10+N innovative ecosystems, 131 manufacturing centres, and 108 marketing centres around the world, and achieved a coverage of nearly 230,000 points of sales in global markets.

**(iv) A comprehensive portfolio of proprietary brands recognised by users of all tiers**

Through organic growth and acquisitions, the Company has formed seven brand clusters, including Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel and AQUA. To address the needs of users from different tiers in various markets around the world, the Company has adopted a differentiated multi-brand strategy in different regions that centred around users, to achieve an extensive and in-depth user coverage. For example, in the Chinese market: the three brands of Casarte, Haier and Leader achieved the coverage of high-end, mainstream and niche market groups respectively; in the U.S. market, the six major brands such as Monogram, Café, GE Profile, GE, Haier, Hotpoint comprehensively covered all segments of high-end, mid-range and low-end markets, thereby meeting the preferences and needs of different types of users.

In 2024, Haier Smart Home added another two brands, namely CCR and Kwikot, under its belt. The CCR acquisition has enabled Haier Smart Home to push forward its comprehensive refrigeration chain strategy and broadened its business reach to the commercial refrigeration segment, providing strong support for the Company's development in the European market while further promoting the development of the commercial refrigeration sector in Asia-Pacific and other regions. The acquisition of Kwikot, a century-old water heater brand in South Africa, has strengthened Haier Smart Home's business presence in the water heater sector and further facilitated the rapid penetration of white goods business into the South African market.

**(v) Cross-border acquisition and synergy realisation capabilities**

The Company has an excellent track record of acquisition and integration. The Company has acquired Haier Group Corporation's overseas white goods business, including Sanyo Electric Co., Ltd.'s white goods businesses in Japan and Southeast Asia in 2015, the home appliance business of General Electric in the US in 2016, the New Zealand company Fisher & Paykel (which has been entrusted by the Haier Group since 2015) in 2018, and the Italian company Candy in 2019. In addition, the Company successfully acquired CCR in 2024, which has expedited the Company's comprehensive refrigeration chain strategy and strengthened the development of its commercial refrigeration segment. The acquisition of Kwikot, a century-old water heater brand in South Africa, has expanded the Company's business footprint in the African market and strengthened its market competitiveness in the region. Capitalising on the local resources and technological strengths of CCR and Kwikot, Haier Smart Home has rapidly increased its brand awareness and market share in the region.



The Company's capability to perform acquisition and integration is reflected in the following: First of all, the Company implements the 'Rendanheyi (人單合一)' Model in the acquired companies, which is a value-added sharing mechanism for the whole-process team under a common goal. Such model can motivate the acquired companies and their employees and enable them to generate more value. Secondly, the Company made use of its global platform to empower the acquired companies in terms of strategic planning, R&D and procurement in order to enhance their competitiveness. Thirdly, the Company's open and inclusive corporate culture can support the acquired companies in establishing a flexible and autonomous management mechanism, which can easily earn recognition from the acquired companies and is conducive to the promotion of integration.

**(vi) Comprehensive and in-depth global collaborations and empowerment**

The Company has made full use of its global collaborative platform, as well as its integrated functions of R&D, product development, procurement, supply chain, sales and brand marketing. It was able to share and expand development experience to various markets around the world. By strengthening the synergies among its global businesses, the Company has created a strong driving force for its future development.

- **Global product collaboration:** Focusing on the needs of overseas users and customers, we leverage global R&D resources to ensure close collaboration across all stages, including user demand analysis, product planning, technical solution design, development testing and trial production, and have launched top-selling products in various regions around the world. For example, the only caravan air-conditioner in North America with a heat pump that operates at temperatures as low as -5 degrees Celsius, the first-ever 8.0 Energy Star refrigerator in the Australian market (which is 40% more energy-efficient than its rivals), a brand-new washing machine platform that meets the needs of both the China-US and Europe-Australia markets, and the global micro-vaporisation and roasting platform that integrates the R&D capabilities of Haier from, among others, China, Italy, New Zealand, America, and Japan. Through global product collaboration, overseas brands such as Haier, Fisher & Paykel, Candy, and GE have significantly expanded their product portfolios.

- **Global capability collaboration:** Development of high-caliber young engineers is conducted in accordance with the unified training model at both the Qingdao headquarters and GE Appliances in the U.S., which has yielded further progress. In Qingdao, young engineers trained through the Global Engineer Development Programme (GEDP) are continuously joining industrial R&D teams and becoming key players in product development. Meanwhile, driven by digital transformation, various global regions are progressively adopting advanced development tools and design methodologies from the automotive industry, significantly enhancing development accuracy and product quality.
- **Global design collaboration:** An industrial design collaboration system for global top-selling products centred on user experience and branding has been established. Through collaboration with global designers, design quality has been greatly improved. For example, the headquarters design team collaborated with the CANDY design team to complete the creation of Haier's Titanium Series 2/4/6 ovens under the global platform oven, which have been successively launched in markets included Europe and Australia. Meanwhile, the headquarters design centre supported Candy's brand transformation and realised Candy's price index improvement.
- **Global procurement collaboration:** The Company has established a global procurement committee to coordinate procurement activities. The committee has built a digital sourcing platform that brought together partners across industries and regions to develop an autonomous and controlled global supply chain ecosystem. The committee also created a global database of preferred suppliers and materials to achieve cost reduction by aggregating resources at the Company level. By unifying procurement rules and processes, the Company established a standardised operating system with differentiated procurement strategies to enhance efficiency while lowering risks. We have also developed a Company-level digital procurement platform to enhance shared capabilities through connecting "materials, businesses, people and mechanisms" to the platform, thereby improving the resilience of our global supply chain.
- **Global supply chain collaboration:** The Company has built an end-to-end digital management system for the global supply chain that spanned from marketing to suppliers to production and logistics. Using intelligent algorithms, the system enabled real-time flexible deployment of production capacity, and factories across the globe could share and develop smart manufacturing technologies to boost competitiveness.



- **Global marketing and brand promotion collaboration:** The Company operates a multi-level brand portfolio with collaborative brand promotions. The Company also promotes and introduces successful marketing strategies among regional markets. For example, the Company successfully replicated its sales and marketing model of China's third and fourth-tier markets to markets such as India, Pakistan, and Thailand, strengthening the company's brand image and regional market competitiveness.

**(vii) Industry-leading R&D and technological capabilities**

Haier Smart Home delves into technological innovation to expedite the development of innovation-driven productivity that aims for high-end, smart and green upgrade. Leveraging on our industry-leading and comprehensive R&D presence, we constantly provide global users with home appliances that meet their needs and customise their smart and convenient way of living, thus enriching users' life experience as well as cementing our leading position in high-end brands, scenario brands and ecosystem brands.

- ***Leadership in original technologies:***

In 2024, Haier Smart Home launched a refrigerator featuring magnetically controlled frozen-fresh technology that achieves a 98% nutrient retention rate and is the only one in the industry capable of maintaining its fresh flavour and aroma even after 60 days of freezing. Building on its previous-generation MSA oxygen control freshness preservation technology, the upgraded MSA nitrogen-oxygen intelligent control freshness preservation refrigerator boasts a nutrient retention rate of over 99% after 7 days of refrigeration, elevating the industry standard to a "cellular level." It also pioneered large drum diameter ultra-thin technology to achieve a globally leading fully integrated washing machine design. An air-conditioner equipped with refrigerant directional distribution and dual evaporator coupling with independent control technology increases the room's comfortable area by 40%. Additionally, the ball-brush style drawer shoe washing machine revolutionises traditional water washing with a cleaning ratio exceeding 1.0, and the household cleaning robot based on the SH-AI algorithm automatically recognises 41 common items across 7 categories in home environments with 3mm high-precision linear recognition and obstacle avoidance, leading the industry with innovative products.

- ***Certification from authorities:***

As of the end of 2024, the Company received a total of 17 State Science and Technology Progress Award, more than any other company in the industry. The Company won the highest accolade of the Disruptive Technology Innovation Competition (Winner Award), and is the only company to have won the highest accolade in the industry for 3 times.

- ***Leadership in patent quality:***

As of the end of 2024, Haier Smart Home has accumulated more than 112,000 patents applications globally, including more than 73,000 invention patents. The Company also accumulated 12 state patent gold awards, ranking first in the domestic market. In the ‘Global Smart Home Invention Patent Ranking’ in 2024, Haier Smart Home once again topped the list with 5,582 published patent applications, ranking 1st in the world for 12 consecutive times.

- ***Leadership in international standards:***

As of the end of 2024, Haier Smart Home has cumulatively led and participated in the drafting of 110 international standards and 788 state/ industrial standards. We are the only company in the industry to have participated in smart home standards from international organisations including the IEC, ISO, IEEE, OCF and Matter. We are also the only enterprise in the world to serve on both the IEC Board and the IEC Market Strategy Board, which have enabled the Company to stay actively involved in the formulation of international standards.

- ***Leadership in experience design:***

Haier won over 600 accolades, including international design awards such as the German IF Design Award and the Red Dot Design Award. The Company won the most international design gold awards in the industry with six in total and won 3 China Excellent Industrial Design Gold Awards from the Ministry of Industry and Information Technology, which is the only enterprise in China that have earned three consecutive gold awards.

### **(viii) Leading logistics and delivery capabilities in the PRC**

Haier RRS Logistics has demonstrated strong competitiveness, particularly in its supply chain management solutions, which cover the entire process and various scenarios, as well as a delivery-loading synchronised logistics service network. By leveraging its digital operation and management capabilities, Haier RRS Logistics has integrated resources such as warehouses, transportation, and service outlets. As a result, it has built a nationwide logistics network that extends to villages and households, offering services that cover the entire process from procurement and factory manufacturing to end consumers. Additionally, Haier RRS Logistics has acquired strong capability in provision of customized services, boasting its strength in customising supply chain solutions according to individual customer needs, catering to a diverse range of needs of various clients. The Company also excels in cross-border supply chain management, addressing client needs in cross-border logistics through air, marine, railway, and multi-modal transportation.

### **(ix) Sustainability**

- ① **Global ESG governance structure:** To advance the implementation of ESG initiatives, Haier Smart Home has further strengthened its organisational structure framework, building on its 3-tier global ESG governance structure (the ESG Committee of the Board of Directors, the ESG Global Executive Office and the Global ESG Executive Working Group). At the executive level, the structure has been expanded to include sub-clusters in areas such as environmental management, sustainable risk management, corporate governance, and supply chain management, providing organisational support for the effective advancement of ESG management.
- ② **Green development and low-carbon operation:** Haier Smart Home has formulated the “6 Green” strategy of green management throughout the entire life cycle, which includes “green design, green manufacturing, green marketing, green recycling, green disposal, and green procurement”, and promotes green actions throughout the entire life cycle. Haier Smart Home has integrated low-carbon, recycling, energy saving and emission reduction into its daily operations to promote green upgrading of the industry.
- ③ **Social responsibility and charity work:** Haier Smart Home actively participates in public welfare projects such as the Hope Project, rural revitalisation, and emergency relief on a global scale, and continues to give back to society through donations and volunteer services.

- ④ **Leading ESG rating:** Haier Smart Home has the leading rating among its peers in China in respect of the ESG ratings issued by three major organisations, namely CSI, MSCI and Wind. Among which, its MSCI rating has been upgraded to an AA level. This demonstrates its excellent performance in environmental, social responsibility and corporate governance.

**(x) Staying committed to the principle of ‘value of people comes first’**

“Value of people comes first” has always been a guiding principle for Haier’s development. From the autonomous operation team at the start of the venture to the current “Rendanheyi” (人單合一) model, Haier encourages every employee to maximise their own values while creating values for users. In Haier’s “Rendanheyi” (人單合一) model, “Ren” refers to creators; “Dan” refers to user value; “Heyi” refers to the integration of values realised by employees and the values created for users. “Value of people comes first” is the highest purpose of the “Rendanheyi” (人單合一) model.

Haier Smart Home adheres to the values of recognising users’ demand as priority and denying our own perceptions and is committed to the “two creative spirits” of entrepreneurship and innovation. We turned employees into creators, implementers into entrepreneurs, and transformed enterprises into open ecosystem platforms, which have supported the Company to become a global leader of smart home in the Internet of Things era.

***Company Strategy***

Guided by our vision to become a world-class smart living ecosystem enterprise, the Company will enhance our capabilities in technological innovation, global operations, and digital transformation. We are doing so by developing proprietary technologies, fostering global collaboration, implementing scenario-based solutions, and accelerating digitalization. These efforts will reinforce our leadership in the smart home sector, drive growth in our smart HVAC business, and establish a presence in emerging industries — supporting sustainable, high-quality development.

• ***Smart Home Business:***

We will reinforce our leadership in refrigeration, laundry care, and kitchen appliances. By leveraging our comprehensive smart product suites, cutting-edge technology, and Smart Home Brain platform, we will continuously elevate the smart living experience across all scenarios.

- *Smart HVAC Business:*

We will be evolving from standalone products — such as home air conditioners, water heaters and purifiers, central air conditioners, and heat pumps to integrated smart HVAC solutions, rapidly enhancing our global competitiveness and industry position. Additionally, we foster synergy between our commercial refrigeration and smart building segments to deliver leading-edge cold chain solutions for commercial and industrial applications.

- *Emerging Businesses:*

Capitalizing on trends like an aging population and the low-carbon circular economy, we will expand into smart healthcare, home service robotics, and recycling sectors. These initiatives are designed to offer consumers a more diverse smart and low-carbon lifestyle experience.

### ***Operational Plan for 2025***

In 2025, the Company will drive deep transformations in our business models and organizational structures across domestic and overseas markets. We will enhance our competitiveness in product innovation, digital inventory management, direct consumer engagement, content marketing, and cost optimization — laying a solid foundation for sustainable, high-quality growth.

### ***Refrigerator and Laundry Care Business:***

- *Domestic Market:*

We will expand our omni-channel presence and leverage precise consumer insights to establish leading position across all price segments, continuously growing our market share.

- *Overseas Markets:*

By focusing on high-end brand development and tailoring our strategies to meet the specific needs of different countries, we will fine-tune product features, design, and marketing efforts to enhance our brand strength and profitability.

### ***Kitchen Appliance Business:***

- *Domestic Market:*

We will concentrate on smart kitchen solutions featuring built-in product suites and continue to expand the Casarte lineup. Key initiatives include accelerating our new media marketing transformation, developing end-to-end professional capabilities, and expanding targeted distribution channels.

- *Overseas Markets:*

We will integrate global product platforms to deliver universally appealing and market-leading offerings. By aligning products with regional market needs and leveraging global resources, we aim to drive rapid growth across key markets.

***Home Air Conditioners:***

- *Domestic Market:*

We will enhance user experience with a refreshed product lineup and improve the efficiency through the one-inventory system. In addition, we will strengthen our professional channels, expand into lower-tier markets, and improve our e-commerce performance. Our focus on new media marketing—leveraging emerging platforms—will further broaden our brand influence and product awareness.

- *Overseas Markets:*

Tailored breakthrough strategies will be deployed in each region. Through localized product development, the establishment of dedicated marketing teams, and expanded partnerships, we aim to scale our growth and capture additional market share.

***Water Heaters and Purifiers:***

- *Domestic Market:*

We will accelerate our transformation toward integrated water and HVAC solutions. By leveraging proprietary technologies and a broad product portfolio, we will maintain our industry leadership. A multi-channel approach — spanning both online and offline — along with refined operations will further enhance our competitiveness.

- *Overseas Markets:*

We will continue to build localized capabilities by focusing on local R&D, manufacturing, and sales to drive expansion.

### ***Commercial Refrigeration:***

We will focus on medium to long-term growth and profitability by strengthening internal collaboration and advancing our digital capabilities. Key initiatives include:

- Enhancing end-to-end technical and product coordination with headquarters.
- Expanding the application of industrial mechanical systems centred on CO<sup>2</sup> technology to seize emerging market opportunities.
- Improving the competitiveness of display cases through better energy efficiency, automation, and modular design.
- Redesigning digital processes to create a more agile and high-performing operational framework.

### ***China Region:***

We will drive digital transformation across multiple areas to boost our overall competitiveness. Our strategic priorities include:

- One-inventory: Establishing an integrated online-offline inventory system with a centralized to C network to improve product turnover, warehousing, and distribution efficiency while lowering operational costs.
- Digital marketing: Establishing a consumer-facing marketing team and developing new strategies to better understand and reach customers. Our digital marketing platform will enable real-time performance tracking to maximize return on investment.
- Optimal Smart Home Experience: Focusing on the implementation of the San Yi Niao integrated cabinet-appliance solution, we aim to deliver a seamless, intelligent home experience. We will build end-to-end capabilities covering everything from consumer needs analysis and solution design to installation and after-sales service.



### ***Overseas Regions:***

We will committed to strengthening our global brand and profitability and entering a new phase of transformation:

- Leveraging global R&D resources and collaborative systems to enable rapid product iterations and create market-leading offerings.
- Establishing lean, region-specific operational units under the principle of “lean platforms, localized operations, and specialized industry focus”. With centralized support, each region can fully leverage its strengths for efficient growth.
- Integrating digital tools to restructure our marketing, R&D, and manufacturing processes, building a flatter, more agile organization that responds swiftly to market and consumer needs.
- Improving supply chain efficiency through network optimization, supplier diversification, and stronger cross-functional coordination — ensuring stable raw material supply and timely product manufacturing and delivery.

### ***Potential Risks of the Company***

1. **Risk of Tariff Increases and Retaliation Trade Policies.** Potential tariff policies and retaliation trade policies implemented and/or to be introduced by the U.S. and other major economies could negatively impact the existing supply chains of the industry and the global home appliance players. Higher tariffs would incur extra costs for export and import, reduce profit margins, weaken the consumer sentiment and demand, and intensify market competition in target markets. The increasing uncertainties regarding tariff policies would force home appliance players to reevaluate their supply chain strategies and footprints, increase operational complexities and management costs. To cope with the potential tariff shocks, the Company will actively leverage our localized supply chain resources in respective markets, further optimize supply chain management, enhance production flexibilities, and strengthen regional manufacturing and collaboration capabilities.
2. **Risk of Exchange Rate Fluctuations.** In conjunction with the Company’s ongoing expansion of global business operations, a material portion of its import/export transactions and cross-border settlements are denominated in foreign currencies including but not limited to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). If the exchange rates of these currencies fluctuate to a certain extent, it will impact the Company’s financial performance and potentially increase the financial costs. In addition, the Company’s consolidated financial statements are denominated in Renminbi, while subsidiaries’ financial statements are measured and



reported in the local currencies where they operate. To mitigate these exposures, the Company maintains a structured currency risk management program utilizing authorized hedging instruments.

3. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibits inherent cyclicity tied to discretionary consumer spending patterns and their expectations of future disposable income growth. Economic slowdown will reduce consumer spending and cause headwinds to industry growth. In addition, the persistent sluggish property market will also indirectly affect market demand for home appliances in a negative way.
4. Risk of price war caused by intensified industry competitions. As industry concentration level continues to increase in recent years, the white goods industry is highly competitive with persistent commoditization pressures across core product categories. However, the increase in inventory level in certain verticals due to demand-supply imbalance may lead to price wars. Furthermore, rapid technological development, scarcity of talents in the industry, shortened product life cycles and relative easiness of copycat increase the difficulty to maintain margin levels. Nevertheless, new products, services and technologies are often associated with higher selling prices. The Company will actively invest more in R&D to sustain the product roll-out, attract more users through continuous innovation, and maintain our brand awareness.
5. Risk of fluctuations in raw material prices. The Company's products and core components use metals such as steel, aluminum, and copper, as well as commodities such as plastics and foams. If raw material prices continue to increase, it will put certain pressures on the production and operations. In addition, the Company relies on third party manufacturers and suppliers for selected raw materials, components, and manufacturing equipment. Any disruption in supply chain or significant price increases will have a negative impact on the Company's business. As a leader in the industry, the Company will take actions and have contingency plans including volume and price adjustment mechanism and hedging to reduce the volatility of raw material prices.
6. Operational risks in overseas markets. As manifested by the increasing percentage of revenue from overseas markets, the Company has developed our global business to a certain extent and established production bases, R&D centers, and marketing centers in key regions of the world. Overseas markets are subject to political and economic events (including events such as military conflicts and wars), different legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose certain risks to the Company's local operations. The Company has

taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the selling expenses, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect our employees and assets.

7. Risk of relevant policy changes. The home appliance industry is closely related to the consumer market and property market. Changes in macroeconomic policies, consumption and investment policies, property policies and relevant laws and regulations will affect the demands from distributors, and in turn the sales of the Company. The Company will closely monitor changes in the relevant policies, laws, and regulations, and make forecasts of market changes, in order to ensure further development of the Company.
8. Credit risk. There are possibilities that 1) the Company may be unable to collect all trade receivables from its distributors, or 2) distributors are unable to settle the Company's all trade receivables in a timely manner. If that is the case, the Company's business, financial status, and operation performance may be affected negatively. To mitigate this risk, the Company will maintain flexibilities by offering credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.
9. Inventory risk. Excess inventory might occur as the Company may not accurately predict trends and events at all times and maintain optimal inventory levels. Therefore, the Company may be forced to offer discounts or promotions to accelerate the slow-moving inventory in these extreme cases. On the other hand, inventory shortage may lead to loss of revenues. The Company will actively manage its inventory and adjust levels according to market demand movements, in addition to the regular impairment tests.
10. Capital Expenditure Risk. In the current macroeconomic environment characterized by slowing global economy and declining consumer demand, the existing production capacities may overwhelm the market in extreme case. This could lead to low utilization rate across the industry, lower down profitability and ROEs. The Company will actively manage the changes in the macroeconomic environment by forecasting and recalibrating market demand trends, optimizing capacity footprint, and improving existing utilization rate, in order to minimize capital expenditure risks.

## FINANCIAL REVIEW

In 2024, the Group's revenue amounted to approximately RMB285,971 million, representing an increase of 4.3% from RMB274,198 million (restated) in 2023. The profit for the year attributable to owners of the Company was RMB18,741 million, representing an increase of 12.9% from RMB16,597 million (restated) in 2023.

### 1. Analysis of Revenue and Profit

Items	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)	Change %
<b>Revenue</b>			
Household Food Storage and Cooking Solutions			
— Refrigerator/Freezers	<b>83,556</b>	81,910	2.0
— Kitchen Appliances	<b>41,184</b>	41,654	(1.1)
Air Solutions	<b>49,617</b>	46,104	7.6
Household Laundry Management Solutions	<b>63,320</b>	61,492	3.0
Household Water Solutions	<b>16,175</b>	15,336	5.5
Other Businesses	<b>118,218</b>	110,270	7.2
Inter-segment eliminations	<b>(86,099)</b>	(82,568)	4.3
Consolidated revenue	<b>285,971</b>	274,198	4.3
Adjusted operation profit*	<b>20,437</b>	17,793	14.9
Profit for the year attributable to owners of the Company	<b>18,741</b>	16,597	12.9
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
— Profit for the year	<b>2.02</b>	1.79	12.8
Diluted			
— Profit for the year	<b>2.02</b>	1.78	13.5

The following table summarises the Group's revenue by geographical location for the periods indicated:

	<b>2024</b> <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)	Change %
China	<b>142,157</b>	137,786	3.2
Other countries/regions	<b>143,814</b>	136,412	5.4
Total	<b>285,971</b>	274,198	4.3

\* Adjusted operation profit is defined as profit before taxation less interest income and expenses, exchange gains or losses, investment gains or losses, gain on disposal of subsidiaries, government grants and share of profits or losses of associates.

As at 31 December 2024, the Group had overseas assets of RMB139,690 million, accounting for 48.2% of the total assets. In 2024, the operating revenue and operating profit of the Group's overseas assets amounted to RMB143,814 million and RMB7,076 million respectively.

In 2024, the Group's revenue increased by 4.3% from approximately RMB274,198 million (restated) to RMB285,971 million. Revenue growth was driven by several key factors: 1) In the Chinese market, we actively capitalized on the trade-in policy and leveraged our premium product and brands. We also strengthened strategic investment in the Leader brand, focusing on building brand awareness among young consumers to drive rapid growth in brand revenue. 2) In overseas markets, we continuously expanded market share across all regions, outperforming the industry, particularly in emerging markets such as Southeast Asia, South Asia, and the Middle East and Africa, where we focused on high-end product mix upgrades and retail transformation to achieve rapid growth. 3) We accelerated our HVAC business development through external acquisitions and internal transformation. ① The strategic acquisition of Carrier's commercial refrigeration business (consolidated in October 2024) and South African water heater leader Kwikot (consolidated in December 2024) expanded our commercial refrigeration business and accelerated the development of our water heater and purifier business in overseas markets; ② Our smart building business achieved revenue growth through continuous investment and breakthrough in core technologies and ongoing product platform iterations. 4) We seized development opportunities from improvement in living quality and the transition to low-carbon economy by building a comprehensive product portfolio including tumble dryers, dishwashers, water purifiers, home cleaning robots, heat pumps, and recycling solutions.

### **(1) Household Food Storage and Cooking Solutions**

Revenue from the refrigerator/freezers increased by 2.0% from approximately RMB81,910 million in 2023 to approximately RMB83,556 million in 2024. The refrigerator/freezer business maintained global leadership through continuous innovation, targeted brand positioning, and efficient localized supply chain deployment. By advancing core technologies including food preservation, built-in applications, and AI, we provided global users with enhanced experiences and smart food solutions.

Revenue from the kitchen appliances decreased by 1.1% from approximately RMB41,654 million in 2023 to approximately RMB41,184 million in 2024. The kitchen appliance business continued to focus on becoming the global leader in high-end smart kitchen appliances. By driving innovation in product suites, built-in technologies, and smart scenario-based solutions, we enhanced in-store experience and expanded market share.

### **(2) Air Solutions**

Revenue from the Air Solutions increased by 7.6% from approximately RMB46,104 million in 2023 to approximately RMB49,617 million in 2024. The home air conditioner business continued to advance R&D and modular technology while strengthening supply chain integration, thereby solidifying the foundation for long-term development. In the Chinese market, we accelerated business transformation and developed comprehensive online retail capabilities. For overseas markets, we strengthened our brand positioning, expanded product categories, and established franchise networks to achieve steady business growth.

The smart building business strengthened in-house R&D and manufacturing of core components, establishing leadership in energy-saving, low-carbon, and smart technologies to solidify our foundation for growth. Revenue growth was driven by continuous investment and breakthrough in core components such as compressors, iterations of MRV platforms, and expansion in overseas markets.

### **(3) Household Laundry Management Solutions**

Revenue from Household Laundry Management Solutions increased by 3.0% from approximately RMB61,492 million in 2023 to approximately RMB63,320 million in 2024. The laundry business continued to strengthen its foundation for long-term development through technological innovation, product upgrades, market expansion, and supply chain optimization. We accelerated the digital inventory and marketing transformation to enhance omni-channel retail capabilities in the domestic market, while strengthening product innovation and channel expansion to achieve steady growth overseas.

#### **(4) Household Water Solutions**

Revenue from Household Water Solutions increased by 5.5% from approximately RMB15,336 million in 2023 to approximately RMB16,175 million in 2024. The water heater and purifier business maintained leadership in the domestic market through product innovation, business model transformation, digital transformation, and operational efficiency improvements. We achieved revenue growth overseas by accelerating market expansion through strategic acquisitions.

#### ***Profit for the Year Attributable to Owners of the Company***

In 2024, the profit for the year attributable to owners of the Company was approximately RMB18,741 million, representing an increase of 12.9% from approximately RMB16,597 million (restated) in 2023.

#### **Adjusted Operating Profit**

Adjusted operating profit was defined as profit before tax, net of interest income and expenses, net foreign exchange gains or losses, investment gains and losses (including dividend income from equity instruments designated at fair value through other comprehensive income, return on investment in other financial assets), gains on disposal of subsidiaries, government grants and share of profits and losses of associates. By excluding these items, it is easier for the management and investors to compare the Group's financial results over multiple periods and analyse the trends of its operations.

Adjusted operating profit is used as a non-IFRS measure to evaluate the Group's results of operations. This measure provides investors with valuable information of the Group's ongoing operation performance because it reveals its business trends that may be obscured by the net effect of realized capital gains and losses, fair value changes on derivative financial instruments, gains and losses on disposal of operations and other significant non-recurring or unusual items.

In 2024, the adjusted operating profit of the Group was approximately RMB20,437 million, representing an increase of 14.9% as compared to approximately RMB17,793 million (restated) in 2023. The increase in adjusted operating profit was mainly attributed to the growth of profits in the Group's various business segments across global markets.

The following table sets forth the reconciliation between the Group's adjusted operating profit and profit before tax prepared in accordance with IFRS in 2024 and 2023:

	<b>2024</b> <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Profit before tax	<b>22,733</b>	20,211
Adjustments:		
Bank interest income	<b>(1,858)</b>	(1,514)
Foreign exchange loss/(gains)	<b>120</b>	(133)
Government grants	<b>(1,324)</b>	(1,251)
Return on investments in other financial assets	<b>(69)</b>	(51)
Dividend income from an equity investment designated at fair value through other comprehensive income	<b>(54)</b>	(59)
Finance costs	<b>2,705</b>	2,165
Share of profits or losses of associates	<b>(1,816)</b>	(1,575)
Adjusted operating profit	<b><u>20,437</u></b>	<b><u>17,793</u></b>

### ***Gross Profit Margins***

In 2024, the overall gross profit margin of the Group was approximately 27.2%, increased by 0.3 percentage points year on year. In the domestic market, we continued to advance digital transformation in procurement, R&D, and manufacturing, while building a digital production and sales coordination system. Through product mix upgrades and enhanced scenario-based experiences, we improved brand premium capabilities, resulting in year-on-year gross profit margin growth. In overseas markets, we maintained our high-end brand strategy, focused on localized needs, enhanced cost competitiveness by establishing a digital procurement platform, and improved capacity utilization through global supply chain collaboration, leading to year-on-year gross profit margin improvement.

### ***Selling and Distribution Expenses***

The ratio of selling and distribution expenses of the Group to its revenue was 11.7% in 2024, an improvement of 0.2 percentage points compared to 2023. In the domestic market, digital transformation initiatives improved efficiency in marketing resource allocation, logistics, and warehouse operations, resulting in a year-on-year optimization of the domestic selling and distribution expense ratio. In overseas markets, despite improved operational efficiency through retail innovation and global resource integration, the benefits were offset by increased investments in channel expansion, new product promotions, and store upgrades due to intensified market competition. As a result, overseas selling and distribution expense ratio remained unchanged year-on-year.



### *Administrative Expenses*

The ratio of administrative expenses of the Group to its revenue was 8.6% in 2024, an improvement of 0.1 percentage points compared to 2023. The domestic and overseas administrative expense ratios improved due to the application of digital tools, which streamlined business processes and enhanced organizational efficiency.

## 2. FINANCIAL POSITION

Items	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Non-current assets	138,424	122,154
Current assets	151,690	138,914
Current liabilities	149,722	123,930
Non-current liabilities	22,003	29,608
Net assets	<u>118,389</u>	<u>107,530</u>

### *Cash and Cash Equivalents and Wealth Management Products from Other Financial Assets*

As at 31 December 2024, the Group's total balance of cash and cash equivalents and wealth management products from other financial assets decreased by 5.1% from RMB58,704 million (restated) as at 31 December 2023 to RMB55,727 million as at 31 December 2024. The decrease resulted primarily from net cash inflows from operating activities being offset by net cash outflows from investing and financing activities.

Items	2024 <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Cash and cash equivalents	54,981	56,683
Wealth management products from other financial assets		
— Current portion	<u>746</u>	<u>2,021</u>
Total	<u>55,727</u>	<u>58,704</u>

### *Net Assets*

The Group's net assets increased by 10.1% from RMB107,530 million (restated) as at 31 December 2023 to RMB118,389 million as at 31 December 2024. The increase in net assets was primarily due to profit contribution during the year.



## ***Working Capital***

### *Trade and Bills Receivables Turnover Days*

The Group's trade and bills receivables turnover days as at the end of 2024 was 45 days, representing an increase of 5 days as compared to the end of 2023. This was mainly due to the increase in bills received by the Group during the current period.

### *Inventory Turnover Days*

The Group's inventory turnover days as at the end of 2024 was 72 days, representing a decrease of 2 days as compared to the end of 2023. This was mainly due to the Group's effective optimization of inventory control and stock management.

### *Trade and Bills Payables Turnover Days*

The Group's trade and bills payables turnover days as at the end of 2024 was 130 days, which is the same as it was at the end of 2023.

## **3. CASH FLOW ANALYSIS**

<b>Items</b>	<i>Note</i>	<b>2024</b> <b>RMB'M</b>	2023 <i>RMB'M</i> (Restated)
Cash and cash equivalents as stated in the statement of cash flows at the beginning of the year		<b>56,683</b>	55,157
Net cash flow generated from operating activities		<b>26,543</b>	26,536
Net cash flow used in investing activities	<i>(a)</i>	<b>(20,074)</b>	(17,340)
Net cash flow used in financing activities	<i>(b)</i>	<b>(7,914)</b>	(7,921)
Effect of foreign exchange rate changes, net		<b>(257)</b>	251
Cash and cash equivalents as stated in the statement of cash flows at the end of the year		<b>54,981</b>	56,683

Net cash inflow from operating activities for the year amounted to RMB26,543 million. Net cash flow from operation activities to net profit was 1.36.

- (a) Net cash outflow from investing activities for the year amounted to RMB20,074 million, representing an increase of 15.8% as compared to last year, with the details as follows:

<b>Items</b>	<b>2024</b> <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Payment for purchases of non-current assets	<b>(10,071)</b>	(10,542)
Purchase of wealth management products	<b>(6,498)</b>	(7,608)
Net cash outflow for subsidiaries acquisition and disposal	<b>(4,409)</b>	(156)
Cash from disposal of fixed assets and leasehold land	<b>42</b>	171
Dividend from an associate	<b>579</b>	684
Interest received from wealth management products	<b>136</b>	90
Net cash inflow from other investing activities	<b>147</b>	21
Net cash flow used in investing activities	<b><u>(20,074)</u></b>	<b><u>(17,340)</u></b>

- (b) Net cash outflow in financing activities for the year amounted to RMB7,914 million, representing a decrease of 0.1% as compared to last year, with details as follows:

<b>Items</b>	<b>2024</b> <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Proceeds from borrowings	<b>13,647</b>	20,942
Repayment of borrowings	<b>(9,569)</b>	(18,854)
Repurchase of shares	<b>(559)</b>	(1,802)
Dividend paid to shareholders and non-controlling interests	<b>(7,537)</b>	(5,284)
Interest paid	<b>(2,444)</b>	(1,983)
Lease payment	<b>(1,691)</b>	(1,729)
Cash payment for business combination under common control	—	(95)
Change in ownership interests in subsidiaries	<b>255</b>	911
Net cash outflow from other financing activities	<b>(16)</b>	(27)
Net cash flow used in financing activities	<b><u>(7,914)</u></b>	<b><u>(7,921)</u></b>

## LIQUIDITY AND FINANCIAL RESOURCES

The Group focuses on cash flow management and has been able to maintain a healthy financial and liquidity position. As at 31 December 2024, the Group had a current ratio of 1 (31 December 2023: 1.1).

<b>Items</b>	<b>2024</b> <i>RMB'M</i>	2023 <i>RMB'M</i> (Restated)
Cash and cash equivalents	<b>54,981</b>	56,683
Wealth management products from other financial assets	<b>746</b>	2,021
	<b>55,727</b>	58,704
Less:		
Interest-bearing borrowings	<b>(33,793)</b>	(29,416)
Net balance of cash and cash equivalents and wealth management products from other financial assets	<b>21,934</b>	29,288

As at 31 December 2024, the wealth management products from other financial assets amounted to RMB746 million as compared to RMB2,021 million in 2023.

As at 31 December 2024, the Group's net balance of cash and cash equivalents and wealth management products from other financial assets amounted to RMB21,934 million (31 December 2023: RMB29,288 million (restated)), representing a decrease of 25.1% as compared to 2023, mainly due to improved returns on capital and increased debt investment.

Among the cash and cash equivalents and the wealth management products from other financial assets balance, approximately 62.7% was denominated in Renminbi and the remaining 37.3% was denominated in Euro, Hong Kong dollars, U.S. dollars, New Zealand Dollars and other currencies.

As at 31 December 2024, the Group's interest-bearing borrowings amounted to RMB33,793 million (31 December 2023: RMB29,416 million (restated)). For details of the interest-bearing borrowings, please refer to financial statements.

In 2024, financial return of cash and cash equivalents and the return on wealth management products from other financial assets amounted to RMB1,928 million, representing an increase of 23.3% as compared to RMB1,564 million (restated) in 2023, which was mainly due to the enhancement of capital management efficiency.

The Group will continue to maintain stable liquidity in its operations in 2024 to ensure meeting its working capital requirements in the coming year, and also for constructing super factory, as well as maintaining the financial flexibility for future strategic investment opportunities.

## **CAPITAL EXPENDITURE**

The Company assesses its capital expenditure and investments in each business segment of the Group in China and the overseas home appliances and smart home business from time to time. The capital expenditure during the year was RMB10,071 million (2023: RMB10,542 million (restated)), in which RMB5,733 million and RMB4,338 million was mainly used in China and overseas respectively for the construction of plant and equipment, property rental expenses, and investment of information infrastructure.

## **GEARING RATIO**

As at 31 December 2024, the Group's gearing ratio (defined as total borrowings (including interest-bearing borrowings and lease liabilities) divided by net assets of the Group) was 33.5%, as compared to 31.8% for 2023. This was mainly due to the increase in domestic loans.

## **TREASURY POLICIES**

The Group adopts a prudent approach for its cash management and risk control. Due to the global presence of our business, our results of operations are affected by foreign exchange rate movements, both on a transactional and translation basis.

The Group is primarily exposed to movements in the Renminbi, our reporting currency, against US dollar and, to a lesser extent, Euro and Japanese Yen. The translational effects of exchange rate fluctuations arise because the financial results of the Group's subsidiaries are measured in the currency of the primary economic environment in which they operate (its functional currency). The results of operations of our global subsidiaries are, therefore, measured in currencies other than Renminbi and are then translated into Renminbi for the presentation of our financial results in the consolidated financial statements. Consequently, fluctuations in the applicable foreign currency exchange rates may increase or decrease the Renminbi value of our non-Renminbi assets, liabilities, revenues and costs, even if their value has not changed in their local functional currency.

The transactional effects of exchange rate fluctuations arise when one of the Group's subsidiaries enters into a sale or purchase transaction in a currency other than its functional currency. The principal source of transaction risk arises from the fact that most of our costs are measured in RMB, while most of our sales are invoiced in other currencies (including US dollar, Euro and Japanese Yen). The Group attempts to match costs and revenues along the value chain in the local markets in the same currency, creating a natural hedge for some of the transaction risks. The Group also uses forward foreign exchange contracts to mitigate its transactional exchange rate exposure.

## **CAPITAL COMMITMENT**

The Group's capital commitments contracted but not yet provided for amounted to RMB5,916 million as at 31 December 2024 (31 December 2023: RMB3,927 million (restated)), which were mainly related to the Group's domestic and overseas factories construction projects.

## **CHARGE OF ASSETS**

As at 31 December 2024, the Group's trade and bills receivables with a net carrying value of RMB47 million (31 December 2023: RMB158 million (restated)), the Group's other intangible assets amounting to RMB97 million (31 December 2023: RMB55 (restated)) were pledged to secure certain of the Group's bank loans. The Group's bank loans are guaranteed by Haier Group, the controlling shareholder of the Company, with amount RMB320 million as at 31 December 2024 (31 December 2023: Nil).

In addition, as at 31 December 2024, certain of the Group's bills payable were secured by the pledge of the Group's bank deposits amounting to RMB484 million (31 December 2023: RMB434 million (restated)) and the Group's bills receivable amounting to RMB5,068 million (31 December 2023: RMB4,357 million).

## **CONTINGENT LIABILITIES**

At the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

## **RELATIONSHIP WITH EMPLOYEES, REMUNERATION POLICY**

Under the management model of "RenDanHeYi", the Company adheres to the remuneration concept of integrating user pay, value creation and value sharing. By providing employees with a short-, medium- and long-term remuneration incentive system combining labour income, surplus profit sharing and capital gain, as well as all-rounded welfare policies and employee caring schemes, the Company encourages employees to perform their duties with an entrepreneurial mindset, and align employee value with company value and shareholder value, so as to continuously improve user experience and create a win-win situation in the development of both the Company and its employees.

The Company has established a wide range of multi-dimensional incentive mechanism and continues to implement the "A+H" global incentive system covering both domestic and foreign employees to attract, motivate and stabilize the Company's core talent.

The total number of employees of the Group increased by 9.1% to 122,733 as at 31 December 2024 from 112,458 as at 31 December 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

According to the resolution of the 13th meeting of the 11th session of the Board of Directors of the Company held on 27 March 2025, the profit for the year is proposed to be distributed on the basis of the total number of shares on the record date after deducting the repurchased shares from the repurchased account. The Company declared cash dividend of RMB9.65 (including taxes) for every 10 shares to all shareholders.

## **DIVIDENDS**

The Board proposes the distribution of the final dividend for the year ended 31 December 2024 of RMB9.65 in cash for every 10 shares (inclusive of tax), totaling approximately RMB9.00 billion based on the current total issued capital, net of repurchased shares but not yet cancelled. This dividend represented approximately 48.01% of the profit attributable to the owners of the Company. Where the total share capital of the Company changes before the registration date for the implementation of the equity distribution, it is expected to maintain the total distribution unchanged and adjust the distribution ratio per share accordingly.

This dividend distribution proposal shall be subject to the consideration and approval at the Company's 2024 annual general meeting, and the final dividend is expected to be distributed to shareholders in two months from the 2024 annual general meeting.

Dividends for D-Shares and H-Shares shall be paid in foreign currencies. According to the Articles of Association of the Company, the applicable rate of exchange shall be average exchange rate (medium rates) for converting Renminbi into foreign currencies as quoted by The People's Bank of China for a week immediately prior to the announcement of dividend.

Notice of the 2024 annual general meeting will announce the date of the 2024 annual meeting of the Company and details of relevant book closure of H Shares, as well as the arrangement of book closure of H Shares for the final dividend.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

### Repurchases of H-Shares

During the year ended 31 December 2024, the Company repurchased certain of its ordinary H-Shares on The Stock Exchange of Hong Kong Limited and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of H-Shares repurchased	Price per share		Total price paid HK\$'M
		Highest HK\$	Lowest HK\$	
September 2024	<u>1,150,000</u>	<u>23.80</u>	<u>23.2</u>	<u>27.00</u>

The issued capital H-Shares of the Company was reduced by the par value thereof. The premium paid on the repurchases of the Company's H-Shares of RMB23 million has been charged to the share premium account of the Company. The repurchase of the Company's H-Shares during the year was effected by the Directors, pursuant to the mandate from shareholders sought at the annual general meeting and the class meetings held on 20 June 2024 regarding the repurchases of H-Shares.

The Directors made the repurchases when the H-Shares were trading at a discount to their underlying value so as to flexibly adjust the capital structure of the Company based on market conditions. It would be beneficial to the Company's shareholders who retain their investment in the Company as their proportionate interest in the assets and earnings of the Company would increase in proportion to the number of H-Shares repurchased by the Company.

### Repurchases of A-Shares

During the year ended 31 December 2024, the Company repurchased certain of its ordinary A-Shares on The Shanghai Stock Exchange. The summary details of those transactions are as follows:

Months	Number of A-Share repurchased	Price per share		Total price paid RMB'M
		Highest RMB	Lowest RMB	
January 2024	5,406,200	22.74	21.15	118.07
February 2024	10,536,828	24.15	22.28	247.72
March 2024	<u>4,139,014</u>	24.96	23.78	<u>100.78</u>
	<u>20,082,042</u>			<u>466.57</u>



The repurchases of the Company's A-Shares during the year was effected by the Directors, pursuant to a board resolutions passed on 27 April 2023 regarding the repurchase of A-Shares. The A-shares repurchased will be used in the Company's share incentive plans.

A total of 20,082,042 A-Share were repurchased during the year but not yet cancelled, and will be used in other share incentive plans of the Company.

During the year, 54,051,559 A-Share treasury shares were cancelled in September 2024 in accordance with a resolution passed at the 2023 Annual General Meeting of the Company. As at 31 December 2024, the Company held a total of 59,919,870 A-Share treasury shares and will be used in other share incentive plans.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024.

Saved as disclosed above, there were no treasury shares held by the Company as at 31 December 2024.

## **COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES**

The Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024 except for certain deviations as described below.

Under code provision C.2.1 of the Code, the roles of chairman and CEO should be separated and should not be performed by the same individual. Since 28 June 2022, Mr. LI Huagang ("Mr. LI"), an Executive Director, had served as the chairman and also the CEO of the Company. Mr. LI has been the CEO of the Company since April 2019 and has assumed the role of chairman since 28 June 2022 when Mr. LIANG Haishan retired as chairman of the Company.

The Board has continued reviewing the separation of chairman and CEO. After evaluation of the situation of the Company and taking into account the experience and past performance of Mr. LI, the Board is of the opinion that it is appropriate and in the best interests of the Group for Mr. LI to hold both positions as the chairman and CEO of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Group. It also helps to promote the efficient formulation and implementation of the Company's strategies which enabled the Group to seize business opportunities efficiently and promptly. The Board comprising a vast majority of non-executive Directors also meets regularly on a quarterly basis to review the operations of the Group and to consider other major matters affecting the business of the Group.



Accordingly, the Board believes that this arrangement would not have negative influence on the balance of power and authorizations between the Board and the management of the Company. In addition, through the continuing supervision of the Board and its independent non-executive Directors, checks and balances continue to exist so that the interests of the shareholders are continued to be adequately and fairly represented.

Further information on the Company's corporate governance practices and its applications of the Code will be set out in the Corporate Governance Report contained in the Company's 2024 Annual Report.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a model code for Securities Transactions by Directors and supervisors (the "Model Code") on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules. Upon enquiry by the Company, all Directors and supervisors of the Company have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2024.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Board of the Company has established an audit committee comprising two non-executive Directors and three independent non-executive Directors of the Company. The audit committee had reviewed, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed financial reporting matters including the review of the consolidated annual financial statements of the Group for the year ended 31 December 2024, and discussed with internal audit department on risk management and internal controls.

The financial information in this announcement has been agreed by the Group's external auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement. As at the date of this announcement, to the best knowledge of the Board of the Company, information contained in this announcement is consistent with the information that will be contained in the 2024 Annual Report of the Company.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement will be published on the Company's website (<http://smart-home.haier.com>) and the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>). The Company's 2024 Annual Report will be made available on the above websites in due course.

By order of the Board of Directors  
**Haier Smart Home Co., Ltd.\***  
**LI Huagang**  
*Chairman*

Qingdao, the PRC  
27 March 2025

*As at the date of this announcement, the executive directors of the Company are Mr. LI Huagang and Mr. GONG Wei; the non-executive directors are Mr. YU Hon To, David, Ms. Eva LI Kam Fun and Ms. SHAO Xinzhi; and the independent non-executive directors are Mr. CHIEN Da-Chun, Mr. WONG Hak Kun, Mr. LI Shipeng and Mr. WU Qi.*

\* *For identification purpose only*