



美的集團股份有限公司

Midea Group Co., Ltd.

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

Stock Code: 0300

*Light Always  
Finds Its Way*

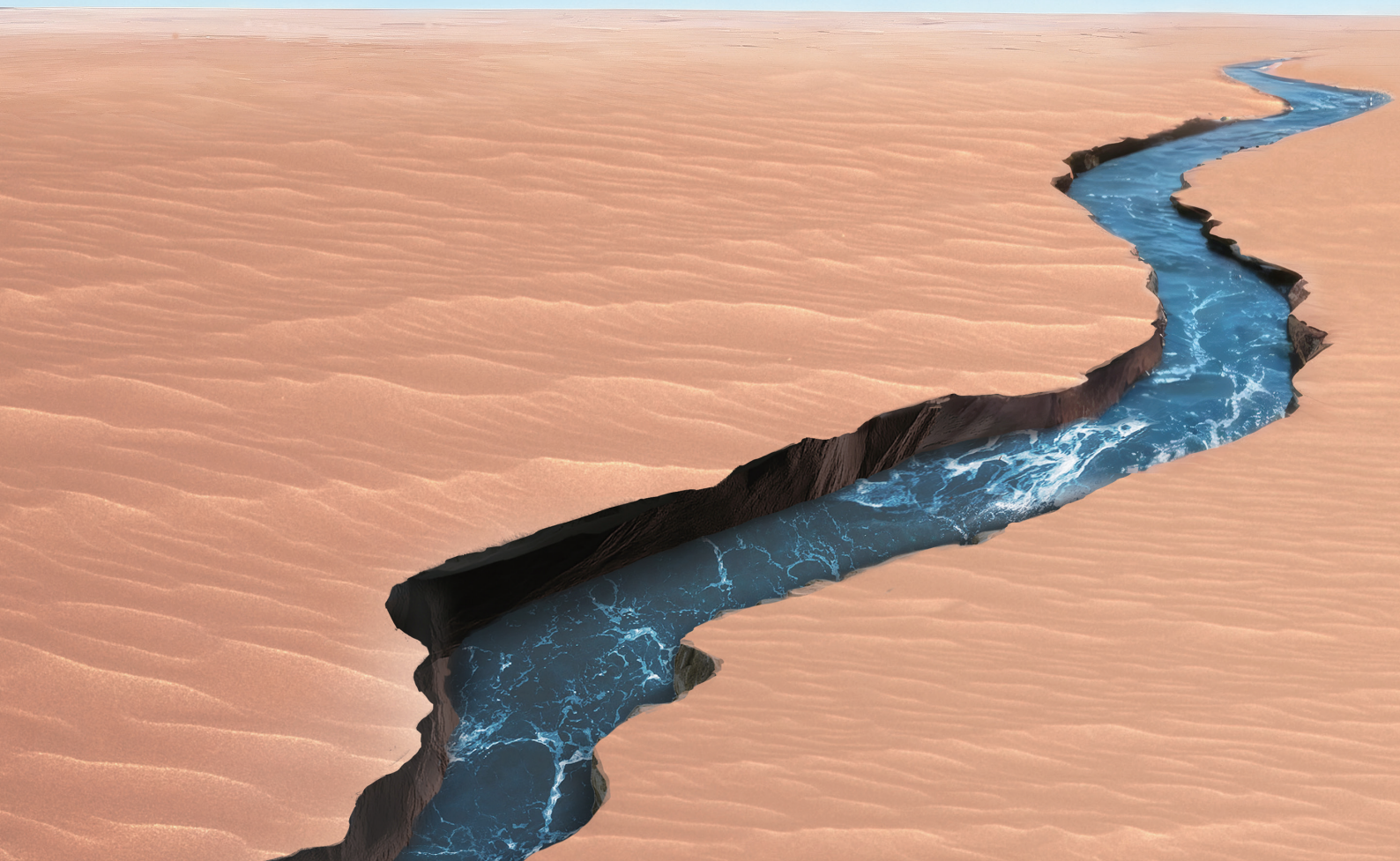
我們總有道路

2025  
ANNUAL REPORT



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# DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms or phrases shall have the following meanings:

| Terms                                         | Definition                                                                                                                                                                                                                                                                     |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “A Shares”                                    | domestic shares with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi                                                                                                                                                   |
| “Annto Smart Logistics”                       | Annto Logistics Supply Chain Technology Co., Ltd. (安得智聯供應鏈科技股份有限公司), a PRC subsidiary of the Company established on 24 February 2011                                                                                                                                           |
| “Articles of Association or Articles”         | the articles of association of Midea Group Co., Ltd., as amended from time to time                                                                                                                                                                                             |
| “Associate(s)”                                | has the meaning ascribed to it under the Hong Kong Listing Rules                                                                                                                                                                                                               |
| “Board” or “Board of Directors”               | the Board of Directors of the Company                                                                                                                                                                                                                                          |
| “BRL”                                         | Brazilian real, the lawful currency of Brazil                                                                                                                                                                                                                                  |
| “Carrier Global”                              | Carrier Global Corporation                                                                                                                                                                                                                                                     |
| “CG Code”                                     | the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules                                                                                                                                                                                                    |
| “China or the PRC”                            | the People’s Republic of China                                                                                                                                                                                                                                                 |
| “CLOU Electronics”                            | Shenzhen CLOU Electronics Co. Ltd (深圳市科陸電子科技股份有限公司), a PRC company established on 12 August 1996 and acquired by us in 2023, the shares of which have been listed on the Shenzhen Stock Exchange (stock code: 002121)                                                          |
| “Code Provisions”                             | the code provisions in Part II of the Corporate Governance Code                                                                                                                                                                                                                |
| “Company”, “the Company”, “we”, “us” or “our” | Midea Group Co., Ltd. (美的集團股份有限公司), a PRC company established on 7 April 2000, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000333), and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0300) |
| “connected person(s)”                         | has the meaning ascribed to it under the Hong Kong Listing Rules                                                                                                                                                                                                               |

| Terms                          | Definition                                                                                                                                                                                                                |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “connected transaction(s)”     | has the meaning ascribed to it under the Hong Kong Listing Rules                                                                                                                                                          |
| “Controlling Shareholder(s)”   | has the meaning ascribed to it under the Hong Kong Listing Rules                                                                                                                                                          |
| “CSRC”                         | the China Securities Regulatory Commission (中國證券監督管理委員會)                                                                                                                                                                  |
| “Director(s)”                  | the director(s) of our Company                                                                                                                                                                                            |
| “Chinese Mainland”             | Chinese Mainland, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan                                                                                                                              |
| “H Shares”                     | foreign shares with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars                                                                                     |
| “Hiconics Eco-energy”          | Hiconics Eco-energy Technology Co., Ltd. (北京合康新能科技股份有限公司), a PRC company established on 11 June 2003 and acquired by us in 2020, the shares of which have been listed on the Shenzhen Stock Exchange (stock code: 300048) |
| “HK or Hong Kong”              | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                    |
| “HK\$ or Hong Kong dollars”    | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                       |
| “Hong Kong Listing Rules”      | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited                                                                                                                                  |
| “Hong Kong Stock Exchange”     | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                   |
| “Independent Third Party(ies)” | person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected person                                                                                    |
| “KUKA China”                   | the subsidiaries of KUKA Group in China                                                                                                                                                                                   |
| “KUKA Group or KUKA”           | KUKA Aktiengesellschaft, a stock corporation incorporated under the laws of the Federal Republic of Germany and one of our subsidiaries                                                                                   |
| “Latest Practicable Date”      | 31 March 2026, being the latest practicable date for ascertaining certain data in this annual report before its publication                                                                                               |
| “Listing Date”                 | 17 September 2024, the date on which the Company was listed and commenced trading on the main board of the Hong Kong Stock Exchange                                                                                       |



| Terms                                        | Definition                                                                                                                                                                                                                                                                                             |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Little Swan”                                | Wuxi Little Swan Co., Ltd. (無錫小天鵝股份有限公司), a PRC company established on 29 November 1993 that we acquired in 2008, and its subsidiaries                                                                                                                                                                 |
| “M IoT”                                      | the industrial internet platform developed by us                                                                                                                                                                                                                                                       |
| “Midea, Midea Group, the Group or our Group” | the Company and its consolidated subsidiaries                                                                                                                                                                                                                                                          |
| “Midea Holding”                              | Midea Holding Co., Ltd. (美的控股有限公司), a PRC company established on 5 August 2002 and a member of the largest group of Shareholders of our Company                                                                                                                                                        |
| “Midea Real Estate”                          | Midea Real Estate Holding Limited (美的置業控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2017, the ordinary shares of which have been listed on the Hong Kong Stock Exchange (stock code: 3990) and a connected person of our Company |
| “Model Code”                                 | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules                                                                                                                                                                     |
| “M-Smart”                                    | our app and mini-program for consumers to manage our smart home appliances and enjoy additional benefits and services                                                                                                                                                                                  |
| “Prospectus”                                 | the prospectus published by our Company on 9 September 2024                                                                                                                                                                                                                                            |
| “Reporting Period”                           | 1 January 2025 to 31 December 2025                                                                                                                                                                                                                                                                     |
| “RMB or Renminbi”                            | Renminbi, the lawful currency of Chinese Mainland                                                                                                                                                                                                                                                      |
| “SFO”                                        | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                                                                                                                                                                                                                |

| Terms                        | Definition                                                                                                                                                                                                              |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Share(s)”                   | ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares                                                                                           |
| “Shareholder(s)”             | holder(s) of the Share(s) of our Company                                                                                                                                                                                |
| “Substantial Shareholder(s)” | has the meaning ascribed to it under the Hong Kong Listing Rules                                                                                                                                                        |
| “Supervisor(s)”              | the supervisor(s) of our Company, which was abolished at the annual general meeting of shareholders held on 30 May 2025                                                                                                 |
| “Supervisory Committee”      | the supervisory committee of our Company, which was abolished at the annual general meeting of shareholders held on 30 May 2025                                                                                         |
| “SZSE”                       | the Shenzhen Stock Exchange                                                                                                                                                                                             |
| “SZSE Listing Rules”         | the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange                                                                                                                                                |
| “treasury shares”            | has the meaning ascribed to it under the Hong Kong Listing Rules                                                                                                                                                        |
| “WAHIN”                      | Guangzhou Hualing Refrigerating Equipment Co., Ltd. (廣州華凌製冷設備有限公司), a PRC subsidiary of the Company established on 13 June 2010                                                                                         |
| “Wandong Medical”            | Beijing Wandong Medical Technology Co., Ltd. (北京萬東醫療科技股份有限公司), a PRC company established on 12 May 1997 and acquired by us in 2021, the shares of which have listed on the Shanghai Stock Exchange (stock code: 600055) |
| “Winone”                     | WINONE Elevator Company Limited (菱王電梯有限公司), a PRC subsidiary of the Company established on 8 February 2002 that we acquired in 2020, and its subsidiaries                                                               |
| “year-on-year”               | compared with the same period last year                                                                                                                                                                                 |
| “%”                          | percent                                                                                                                                                                                                                 |



# BUSINESS OVERVIEW



## I. SUMMARY OF MAIN PRODUCTS AND BUSINESSES

Midea is a world-leading technology group comprising the Smart Home, Industrial Technology, Building Technology, Robotics & Automation, New Energy, Healthcare and Smart Logistics, among others. With a business portfolio that is focused on the coordinated development of ToC and ToB businesses, Midea offers various smart home products and services to individual consumers, as well as providing diversified commercial and industrial solutions for corporate clients.

Midea Smart Home Solutions primarily covers smart home appliances, smart home and related peripheral industries and ecological chains, which has centered on the construction of intelligent scenarios for end users, user operations and data value discovery, and is committed to providing end users with the best experience of smart home appliances and services.

Midea Industrial Technology focuses on HVAC appliances, new energy vehicles, and core components for robotics, featuring brands such as GMCC, Welling, and MR. With its products covering compressors, motors, chips, valves/pumps, components for new energy vehicles, robot components, and more, it is committed to providing customers with green, efficient, and intelligent products and technological solutions through leading-edge technology, quality, and services.

Midea Building Technology takes iBUILDING, its digital building service platform, as the core. Its business covers HVAC, elevators, energy management, building control, etc., offering products including VRF units, large chillers, unitary units, machine room air conditioners, escalators, passenger elevators, freight elevators, etc., as well as building automation software and building weak electricity integrated solutions. Supported by “Building Equipment and Facilities + Digital Technology + Industrial Ecosystem Layout”, it facilitates logistics, information, feeling and energy flows of buildings to empower buildings with digital and low-carbon technologies and build sustainable smart space.

Midea Robotics & Automation focuses on providing globally leading intelligent and efficient automation solutions applicable to various industries including automotive (including electric vehicles and batteries), electronics, metals, plastics, consumer goods, food, e-commerce, retail, and healthcare. Its product range covers industrial robots, autonomous mobile robots, and encompasses business segments such as system integration, robots, Swisslog Logistics, Swisslog Healthcare, and digitalization departments.

Midea New Energy centers on the entire energy ecosystem chain encompassing “source, grid, load, storage, and heat”, offering customers low-carbon, efficient, and intelligent full-chain energy solutions. Its subsidiary, Hiconics, concentrates on three main business areas: green energy solutions, household energy storage and photovoltaic (PV) inverters, and high-voltage inverters. Meanwhile, CLOU Electronics focuses on two key sectors: smart grids and new electrochemical energy storage.

Midea Healthcare includes Wandong Medical, which is committed to technological innovation in medical imaging and provides high-quality medical imaging products and services for clinical use in the field of healthcare; and certain business assets of Carestream Health, Inc. outside the United States, which were acquired in December 2025 to drive the internationalization of Midea’s healthcare business and expand into high-end markets.

Annto Smart Logistics, in the sector of Midea Smart Logistics, is a leading provider of integrated supply chain logistics solutions in China. It has pioneered the unique “1+3” supply chain logistics model, which combines end-to-end logistics capabilities with three core solutions: “production logistics”, “unified warehousing and distribution of a consolidated inventory”, and “last-mile integrated delivery and installation”. It remains dedicated to providing customers with end-to-end integrated and digitally intelligent supply chain solutions.

With “Bring Great Innovations to Life” as its corporate vision, “Integrate with the World, to Inspire Your Future” as its mission, “Embrace What’s Next – Aspiration, Customer First, Innovation, Collaboration, Dedication” as its values, “High-quality Development and High-performance Operations” as its management and operation standard, Midea integrates global resources and promotes technological innovation to create a better life for over 500 million users, major customers and strategic partners from various sectors worldwide every year with satisfying products and services. In face of higher requirements for products and services in the digital Internet era, Midea continues to promote its strategic focus of “Technology Leadership, Direct to Users, Digitization & Intelligence Driven, and Global Impact”, so as to build Midea in the new era. Particularly, it strives to achieve Technology Leadership by building scale advantages in R&D and strengthening the efforts and investment in core and cutting-edge technologies; be Direct to Users through direct contact and interaction with users and reinventing product service and business models; be Digitization & Intelligence Driven through comprehensive digitalization and comprehensive intellectualization, as well as improving efficiency internally and focusing on users externally; and achieve Global Impact by seeking breakthroughs in terms of market, channel and business model in key regions and serving global users.

Midea, a global operating company, has established global presence and served customers all over the world. To date, Midea has over 600 subsidiaries, 41 R&D centers, 65 major manufacturing bases, and more than 190,000 employees worldwide. Its business covers more than 200 countries and regions. Overseas, Midea has 29 R&D centers and 43 major manufacturing bases in more than twenty countries and regions.

## II. INDUSTRY STATUS

On the Fortune Global 500 list in 2025, Midea Group ranked No.246, surging 31 places and marking its 10th consecutive year among the world's top 500 companies. In June 2025, Forbes Global 2000 list of publicly traded companies placed Midea Group 184th globally, a significant leap of 21 places from the previous year. Leveraging its "AI+" core strategy and breakthrough achievements in intelligent manufacturing, Midea Group was also honored on the "2025 Forbes China AI Technology Enterprises TOP 50" list. In September 2025, Forbes released its 2025 Global Best Employers list, with Midea Group securing a spot for the second consecutive year due to its outstanding corporate management, superior employee experience, and sustained innovation capabilities, which recognition not only highlighted the Group's strong employer brand influence but also underscored its exceptional performance in talent attraction and development, as well as corporate culture building. According to the "2026 Global 500 Most Valuable Brands" list released by the UK-based brand valuation agency Brand Finance, Midea Group climbed 43 places to rank No.228, significantly outpacing other domestic brands in the same industry. Guided by its global breakthrough strategy, Midea Group continues to enhance its brand influence in overseas markets. In November 2025, during the "2025 Forbes China Going Global 30&30 Series Awards", Midea Group was honored with the "Flagship Brand" title for the second consecutive year, which selection emphasized professionalism and systematization, showcasing a dual-wheel-driven approach that highlights the transformation of Chinese enterprises from product exports to ecosystem collaboration.

In April 2025, Midea Group won the highest-level Grand Jury Award and a Silver Invention Award at the 50th International Exhibition of Inventions Geneva for its two entries: the "Skincare Bathroom Water Softener" and the "Ultra Slim Under-sink Water Softener". In August 2025, the China Association for Promotion of Private Science and Technology announced the results of the "2024 Private Science and Technology Development Contribution Awards", with Midea Group receiving three first-place awards, one second-place award, and one third-place award for its scientific and technological innovation. Notably, its programs such as "Research and Industrialization of Key Technologies for Integrated Rotor Compressors", "Research and Application of Key Technologies for Deep Cooling and Energy Efficiency in Refrigerators", and "Key Technologies and Applications of Modular Heat Pumps for Efficient and Clean Heating at Low Ambient Temperatures" all received first-place awards.

In May 2025, Midea Group was selected for the third consecutive year on the 2025 Fortune China ESG Impact List, thanks to its continuous improvement in ESG management systems, enhanced management capabilities, and outstanding product performance in energy conservation, emission reduction, and material utilization. In 2025, Midea Group was included in the 2025 Sustainability Yearbook (China Edition) as published by S&P Global, further demonstrating its achievements in the ESG domain. In August 2025, Midea Group's washing machine factory in Jingzhou, Hubei Province, received certification from the London-based World Record



Certification Agency (WRCA) as the “World’s First Outstanding Multi-Scenario Intelligent Agent Factory”, marking the official establishment of the industry’s first intelligent agent factory. In September 2025, as a benchmark for digitalization in overseas expansion, Midea Group’s air conditioner factory in Thailand was recognized as a World Economic Forum (WEF) Supply Chain Resilience Lighthouse Factory, becoming the first overseas lighthouse factory for Midea Air Conditioners and the first in China’s home appliance industry. In January 2026, Midea Group’s kitchen and heating factory in Wuhu, Anhui Province, was also selected as a WEF Supply Chain Resilience Lighthouse Factory, becoming Midea Group’s eighth lighthouse factory and the world’s first fully AI-empowered water heater factory. By early 2026, Midea Group had 39 national-level green factories, 13 green supply chain factories, 10 5G factories, 3 excellent-level intelligent factories, and 8 world-class lighthouse factories, showcasing its leading intelligent manufacturing capabilities and digitalization level in the global manufacturing industry.

Additionally, Midea Group obtained international credit ratings from S&P, Fitch, and Moody’s, with results leading among global peers in the same industry and domestic private enterprises.



### III. FIVE-YEAR FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the past five financial years is set out below. The summary does not form a part of the audited consolidated financial statements.

|                                       |                  | Year ended 31 December |                              |                              |                              |
|---------------------------------------|------------------|------------------------|------------------------------|------------------------------|------------------------------|
|                                       | 2025             | 2024                   | 2023                         | 2022                         | 2021                         |
|                                       | RMB in million   | RMB in million         | RMB in million<br>(Restated) | RMB in million<br>(Restated) | RMB in million<br>(Restated) |
| Revenue                               | <b>458,502</b>   | 409,084                | 373,710                      | 345,709                      | 343,361                      |
| Cost of revenue                       | <b>(338,462)</b> | (301,982)              | (278,248)                    | (265,237)                    | (268,819)                    |
| Gross profit                          | <b>120,040</b>   | 107,102                | 95,462                       | 80,472                       | 74,542                       |
| Selling and marketing expenses        | <b>(42,891)</b>  | (38,753)               | (31,953)                     | (25,800)                     | (26,278)                     |
| General and administrative expenses   | <b>(16,766)</b>  | (15,404)               | (13,976)                     | (12,024)                     | (10,742)                     |
| Research and development expenses     | <b>(17,788)</b>  | (16,233)               | (14,586)                     | (12,667)                     | (12,015)                     |
| Profit before income tax              | <b>53,085</b>    | 46,692                 | 40,279                       | 34,958                       | 33,738                       |
| Income tax expense                    | <b>(8,565)</b>   | (7,933)                | (6,532)                      | (5,146)                      | (4,707)                      |
| Profit for the year                   | <b>44,520</b>    | 38,759                 | 33,747                       | 29,812                       | 29,031                       |
| Attributable to owners of the Company | <b>43,945</b>    | 38,539                 | 33,722                       | 29,553                       | 28,587                       |

|                                              | 2025           | As at 31 December |                |                |                |
|----------------------------------------------|----------------|-------------------|----------------|----------------|----------------|
|                                              | RMB in million | 2024              | 2023           | 2022           | 2021           |
|                                              | RMB in million | RMB in million    | RMB in million | RMB in million | RMB in million |
| Total non-current assets                     | <b>192,129</b> | 215,288           | 204,715        | 161,452        | 139,075        |
| Total current assets                         | <b>416,663</b> | 389,064           | 281,321        | 261,099        | 248,864        |
| Total assets                                 | <b>608,792</b> | 604,352           | 486,036        | 422,551        | 387,939        |
| Total non-current liabilities                | <b>28,984</b>  | 24,864            | 60,492         | 64,289         | 30,268         |
| Total current liabilities                    | <b>343,384</b> | 351,820           | 251,246        | 206,341        | 222,851        |
| Total liabilities                            | <b>372,368</b> | 376,684           | 311,738        | 270,630        | 253,119        |
| Equity attributable to owners of the Company | <b>223,221</b> | 216,750           | 162,877        | 142,932        | 124,865        |
| Net assets                                   | <b>236,424</b> | 227,667           | 174,298        | 151,921        | 134,820        |



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Fang Hongbo (方洪波先生) (Executive Director, chairman of the Board and chief executive officer)

Mr. Wang Jianguo (王建國先生) (Executive Director and executive president)

Dr. Gu Yanmin (顧炎民博士) (Executive Director and vice president)

Mr. Guan Jinwei (管金偉先生) (Executive Director and vice president)

Dr. ZHANG Tian (張添博士) (Executive Director and employee representative Director)

Mr. Zhao Jun (趙軍先生) (Non-executive Director)

Dr. Xu Dingbo (許定波博士) (Lead independent non-executive Director)

Dr. Xiao Geng (肖耿博士) (Independent non-executive Director)

Dr. Liu Qiao (劉俏博士) (Independent non-executive Director)

Dr. Qiu Lili (邱鋰力博士) (Independent non-executive Director)

## SPECIAL COMMITTEES UNDER THE BOARD

### Audit Committee

Dr. Xu Dingbo (許定波博士) (Chairman)

Dr. Xiao Geng (肖耿博士)

Dr. Liu Qiao (劉俏博士)

Dr. Qiu Lili (邱鋰力博士)

### Remuneration and Evaluation Committee

Dr. Xiao Geng (肖耿博士) (Chairman)

Dr. Xu Dingbo (許定波博士)

Dr. Liu Qiao (劉俏博士)

Dr. Qiu Lili (邱鋰力博士)

### Nomination Committee

Dr. Liu Qiao (劉俏博士) (Chairman)

Dr. Xu Dingbo (許定波博士)

Dr. Xiao Geng (肖耿博士)

Dr. Qiu Lili (邱鋰力博士)



### Strategy Committee

Mr. Fang Hongbo (方洪波先生) (Chairman)  
Dr. Xu Dingbo (許定波博士)  
Dr. Xiao Geng (肖耿博士)  
Dr. Liu Qiao (劉俏博士)  
Dr. Qiu Lili (邱鋰力博士)

### JOINT COMPANY SECRETARIES

Ms. Gao Shu (高書女士)  
Ms. Lai Siu Kuen (黎少娟女士)

### AUTHORIZED REPRESENTATIVES

Mr. Fang Hongbo (方洪波先生)  
Ms. Lai Siu Kuen (黎少娟女士)

### AUDITORS

PricewaterhouseCoopers Zhong Tian LLP  
*Recognised Public Interest Entity Auditor*  
PricewaterhouseCoopers  
*Certified Public Accountant*  
*Registered Public Interest Entity Auditor*

### REGISTERED OFFICE AND HEADQUARTERS IN CHINESE MAINLAND

Midea Headquarters Building  
No. 6 Midea Avenue, Beijiao Town  
Shunde District  
Foshan, Guangdong Province  
China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19F  
Lee Garden One  
33 Hysan Avenue, Causeway Bay  
Hong Kong

### COMPANY WEBSITE

[www.midea.com.cn](http://www.midea.com.cn)

### COMPANY TELEPHONE

+86 757 2260 7708  
+86 757 2663 7438

### H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### COMPLIANCE ADVISER

Huatai Financial Holdings (Hong Kong) Limited

### STOCK CODE

SZSE: 000333.SZ  
HKEX: 0300.HK

# LETTER TO SHAREHOLDERS

In early 2025, we said, “Let’s ride the storm and write a new chapter”. As it turned out, the storms of 2025 were far more intense than we had imagined, with constantly shifting tariffs, global adjustments to production capacity, the unprecedented impact of the AI technology wave, and the ongoing evolution and escalation of geopolitical conflicts. Despite these challenges, Midea still achieved record-breaking performance, with total revenue of RMB458.5 billion and net profit attributable to owners of the Company of RMB43.95 billion in 2025, marking double-digit growth in both revenue and profit. Our overseas revenue reached RMB195.9 billion, representing a year-on-year increase of 16%. The localized self-operated business now spans 50 major countries worldwide, with 29 R&D centers and 43 major manufacturing bases established overseas. The foundational framework and system for our global operations have largely taken shape. Our ToB business revenue reached RMB122.8 billion, representing a year-on-year increase of 17.5%. The Company completed the acquisitions of Arbonia, Toshiba Elevator China operations, and Carestream Health’s international business, and has largely established the framework for second growth curve of ToB. All these stem from the unwavering determination of every Midea employee to move forward resolutely in the midst of wind and rain. From the round-the-clock efforts to expand overseas production capacity to the determination of each business unit to overcome challenges, and from the relentless pursuit of technological innovation to the unceasing drive for market expansion, Midea employees around the world have embodied the essence of the Midea spirit through their dedication and hard work. We would like to pay tribute to everyone at Midea. Your hard work and perseverance are what give Midea the strength to weather the storm. We are grateful to all our shareholders. In the face of an uncertain era, your unwavering support is our greatest source of motivation to embrace change and forge ahead with courage.

The tide of time rolls on, and we are all part of it. The K-shaped divergence is accelerating the reshaping of the destinies of nations, industries, companies, and individuals. The history of corporate evolution over the past two centuries illustrates a simple truth: business failure or decline are commonplace; the momentum of success can accumulate into a force that pulls a company down, and the vast majority of businesses ultimately end up in mediocrity. The ultimate strength of a sustainable enterprise lies not in growth, but in its ability to continually reboot or regenerate itself. Today, we must dare to question the paths and methods we once took for granted; we must dare to break away from our ingrained habits and ways of thinking; and we must dare to change the mechanisms and systems that are currently in place and have proven successful in the past. As long as we change, reinvent ourselves, and break new ground, the future of Midea is limitless.

In 2026, the world will continue to move forward amid turmoil and change. Believing in common sense is our way of dealing with it. Common sense is like air – the higher you go, the thinner it gets. Midea will adopt a strategy focusing on core growth and reducing complexity, and will drive comprehensive transformation with the resolve to take a hard look at itself:

**Focusing on core growth:** We should focus on core businesses, core markets, and core capabilities. We must ensure the growth of our core businesses, white goods and HVAC; we must become one of the top players in the industry and strive to be No. 1 globally. We must firmly commit to our secondary core businesses, robotics and new energy, and seize opportunities to achieve breakthroughs. We must carefully monitor promising businesses and decisively address problematic ones. We must secure sustainable growth chains for ToC and ToB businesses.

**Maintaining comprehensive cost leadership across the entire value chain:** We must “either lead on cost, or be out of the ordinary”. With a focus on continuous improvement and waste reduction, we shall consistently enhance efficiency, delivering outstanding performance on both the revenue and cost sides. With regard to the fundamentals and the core issues, we should reduce structural costs, institutional costs, complexity costs, and synergy costs, and achieve comprehensive cost leadership throughout the entire value chain.

**Pushing for Global Expansion:** We shall prioritize overseas OBM operations, establish a global industrial footprint, increase investment in infrastructure, channel networks, and service centers, strengthen overseas compliance management and risk control, and enhance localized operational capabilities, so as to ensure that our products and services better align with local market needs, and achieve our transition from “product exports” to “brand globalization”, thereby boosting Midea’s global brand recognition and product competitiveness.





**Committed to Product and Technological Innovation:** Innovation is the foundation and core of all business success. We shall intensify our exploration and research in cutting-edge fields such as AI, embodied intelligence, new energy, and healthcare, fully embrace digital and intelligent transformation, build the “Home Brain” and “Factory Brain”, and reshape the industrial ecosystem, focusing on four core scenarios (smart homes, smart manufacturing, smart offices, and industry empowerment).

**Unleashing Organizational Agility and Resilience:** We shall promote the flattening of all business units within the Group, shortening decision-making chains, implementing a 24-hour response mechanism, establishing clear lines of accountability and consistent performance metrics, upholding a performance-first, results-driven approach, breaking free from bureaucratic inertia and structural “greenhouse effects,” and cultivating “true warriors” with an entrepreneurial spirit to ensure that the organization maintains an agile and efficient entrepreneurial mindset.

The price of prosperity is eternal unrest; growth comes only through disruption, and stability is nothing but an illusion. In these uncertain times, the key to Midea’s success across economic cycles lies in our own hands. Looking back, we’ve been very lucky: the vast frontier of our ToC business has allowed us to roam the world, while our ToB strategy has enabled us to gaze upon the boundless sky. For Midea today, every direction is a path wide open – whether it’s ToC, ToB, domestic, or international. As long as we dare to set out, the path will reveal itself. Market competition will always present new challenges and tests, but every time we face them head-on, we’ll find a new solution and a new path forward. No matter how long and arduous the journey, we will always find a way.

May all paths ahead be clear, and we look forward to continuing our journey with all our shareholders in 2026!

*“We still have such a long way to go,  
Yes, but you see,  
We’ve come this far.”*

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. INDUSTRY OVERVIEW

### 1. Home Appliance Industry

In 2025, amid a complex global backdrop of sluggish economic recovery, ongoing geopolitical conflicts, and rising trade protectionism, China's home appliance exports reached USD96.233 billion, a 3.9% year-on-year decline, according to the data from the General Administration of Customs. However, supported by trade-in policies, the domestic home appliance market showed a trend of high growth in the first half followed by a decline in the second half. Data from the All View Cloud (AVC) indicated that the retail market size for domestic home appliances (excluding 3C products) reached RMB893.1 billion in 2025, a 4.3% year-on-year decrease. Future trends in the home appliance industry include: first, there is a shift from traffic-driven scale growth to mindset-driven value growth, moving from demand satisfaction to meaning creation and from physical consumption to service consumption; second, there is a transition to an integrated and boundaryless retail model combining online, offline, and social commerce, with a focus on product upgrades for e-commerce, customer acquisition for instant retail, and in-store operations for traditional physical stores; third, in the AI era, intelligent ecosystems will become the core driver of industrial upgrading, with home appliances evolving into empathetic household managers; and fourth, with an aging population, the development of age-friendly products will become increasingly important. Considering that the trade-in policies have already stimulated and advanced some home appliance demands, the domestic home appliance industry is under pressure. According to AVC forecasts, the market size is expected to reach RMB833.2 billion in 2026, a 6.7% year-on-year decline.

#### **Residential air conditioner market:**

According to AVC data, the retail sales of domestic air conditioners reached RMB235.7 billion in 2025, a 0.4% year-on-year decrease. In terms of products, four major trends emerged, i.e., energy efficiency improvement, comfortable airflow, healthy air, and space-saving design. For example, in 2025, the online sales share of wall-mounted air conditioners with an APF (Annual Performance Factor) greater than 5.3 increased to 40%, while the offline sales share rose to 24%, indicating a growing market share for



high-efficiency products. Airflow optimization technology for comfortable airflow became a breakthrough in product innovation, with increasingly refined air control methods and upgrades in human sensing technology to wide-angle, stereoscopic, multi-point sensing. The healthy air segment diversified into micro-positive pressure fresh air, internal circulation purification, and oxygen enrichment. Large-capacity wall-mounted units grew rapidly, with online sales of 3-horsepower units increasing by 50.7% in 2025, reflecting consumer demand for space-saving solutions in small areas with high power. In terms of pricing, the air conditioner industry in 2025 was characterized by “increased volume but decreased revenue”, with retail volume growing under trade-in incentives but overall market size remaining flat due to price wars, resulting in an industry average price decrease of approximately 5%. Additionally, AI is influencing the air conditioner industry in terms of intelligent manufacturing on the production side, intelligent control on the product side, and intelligent operation and maintenance on the service side.

#### **Washing and drying appliance market:**

According to AVC data, the retail sales of domestic washing machines reached RMB96.3 billion in 2025, a 4.6% year-on-year decrease, while the retail sales of dryers reached RMB14.5 billion, a 10.4% year-on-year decrease. The market showed a significant trend of high growth in the first half followed by a decline in the second half throughout the year. In terms of pricing, the online market exhibited a clear “K-shaped” divergence, with the market share of cost-effective low-end products continuously expanding, while mid-to-high-end products with innovative features such as separate washing zones also grew against the trend. In terms of sales, “washer-dryer combos” achieved slight growth in online channels, reflecting a pursuit of space efficiency and convenience, while “single-wash” products showed signs of a rebound in offline channels, with “large capacity” models gaining traction. In terms of products, heat pump washing and drying, as well as separate washing zones, continued to drive market upgrades. Current product innovations focus on the popularization of mid-to-high-end features and refined usage scenarios. For example, separate washing care has evolved from “separate washing” to “specialized washing”, with the market penetration of multi-tub (three or more) washing machines exceeding 2% and entering a rapid growth phase. The market penetration of heat pump washer-dryer combos also accelerated, with online sales accounting for over 3.5% and offline sales accounting for over 5%. Leading brands continue to introduce new products with heat pump washing and drying features, which are gradually extending to mid-to-high-end price segments. In the long term, heat pump washing and drying is expected to replace condensation washing and drying and achieve widespread functional popularization.





### Refrigerator market:

According to AVC data, the retail sales of domestic refrigerators reached RMB127.1 billion in 2025, an 11.5% year-on-year decrease. Current product innovations in refrigerators are evolving in four directions, i.e., professional refinement, intelligent integration, health and energy efficiency, and visual appeal. In 2025, “cross four-door” and “French multi-door” refrigerators remained dominant in the market, accounting for over 60% of online sales and nearly 80% of offline sales, becoming core products in the refrigerator category. The market penetration of built-in refrigerators continued to rise, with Midea’s built-in refrigerators ranking first in online sales for three consecutive years. Refrigerator products also focused heavily on the 501-550L capacity segment, which showed a trend of continuous concentration, accounting for 48.55% of offline retail sales and 40.9% of online retail sales. The AI penetration rate in domestic refrigerators is rapidly increasing, with smart refrigerator sales accounting for 57.35% online and 70.83% offline in 2025, according to AVC statistics. In terms of pricing, the market showed a U-shaped distribution in growth, with mid-range products as priced between RMB4,000-8,000 experiencing the most significant decline, as consumer decisions leaned toward cost-effectiveness. Products as priced below RMB3,000, however, achieved growth, with intensifying price competition in the entry-level and traffic-driving product segments.



**Kitchen and bathroom appliance market:**

According to AVC data, the overall retail sales of domestic kitchen and bathroom appliances reached RMB161.3 billion in 2025, an 8.5% year-on-year decline, with all categories experiencing downward trends, particularly integrated stoves. By category, the retail sales of dishwashers reached RMB12.73 billion, a 3.6% year-on-year decrease, with an average price of RMB5,728, a slight 0.3% year-on-year decrease. The retail sales of built-in microwave steam ovens reached RMB8.3 billion, a 4.8% year-on-year decrease. The retail sales of range hoods reached RMB34.91 billion, a 3.6% year-on-year decrease, while the retail sales of gas stoves reached RMB19.45 billion, a 4.9% year-on-year decrease. The retail sales of electric water heaters and gas water heaters reached RMB22.9 billion and RMB27.1 billion, respectively, a 2.6% and 8.6% year-on-year decrease. The retail sales of end-point water purification (including water purifiers, water dispensers, and drinking fountains) reached RMB33.48 billion, a 2.2% year-on-year increase, with water dispensers growing by 31.2%.



### **Small kitchen appliance and cleaning appliance market:**

According to AVC data, the overall retail sales of domestic small kitchen appliances reached RMB63.3 billion in 2025, a 3.8% year-on-year increase. Small kitchen appliance products in 2025 showed significant differentiation, and fell into three categories: first, essential products such as rice cookers and pressure cookers, which maintained stable market performance due to consistent daily usage demands and served as the industry's foundation; second, health and wellness products including soy milk makers, health pots, and coffee machines, which achieved growth against the trend by precisely meeting consumer demands for health and emotional well-being; and third, scenario-limited products such as electric slow cookers, electric kettles, and induction cookers, which faced poor market performance due to single usage scenarios and competition from other small kitchen appliance categories, requiring breakthroughs through technological innovation, functional upgrades, and precise consumer targeting. According to AVC data, the domestic cleaning appliance industry achieved growth in both volume and value in 2025, with retail sales reaching RMB47.1 billion, a 11.3% year-on-year increase, and sales volume reaching 35.5 million units, a 17.0% year-on-year increase. Benefiting from continuous product innovation and iteration, AVC monitoring data showed that the online retail sales of floor-cleaning robots, steam & hot water floor cleaners, and base station dust-collecting vacuum cleaners all experienced significant year-on-year growth in 2025.



## 2. Robotics and Automation Industry

In January 2026, the International Federation of Robotics (IFR) released the “Top Five Global Robotics Trends for 2026”, which are as follows: the continuous enhancement of robot autonomy through artificial intelligence (AI & Autonomy in Robotics); the increased versatility of robots as information technology (IT) converges with operational technology (OT) (Robots gain versatility as IT meets OT); the need for humanoid robots to demonstrate reliability and efficiency (Humanoids to prove reliability and efficiency); the imperative for robots to meet safety and security requirements (Safety and Security in Robotics); and the role of robots in addressing labor shortages (Robots as allies in tackling labor gaps). According to the IFR’s “World Robotics 2025”, there were 4.664 million industrial robots operating in factories worldwide in 2024, representing a 9% year-on-year increase. The annual installation volume of industrial robots globally reached 542,000 units in 2024, remaining largely unchanged compared to the previous year but exceeding 500,000 units for the fourth consecutive year. Regionally, Asia saw a 5% increase, while both the Americas and Europe experienced declines. Notably, China’s domestic industrial robot installations reached 295,000 units, a 7% year-on-year increase, accounting for 54% of the global total. The service robot market continued to grow in 2024, with global sales of professional service robots (including autonomous mobile robots, or AMRs) increasing by 9%, medical robot sales surging by 91%, and consumer-grade service robot sales rising by 11%. Although the growth rate of professional service robot sales remained relatively stable, the scale of Robotics-as-a-Service (RaaS) expanded by over 30%, exceeding 24,000 units. This underscores the growing importance of flexible business models, enabling companies to adjust the scale of robot deployment according to demand elasticity.

Furthermore, according to the latest IFR data, in terms of industrial robot density (the average number of industrial robots per 10,000 workers), the global average reached a new high of 177 in 2024. South Korea continued to lead the world with a robot density exceeding 1,200, while China’s robot density rose to 567 in 2024, surpassing Germany and Japan to maintain its position as the third-highest globally, driven by the accelerated adoption of robots in the country. China has long been a key growth driver for the global robot market. Considering factors such as the flexible demands in manufacturing, the diminishing demographic dividend, the emergence of new markets, and the development of innovative technologies, the application areas of industrial robots will continue to expand, indicating significant growth potential and promising prospects. Given the fragile global macroeconomic environment in 2025, geopolitical tensions, intense regional conflicts, and trade disruptions continued to negatively impact the global economy. Additionally, trade barriers such as tariffs accelerated the regionalization and diversification of supply chains. According to IFR forecasts, global industrial robot installations are expected to grow by 6% in 2025, reaching 575,000 units. Despite macroeconomic challenges, the long-term growth trend of industrial robots is expected to continue, with a compound annual growth rate (CAGR) of 7% in robot installations from 2025 to 2028, surpassing 700,000 units by 2028.

At the press conference for the 2025 World Robot Conference, it was announced that the sales of China's industrial robot market reached 302,000 units in 2024, maintaining its position as the world's largest industrial robot market for the 12th consecutive year. According to the MIR Databank report, China's industrial robot sales exceeded 334,000 units in 2025, a 13.6% year-on-year increase, and are expected to continue growing at a double-digit rate in 2026. Market growth was driven by increased investment in downstream industries such as automotive, electronics, lithium batteries, and semiconductors. Additionally, the continuous improvement in the localization rate of industrial robot components led to a further decline in the prices of complete robots, lowering the barriers to user adoption and rapidly increasing market penetration. According to the MIR Databank report, in the electronics industry, on the one hand, there was significant investment in traditional electronic products such as mobile phones, and the AI industry performed outstandingly, with increased applications of robots in the assembly, locking, and testing of AI server components and sub-components such as optical modules, heat dissipation modules, printed circuit boards (PCBs), memory, and server structural parts; and on the other hand, automation adoption was driven by the overseas expansion projects of the electronics industry. In the automotive industry, supported by national subsidy policies for trade-ins and industrial equipment upgrades, the new energy vehicle (NEV) sector maintained robust growth in 2025, with rapid production and sales growth driven by both domestic demands and exports. The rapid iteration of automotive components and electronic technologies, such as the penetration of LiDAR, multi-link screens, and head-up displays (HUDs) from high-end to mid- and low-end vehicle models, along with the entry of new cross-border domestic automotive component players, spurred new automation investments. In the lithium battery industry, the overseas expansion of the lithium battery supply chain, with Europe and Southeast Asia as the primary markets, provided incremental demands. Second-tier manufacturers increased their terminal automation investments to capture market share, while leading energy storage battery manufacturers boosted their terminal investments, increasing the demand for automation adoption. Additionally, the implementation of new national standards for electric bicycles accelerated the replacement of electric bicycles, and the transition from lead-acid to lithium batteries also drove automation investments.

### 3. Building Technology Industry

The building technology industry focuses on products, services, and related industries for building construction, using a building digitalization platform as its core to integrate traffic flow, information flow, experience flow, and energy flow within buildings, providing users with intelligent and sustainable building solutions. The intelligent building ecosystem primarily encompasses businesses such as heating, ventilation, and air conditioning (HVAC), elevators, building automation (building controls), and integrated energy management, covering scenarios in industrial, hospital, infrastructure, park, commercial, hotel, and educational settings.

From the perspective of industry competition, the competitive landscapes for domestic HVAC, elevator, and building control sectors are quite similar and share two key characteristics: first, a high proportion of foreign and joint venture brands, and second, relatively low market concentration. According to the data from ChinalOL.com, foreign brands accounted for approximately 41% of the domestic central air



conditioning market in 2025, a declining share, with only four manufacturers, including Midea, holding over 10% market share, indicating a significant long-tail effect. According to the “China Elevator Industry Business Yearbook”, foreign and joint venture brands still dominate the elevator market, while leading domestic brands have relatively low revenue scales and market shares. The building controls market is primarily led by foreign brands such as Honeywell, Siemens, Johnson Controls, and Schneider Electric. From the perspective of market size and development prospects, according to the data from ChinalOL.com, the total market size of domestic and export sales of central air conditioners in China was RMB138.68 billion in 2025, representing a 4.1% year-on-year decline, of which domestic sales amounted to RMB112.55 billion, representing a 7.4% year-on-year decrease. The application areas of central air conditioning include residential, commercial, industrial, and public buildings, with ToB sales accounting for over 70% of the total. From the perspective of industry development, the non-residential segment of central air conditioning exhibits less cyclicalities than the residential segment and is more closely tied to infrastructure investment. Downstream sectors such as government public buildings, transportation, data centers, cultural and educational entertainment, and healthcare show significant growth potential, with a high likelihood of sustained long-term growth. According to the data from the National Bureau of Statistics, the production volume of domestic elevators, escalators, and lifting equipment reached 1.401 million units in 2025, a 1.8% year-on-year decline, as still affected by the real estate industry in the short term. Based on operational data from major manufacturers, while considering the average ex-factory price per elevator as combined with maintenance services, the production value per elevator is approximately RMB200,000, pushing the annual market size for domestic elevator equipment close to RMB300 billion. The demand for elevator installations and upgrades in old residential communities is steadily increasing. Additionally, the “Residential Project Specifications” as implemented on 1 May 2025 stipulate that each residential unit in newly built residential buildings of four stories or more must be equipped with at least one elevator, which is expected to further expand the industry’s scale. According to the data from EqualOcean Intelligence, the current market size for intelligent building remains relatively modest. The equipment-based businesses such as commercial air conditioner and elevator are “organs” in building construction, whereas building control is the “nervous system” which controls various equipment for the high-efficiency and low-carbon operation of buildings, and determines the overall quality of building solutions. In aggregate, the domestic industrial scale of the intelligent building technology industry has surpassed RMB400 billion. Additionally, with the ongoing implementation of the “Action Plan for Promoting Large-Scale Equipment Upgrades and Replacement of Consumer Goods” issued by the State Council of the People’s Republic of China, industrial demand remains robustly supported.



The building technology industry is now presented with fresh opportunities, particularly those stemming from the “carbon peaking and carbon neutrality” goals, “digitalization and intelligence” trends, and the push for “domestic substitution”. The establishment of the “carbon peaking and carbon neutrality” strategic objectives has signaled an acceleration in the transition towards smart and low-carbon buildings. Buildings constitute a substantial portion of energy consumption and carbon emissions across society. The “2025 Report on Carbon Emissions in Urban and Rural Construction in China”, jointly published by the China Association of Building Energy Efficiency and Chongqing University in Beijing, reveals that in 2024, emissions from building operations accounted for roughly 22% of the country’s total carbon emissions. As the balance shifts between new constructions and existing buildings, the proportion of emissions from building operations is poised to increase further. Consequently, as a key contributor to the society’s carbon footprint, the drive towards low-carbon or even zero-carbon emissions in the building sector will undoubtedly gain greater momentum. In recent years, a series of policies aligned with the “carbon peaking and carbon neutrality” goals have been progressively unveiled, as designed to bolster the framework for managing building energy consumption, enhance monitoring and management capabilities for energy efficiency in buildings and overall building energy performance, and promote the large-scale development of ultra-low energy consumption, near-zero energy consumption and low-carbon buildings. From a market standpoint, initiatives such as electricity price reforms and power rationing elevate costs, subsequently enhancing the return on investment for energy-saving retrofits, energy management, and digital operations within the building sector. An increasing number of market participants are actively embracing the national strategy of “carbon peaking and carbon neutrality” goals and undertaking energy-saving retrofits. Amidst the shift towards a digital economy, buildings, which currently lag in development despite being a pivotal component of “smart cities”, are poised to witness a substantial increase in the demand for digitalization and intelligence. Meanwhile, advancements in communication technologies, computing capabilities and algorithms, and AI technologies are driving the industry’s evolution from system-level control – including HVAC and elevators – to building-level control. This shift encompasses two pivotal dynamics: the expansive transition from “control” to “services” and the narrowing disparity with foreign firms that hold a first-mover advantage. An even more encouraging and unequivocal trend is the role that digitization is currently playing in catalyzing the transformation and upgrading of the elevator industry. The substitution of foreign brands by domestic counterparts in the central air-conditioning sector has progressed through three phases: unitary air conditioners, variable refrigerant flow (VRF) systems, and large chilled water units. By 2025, domestic brands have collectively approached 60% of the market share. Notably, domestic manufacturers have made continuous breakthroughs in the large chilled water unit segment, which possesses higher entry barriers. The central air-conditioning industry has fully entered the phase of domestic substitution, with considerable potential for future growth. The pace of domestic substitution within the elevator industry has been relatively gradual; however, amid the waning real estate boom, evolving maintenance models, and the adoption of IoT technologies, the optimization of the market landscape is poised to gather pace. In the medium to long term, the market structure marked by a “high proportion of foreign capital + low market concentration” presents an increasing number of competitive opportunities in the smart building sector.

## II. BUSINESS SCOPE IN THE REPORTING PERIOD

In 2025, despite the recovery in consumer demand in the domestic home appliance market as driven by the continued impact of “trade-in” subsidy policies, industry competition around “user traffic” and “product pricing” intensified. Overseas operations continued to face challenges due to the persistent effects of trade protectionism, exchange rate fluctuations, and geopolitical conflicts. Midea Group adhered to its annual operating strategy of “simplification for growth and self-disruption to confront challenges”, focusing on core businesses and products, particularly achieving significant results in overseas business development. The Group’s overall scale expanded further, and its core profitability indicators improved, demonstrating Midea’s operational resilience and long-term trend of high-quality growth. In 2025, the Group’s total operating revenue reached RMB458.5 billion, a 12% year-on-year increase, with net profit attributable to Shareholders of the parent company reaching RMB43.95 billion, a 14% year-on-year increase. The revenue data and year-on-year changes by business segment in 2025 are as follows:

| Unit: RMB'000        | Smart Home Solutions | Building Technology | Robotics & Automation | Industrial Technology | Other Innovations |
|----------------------|----------------------|---------------------|-----------------------|-----------------------|-------------------|
| Revenue              | 299,927,239          | 35,790,825          | 31,010,933            | 27,232,432            | 28,718,768        |
| Year-on-year changes | 11.28%               | 25.72%              | 8.05%                 | 10.24%                | 26.94%            |

### (I) Smart Home Solutions

#### 1. China Region

In 2025, Midea has comprehensively carried forward the “Number One Engine” strategy in the Chinese Mainland market, maintaining its position as the industry leader in home appliance sales across major domestic online platforms, including JD.com, Tmall, Douyin, and Pinduoduo, as well as offline channels such as key accounts (KAs), distributors, and penetration into lower-tier markets. Midea’s e-commerce sales in the domestic market (including penetration into lower-tier markets) accounted for more than 55% of the domestic sales revenue of the Smart Home Solutions. Notably, in the lower-tier markets, Midea’s retail sales exceeded RMB30 billion, maintaining the industry’s largest market share and achieving dual leadership in market scale and comprehensive competitiveness.

**(1) Midea was committed to driving new growth through steadfast DTC transformation, focusing on retail capabilities, advancing digital business model innovation to achieve upgrades in operational efficiency and user experience**

The Group streamlined retail resource elements to enhance operational efficiency, and deeply integrated online and offline channels to create a consistent user experience. We built a multi-traffic platform referral system, improved the business opportunity conversion chain, and enhanced lead conversion capabilities. Through policy retailization, it achieved retail-driven operations, aligned the entire value chain with a focus on retail and user services, simplified the application of the Midea Cloud Sales APP to reduce customer usage costs, and advanced the integration of online and offline inventory management to improve intelligent replenishment capabilities centered on retail actual sales and inventory turnover efficiency, fully ensuring retail supply. In 2025, Midea enhanced inventory turnover efficiency across all domestic market channels, with customer inventory turnover efficiency improving by over 10%.

For offline channels, Midea continued to deepen digital transformation and focus on building retail capabilities. In terms of offline channel optimization, the Group promoted product integration across online and offline channels through an O2O model, achieving parity in product models, pricing, and promotions, effectively enhancing product efficiency. It focused on promoting its Meijia suite of products, elevating the user's one-stop shopping experience through scenario-based and intelligent offerings; established 600 Mall stores, positioning them as "hubs for sales, brand promotion, and user interaction" to create offline traffic entry points and user experience venues; implemented a "select merchants, optimize stores, and allocate products" strategy to optimize customer structure and enhance channel quality; and established a multi-platform direct connection system to improve both operational quality and efficiency. Adhering to the operating principle of "ascending to higher levels and deepening into lower levels", Midea supported platform structure upgrades and safeguarded customer interests, solidifying its leading market position.

In terms of offline store operations, Midea implemented refined operations, matching differentiated products to different store types to effectively meet diverse retail demands. The Group initially established a foundation for digital transformation in home appliance brand stores, completing the digital transformation of over 3,000 stores, and covering aspects such as electronic price tags, cloud screens, and customer flow heat mapping systems, to enhance customer store operational efficiency. It released Version 2.0 of its standardized operational procedures for store operations, empowering the transformation of retail operations in stores, and promoting standardized terminal construction in Mall stores. By combining online referrals with offline ground promotions and planning marketing activities, Midea effectively drove terminal sales growth and fully motivated merchants to prioritize its products.



In terms of user operations, Midea improved the efficiency of full-link user operations by integrating service, membership, mall, and home delivery entry points through the launch of the “Midea WeChat Mini Program”. In 2025, the number of users on the mini program increased by over 700% year-on-year, with daily page views (PVs) reaching 5.15 million. As of the end of 2025, the number of registered users on the Midea Home APP exceeded 88 million, with over 21 million monthly active users. Through the “Midea Fan Restructuring Initiative” in 2025, Midea upgraded its membership system and optimized the user experience, building a data-driven and scenario-based refined operation system. The Group deepened its “fan appreciation” strategy, improving user satisfaction through beyond-expectation benefits such as integrated delivery and installation, seven-day no-reason returns, complimentary cleaning, half-price consumables, and 1v1 dedicated butlers. Midea constructed a “data-insight-implementation-optimization” operation loop, and leveraged AI analysis for real-time strategy optimization, which approach drove membership benefits to cover over 60 million person-times throughout the year, collaborating efficiently with stores to empower them to participate in implementing Midea fan benefits, and achieving dual improvements in reputation and value.

In terms of user services, Midea took the enhancement of user experience as its core objective, while focusing on intelligent scheduling, technical support, and return/exchange services to promote the deep integration of technology and service scenarios. The Group built an intelligent capacity management model, relying on capacity forecasting and early warning and intelligent automatic dispatching functions to dynamically and precisely match user demands with service capacity, optimizing the operational efficiency of service outlets and significantly improving service punctuality rates; and deepened its technical capacity building, implementing a three-tier training and certification system for technical capabilities. Through measures such as engineer grade certification and mentorship from top engineers, the Group systematically improved the professionalism of its frontline teams. From a user perspective, Midea optimized the entire process of return and exchange services, simplifying procedures and reducing response times to improve both service efficiency and user experience.

In terms of intelligence, Midea continuously enhanced its home intelligent scenarios, meeting differentiated demands through multi-brand coverage. The Group upgraded and renewed the Midea Home APP, focusing on reconstructing user experience around the Xiaomei AI home assistant, providing multiple control methods such as “visual + voice”, supporting multi-intent understanding and fuzzy command control in a single sentence, and building a smart home platform that comprehensively covers users’ life scenarios. Midea launched multiple new smart hardware products, creating a rich product matrix based on “comprehensive home appliance intelligence + high-frequency smart home products”, offering ubiquitous voice interaction scenarios through home appliances, central control screens, and the APP. Simultaneously, the Group comprehensively upgraded the intelligent scenario experience mode in its offline stores, integrating the design tool “Home Design Pro” with AI functions to quickly output solutions and provide full-link one-stop services. Midea continued to deepen its AI technology applications, building the first AI agent implemented in the home appliance industry based on self-developed Meiyang and external third-party large models and multimodal reasoning and other underlying technologies. This agent achieved a complete closed loop of “perception-learning-decision-making-execution”, forming diverse proactive intelligent application capabilities across six systems like air, water, and cooking. It currently serves over 20 million users, with nearly 30 million daily interactions and an intent recognition accuracy rate of 95%. Additionally, through upgrading its human-vehicle-home strategy, Midea deepened its cooperation with leading companies in the industry such as BYD, NIO, and Huawei to implement human-vehicle-home interconnection scenarios, striving to build the most comprehensive industry ecosystem. Meanwhile, the Group actively embraced domestic and international industry organizations such as the Global Intelligent Internet of Things Consortium (GIIC), participating in the formulation of national standards for smart home interconnection and interoperability, and building an open and win-win smart ecosystem.



## (2) **Dual High-End Brand Strategy**

In 2025, Midea continued to advance its “COLMO + Toshiba” dual high-end brand strategy, with the overall retail sales of both high-end brands achieving double-digit year-on-year growth in the same period. The COLMO brand is positioned as AI-powered tech home appliances, promoting the deep integration of appliance suites and whole-house intelligence to provide users with comprehensive high-end smart living solutions. On the product front, in 2025, COLMO successively launched the Turing and Xinxiang appliance suites. Through deeply intelligent products and an AI butler system, it achieved full-space proactive intelligent services and effortless control, creating breakthroughs in both living scenarios and advanced experiences. On the brand front, adhering to the concept of “elegance in utility”, COLMO created a new range of intelligent home appliance suites that balance aesthetics and practicality. Collaborating with the renowned design team ZUHAUS, it launched the “COLMO Xinxiang Titanium Platinum Silver Space”, which topped trending lists on multiple

online platforms such as Xiaohongshu, Douyin, and Weibo. Offline, it initiated an immersive experience space in Altay, Xinjiang, the first stop, and conducted tours across fifteen cities nationwide. Through coordinated online and offline efforts, it reached and deeply engaged high-end user groups, achieving the top position in user asset scale within the large home appliance industry on Xiaohongshu and a year-on-year increase of over 400% in overall brand searches. By leveraging “OMO local life traffic acquisition + online/offline cross-industry collaborations”, it boosted traffic and sales conversions, while creating a new track for the integration of home appliances and scenarios through cross-industry partnerships, pioneering new models for reaching high-end audiences, and driving dual growth in brand visibility and sales. On the channel front, COLMO persisted in building independent brand positions, establishing over 1,600 COLMO brand stores covering approximately 280 cities across the country by the end of 2025. Through channel short-chain reforms and simplified hierarchy, it continuously improved full-link retail efficiency. On the service front, by the end of 2025, COLMO had nearly 5 million registered members and continued to build an expert-level service system. By offering full-link 1v1 butler services, 24/7 customer support, and one-stop customized solutions for “measurement, installation, and renovation”, and relying on a team of engineers, it continuously enhanced the high-end user experience throughout the lifecycle of home appliances. Additionally, it introduced services such as 365-day replacement for performance failures and free visiting measurement and old appliance removal and installation, moving towards proactive service transformation.

Toshiba continued to solidify its positioning as “artistic home appliances”, creating breakthrough artistic lifestyles for consumers with its inherited craftsmanship aesthetics. Toshiba, a globally renowned home appliance brand with a century of historical heritage, has become a new choice for domestic high-end consumer groups. On the product front, Toshiba launched the Pearl appliance suite, meeting the needs of quality-oriented lifestyle enthusiasts for “high-quality home appliances”, and achieved outstanding performance across different product categories. In 2025, Toshiba refrigerators saw a 20% year-on-year increase in retail sales in the domestic market, Toshiba washing machines with a fully flush-mounted design experienced a year-on-year sales increase of over 25%, and Toshiba kitchen appliances witnessed a year-on-year sales growth of over 60%. On the brand front, Toshiba achieved a total exposure of nearly 800 million views throughout the year, ranking first among joint venture brands in comprehensive search rankings for core categories on Xiaohongshu. It conducted over 3,000 offline circle events, comprehensively promoting its new proposition of artistic home appliances. On the channel front, domestically, it collaborated with over 200 brand operators, establishing over 650 Toshiba brand stores and over 1,200 Toshiba brand showrooms. It promoted the implementation of the latest terminal standardization system and completed the construction of the domestic retail system. On the user front, through operations on multi-traffic platforms such as Douyin, Xiaohongshu, Meituan, and Gaode Maps, it achieved online-guided transaction volumes exceeding RMB400 million and added over 4 million new registered members.



## 2. Overseas OBM Business

By 2025, in alignment with the global breakthrough strategy, the number of countries/regions covered by Midea's overseas self-operated subsidiaries increased from 27 in 2024 to 50, effectively supporting the growth of OBM business. In 2025, OBM business revenue accounted for over 45% of overseas revenue from the smart home solutions. On the overseas supply chain front, Midea continued to deepen the localization and collaborative construction of its overseas supply chain, advancing digital transformation. It successfully rolled out the global customs clearance system in Indonesia and Thailand, and implemented local warehousing and distribution systems in Italy and Germany. It deepened ecological collaborations, forming strategic partnerships with COSCO Shipping and GLP to jointly build a green and smart supply chain delivery center in Thailand, creating a benchmark supply chain hub in Southeast Asia, and achieving intelligent, low-carbon, and efficient supply chain operations. It launched overseas efficiency optimization pilots, such as the multi-category consolidated shipping project in Malaysia, to achieve end-to-end supply chain delivery.

In 2025, Midea continued to advance its localization strategy, driving product innovation through in-depth market and user insights. In the European region, it successfully completed the acquisition of TEKA, achieving deep resource synergies in research and development, manufacturing, sales, and channels for home appliance products, and comprehensively promoting the "In Europe, for Europe" strategy across the entire value chain. Through systemic integration and leveraging TEKA's advantageous resources, it continuously promoted cross-selling of multiple brands and categories, driving double-digit high-speed revenue growth in the European region. Midea's localized innovation representative product, the Porta Split mobile air conditioner as launched in Europe in 2024, experienced explosive growth in 2025, fully reflecting precise insights into local market demands. It also launched series such as Essenza, Ispira, and Eleva. TEKA introduced the Van Gogh series of kitchen products to cater to different family structures and diverse population needs, while continuously optimizing the product mix of core categories such as refrigerators and washing machines.

In 2025, according to internal and external agency statistics, multiple home appliance categories under Midea's own brands achieved market breakthroughs in multiple overseas regional markets.

In the Asia-Pacific region, in 2025, Toshiba's white goods increased their combined retail sales market share in Japan to over 16% across six categories, i.e., refrigerators, washing machines, air conditioners, microwaves, rice cookers, and vacuum cleaners. Among them, refrigerators and microwaves achieved the top market share in Japan. The overall sales revenue grew by over 10%, with air conditioners seeing a year-on-year increase of over 30%, laying a solid foundation for the "Toshiba Japan No.1" strategy. Toshiba and Midea dual-brand refrigerators ranked first in both sales volume and revenue in Malaysia, while Toshiba brand refrigerators climbed to first and second place in sales revenue in Thailand and Vietnam, respectively. Toshiba and Midea dual-brand washing machines ranked first in both sales volume and revenue in Malaysia, with Toshiba brand washing machines jumping to second place in sales revenue in Vietnam. And Toshiba brand microwave ovens ranked first in sales revenue in both Thailand and Vietnam.

In the Americas region, through the launch of innovative products such as the One Touch Auto Fill™ automatic sensing French door refrigerator, 50/50 Flex™ three-in-one convertible freezer, AI ECOMASTER smart energy-saving solutions, fully flush-mounted drum washing and drying products, and washing and drying tower sets, Midea's product sales achieved double-digit growth. Its residential air conditioners ranked first in sales volume in South America, with overall residential air conditioners topping the sales charts in North America. Its refrigerator and washing machine products ranked second in sales revenue in Chile. The Everest series refrigerators and agitator-type fully automatic washing machines as developed and produced locally in Brazil became best-selling products due to their novel appearance and reliable performance.

In the Middle East and Africa region, Midea's large ovens and refrigerators ranked first in sales volume in Saudi Arabia, dishwashers maintained the top position in both sales volume and revenue in Saudi Arabia, and microwaves rose to second place in both sales volume and revenue in Saudi Arabia. Toshiba brand's LAVA series freestanding large ovens won market acclaim and became the market sales champion through localized design and functional innovation.

Midea's overseas own-brand e-commerce business experienced high-speed growth for two consecutive years, with a year-on-year increase of over 35% in 2025, and e-commerce revenue growth in excess of 50% in multiple countries including the UK, France, Italy, South Korea, Brazil, and Argentina. Through synergistic efforts across the product matrix, diverse and abundant growth drivers, and significant achievements in global e-commerce layout, Midea's own-brand products ranked first in market share across 32 sub-categories on Amazon's core market sites (North America, Europe, and Japan).

Midea also continued to expand its overseas smart home appliance market and enhance user experiences, strengthening the application of AIoT technology in overseas home appliances. It empowered user experiences in dimensions such as energy efficiency, services, and smart control through AI, launching the AI ECOMASTER smart energy solution and AI Diag smart service solution. In 2025, the number of overseas cumulative registered users of Midea's smart home applications exceeded 11 million, with the average monthly active user count growing by over 60% year-on-year.

Midea strengthened its overseas own-brand construction, accelerating the pace of global breakthroughs for its own brands, and promoting the parallel advancement of brands, products, and services. It deepened user reach channels in front-end markets, expanded product-based brand promotion, and strengthened brand awareness across cross-category whole-house appliances. It further deepened its collaborations with the globally renowned Manchester City Football Club (Man City) and the star player Erling Haaland. Starting from the 2026/2027 season, Midea will also become a sleeve-level main partner of Barcelona Football Club. Through sponsorships of regional leading sports organizations and events such as the Asian Football Confederation, the African Football Confederation, and the South American Football Confederation, it effectively reached hundreds of millions of global football fans and potential home appliance consumers across different market regions, continuously enhancing brand value and expanding brand influence. Through OBM special fund investments, it strengthened its own-brand influence globally across multiple dimensions, including offline terminal retail experience, professional channel expansion, social media matrix management system establishment, and whole-house appliance suite marketing. It increased online on-site and off-site content marketing, updated and upgraded 51 overseas brand official websites, and established a social media matrix comprising nearly 200 accounts, improving its multi-brand matrix and comprehensively upgrading content planning, visual presentation, and shopping experience, while establishing a marketing resource pool. At the 2025 IFA show in Germany, it further enhanced its brand awareness in the international market with higher-quality booth design and professional displays.

Midea accelerated the expansion and improvement of its overseas channel layout, mapped out channels in relevant countries, established and focused on a list of global key clients, and continuously deepened collaborations with key clients in regions such as the Americas, Asia-Pacific, Europe, the Middle East and Africa. It continuously promoted terminal outlet construction and professional channel breakthroughs, conducting comprehensive collaborations with channel clients in areas such as product placement, product upgrades, terminal construction, marketing promotion, user services, and system integration, and upgrading and improving the channel structure; and empowered front-end sales guides, providing them with more vivid and localized sales scripts that align with consumer insights and product core selling points. Leveraging digital tools, it empowered overseas terminal retail, adding over 16,000 digital terminal outlets in 2025. It utilized digital tools to drive traffic acquisition, conversion enhancement, and user retention; and promoted the application of digital business assistants, achieving over ten thousand client visits per month, and improving retail terminal productivity. It utilized new media content marketing to strengthen product-user interactions, optimizing the quality and efficiency of content placement across various touchpoints.

Midea continuously improved its global service system, comprehensively enhancing service capabilities. Adhering to a “customer-centric” approach, it systematically promoted service improvements across five key dimensions, i.e., spare parts delivery, customer communication, service network, service digitization, and service technology engineering. To support the overseas OBM priority strategy, Midea made special investments in various overseas service areas, accelerating the construction of foundational capabilities and the optimization of customer experiences. It continuously built a global four-tier supply chain system, creating a warehouse network layout close to overseas manufacturing bases to achieve global supply guarantees. It completed the construction and activation of warehouses in the Middle East and the EU region, as well as the regional warehouse at its manufacturing base in Thailand. It activated regional warehouses in Vietnam and Egypt in the second half of 2025, improving market-end spare parts supply timeliness by 20% year-on-year in 2025.

In terms of customer service, Midea built an international intelligent customer service system. Since introducing the Amazon Connect cloud-based omnichannel customer communication system in 2022, it iteratively upgraded its global call center, achieving full-process closed-loop management from user contact to service completion. Through cloud transformation, it effectively reduced operational costs and improved voice call quality, relying on Amazon cloud security tools to meet overseas data compliance requirements and safeguard end-user privacy and data security. It launched the cloud call system in 22 countries and regions, including Japan, the United States, and Brazil, and introduced overseas intelligent voice robots that combine AIGC technology to achieve voice analysis, semantic recognition, and social media integration, thus continuously building a rapid-response and proactive global service system. By establishing a unified knowledge base system, scenario-based interaction standards, and intelligent response capabilities, it promoted customer service experience optimization, with intelligent and text interactions accounting for 18%. Through the Digital 3.0 program, Midea continuously improved its overseas after-sales service system, iService, and its cloud call platform, optimizing global outlet and service engineering master



data management, and improving service precision and efficiency. In 2025, the iService overseas service system was rolled out to 22 overseas subsidiaries, further enhancing the transparency and consistency of service management and promoting standardized service processes. Midea expanded its service network layout through various models such as direct-operated service centers, exclusive service centers, and exclusive service engineers, and empowered third-party cooperative service outlets to improve their capabilities, achieving a 15% year-on-year increase in work order processing efficiency. To support new product launches, it completed the new product introduction (NPI) service preparation process and IT system function integration in 2024, aligning collaboration across value chain links. In 2025, this process was applied to 17 overseas subsidiaries and factories in China, Thailand, Vietnam, and other locations. Additionally, in overseas markets such as Vietnam, Thailand, and Indonesia, Midea also introduced a “365-day replacement” service model for small home appliances and continuously optimized the return and exchange experience, further enhancing customer satisfaction and brand trust.

### 3. Product Innovation

Midea firmly implemented its technology leadership strategy, continuously increasing R&D investment, and solidly advancing the implementation of the “Three Generations” model. Through differentiated innovation, it promoted product mix upgrades, aided domestic high-end brand breakthroughs, and supported the overseas OBM priority strategy, comprehensively enhancing its global market competitiveness.

#### (1) *Residential Air Conditioners:*

With carbon neutrality, air value, and smart homes as its core directions, Midea deeply explored disruptive and differentiated product technologies around the CHES (Comfort, Health, Efficiency, Safety, and Smart) technology system, driving product breakthroughs in overseas markets and comprehensively improving product competitiveness. For the domestic market in 2025, it created multiple differentiated products. Midea launched the omni-directional wind series air conditioners, with the cabinet model featuring the industry-first omni-directional wind technology, creating bionic forest winds to meet demands for high air volume and gentle and dead-zone-free airflow, while maintaining an indoor temperature difference of less than 1°C. It adopted super-level carving techniques, giving the full-screen



metal brushed finish a perfect integration into home environments. The wall-mounted model featured an innovative panel air outlet grille design, with an air outlet area far exceeding that of traditional air conditioners. The air outlet end adopted triple soft wind technology to achieve cooling without direct airflow, and it added a hydrophobic, antibacterial, and mold-resistant filter to meet demands for comfort and healthy environment. Midea's navigator dual-outlet residential central air conditioners introduced industry-first ultra-low-frequency continuous injection enthalpy technology, achieving 6Hz ultra-low-frequency steady-state operation,  $\pm 0.3^{\circ}\text{C}$  balanced temperature without waking up from cold, and 10H continuous cooling with single-unit operation without stopping. When operating at low frequency with a single unit, the power consumption is as low as 245W. When two units operate continuously for 8 hours, electricity savings exceed 48%. The large-displacement high-frequency control technology ensures that the main unit operates without output decline in the outdoor temperature range of  $-7^{\circ}\text{C}$  to  $48^{\circ}\text{C}$ . The dual-outlet indoor unit is the first to feature a "cold and warm dual-outlet" form, as equipped with industry-first dual-wing variable-track air control technology. In cooling mode, the dual-outlet mode takes a Y-shaped bidirectional airflow design to output cold air both upwards and downwards simultaneously; the upper-outlet mode takes an X-shaped pressurized airflow to achieve an airflow distance of up to 14m. In heating mode, the golden  $45^{\circ}$  L-shaped floor-level airflow allows hot air to be output from the lower air outlet, tripling the heating speed. Paired with air outlet grille large-opening-angle blades, it achieves a "warm feet with hot air" effect. The Premium II condensing wall-mounted boiler series, based on an ultra-thin and compact platform, incorporates "DC inverter + waste heat recovery condensing" technology to achieve ultra-first-class energy efficiency output, with energy-saving and gas-saving effects of over 20%. It features intelligent fire control for four-stage combustion along with a wide load adjustment ratio of 1:12, enabling stable operation at a minimum load of 2.4kW. It operates at first-class quietness during heating and provides a hot water output of 16L/min to meet multi-point water usage demands, as accompanied by intelligent constant temperature control. It is the first to introduce an air conditioner linkage smart scenario, achieving dual-source rapid heating and intelligent hybrid operation.

For overseas markets, Midea launched Raynor, the high-performance inverter split product for the Nordic region, which features a newly equipped high-density tube evaporator to improve indoor unit heat exchange efficiency, with a 35% increase in low-temperature heating capacity at  $-25^{\circ}\text{C}$  and a maximum heating capacity of up to 8kW. The low-slot dual-rotor high-efficiency compressor with ultra-low-temperature oil technology can achieve operation at a minimum outdoor temperature as low as  $-40^{\circ}\text{C}$ . The full-frequency band noise reduction technology can achieve a reduction of outdoor unit noise by up to 8%. The rapid thin-frost melting technology can achieve a reduction of indoor temperature fluctuations by 50%. The product has won the 2025 IFA Product Innovation Gold Award, the German Red Dot Design Award, and the iF Design Award. The North American high-efficiency inverter silent heat pump PTAC is equipped with the industry's first all-climate integrated terminal heat pump certified by Intertek, which maintains unimpaired performance output within the temperature range of  $-15^{\circ}\text{C}$  to  $46^{\circ}\text{C}$ . It introduces industry-first technologies, including a low-temperature condensate water treatment

system and a heating solution that can be directly implemented in urban high-rise buildings without the need for plumbing modifications. With AI inverter technology, it achieves 50% energy savings. It integrates fresh air ventilation and humidity control functions, featuring a high air circulation rate of 60CFM to meet the building code requirements for hotels in North America. Additionally, it employs composite soundproofing materials and automotive-grade seals, reducing noise levels to as low as 30dB.

## **(2) Washing, Drying, and Refrigerator Products**

Washing and Drying Products:

Focusing on six key technical directions of “zoned washing and care, healthy electrocatalysis, slow-release stain removal, efficient heat exchange, thorough cleaning, and intelligent sensing”, Midea has comprehensively built its core competitiveness in the global washing and care industry. For the domestic market, Midea has intensified its layout of versatile, space-saving, and large-capacity products while adhering to the main technological path of fast drying and quiet operation. It launched the industry’s first 850mm standard-height triple-tub zoned washing and drying all-in-one machine, the “Midea Triple-Tub Lovely Series”, which model perfectly matches mainstream custom cabinetry without requiring modifications for easy replacement. The triple-tub health care system features the industry’s first Midea Yuanqi Bar MINI 2.0 in the small tub, which removes bacteria, odors, and stains. All three tubs have earned the medical-grade health washing certification from CHS. The machine allows simultaneous washing and drying across all three tubs, with independent air ducts to prevent odor transfer. Its five-horizontal and six-vertical vibration damping balance system ensures vibration amplitude below 0.15mm during operation, earning it the Red Top Award and the Panshi Award in China’s home appliance industry. The Toshiba XP5 heat pump



washing and drying all-in-one machine achieves efficient washing, drying, and care through large drum diameter, high capacity, and strong airflow. It utilizes UFB dual micro-bubble PLUS technology as paired with silver ion antibacterial technology and five-level adjustable warm water to effectively remove stubborn stains. The wide-spray rinse as combined with circulating water flow enhances detergent dissolution and penetration, reducing washing time by 14% for faster, cleaner, and more reassuring results. The upgraded Fluffy Rich quick-drying technology and fully variable frequency heat pump drying maintain an average low-temperature drying of 42°C. With 7 fabric-specific care programs, it offers customized washing and care.

For overseas markets, Midea focuses on large-capacity products, new platform development, and enhancing the product structures of both Toshiba and Midea brands while continuously improving product lines. The Midea 205 tumble dryer series, as a flagship OBM model for overseas markets, seamlessly integrates into high-end home decor with its revolutionary flat-embedded design. It features the innovative POWERGUARD intelligent energy-saving system for industry-leading energy efficiency and the FABRICGUARD™ professional care system, which provides gentle drying for delicate fabrics with low-temperature technology. The Multi-Sensor Pro intelligent sensing matrix enables millisecond-level humidity monitoring and adaptive drying algorithms for precise moisture detection. The Toshiba T26 rear-control series top-loading washing machines innovatively adopt a rear-mounted control panel design and an integrated flat cabinet structure, as well as an increasing capacity to a massive 21kg washing space to precisely meet the urgent needs of Southeast Asian users for washing large items and home textiles. They are equipped with Cyclone Mix detergent pre-mixing technology and Rain Spray high-efficiency spray system, improving dissolution efficiency by 87%. The Aroma+ intelligent fragrance care system has been upgraded to an adjustable gear mode, enhancing fragrance retention by 200%. The exclusively developed Origin Color fabric color protection technology has been comprehensively upgraded, increasing color protection rate to over 90% to effectively meet the diverse washing needs of overseas markets for colorful and varied fabric types.

### Refrigerator Products:

Refrigerators continue to focus on user-centricity, emphasizing technological layouts in “intelligence, home integration, preservation, and basic performance” to build core competitiveness in smart and healthy home appliances and continuously launch differentiated leading products. For the domestic market, by addressing consumer demands for large capacity, built-in design, and health purification, Midea refrigerators developed the Xiongdun series, achieving “standard features as top-tier configurations”. These products balance “small footprint and large capacity” with “fully flat built-in design”, offering over 600L capacity while occupying the space equivalent to conventional 500L models. They feature a 600mm ultra-thin body and bottom cooling technology for seamless integration with mainstream cabinets. The entire series is equipped with PST+ intelligent purification technology, as developed in collaboration with the University of Science and Technology of China by applying the cutting-edge single-atom



catalysis technology from the catalytic field to refrigerators for healthy food preservation. By constructing a purification closed loop of “active air suction, rapid electrolysis, and thorough catalysis”, they achieve 3-minute rapid odor removal and 90-second elimination of airborne floating bacteria, setting the industry’s fastest odor removal and sterilization record. The series includes Standard, Pro, and Ultra versions to meet diverse user needs, with the sales reaching 150,000 units, ranking first among 600L refrigerator products in the industry.

For overseas markets, the new generation of products as equipped with ice-throwing technology integrates the bulky ice-making device originally occupying the refrigerator compartment into the freezer compartment, freeing up approximately 17 liters of refrigerator storage space and optimizing overall usage. Simultaneously, by streamlining the ice dispensing components on the refrigerator door, the door becomes lighter and the appearance more streamlined. The ice-throwing technology delivers ice “right to the door”, allowing users to easily retrieve ice without bending over, significantly enhancing daily usability. By making ice in and storing it in the freezer compartment, lower temperatures ensure more stable ice-making performance and offer different ice cube sizes to accommodate various usage scenarios. For the European market, the Midea Space Master series employs ultra-thin foam layers, miniaturized core components, and compact compressor compartments to maximize internal space within the same dimensions while meeting energy-saving requirements. The Eco Master ultra-energy-saving multi-door products achieve efficient refrigeration system thermal management and improve electronic control system operating efficiency through refrigeration system pressure maintenance technology and intelligent anti-condensation technology, as combined with low-power energy-saving fans and electronic control boards. Additionally, the TEKA brand has launched flat-embedded series, making a fresh debut as a kitchen artist.



**(3) Kitchen Appliances and Other Home Appliance Products**

Whole-House Water Solutions:

Targeting the domestic market for whole-house water heating scenarios, the Midea Superconducting New Energy Water Heater CD80-Z800 addresses long-standing industry pain points of insufficient hot water volume and bulky and difficult-to-install traditional storage-type electric water heaters. Through superconductive energy storage heat exchange technology, it eliminates the traditional tank entirely, constructing an efficient energy transfer channel with 18 times the heat exchange area. Its 17kW instantaneous heat exchange power is three times that of traditional water heaters, delivering an entirely new experience of “tankless flow-through instant heating” for electric water heaters. The product volume is only 60% of that of traditional 80L electric model, and its tankless structure prevents scale buildup. With technological innovation, it achieves ultra-fast charging, providing “8 minutes of energy storage for 30 minutes of bathing”. It has received the five-star industry safety certification from the China Household Electric Appliance Research Institute and the world record certificate for “the longest continuous hot water output time among new energy water heaters”. The Midea Soft and Pure Integrated Water Purifier MSO120-1000G integrates central water softening and reverse osmosis purification into a single unit, replacing multiple machines (“pre-filter + water softener + pure water purifier”) with one product. Its under-cabinet integrated installation method and 0.06m<sup>3</sup> compact design save 40% cabinet space. By using ion exchange resin to remove calcium and magnesium ions, it softens high-hardness water and protects the rear-end RO membrane filter, enabling a 10-year filter lifespan without replacement. The pure water-to-wastewater ratio exceeds 5:1, far surpassing the national first-level water efficiency standard, and meeting various household water needs for bathing, laundry, drinking, and cooking. In response to high energy costs in Europe, Midea introduced the “Dual-Engine Smart Heating” hybrid water heater, featuring the industry’s first “intelligent dual-mode hybrid heating system”. It integrates high-efficiency R290 microchannel technology, a V-shaped evaporator, and self-developed Smart AI learning algorithm, consuming only 435kWh annually and saving nearly 70% on electricity bills. Its unique lower-mounted modular design allows for easy replacement, earning it the German iF Design Award and the Red Dot Design Award.

Range Hoods and Stoves:

Targeting the domestic market and focusing on continuously enhancing kitchen environment comfort, the Midea All-time Fully Concealed Smoke-free Range Hood T9 constructs a “smoke collection zone + rapid suction zone + smooth discharge zone” golden negative pressure

triple-zone through the “reverse cavity + air curtain” technology. At an 800mm hanging height, it is the industry’s first model with a concealed switch design, achieving first-class smoke removal efficiency. Its innovative temperature-sensing linkage technology enables automatic on/off operation, while smoke-sensing intelligent control automatically adjusts air volume and pressure based on public flue resistance and smoke concentration, realizing fully automatic operation throughout cooking without manual intervention. It has set the world record for “the highest smoke removal distance to achieve first-class smoke removal in a fully concealed range hood” and won the “Panshi Award” in China’s home appliance industry. Targeting the European market, the Fully Concealed Range Hood Tbox resolves the pain points of protruding panel and uneven installation in traditional built-in products, maximizing under-cabinet space release. With an air volume of up to 800m³/h and strong suction power, it offers excellent energy efficiency performance. As the first Midea brand product to break into the European built-in cabinet channel, it represents a significant milestone.

#### Dishwashers:

Targeting the domestic market and aiming to effectively address post-meal cleaning needs, the COLMO Xinxiang Heat Pump Dishwasher employs heat pump gentle drying technology and self-developed low-temperature washing consumables. Paired with a specialized dual-rotation water curtain spray technology, it precisely controls the optimal washing and drying temperatures at 37°C and 45°C, ensuring that sensitive materials such as plastic, colored glaze, mother-and-baby silicone, and aluminum tableware do not deform, fade, or oxidize, meeting the cleaning and care needs for highly sensitive tableware. Equipped with the industry’s first heat pump fully enclosed drying system, it achieves stable and thorough drying without moisture return in all seasons. Combined with dual-mode thermal mass drying control technology, the washing and drying time is significantly reduced to 79 minutes. Featuring a flat zero-clearance door panel and the fully concealed slide rail design, it supports various installation scenarios including island counters and tall cabinets. The product has also obtained the German TÜV tableware care certification and the 2025 China High-End Home Appliances and Consumer Electronics Red Top Award. Targeting the American market, due to the high proportion of plastic tableware and the challenges such as difficulty in drying, long drying times, and susceptibility to moisture return, the Midea Dishwasher W6708F is assigned with gear-shifting forced drainage drying technology and original air duct fluid dynamics design, resolving the pain points of difficult drying and moisture return in plastic materials without the need to open the door. The drying time is compressed to 20 minutes, and the rapid washing and drying cycle takes only 60 minutes.



#### Microwave and Oven Products:

Continuously focusing on the technological strategy of “precise microwave control, freshness-locking steaming, whirlwind baking, all-around heating, AI cooking, and healthy cooking”, Midea has launched the world’s first embedded microwave, steam, and oven combination series featuring AI automatic cooking through image and voice recognition for the domestic market, specifically targeting novice cooks from Generation Z. The self-developed SmartEye intelligent cooking system overcomes the limitations of camera interference from microwave and high-temperature radiation, enabling smart cooking degree control via AI, ingredient recognition for menu matching, and fully automatic and unsupervised cooking. They have been honored as the “Xiaohongshu Annual Grass-Planting Products” and received the Korean PINUP Design Award. In response to Chinese consumers’ demands for composite and healthy cooking, Midea’s Ranka Xunwei Pro microwave, steam, oven, and air fryer all-in-one machine and Xiaozhiwei microwave, steam, and oven all-in-one machine integrate microwave, steam, and oven combination cooking with intelligent program control to achieve low-fat, low-salt, and low-sugar cooking. They apply the internationally leading 130°C superheated steam technology to retain original flavors and nutrients, significantly improving anthocyanin retention rate. By equipping a self-developed compact microwave system, the Xiaozhiwei model reduces its footprint by 30%. For overseas markets, targeting professional cooking enthusiasts, Midea pioneered the graphene kiln-baked pizza oven series as equipped with a self-developed carbon infrared graphene heating tube for 450°C high-temperature baking, becoming the world’s first pizza oven capable of cooking authentic Italian-style pizzas (which



require temperatures above 400°C). Applying an industry-first all-around fire combustion technology, it significantly enhances cooking efficiency and performance, with a substantially reduced preheating time compared to that of traditional gas pizza ovens, improving the overall cooking efficiency by 65%. The cooking results rival traditional kiln-roasting to bring annual sales up to 120,000 units, and the series has been popular in over a dozen countries worldwide.

#### Small Kitchen Appliances:

To meet diverse user cooking needs, the Midea High-Efficiency Petal PRO Rice Cooker features innovative upgrades with its high-efficiency “petal”-style multi-dimensional micro-zone IH heating and “SPA” micro-bubble multi-dimensional boiling technology, achieving simultaneous improvements in the taste, aroma, and appearance of rice. With a completely new design, it reshapes product perception and continues to solidify its leading position in the industry. The Midea Fresh Air Roasting Air Fryer pioneers fresh air technology, enhancing the crispiness and flavor of ingredients through step-wise intelligent precise temperature control while inhibiting the formation of the heat-induced factor acrylamide. The oil content is significantly reduced by over 90%, achieving a dual breakthrough of “low-fat health + ultimate taste”. It also incorporates oxygen absorption and moisture extraction technology, improving the exhaust rate of moisture from the surface of ingredients through efficient air circulation inside and outside the chamber, greatly enhancing crispiness and tenderness to meet diverse cooking needs such as roasting, baking, and frying. The frying bucket/roasting pan adopts a 0-fluorine ceramic coating material, providing full-cycle assurance for healthy cooking and convenient use.

## (II) Commercial and Industrial Solutions

### 1. Industrial Technology

Midea Industrial Technology focuses on the fields of HVAC appliances, new energy vehicles, and core components for robots. It is committed to providing customers with green, efficient, and intelligent products and technological solutions through leading-edge technology, quality, and services. Building on solid root technologies, it continuously expands its technology matrix, including thermal management technology, motor and drive control technology, friction and wear technology, and mechatronics and high-precision parts manufacturing technology, thus forming a complete industrial chain layout and a product matrix. It is also actively advancing its globalization strategy, achieving significant breakthroughs in overseas markets.



**(1) HVAC Appliance Components**

Midea Industrial Technology continues to deeply cultivate the HVAC appliance components sector, while constantly consolidating its leading position in the industry. According to the data from ChinaOL.com, in 2025, GMCC maintained its top global market share in the sales of residential air conditioner compressors, with its domestic market share of scroll compressors exceeding 10%. It also held the top global market share in the sales of residential air conditioner motors and washing machine motors, while ranking among the leaders in the global market share of refrigerator compressors.

Midea Industrial Technology has made continuous global investments to serve HVAC appliance customers worldwide and is determined to break through into key overseas markets. It has initiated the Thailand High-End Intelligent Manufacturing Base Project, which is set to commence production in 2026. It has continued to invest in its Indian manufacturing base, with the annual production capacity of air conditioner compressors exceeding 5 million units. The two variable frequency production lines at the new refrigerator compressor base in Hefei have achieved mass production, adding an annual production capacity of 8 million units. The motor factory in Brazil has officially commenced operations, with an annual production capacity of 2 million BLDC high-efficiency air conditioner motors. Additionally, it has continued to deepen its layout in chip product technology, with self-developed chip shipments exceeding 46 million units, over 80% of which are used in air conditioners, refrigerators, and washing machines.

In 2025, Midea Industrial Technology launched multiple products and solutions, winning widespread trust from global customers and high market recognition. These include GMCC's wide-frequency rotary compressors, high-reliability silent wide-range rotary compressors, R290 air conditioner compressors, KN full-aluminum fixed-speed compressors, high-efficiency two-stage variable capacity scroll compressors, M-series integrated electronic expansion valves, light commercial Ultra ultra-efficient R290 variable frequency reciprocating compressors, Welling heat pump EC fans, and modular IPM high-efficiency silent motors. Midea Industrial Technology's R&D achievements have repeatedly received industry accolades. The programs "Research and Industrialization of High-Torque-Density and Efficient Ferrite Motor Systems and Their Low-Carbon Manufacturing Key Technologies" and "Research and Application of Wide-Frequency Key Technologies for Variable Frequency Scroll Compressors Based on Efficiency Enhancement and Quality Improvement" were awarded the first and second prizes, respectively, of the 2024 China National Light Industry Federation Science and Technology Award. The program "Research and Industrialization of Key Technologies for Wide-Frequency and Full-Domain Operation Efficient and Silent Compressors" was selected as an advanced scientific and technological innovation achievement in the light industry's 14th Five-Year Plan.

In 2025, Midea applied for over 1,000 new patents, with the cumulative authorized invention patents exceeding 8,800. It had participated in the formulation of 7 national standards which were released and came into effect in 2025, and newly participated in the formulation of 10 national standards, including such national standards as "Electric Compressor Assemblies for Automotive Air Conditioners", "Test Methods for Insulation Compatibility of Electric Motors for Hermetic Refrigeration Compressors", and "Energy Efficiency Limits and Energy Efficiency Grades for Hermetic Motor-Compressors for Air Conditioners". It established the first ISO/TC86/S4C Standard Verification Joint Laboratory for the compressor industry, which will collaborate with the industry to drive breakthroughs in international standards and help Chinese technologies lead the global refrigeration transformation.

## **(2) New Energy Vehicle Components**

In the field of components for new energy vehicles, Midea Industrial Technology continued to increase its market share in electric compressors and EPS motors in 2025. Its customer base covered both emerging new energy vehicle manufacturers and traditional mainstream automakers. Its thermal management and other mainstream products secured orders from well-known automakers and commenced supply in 2025. Its first in-vehicle front-mounted refrigerator compressors, the DE14M and DE17M, were put into production and launched onto the market. It introduced the fourth-generation water pump technologies and products, featuring advantages such as compactness, lightweight design, low cost, and easy assembly. Among them, the first-of-its-kind integrated rotor structure improved performance by 62%, aiding its overseas strategic layout. It launched a two-in-one compressor, the world's first to integrate a vehicle-use round-tube thick-film heater with an 800V automotive compressor,

offering smaller size, better performance, and higher efficiency, precisely meeting the cost-reduction and weight-reduction needs of new energy vehicles, which has secured orders from multiple automakers. Its Mexican overseas base officially commenced production, with the first thermal management series products successfully rolling off the production line, providing nearshore services to American customers and further enhancing its market competitiveness.

### **(3) Robot Components**

In the field of components for robots, Midea Industrial Technology focuses on the layout of servo motors, precision transmission products (such as reducers) for industrial robots, and joint modules for humanoid robots. It deepened its cooperative relationships with key customers, further improving delivery quality and efficiency. In 2025, its servo motor shipments exceeded 70,000 units, and precision reducer shipments exceeded 30,000 units, showing significant year-on-year increase. Leveraging advantages in forward design and precision manufacturing, it achieved high precision and reliability in its products. It also won the Gaogong Robot Golden Globe Award for its breakthrough technological innovations, leading product evaluation systems, and product quality. In addition, it has achieved multiple breakthroughs through continuous increased investment in R&D for joint modules of humanoid robots.

## **2. Building Technology**

As a provider of integrated smart ecological solutions for building architecture, Midea Building Technology operates in the HVAC, elevator, building intelligence, and energy management sectors. Leveraging the iBUILDING digital platform, it connects the hardware and software equipment and systems in building architecture, providing full-stack digital and intelligent building solutions to offer customers better scenario experiences, optimal energy strategies, and more reliable space services. According to the data from ChinalOL.com, Midea's central air conditioners accounted for over 20% of the domestic market sales in 2025, maintaining the top position in the industry. Its commercial multi-split air conditioners accounted for over 28% of the domestic market sales, continuing to rank first in the industry. Midea's centrifugal chillers accounted for over 16% of the domestic market sales, ranking first in the industry, and among them, its magnetic levitation centrifugal chillers also ranked first in the industry in terms of their share of domestic market sales volume. Additionally, Midea ranked among the industry leaders in domestic market shares of air-cooled screw chillers, water-cooled screw chillers, and modular chillers. In 2025, Winone Elevator's shipments increased by over 40% year-on-year. It delivered over 10,000 freight elevators for various industrial scenarios and led the domestic freight elevator segment market for three consecutive years. As the preferred service provider for the government bond-supported old elevator renovation programs in multiple regions, Winone Elevator has entered 110 residential communities, providing over 2,000 elevator products and upgrading the travel experiences for approximately 60,000 households.





### (1) **Global Business Layout**

While pursuing in-depth development in the HVAC business, Midea Building Technology is also expanding into elevator, data center, and industrial sectors as new growth engines. For the domestic market, it focuses on business model transformation and upgrading, targeting high-potential industries, conducting vertical industry cultivation and modular scenario replication, promoting channel synergy, and building a post-market service system. It is comprehensively transforming from an equipment provider to “a whole life cycle operation and maintenance service provider for buildings”. For overseas markets, with Europe as its second home market, it aims to become a mainstream brand in the European heating market through localized production, research and sales, channel synergy, and entire value chain efficiency improvements. It continues to deepen its presence in Southeast Asia, the Middle East, Africa, and Latin America, developing localized channels and technical service systems, and continuously increasing the proportion of overseas OBM business. Midea Building Technology has established 16 product manufacturing bases and 7 innovation R&D centers worldwide, with 9 manufacturing bases and 4 R&D centers located overseas.

In 2025, Midea merged its Italian Clivet air conditioning business with the newly acquired ARBONIA Climate to form MBT Climate. As a specialist in indoor environmental systems, MBT Climate focuses on the R&D and production of related products, providing comprehensive product and system solutions for residential, commercial, and industrial buildings to drive Europe's energy transition. The MBT Climate R&D Center officially opened in Italy in July 2025, aiming to become an international R&D benchmark in the HVAC field. Equipped with cutting-edge technologies and high-standard laboratories, it is composed of a multidisciplinary team of engineers, researchers, and technical experts. It focuses on natural and eco-friendly refrigerants, intelligent energy management systems, and other cutting-edge low-carbon technologies. The laboratories can meet the extreme environment test requirements from -30°C to 60°C, ensuring product excellence and precisely responding to European market demands to provide users with customized, intelligent, and eco-friendly solutions.

The Company continues to deepen its global manufacturing layout, achieving key breakthroughs in the construction and operation of key overseas manufacturing bases, and laying a solid foundation for the implementation of the OBM strategy and the in-depth cultivation of regional markets. In 2025, relying on its localized operational capabilities, the Rayong factory in Thailand achieved rapid commencement of production, mainly providing HVAC products such as rooftop units, ducted units and gas furnaces for the North American market, with an annual production capacity of up to 600,000 units, thus further strengthening its supply chain support for the North American region. It steadily advanced the construction of a joint venture factory in Saudi Arabia, building a core fulcrum for future radiation across the entire Middle East regional market and for enhancing local market competitiveness. The project adopted a "small, simple, and lightweight" strategy for efficient progress, covering a total of 125 models of indoor and outdoor units, with production line construction already completed.

Currently, the post-market has become a core track and important growth pole for high-quality corporate development. Midea Building Technology has incorporated the post-market into its strategic layout, committed to extending from "equipment sales" to "whole life cycle value management of equipment". The post-market business covers activities such as post-sales installation, commissioning, repair, maintenance, upgrade, renovation, and repurchase. To better enhance user stickiness and connections, Midea Building Technology has set up the post-market business as a separate business segment. Guided by user needs and leveraging digital platforms and original factory professional services, Midea Building Technology provides users with eight core service contents through the digital service platform iBUILDING Service, including original factory installation, original factory maintenance, original factory spare parts, original factory extended warranty, Midea iButler, health diagnostics, renovation and upgrading, as well as training and certification. These services help ensure efficient equipment management and stable operation, creating a green, intelligent, comfortable, and reliable building ecological experience. In 2025, Midea Building Technology's revenue from post-market services exceeded RMB2 billion, achieving a doubling in growth.

**(2) Technology Research and Product Innovation**

In 2025, Midea Building Technology continued to increase its R&D investment and achieved remarkable results. In the commercial HVAC sector, focusing on the goal of “maintaining comfort while reducing energy consumption” during air conditioner operation, Midea Building Technology took the lead in applying for the program “Energy-Saving Technology and Industrialization of High-Precision Operation of Comfortable Multi-Split Air Conditioning Systems under All Operating Conditions”, which won the Special Award for Scientific and Technological Progress at the 2025 China Energy Conservation Association Innovation Award and was identified as reaching international leading levels, and whose results have been widely applied. In addition, Midea Building Technology achieved industry breakthroughs in the fields of ultra-high temperature steam heat pumps and industrial applications of air compressors by making breakthroughs in technologies such as “Key Technology for 5t/h Magnetic Levitation Centrifugal Steam Compressors” and “8.5bar Magnetic Levitation Air Compressor Technology”, with its products featuring leading advantages of stability and reliability, high efficiency and energy saving, and oil-free maintenance-free operation. In the elevator sector, LINVOL launched the new MECS2.0 control cabinet that incorporates intelligent group control technology for up to 8 elevators, achieving functional breakthroughs and industry leadership in safety, energy efficiency, electronic control, and operation.

In terms of product innovation, Midea launched the MDV9 Boundless Multi-Split Air Conditioner. Its product innovation draws on the core architecture of electric controls in new energy vehicles, achieving a maximum 310° coverage of full-series G-type heat exchangers, increasing the heat exchange area by up to 32%. The electronic control volume is reduced to 30% of that of the previous generation, while the heat flux density increases by 3.5 times. It is equipped with the industry’s highest IP68-rated electronic control protection. In terms of installation design, it features full-series openable panels and external wiring, along with an independently cooled electronic control design that allows for electronic control box replacement in just 15 minutes, greatly shortening installation and repair time. In terms of energy efficiency, the MDV9 is the first in the HVAC industry to introduce the concept of “fuel consumption per 100 kilometers”, incorporating a nationally certified first-class electricity meter and being fully equipped with a network module and an i Butler energy management platform to provide customized energy-saving strategies and energy consumption management for buildings. Moreover, its full DC architecture design allows for quick integration with photovoltaic systems, enabling photovoltaic transformation to be completed within 1 hour without the need for energy storage or equipment replacement.

The European Heat Pump Integrated Water Circuit launched by Midea Building Technology serves as a multi-scenario water circuit platform product, helping customers “save money, time, and effort”. It provides a one-stop solution from the outside in, designing the required components for installation as product modules, synthesizing a complete heating solution consisting of an outdoor unit, a water circuit integration module, and indoor terminals. The system installation cost is reduced by 40%. With a modular design approach, it incorporates the integrated primary and secondary circulation heating systems, a buffer system, an automatic water replenishment system, dual-zone temperature control, and other heating modules, saving 75% installation work and enabling single-day installation. The products and components undergo strict inspections with full warranty coverage, leading the new business model for the whole product life cycle.

Based on its self-developed magnetic levitation technology platform, Midea’s Kunyu Integrated Magnetic Levitation Centrifugal Chiller breaks through the refrigeration boundaries of industry integrated magnetic levitation water-chilling units while maintaining stability, efficiency, and intelligence. It fully adopts a mechatronic integrated design with a single head refrigeration capacity of up to 300RT, redefining the benchmark for efficient refrigeration with innovative technology. This series of chillers features oil-free efficiency, stability and reliability, wide-range operation, low noise and environmental protection, and cost savings. Applying years of accumulated aerospace aerodynamic technology, magnetic levitation bearing control technology, phase-change circulation liquid cooling heat management inverter technology, and high-efficiency permanent magnet synchronous motor technology, it achieves national first-class energy efficiency for all series of chillers. Its highly integrated mechatronic integrated architecture and heat management technology enable the products to be widely applied in various building fields such as airports, rail transit, hotels, commerce, new construction, or renovation, adapting to various harsh environments and providing customers with efficient and reliable green building solutions.

Midea’s HPC Series Centrifugal Heat Pump Chillers are designed to meet the heating demands of northern centralized heating and waste heat utilization, developing medium – and high-temperature centrifugal heat pumps with a heat source side temperature range of 10-40°C and a condenser outlet water temperature of 60-80°C. The maximum heating capacity of a single unit supports 9MW, achieving energy savings of over 75% compared to traditional heating boilers. Based on the solution of a two-stage compression cycle with flash gas injection, it uses R134a refrigerant to achieve an 80°C outlet water temperature, with a maximum temperature rise of 55°C and an extreme pressure ratio greater than 5.0, providing an economical medium – and high-temperature outlet water heat pump solution. The HPC heat pump can independently raise common heat sources to 80°C to meet heating demands. Additionally, it can serve as the downstream unit of an R1233zd(E) steam heat pump, jointly meeting the demand for steam generation from low-temperature heat sources and expanding the application range of low-temperature heat sources.



Winone Freight Elevators continue to break through weight capacity boundaries, launching the Winone 50-ton ultra-large heavy-duty freight elevator. With an extra-large 3.5×20×3.5m car, it can accommodate 30 sedans and is equipped with a ten-linkage safety gear system for progressive braking, reducing the impact force on the elevator by 30%. This series of elevators has been applied in the Nansha International Supply Chain Base Project of Guangdong Meijoy Material, serving as the Winone's largest capacity freight elevator landing application project in the world, enabling direct container loading onto floors and empowering new heights in logistics for industrial parks. The upgrade of Toshiba Elevator's machine room new platform W has been implemented to have significant performance optimization and improved cost structure, further enhancing the platform's market cost competitiveness.

### **(3) Market Channel Expansion**

In 2025, for the domestic market, Midea Building Technology continued to deeply explore industry scenarios, closely grasped the trends of industrial upgrading and green transformation, and achieved breakthrough growth in multiple industries, including chemicals and new materials, energy storage, semiconductor materials and equipment, biopharmaceuticals, vehicle manufacturing, food and beverage, airport aviation, and park warehousing. Meanwhile, it actively empowered channels and continuously expanded its ecosystem collaboration. In overseas markets, it made phased progress through quasi-localized business operations in Southeast Asia, the Middle East, Africa, and Latin America, adding more than 600 new secondary channel partners. In July 2025, Midea established a joint venture with Shaker in Saudi Arabia, actively responding to Saudi Arabia's local investment, local manufacturing, and sustainable development strategies to offer efficient and low-carbon HVAC solutions to the local market. In September 2025, Midea reached joint venture agreements with its long-term European partner Frigicoll in Spain and France to establish "Midea Frigicoll HVAC Spain" and "Midea HVAC France" to comprehensively expand its business footprint in the HVAC markets of these two countries. The joint ventures will be specialized in providing high-performance, energy-efficient, and eco-friendly HVAC solutions for residential, commercial, and industrial facilities, further driving brand growth and technological innovation.

In 2025, Midea Building Technology continued to establish benchmark projects across different industries. In an energy performance contracting and energy-saving benefit-sharing project for the air compressor station of a shipyard, 3 high-efficiency gear centrifugal air compressors from Midea were used to cover all air consumption intervals in the shipyard, meeting the air demand. An intelligent group control system and a digital operation platform for the air compressor station were built to help the station operate in an energy-saving and efficient manner. Through the energy performance contracting model, the customer's operation and maintenance risks and costs were reduced with zero initial investment.

In a large-scale ultra-high-temperature steam heat pump project at a food factory in Xiamen, by means of recovering low-grade waste heat in the production process and adopting Midea's innovative high-temperature heat pump technology, 150°C high-temperature steam was supplied, significantly reducing carbon emissions and operating costs. This marked the official operation of the first set of fully variable-frequency ultra-high-temperature steam heat pump systems with a capacity of over 4 steam tons in China's food industry, solving the problems of high costs and high energy consumption for heat in food processing plants and setting a new benchmark in the food industry.

In the efficient machine room project at the Huanghu and Bengbu factories of Konfoong Materials International, Midea Building Technology pioneered a roof-mounted prefabricated high-efficiency refrigeration machine room for the semiconductor industry. Through a deeply integrated hardware-software delivery model, it completed the delivery in just 75 days, ensuring ultra-high cleanliness and stable control of constant temperature and humidity in the precision electronics production environment, and promoting the green and intelligent upgrading of the electronic materials industry.

In the field of rail transit, Midea Building Technology won the bid for Phase I of Taiyuan Metro Line 1, providing 1,310 horsepower multi-split units and 20 water-cooled variable-frequency screw chillers, among other equipment. It also built a prefabricated group-controlled chilled water machine room for Panxiang Road Station of Shanghai Metro Line 2, achieving a refrigeration energy efficiency ratio of 6.0 and reducing the power consumption of the public area's air conditioning by 30% as compared to traditional stations, thus setting a benchmark for upgrades in rail transit environmental control systems.

In the field of elevator energy-saving renovation, Toshiba Elevator secured the Shanghai Bund Guanglu Building Project, achieving a "comprehensive functional upgrade" on the premise of "not damaging the historical style", redefining the conservation logic of century-old historical buildings.

In the European market, Midea Building Technology participated in construction projects such as the first Mercedes-Benz new concept center in the Baltic region, Phase I and Phase II of the University of Malta, the new logistics center of Italian bathroom design brand Gessi, the Arena Milano Arena, the Kirchwerder District School in Hamburg, Germany, the Fortuna School in Chur, Switzerland, the headquarters of AC Milan Football Club, etc. In the Latin American and Southeast Asian markets, Midea has also participated in projects including Dexco House chain stores, Foxconn's chip factory project, Smart Fit's Mexico project (the largest fitness chain brand in Latin America), Singapore's centralized cooling project for government housing (Tengah Town Phase II), Australia's tram project, Thailand's Big C commercial complex project, Kuala Lumpur Times Square project in Malaysia, Yadea's Vietnam factory project, and the renovation project of Davao International Airport in the Philippines.

**(4) Breakthroughs in Data Center Business**

In 2025, Midea Building Technology launched industry-leading products such as liquid cooling key components (CDU) and magnetic levitation chillers, and achieved a relatively high market share. It continued to research and develop a full-chain liquid cooling product line, aiming to become a major liquid cooling solution provider in the industry. Domestically, it maintained a collaborative research ecosystem with multiple leading Internet companies to further enhance its industry influence. It also continued to develop liquid cooling products suitable for overseas markets. Leveraging its extensive overseas sales and after-sales systems, it quickly entered the overseas data center liquid cooling market. In 2026, Midea Building Technology officially commenced the construction of a liquid cooling intelligent manufacturing base in Shunde, Foshan, further accelerating its strategic layout in the field of liquid cooling temperature control for data centers.

On the product technology front, through collaborative research and development of a new generation of CDU products with industry-leading customers, the refrigeration density was increased by nearly 50% as compared to the first-generation products, with significant improvements in reliability, availability, online maintenance, efficient heat exchange, and intelligent control, winning unanimous recognition from customers and the industry. The demands for chiller products in data centers primarily revolved around oil-free magnetic levitation, hybrid free cooling, liquid cooling adaptation upgrades, AI-driven intelligent control, and low-GWP refrigerants. Midea Building Technology has customized and developed natural cooling magnetic levitation chillers for customers, adapting to the new generation of wind-liquid co-source scenarios, improving the rated energy efficiency by 12% as compared to traditional chillers and reducing front-end power distribution investment by 10%. Simultaneously, it accelerated the layout and development of products such as air walls and dry coolers for domestic and overseas markets, with plans to launch them in 2026. In the field of cold plate technology, with a view to addressing the issue of heat dissipation limit in existing microchannel cold plate technology solutions, Midea Building Technology collaborated with the Central Research Institute to develop a new generation of two-phase cold plate technology for high-density chips, aiming to replace the current single-phase heat exchange with phase-change heat transfer of the secondary refrigerant, while actively exploring immersion cooling technologies.

On the market expansion front, Midea Building Technology participated in projects such as an AI intelligent computing center project of a leading Internet enterprise and the Guian Midea Cloud Data Center project.

**(5) Industry Honors**

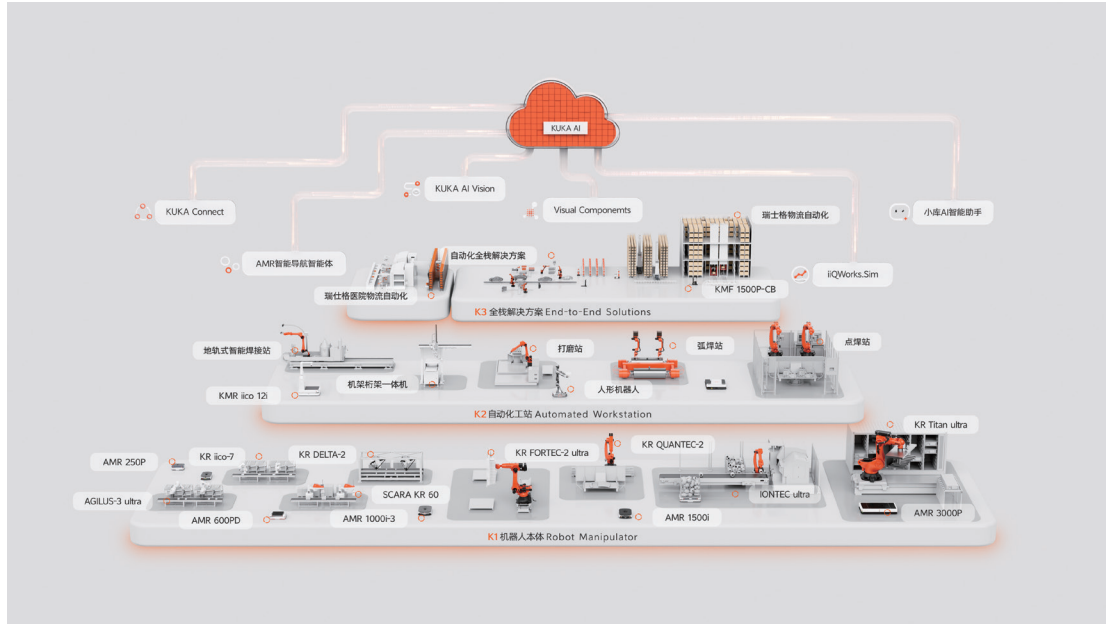
In 2025, Midea Building Technology was recognized as a National Manufacturing Single Champion Enterprise, winning 1 provincial/ministerial/industry special science and technology award and 6 first prizes. It applied for more than 1,100 domestic and foreign patents in 2025 and participated in the formulation of more than 430 standards in total, including the first thermal management national standard for the energy storage industry as led by Midea Building Technology, GB/T46443-2025 “Thermal Management for Energy Storage – Refrigeration (Heat Pump) Units for Electrochemical Energy Storage”.

On the product front, the magnetic levitation centrifugal chiller CCWG200EV(X) and the variable-frequency direct-drive centrifugal chiller CCWF1200EV from Midea Building Technology were included in the 2025 Recommended Catalog of Energy-Saving and Carbon-Reducing Technologies and Equipment in the Field of National Industrial and Information Technology. The M thermal Arctic HT series heat pump won the “French PEP Eco-Environmental Protection Standard” certification. Products such as the “Space Horizon” controller, the Heyou Hospital’s Intelligent Operation Center, the Clivet R290 EDGE PRO series heat pump, the Ridge series gateway, and the Midea magnetic levitation centrifugal chiller control screen from Midea Building Technology won the German iF Design Award. Toshiba Elevator won the “Asia’s Top 50 Building Gold Elevator Supplier” award as jointly issued by Asia Construction Media and the Organizing Committee of the Global Elevator Industry Summit, and its elevator solution for Taipei 101 was also selected as one of the “Asia’s Top 50 Building Classic Elevator Application Cases”. The Nature series heat pump won the prestigious Quiet Mark certification for its excellent performance in noise reduction technology, becoming the first heat pump product in China to receive this certification.

**3. Robotics & Automation**

KUKA, a subsidiary of Midea, is a world-renowned robotics manufacturer. Relying on its industry-leading motion algorithms, KUKA can ensure the superior motion performance of robotics products throughout their life cycle, and its mature design philosophy continuously gives rise to new products able to lead the market. In 2025, KUKA Group’s revenue resumed growth, with particularly outstanding business performance in China. During the same period, KUKA China’s revenue contribution accounted for nearly 30%.





### (1) **Product Technology**

In 2025, KUKA continued to advance in technological innovation and product development, offering new products with enhanced performance for specific market segments. As the demands for precision assembly in high-end manufacturing sectors such as consumer electronics, semiconductors, healthcare, and automotive components grew, KUKA launched the new autonomous mobile robot platform, KMP 250P, with a payload capacity of 250kg. Designed with modularity, high safety, and easy integration, the KMP 250P optimizes internal logistics and goods transportation, enhancing automation and human-robot collaboration efficiency in production environments. Its lightweight mobile robot body features a compact design for efficient and flexible movement, supports both inductive and contact-based dual-mode charging to meet continuous operation demands, and has passed the ESD certification. It can also be optionally equipped with ISO Class 5 cleanroom protection to meet operational standards in electrostatic-sensitive and cleanliness-sensitive environments like consumer electronics and semiconductors. Equipped with a 360° three-dimensional safety protection system, the robot automatically avoids personnel when they approach and precisely identifies obstacles with its front and rear 3D cameras, providing dual safeguards to ensure production safety while combining efficiency and reliability. In May 2025, KUKA's Box Picker automated pharmacy storage system, as developed by its subsidiary Swisslog Healthcare, won the Best Hospital Technology Implementation Award at the MedTech Breakthrough Awards.



**(2) AI Applications**

KUKA proactively positioned itself in the forefront of artificial intelligence (AI) and embodied intelligence technologies. Through collaborations with leading domestic and international AI technology companies, KUKA deeply integrated AI vision, force-sensing control, intelligent algorithms, and robotic systems, enabling intelligent and simplified robot debugging, programming, and maintenance. At the 25th China International Industry Fair, KUKA officially unveiled five intelligent agents: the KUKA AI Vision for AI visual intelligence, the iiQWorks for engineering software intelligence, the KUKA CONNECT IOT for equipment operation and maintenance intelligence, the XiaoKu AI Assistant, and the KUKA AMR Fleet for logistics intelligence. These agents collectively formed a full-link intelligent ecosystem spanning perception, decision-making, and execution.

**(3) Market Expansion**

In terms of market expansion, KUKA initiated a collaborative project with the modular construction leader KLEUSBERG to modernize and automate KLEUSBERG's factory in Halle. KUKA will provide a complete robot-based welding system for producing floor and ceiling frames for modular buildings. Scheduled to be operational by 2027, this system will empower modular buildings with advantages in cost, planning reliability, and construction speed. As demands in the pet food industry grew, KUKA robots were deployed on the production line of a Polish pet food manufacturer for high-speed automated palletizing, capable of processing 1,200 cans per minute with potential for further increases. The system solution integrator, an Italian company called Clevertech, which has a strong partnership with KUKA, uses KUKA robot products in over 80% of its systems, highlighting KUKA's significant position in automation solutions for this industry. KRONE, a large agricultural machinery and commercial

vehicle manufacturer, implemented KUKA handling/welding robots and autonomous mobile robots (KMP 1500P) to work collaboratively in its factory in Werlte, Germany, and its new smart factory in Ibbenbüren. This integration enabled automated material supply and finished product transportation, driving production automation and intelligent transformation. It significantly improved production and internal logistics efficiency. After securing an order from a major U.S. automaker last year, KUKA received an additional purchase of 12 friction stir welding (FSW) workstations for the automaker's electric vehicle (EV) manufacturing expansion. The FSW workstations equipped with KUKA KR FORTEC robots will be integrated into the EV production line for welding battery housings and other manufacturing processes, and will support the mixed production of internal combustion engine, hybrid, and electric vehicles on the same line.

#### **(4) KUKA China**

Market Expansion:

In 2025, KUKA China continued to lead industrial automation innovation, further solidifying its leading position in the robotics industry through product upgrades, technological innovation, and ecosystem development. On the market front, according to the MIR Databank statistics, KUKA shipped over 32,000 industrial robots in the domestic market in 2025, representing a year-on-year increase of over 30% and capturing a 9.6% market share, ranking among the top three in the industry. KUKA held a significant advantage in the heavy-duty robot segment, with a 47.4% market share for robots with a payload in excess of 300kg in China. These robots were widely applied in high-value-added scenarios such as premium automotive welding, new energy, and aerospace. Additionally, KUKA actively assisted Midea Group in enhancing its smart manufacturing capabilities. By the end of 2025, Midea had achieved a density of 670 robots per 10,000 employees and planned to further increase investment to elevate its smart manufacturing prowess.

As a leading one-stop and full-category automation solution provider in the industry, KUKA China possessed the capability to integrate full-link solutions from individual robots to complete factory “automation + digitization + intelligence” transformations. It offered customized solutions for industries such as automotive, consumer electronics, and home appliances, and had accumulated over 2,000 successful cases. KUKA China was also a pioneer in integrating AI large models with industrial robots, achieving the world's first intelligent agent-collaborated production at Midea's washing machine factory in Jingzhou. Multiple types of intelligent agents, including those for logistics, planning, and equipment management, were deployed, marking a new stage in factory intelligence transitioning from “mechanical automation” to “autonomous decision-making”.

### Product and Manufacturing Localization:

In 2025, KUKA China introduced multiple new devices and solutions with the application scenarios covering popular industries such as automotive, lithium batteries, photovoltaics, aerospace, electronics, logistics, and healthcare, enabling flexible responses to automation and intelligent upgrade demands across various fields. The KUKA iico easy-to-collaborate robot was designed for efficiency and safety, featuring a lightweight body and multi-angle installation adaptability to seamlessly integrate into complex production lines and accommodate diverse scenarios. With an IP67 protection rating, it could operate stably in harsh environments while being resistant to dust, oil, and humidity, and met ISO Class 5 cleanliness requirements.

The KUKA composite robot KMR iico 12i deeply integrated high-precision robotic arms with intelligent mobile chassis technology, breaking through traditional equipment functional boundaries. Equipped with an omnidirectional motion system, it supported complex trajectory movements such as zero-turn-radius translation and diagonal advancement while maintaining high positioning accuracy in narrow aisles, achieving true full-domain coverage capabilities for “three-dimensional space operations + two-dimensional plane movement”.

The fully upgraded KUKA KR AGILUS-3 ultra series robots saw an approximately 30% increase in A1 axis speed, further reduced their self-weight, and saved over 17% in floor space. With an increased rated payload capacity of 7kg, they offered higher precision and flexibility, thus being suitable for industries such as consumer electronics, metal processing, food, and pharmaceuticals.

The Swisslog Logistics Wonder Store four-directional shuttle featured core advantages such as fully geared maintenance-free operation, real-time dynamic correction, and six-fold safety protection. The system supported efficient multi-shuttle collaboration and extremely flexible irregular warehouse layouts, assisting enterprises in creating smarter and more flexible next-generation pallet logistics solutions.

The Swisslog Healthcare UniSmart outpatient pharmacy replenishment and dispensing integrated solution aimed to address the pain point of limited storage capacity in traditional dispensing machines, which required frequent manual replenishment by healthcare personnel. This system constructed an intelligent ecosystem that comprises an intelligent secondary drug warehouse, shelf robots, medicine box conveyor systems, and intelligent replenishment robots. It increased drug buffer capacity by tenfold, enabling a transformation from manual-driven to intelligent decision-making in pharmacies.



Furthermore, KUKA continued to advance full product localization and core component indigenization. Its new generation of heavy-duty industrial robots integrated domestically produced core components, demonstrating significant technological advantages in payload, stiffness, precision, and process control stability, and meeting demands for processes such as friction stir welding, milling, drilling, and riveting. These robots were applied in key industries including automotive manufacturing, metallurgical processing, energy equipment, and aerospace.

KUKA's industrial robot smart manufacturing factory in Shunde was successfully included in the Ministry of Industry and Information Technology's "List of 2025 5G Factories", marking official recognition of its deep integration model of "5G + Industrial Internet". With its excellence in quality management model innovation, full-link value creation, and industrial ecosystem empowerment, KUKA was honored with the Eighth Guangdong Provincial Government Quality Award. At the 2025 China International Industry Fair, KUKA robots were awarded the CR Certification Reliability L5 highest-level certificate issued by the National Robot Testing and Evaluation Center for meeting standards such as a mean time between failures (MTBF) of no less than 100,000 hours and a lifespan of no less than 60,000 hours, setting a new industry benchmark for the development of robot "reliability" technology.

#### **4. New Energy**

Facing the rapid growth of the renewable energy industry, Midea New Energy is committed to becoming an industry-leading digital energy solution provider.

##### **(1) Product Innovation**

Midea New Energy's product portfolio covers large-scale energy storage, industrial and commercial energy storage, residential energy storage, smart grids, distributed photovoltaics, etc. In 2025, its subsidiary Hiconics launched photovoltaic grid-connected inverter products in the 20KW-40KW power range and unveiled the M-Ecolux Villa Green Power Generation II product at the 2025 International Photovoltaic Power Generation and Smart Energy (Shanghai) Conference & Exhibition (2025 SNEC). This product achieved solar energy conversion through intelligent control, constructing an integrated clean energy system for power supply, heating, energy storage, and charging, and realizing green energy supply, self-sufficiency, and intelligent scheduling goals. It won the overseas version of CGC certification (sharing the same origin as TÜV certification), the German iF and Red Dot Design Awards, and the 2025 Annual Gold Medal Photovoltaic-Storage Product Award. Hiconics also introduced a new-generation residential energy storage platform system, including residential energy storage all-in-one series and residential energy storage split series (Hybrid+Pack), covering high-voltage and

low-voltage application scenarios to meet demands in multiple markets including Europe, Australia, and Asia-Africa. Additionally, it collaborated with Midea Building Technology and Residential Air Conditioners to launch a thermal-storage linkage function, enabling efficient connection with Midea's heat pump systems and water heater systems and promoting deep integration of residential energy storage systems with Midea's home appliances and family energy scenarios. In 2025, Hiconics' residential photovoltaic solution also received the Household Photovoltaic System Certificate issued by the China Quality Certification Center (CQC).

Under Midea New Energy, CLOU Electronics has formed a comprehensive product line of large-scale energy storage systems covering domestic and overseas markets, launching the AquaC2.5 AC/DC integrated series products and achieving mass production of self-developed string-type power conversion system (PCS). Based on the AquaC2.5 series products' large-scale fire testing (LSFT) conducted under the witness of the Canadian Standards Association (CSA) and achieving CSA/ASNIC-800 certification (demonstrating zero thermal runaway propagation across containers), it released a white paper on the Thermo Flux Active Ventilation and Explosion-Proof System, showcasing its safety design system for whole-station-level fire protection. Its products have obtained multiple international recognitions including UL, IEC, VDE, and TÜV Süd certifications. The photovoltaic-storage integrated cabinet Aqua-EX adopted an integrated design concept of photovoltaic-storage DC coupling, integrating photovoltaic MPPT modules, batteries, BMS, EMS, PCS, liquid cooling systems, and fire protection systems within the cabinet. It could adapt to various application scenarios. The domestic 261kWh/522kWh series and the overseas version Aqua E series industrial and commercial energy storage products also provided customers with diverse and highly adaptable selection options.

### **(2) Market Channel Expansion**

Midea New Energy continued to advance market expansion. Hiconics has successfully completed over a hundred project construction in the field of green energy solutions, with its business covering multiple sectors including engineering manufacturing, smart manufacturing, aerospace, healthcare, and traditional heavy industry. It had successfully implemented a series of cross-industry benchmark projects with an individual scale in excess of 25MW. Among them, the photovoltaic project at Shanghai Midea Global Innovation Park received the "Near-Zero Carbon Park" certification from the China Association of Building Energy Efficiency, becoming a model for green and low-carbon park construction. Meanwhile, Hiconics, in collaboration with Midea's Residential Air Conditioning Division, successfully implemented a photovoltaic project at Midea's lighthouse factory for residential air conditioners in Thailand, laying a solid foundation for large-scale overseas business expansion. The sales channels of M-Ecolux Villa covered 26 provinces and municipalities across China, establishing in-depth cooperation with over 150 industry-specific channel partners and setting up 55 offline M-Ecolux Villa stores and exhibition halls.

In the field of residential energy storage, it launched the PowerInfi all-in-one and PowerX1 split energy storage systems at Intersolar Europe, systematically showcasing Midea's technological accumulations in power electronics, heat pump control, and battery cell management. It achieved concentrated deliveries amid surging demands in the Australian market, forming a certain scale of commercial installations. In Europe, it steadily advanced product technology evaluations and scenario validations around key distributors while continuously enhancing channel trust through distributor conferences and other means.

In the field of high-voltage inverters, Hiconics successfully delivered the circulating water pumps for Units 3 and 4 at Xudaopu Nuclear Power Station in 2025, secured the high-voltage variable frequency transformation project for seawater desalination at Xudaopu Nuclear Power Station from China National Nuclear Corporation, and signed contracts for new supporting high-voltage variable frequency drive project at Fuqing Nuclear Power Station under China National Nuclear Corporation. Additionally, the HC1000 high-voltage variable frequency speed control solution as provided by Hiconics was applied to the 1,000MWh "thermal power + molten salt" energy storage project as constructed by China Energy Group Anhui Company at Suzhou Power Plant and the world's first "twin-tower single-turbine" solar thermal energy storage project.

Overseas, CLOU Electronics seized global energy transition opportunities and continuously deepened its global layout. It established regional teams in the Americas and Europe that integrate sales, support, and services, thoroughly exploring differentiated demands of local customers to drive business implementation. In the Middle East, Africa, and Asia-Pacific markets, it gradually built market awareness and channel networks by collaborating with local partners to penetrate the markets. Its overseas business expansion yielded remarkable results. It newly entered energy storage markets in countries such as Greece and Bulgaria, and successfully completed the delivery of multiple overseas energy storage projects. Its fully self-developed Aqua C2.5 containerized energy storage system achieved large-scale commercial application. In the domestic market, CLOU Electronics targeted strategic customers such as central state-owned enterprises and state-owned enterprises, promoting cooperation project implementations through strategic binding and ecosystem co-construction. During the Reporting Period, it successfully completed the delivery of multiple large-scale energy storage projects, including the "Ningxia Project" with a total capacity of 2GWh, the "Mengxi Project" featuring GW-level smart hybrid energy storage, and the "Mianyang Gangqing Project", one of Sichuan Province's first batch of new energy storage demonstration projects.

CLOU Electronics' industrial and commercial energy storage products followed a "CLOU + Midea" dual-brand strategy, leveraging Midea's in-depth empowerment in manufacturing, R&D, and channels, as combined with its own nearly 30 years of profound accumulations in the power sector, to target different customer groups with differentiated positioning and cover a broader range of market demands. Meanwhile, it innovatively introduced a "regional operator co-creation model", transforming channel partners into long-term benefit-sharing "regional energy operators" to jointly cultivate the local market. CLOU Electronics was listed on BloombergNEF's "2025 Global Energy Storage Product and System Integrator Bankability" list and the "Tier 1 Global Primary Energy Storage Manufacturer" list, and has been recognized as an "International Reputation Brand" by the United Nations Industrial Development Organization and the Shenzhen Well-known Brand Evaluation Committee.

### **(3) Manufacturing Layout**

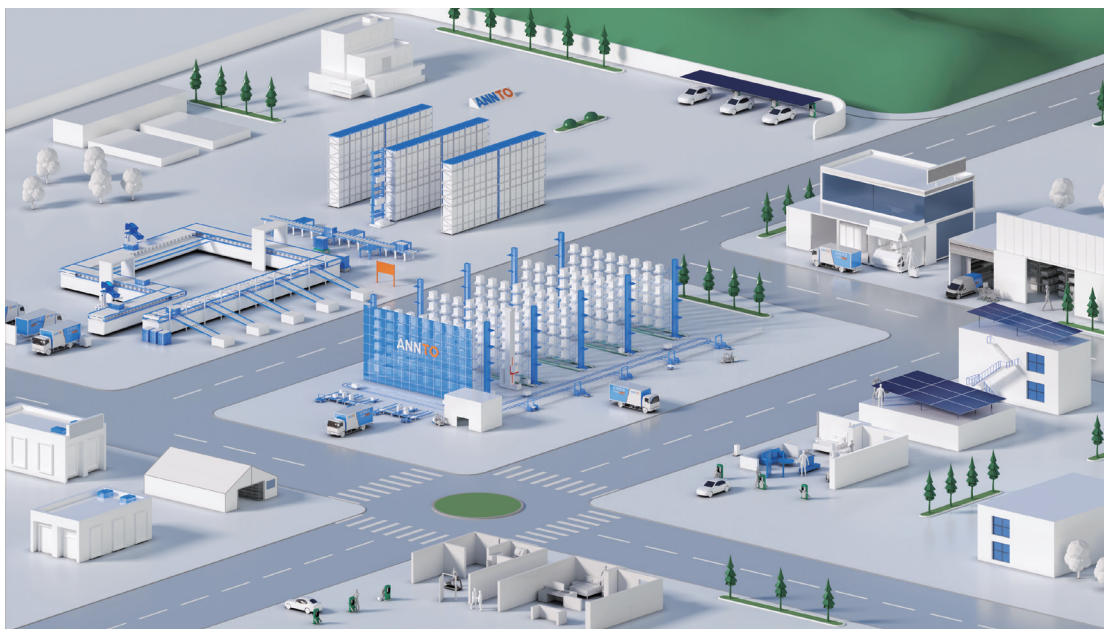
Hiconics, relying on its independent R&D capabilities, successfully developed the first low-voltage automated testing equipment for high-voltage inverters, achieving a key breakthrough in product testing automation. Through production line automation upgrades and process optimizations, it achieved mass production of such products as EPC photovoltaic inverters, 3-6KW low-voltage split machines, 15-30KW high-voltage split machines, third-generation single-three-phase integrated machines, and 100Ah DCDC battery packs, significantly improving output efficiency. By implementing lean production management and optimizing logistics layout, it significantly reduced semi-finished product delivery cycles as compared to the previous year. It added one pilot production line to specifically support rapid development and sampling needs for new R&D products. The Anqing production base officially commenced operations in June 2025 to safeguard future development. CLOU Electronics' Yichun Energy Storage Base had an annual production capacity of 12GWh. To further improve its overseas layout and enhance its competitiveness and overall risk resistance, CLOU Electronics had initiated the construction of an energy storage production base in Indonesia with an initial planned capacity of 3GWh.



## 5. Smart Logistics:

Annto Smart Logistics, a supply chain technology enterprise under Midea Group's smart logistics segment, is committed to providing end-to-end integrated and digitized supply chain logistics solutions. It deepens the "1+3" supply chain logistics service model to help enterprises enhance supply chain efficiency, reduce operational costs, and achieve supply chain transformation and business model innovation.

Annto Smart Logistics has a deep-rooted presence in the supply chain service field. Adhering to the customer-centric business philosophy, it offers customers a full supply chain service covering pre-production logistics, finished product storage, finished product distribution, and last-mile integrated delivery and installation, assisting enterprises in driving channel reform and optimizing supply chain efficiency. It insists on supporting new growth through supply chain innovation, helping customers optimize their retail transformation and expand multi-category operations. It also supports the logistics digital transformation and efficiency improvement of channel distributors and retailers, enabling them to achieve high-quality growth and sustainable development. Leveraging the industry-leading channel reform practical experience of leading customers like Midea and its



continuously improving domestic intelligent supply chain warehouse network system, Annto Smart Logistics provides customized solutions for these enterprises in various industries, including home appliances, home furnishings, 3C electronics, general fast-moving consumer goods, automotive & automotive parts, and new energy, driving supply chain reforms across industries.

In the digital field, Annto Smart Logistics continuously increases its digital investment, effectively supporting the efficient implementation of the “1+3” supply chain logistics service model. Its digital platform has served thousands of enterprise customers. Through scientific warehouse network planning and product layout optimization, it helps customers reduce logistics costs, accelerate inventory turnover, and streamline full-channel inventory. AI technology is deeply integrated into the entire chain, including order management, warehousing operations, transportation scheduling, and integrated delivery and installation, significantly enhancing the accuracy of customer demand forecasting and replenishment. It provides customized solutions for a diverse range of customers across industries and scenarios, empowering their digital transformation and upgrading.

In the field of production logistics, Annto Smart Logistics adheres to the strategic pillars of “product leadership, digital drive, and full-scenario operations”. On the product front, it continuously accumulates experience in nine core application scenarios, including vendor-managed inventory (VMI), in-production logistics, intelligent equipment, milk runs, consolidation warehouses, intermediate product central distribution centers (CDCs), lean manufacturing, digital management, and industrial park planning. On the digital application front, through the optimization and upgrading of digital systems such as PLS, TMS, WMS, and CMP, it continuously supports business growth, cost reduction, and efficiency improvement. On the operation front, it creates an integrated “transportation + packaging + warehousing and distribution” scenario with full-scenario digital operations, achieving integrated transportation and packaging as well as unmanned delivery. Overseas, it has conducted business operations in Thailand, Vietnam, Indonesia, and Egypt, assisting Chinese manufacturing in going global.

In the field of trunk line, Annto Smart Logistics focuses on the route-based operation model, taking the national trunk/less-than-truckload network as established by Midea’s business as a strategic carrier. It efficiently aggregates full-domain freight traffic, refines the ability to optimize route cost structure, promotes comprehensive online and SaaS-based operations, and achieves a digital closed-loop management of the operation system. It prioritizes optimizing vehicle operational efficiency, achieving efficient and precise allocation of transportation capacity supply structures based on in-depth insights into route scenarios and integrating market signals with institutional constraints.

In the warehousing field, Annto Smart Logistics aims for warehouse network optimization, lean management, and intelligent upgrading, comprehensively promoting the digital and efficient transformation of the warehousing operation system. By implementing key initiatives such as the

integration of online and offline inventory, B/C integrated distribution, full-link construction of reverse logistics, and refined inventory management, and relying on a full-scenario online platform and a lean operation system, it improves warehousing operation efficiency, service quality, and cost control levels. In terms of technological empowerment, it actively introduces AI tools, intelligent vertical storage equipment, and AGV sorting robots, effectively promoting the automation and intelligence of warehousing operations. Simultaneously, it continuously promotes the online collaboration of production, business, and management processes and the application of IoT smart parks, while building a unified digital service platform to achieve digital operation coverage from base warehouses to regional warehouses and providing customers with full-scenario and full-link warehousing operation solutions.

In the field of city distribution, Annto Smart Logistics promotes operational reforms around “warehouse network planning, traffic integration, route operation, and transportation capacity transformation”, enhancing digital operation capabilities and direct control and distribution capabilities, with full visibility throughout order fulfillment. It comprehensively applies algorithm-based automatic vehicle scheduling, achieving unmanned vehicle scheduling and automatic order allocation, thereby improving loading rates, optimizing delivery routes, and reducing costs.

In the field of last-mile services, Annto Smart Logistics upgrades the “Annto Home Delivery” delivery and installation service product platform, in addition to building an enterprise-version customer after-sales workbench for small business customers that supports online registration, self-ordering, bulk ordering, and wallet recharging, improving customer order management efficiency. The official website of Annto Home Delivery supports real-time order progress query and one-click order reminder. It has also launched a digital management platform tool suitable for new energy charging pile services. It strengthens its “ToC integrated delivery and installation” capabilities, supporting enterprises in connecting with users. Based on terminal capability building, it promotes an operator model and a directly managed engineer model, achieving delivery and installation service upgrades through a ToC direct distribution and direct management mechanism for vehicles/drivers. It deeply applies AI technology throughout the service link, using an AI intelligent appointment system to automatically match and lock the optimal home visit time after order receipt. Relying on an algorithm-based dispatching engine, it precisely schedules delivering and installing engineers. During fulfillment, it applies intelligent route planning tools to dynamically optimize engineer itineraries to ensure efficient service delivery. As of June 2025, in the installation completion phase, Annto Smart Logistics introduced AI tools for precise acceptance. In the after-sales phase, it deploys an AI intelligent customer service system for 24/7 efficient responses. It has more than 3,500 domestic cooperative outlets and a delivery and installation service team with over 70,000 members. It has launched a pilot program for the “direct management, direct dispatch, and direct payment” model for engineers, providing cost-effective and efficient solutions such as “integrated delivery and installation” for home appliances, “three warranties or five warranties” for home furnishings, “survey and installation” for new energy products, and “maintenance and repairs” for various product categories.

### III. CORE COMPETITIVENESS ANALYSIS

#### (I) A leading global technology company in smart home and commercial and industrial solutions

As a leading global technology company in smart home and commercial and industrial solutions, Midea provides services to customers in over 200 countries and regions, and leads the way in various markets, including various household appliances and their key components, commercial air conditioners, robotics and automation. In 2025, Midea Group's revenue reached RMB458.5 billion, marking its tenth consecutive year on the Fortune Global 500 list, demonstrating its global leadership and outstanding performance. Midea persists in consolidating its market leadership in the global home appliance industry. According to Euromonitor statistics, based on global smart home appliance sales of the brands (self-owned brand manufacturers) in 2025, Midea ranked first in global smart home appliance sales, with over 140 million smart home appliances connected globally and more than 150 million smart users connected. Currently, Midea has an extensive brand matrix targeting high-end, mass-market, and young consumer segments, and provides various smart home appliance products. In 2025, Midea Group continued to advance and implement its "Number One Engine" strategy in the domestic market. The home appliance sales of Midea-branded products on major domestic online platforms, including JD.com, Tmall, Douyin, and Pinduoduo, continued to rank first in the industry. Similarly, the home appliance sales of Midea-branded products in major domestic offline channels, such as key accounts (KA), distributors, and penetration into lower-tier markets, also topped the industry rankings. Meanwhile, Midea is also a sizable commercial and industrial solution provider, achieving market leadership in multiple sectors. According to the data from ChinalOL.com, in 2025, Midea maintained its position as the global market leader in terms of sales volume share for residential air conditioner compressors, residential air conditioner motors, and washing machine motors. It also ranked among the top in the global market for refrigerator compressors. According to the data from ChinalOL.com, Midea's central air conditioners accounted for over 20% of the domestic market sales in 2025, maintaining the top position in the industry. Its commercial multi-split air conditioners accounted for over 28% of the domestic market sales, continuing to rank first in the industry. Its centrifugal chillers accounted for over 16% of the domestic market sales, ranking first in the industry. Midea ranked among the industry leaders in domestic market shares of air-cooled screw chillers, water-cooled screw chillers, and modular chillers. Furthermore, Winone Elevator, leveraging its leading professional technological prowess and brand reputation, has led the domestic freight elevator segment market for three consecutive years. KUKA Group, a subsidiary of Midea, is one of the Top 4 industrial robot companies globally. According to the MIR Databank statistics, in 2025, KUKA's domestic market sales volume share of industrial robots steadily increased to 9.6%, firmly securing its position among the top three in the industry. Moreover, KUKA holds a significant advantage in the heavy-duty robot sector, with its domestic market sales volume share of robots with a payload capacity of over 300kg reaching a remarkable 47.4%.



## (II) A comprehensive and continuously deepening global network

In the domestic market, with its continuous efforts over the years, Midea has formed a multi-channel network which has a complete business layout and covers a wide range of areas, thus meeting the purchase needs of online and offline consumers for household appliances. Midea continues to improve its offline business layout around user needs, and has created a network layout of comprehensive household appliance stores, specialty stores of self-owned products, traditional retailers and e-commerce franchise stores, covering the entire market from first-tier cities to townships. It also provides professional scenario-based solutions for corporate customers. Particularly, Midea boasts a unique exclusive shop system in the industry with tens of thousands of outlets, where various needs of users from new decoration to updates can be met in pre-decoration stores, flagship stores, professional stores, combo stores and other stores. Midea continuously provides industry-leading digital platform services to retail stores. It also focuses on expanding and constructing premium brand stores for COLMO and Toshiba. Centred around “smart suite operation” and “entire-house renovation solutions”, Midea actively cooperates with home decoration, furniture, building materials, and design channels, seeking to capture front-end traffic. With exclusive stores as the core, the Group builds a “Midea Cloud Sales +” ecosystem covering markets at all tiers, establishes an exclusive store system with core competitiveness for various markets, as well as firmly promotes and transforms the exclusive store service, operation, and all-product-category retailing capabilities, among others. In addition, Midea is also accelerating the development of new channels such as Pinduoduo, Douyin, Kuaishou, and Xiaohongshu. These efforts, together with membership operation, product suite promotion and intelligent transformation, can drive sales and user growth. By the end of 2025, the number of domestic registered users of the Midea Home APP had surpassed 88 million, with monthly active users exceeding 21 million.

In overseas markets, Midea has put in place a global network for research and development, manufacturing, and marketing, representing the capability for global development. With 29 overseas research and development centres in 11 countries, Midea integrates global R&D resources to build complementary advantages in global technological research and development. Among the 65 major production bases globally, 43 are located overseas. As such, Midea is able to realise global production and delivery, seizing growth opportunities in overseas markets. Overseas sales contribute to over 40% of Midea’s total sales, with products exported to over 200 countries and regions worldwide. In many overseas markets, online and offline sales networks have been established, with approximately 5,500 after-sales service outlets. Continuously deepening the application of digital sales platforms in overseas markets, over 25,000 retailers have joined Midea’s overseas sales platform. By the end of 2025, Midea has over 40,000 overseas employees. Midea also continuously deepens and expands its global business network through strategic acquisitions and joint ventures. The rapid growth of Midea’s overseas original brand manufacture (OBM) business is evident, with OBM revenue reaching over 45% of overseas revenue of smart home in 2025. Mainly featuring Toshiba, Midea, and Comfee brands, OBM products have demonstrated strong competitiveness in numerous overseas markets. By the end of 2025, the cumulative number of overseas registered users for Midea’s smart home applications had exceeded 11 million, with the average monthly active user count surging by over 60% year-on-year.

### **(III) Sustained growth in the business of commercial and industrial solutions**

Midea has established a rapidly growing business of commercial and industrial solutions. Revenue from this business as a percentage of total revenue has increased from 18.5% in 2020 to 26.8% in 2025, with revenue from the said business exceeding RMB100 billion in 2024. Commercial and industrial solutions have become one of the main engines driving the continuous growth in Midea's business.

Midea possesses diversified commercial and industrial solutions, providing integrated solutions to clients across multiple industries. In horizontal expansion, it consistently enriches product categories, expands scale, and enhances efficiency advantages. In vertical expansion, it continuously develops and iterates compressors, motors, and other key industrial components, and enters cutting-edge technology fields through acquisitions, such as industrial robots and green energy. Through both horizontal and vertical expansions, Midea creates industrial synergies, laying a solid foundation and injecting strong momentum for the sustained growth of its business of commercial and industrial solutions.

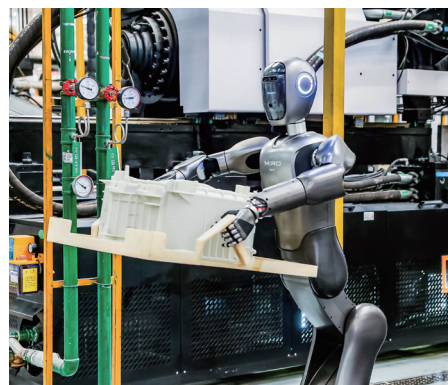
Robotics Industry:

In the field of robotics, Midea's development strategy continues to revolve around the following three dimensions: Firstly, the intelligentization of industrial robots, achieved through the deep integration of AI and robotics technologies, expanding into new scenarios and applications such as vision-pose fusion perception, data-driven skill learning, and industrial AI agents. Secondly, the robotization of home appliances, which primarily involves integrating core technological elements from the AI and robotics fields into home appliances to realize scene intelligence, spatial intelligence, and proactive intelligence in areas such as "vertical domain models + edge intelligence", "proactive perception + intelligent interaction", and "robotic mechanism innovation". Thirdly, the value realization of humanoid robots, which focuses on R&D layout in core technologies of humanoid robots and matches different forms of humanoid robots with application scenarios, exploring feasible and scalable applications in industrial, commercial, and domestic settings.

Regarding humanoid robot technology, Midea's Humanoid Robot Innovation Center primarily researches three areas, i.e., the research, development, and application of core robot components; the robotization of home appliances, which involves integrating robotics and AI technologies into home appliances, such as visual recognition, robotic arm utilization, and human-machine interaction technologies; and the development of complete robotic systems, which involves delving into application scenarios and actively deploying core technologies. Following a development plan that spans "industrial scenarios – commercial scenarios – domestic scenarios", Midea's humanoid robots "MIRO" and "MIRA" have emerged. The former is designed for industrial scenarios, while the latter focuses on commercial and domestic scenarios. By 2025, Midea has developed three generations comprising five models of humanoid robot products. For industrial applications, MIRO has been deployed at Midea's washing machine factory in Jingzhou, performing tasks such as 3D quality inspection, equipment patrol inspection, and sheet metal feeding under the coordination of the "factory brain", and collaborating with other embodied intelligent terminals to construct Midea's first globally multi-scenario-covered intelligent agent factory. For commercial applications, MIRA can perform a series of actions, such as retrieving items from a

refrigerator, heating food with a microwave, and brewing coffee with a coffee machine. It is expected to make its official debut at Midea's offline stores in 2026, providing services such as guided tours and home appliance operation demonstrations. Additionally, Midea's high-performance bipedal full-humanoid robot "MIRA X" possesses all-terrain high-dynamic motion capabilities, enabling it to climb slopes, ascend and descend stairs, run, and dance. It can also learn motion skills from videos in as little as two hours.

In December 2025, Midea unveiled its ultra-humanoid robot "MIRO U". As the third-generation flagship product in Midea's humanoid robot family, MIRO U features 3 motion degrees of freedom in its waist module, enabling stable lifting and 360-degree in-place rotation). Its six bionic humanoid robotic arms are each equipped with 6 high-precision drive joints, and the end effectors support rapid switching between various modules such as dexterous hands and vacuum suction cups, forming a multi-dimensional collaborative operation system. Its core value lies in transcending morphological imitation to achieve a leap in operational efficiency in industrial scenarios. After evaluation and calculation, MIRO U can enhance the efficiency of production line changeovers by 30% and reduce equipment space occupation by 40%. Currently, MIRO U is undergoing pilot applications at Midea's Wuxi Double High-End Washing Machine Factory.



#### New Energy Industry:

In June 2025, during the 2025 International Photovoltaic Power Generation and Smart Energy Conference & Exhibition (2025 SNEC) in Shanghai, Midea's energy-related businesses were showcased under the unified brand image of "Midea Energy" for the first time. Simultaneously, Midea Energy unveiled its "Energy Storage + Heat Pump + AI" three-dimensional driving strategy and introduced its next-generation container-level direct-cooling energy storage platform, next-generation heat pump technologies, and next-generation AI energy management system. Currently, Midea Energy has achieved competitive implementation by covering the entire energy industry chain while leveraging Midea's differentiated advantages. Through brands such as Midea, Hiconics, CLOU Electronics, and KUKA, it can provide home energy solutions, industrial and commercial energy solutions, green building energy solutions, large-scale ground energy storage solutions, and smart manufacturing solutions for five major energy scenarios.

#### (IV) World-leading research and development capabilities for sustainable innovation

Midea possesses leading research and development capabilities and is committed to allocating significant resources to R&D efforts. From 2023 to 2025, the total R&D investment exceeded RMB48.0 billion, with R&D spending surpassing RMB17.8 billion in 2025 alone, representing a year-on-year increase of 9.6%. By the end of 2025, Midea has over 23,000 R&D personnel worldwide, accounting for over 50% of its non-production staff. Over the next three years, Midea plans to invest over RMB60 billion, focusing on research in cutting-edge fields such as new energy, embodied intelligence, healthcare, and artificial intelligence, aiming to seize strategic initiatives in future industrial development through technological leadership. In 2025, Midea ranked fourth globally and first among Chinese private enterprises in terms of its patent family count on the “2025 Global 250: The World’s Largest Active Patent Holders” list as published by the U.S. Commercial Patent Database (IFI Claims).

##### 1. R&D System

Midea continuously improves its R&D system, constructing a collaborative architecture as centered around its Central Research Institute and R&D units and teams across various business divisions. By conducting in-depth research on technologies, user needs, and market trends, Midea has formed a “Three Generations” R&D model, i.e., the Central Research Institute focuses on frontier, foundational, and generic technologies, while business divisions concentrate on product technology development, jointly building globally leading R&D capabilities and achieving efficient synergy and organic operation of a “four-level R&D system”. Midea accelerates its global R&D layout, establishing 41 R&D centers across 12 countries and forming a “2+4+N” global R&D network to create scaled R&D advantages. Domestically, it takes the Global Innovation Center in Shunde and the Global Innovation Park in Shanghai as its core hubs. Overseas, it prioritizes R&D centers in the United States, Europe, Japan, and Italy. Through the CPI (Cost Plus Incentive) model, it promotes localized user research, product support, and technological innovation, fully leveraging regional technological advantages and integrating global R&D resources to build complementary global technology R&D capabilities. By the end of 2025, Midea has accumulated 16 national-level science and technology innovation platforms, including key national laboratories, national AI open innovation platforms, national cross-industry integration platforms, national enterprise technology centers, national industrial design centers, national talent introduction and intelligence demonstration bases, and postdoctoral research stations. It also has 85 provincial and ministerial-level science and technology innovation platforms, including provincial and ministerial enterprise technology centers, innovation centers, engineering technology research centers, industrial design centers or key laboratories, and doctoral workstations. Furthermore, guided by its technology leadership strategy, Midea enhances the density and quality of its talent pool. Leveraging the local advantages of its overseas R&D centers, it attracts top leading talents and high-end professionals in various technical fields, building a global talent hub to provide strong support for technological innovation and industrial development.

##### 2. R&D Achievements

Midea continues to increase its R&D investment, optimize the “Three Generations” R&D model, improve the operational mechanism of the research organization’s TP3 elements, guide reasonable



project and resource allocation for technology pre-research, frontier technology exploration, core technology breakthroughs, and technology project transformation, promote deep integration of technology strategy with medium – to long-term product planning, and achieve dual drive by technology and products to facilitate high-quality industrial development. In 2025, Midea added 27 provincial and ministerial first prizes in science and technology and 47 internationally leading achievement appraisals, bringing its cumulative total to 4 national science and technology awards, 527 provincial and ministerial science and technology awards, and over 450 internationally leading/advanced achievement appraisals. In terms of industrial design, Midea continuously promotes product design upgrades and builds a brand family matrix. In 2025, it received 115 industrial design honors, including 47 Red Dot Design Awards from Germany, 35 iF Design Awards from Germany, 30 IDEA Design Awards from the USA, and 3 GOOD DESIGN Awards from Japan. To strongly support its strategic goal of “technology leadership”, Midea further advances its “3+1” standardization strategy of “innovation patentization, patent standardization, standard internationalization, and Midea standards going global”. By establishing a two-tier standardization management system at both the group and business division levels, and implementing a dual-drive model of “standard innovation + product innovation”, Midea converts innovative achievements into advanced standards, comprehensively enhancing its technological influence and international competitiveness. In 2025, Midea newly participated in the formulation or revision of 188 technical standards, including 4 international standards, 105 national standards, 14 industry standards, and 65 group and local standards, bringing its cumulative total to over 2,300 technical standards as participated in or revised. It also won 1 International Electrotechnical Commission (IEC) 1906 Award and 18 awards from national standardization technical committees. Midea continuously optimizes its innovation achievement transformation and patent protection layout. In 2025, it added over 13,000 globally authorized patents, including over 2,000 overseas authorized patents. By the end of 2025, its global patent applications exceeded 165,000, with over 36,000 invention patents as authorized and maintained. It persistently enhances patent quality, winning over 135 awards in previous Chinese patent award evaluations, including 6 gold awards and 14 silver awards.

### 3. External Cooperation

Midea focuses on technological innovation, user innovation, design innovation, product innovation, and open innovation system construction. It continuously strengthens the construction of its advanced research system and lays out medium – to long-term technological reserves to lay a solid foundation for maintaining long-term leading advantages in product technology. While strengthening its global R&D layout, Midea actively builds an open innovation ecosystem platform. By deepening the implementation of technology projects, it integrates superior global technological resources and constructs a global innovation system. Midea integrates resources from large enterprises, technology companies, universities, research institutes, and innovation consulting agencies to continuously expand its R&D technology ecosystem network and connect with a vast amount of technological innovation resources. Concurrently, Midea has established a scientist system, set up 8 academician workstations (offices), and introduced 19 strategically cooperating academicians to drive over 200 collaborative projects covering technological domains such as green technology, energy efficiency, health, intelligence, robotics, and automation.

**(V) Digitisation & intelligence driven support for excellent operation across the enterprise's entire value chain**

Midea has fully embraced digital and intelligent technologies under its “digitisation & intelligence driven” strategy. With AI as its core strategic direction, Midea has built a team of over 400 AI professionals, focusing on four core scenarios, i.e., smart home, smart manufacturing, smart office, and industry empowerment, to create a “Home Brain” and a “Factory Brain”, thereby reshaping the industrial ecosystem, achieving entire value chain data operations and platform-based operations, and enhancing enterprise competitiveness in the digital era. The Group continues to increase its investment to drive digital transformation and upgrading, with a specific allocation of over RMB3.0 billion towards digitalization and AI in 2025 alone.

In the domestic sales sector, Midea continues to promote “DTC Digital Model Innovation”, “Online-Offline Integration”, “Worry-Free Retail 3.0”, and “Integrated Warehouse Network for Unified Inventory”. Through the “Midea Cloud Sales APP”, it directly reaches retailers, replacing traditional distribution systems and enabling “no in-person meeting” transactions on mobile devices, with a 100% online achievement rate for logistics services. It integrates channel inventories to implement the “unified inventory” sharing mechanism, achieving a spot fulfillment rate of over 93%, a 10% improvement in inventory turnover, a 14% reduction in inventory obsolescence, and an average shortening of 13 days in central warehouse inventory cycles. It deepens the advancement of the OMO multi-platform traffic project, with over 20,000 stores connected to various online traffic platforms such as Meituan, Gaode, Douyin, and Xiaohongshu. It aligns online and offline systems, implementing the policy of “same price, same promotion, and same service” across channels. Then, users can schedule installations at over 5,000 outlets nationwide within two hours after placing orders online, achieving a seamless consumption experience. Based on AIGC, it comprehensively upgrades customer service intelligence levels, with customer service robots covering 95% of the businesses and product categories, providing 24/7 services to users, improving user problem resolution rate and satisfaction. The customer service workstation achieves intelligent assistance in user intent recognition, scenario-based order recording, service summaries, knowledge push, and service decision-making, resulting in a 20% improvement in service efficiency. By empowering DTC user operations through Data Agent, it reaches over 2 billion user interactions, enabling store user recommendations and private domain operations. By labeling over 15 million user voices with AI, it improves the closed-loop efficiency by 72%.

In the overseas sales sector, focusing on improving global business efficiency and digital transformation, Midea continues to advance the “Digitalization 3.0” program. Through end-to-end panoramic analysis of the value chain, it focuses on enhancing the digital capabilities of the entire overseas business value chain and actively embraces AI technology applications, extending its advanced domestic digital experience overseas to support its global breakthrough strategy. Through the Midea Club system, it assists in breaking through global professional channels and builds localized overseas service system capabilities, with over 80,000 overseas installers. It integrates and allocates installation resources, establishing an installer certification training and examination system in collaboration with overseas universities and industry associations, which system has been launched in 17 countries, covering markets in the Americas, Europe, Asia, and Africa, with over 1 million orders recorded. It improves installer

order recording and audit efficiency by 85% and 62%, respectively, through AI technology, significantly reducing installation fault rates. It empowers the iService after-sales service platform with AI technology, connecting the service value chain and covering over 20 branches and more than 5,000 service providers globally. It completes cloud deployments in multiple regions, supporting multi-language, multi-currency, and multi-business scenarios. It deeply integrates AI intelligent customer service and knowledge bases to create a full-process digital closed-loop from repair reporting, work order assignment and spare parts management to service tracking and follow-up, continuously improving service efficiency and response speed. Additionally, it successfully builds an overseas smart warehouse and distribution system, fully empowering end-to-end logistics management for overseas businesses, strengthening customs compliance management, implementing refined logistics cost control, and innovatively introducing intelligent loading algorithms and AIGC automation technologies to achieve intelligent upgrades across the entire logistics process. The system has been implemented in multiple regions globally, achieving a 95% visual rate for the entire logistics operation, a 5% increase in cargo volume, and a 30% improvement in warehousing operation efficiency, thus effectively reducing logistics costs. By empowering overseas businesses with Data Agent, it supports operations through AI data queries and interpretations, driving user growth. Through piloting AI warehouse network site selection in the Middle East and Africa, it achieves a 25% improvement in delivery timeliness.

In the R&D sector, centered around the strategic pillars of “Technology Leadership” and “Global Breakthroughs”, Midea continues to advance the implementation and deepening of the “Three Generations” R&D system. On the planning front, it builds ToC desktop research report Agent and ToB competitive analysis Agent to boost efficiency by 70%, and establishes a data decision-making platform in the R&D sector to quickly locate shortcomings, abnormal changes, and diagnostic attributions through AI analysis. By promoting the technology shelf model, it assists in transforming technology achievements into products, supporting the “Research Generation”. Through user-centric product model reforms, it builds module parameterization capabilities of global platform, quickly meeting differentiated market needs through a selection and configuration model, improving platform efficiency, streamlining SKUs, and supporting the “Reserve Generation”. Focusing on improving design process quality and flow efficiency, it improves toolchain construction, enhances development efficiency through automation and intelligence, and shortens development cycles, supporting the “Development Generation”. The overall on-time initiation rate of the “Three Generations” system exceeds 93%, with a climbing rate of key programs exceeding 96%. In terms of overseas capability building, it builds a full-flow system of “demand-planning-development-sales” for overseas OBM products, continuously optimizing product efficiency and digital operation mechanisms, supporting a 30% improvement in the integration efficiency of the entire OBM flow and a 20% improvement in product development efficiency for the Toshiba brand, strengthening overseas market response capabilities. It deeply empowers key areas such as AI-TRIZ, AI translation, AI user research, AI Q&A, and AI design with AIGC technology. It improves the construction of an ESG product carbon accounting platform to meet the ESG requirements for “accounting-certification-emission reduction”, achieving automatic acquisition of product carbon footprint data and online calculation of renewable utilization rates, and supporting an over 30% improvement in carbon accounting efficiency. In terms of value chain collaboration, it strengthens business data collaboration among R&D, marketing, quality, and manufacturing through IPDP product parameter promotion, transparent testing progress, and online introduction of new product processes.

In the manufacturing sector, leveraging digital technologies, Midea is committed to building high-quality, flexible, green, and efficient production factories. Eight of its factories have been recognized as “lighthouse factories” by the World Economic Forum, significantly improving factory production efficiency. Meanwhile, it rapidly promotes the experience of lighthouse factories across multiple global production bases. Midea’s smart manufacturing capabilities, as combined with an efficient supply chain, enable it to quickly respond to customer demands, while aligning production with customer demands, improving production efficiency, and reducing inventories. Through the overseas digitalization 3.0 program, it further “goes outward”, advancing its global digital layout and continuously improving overseas manufacturing and delivery capabilities. Based on investment layout and capacity planning, it selects appropriate digital packages and carries out consistent construction in these new overseas factories in Saudi Arabia, Thailand, Egypt, Brazil, and Mexico, launching 9 new factories online and upgrading 7 old factories. It also builds its first overseas lighthouse factory in Europe through the Italian Clivet program, combining specific scenarios and product capabilities of European ToB businesses to create a European digital manufacturing template. Domestically, it focuses on building a new dual high-end factory in Wuxi, innovating a front-store-back-factory model and a four-warehouse-one-chain pulling model, and constructing Smart Agent Native Factory 1.0. It adds/iterates 12 black-light factory workshops. On the quality front, it focuses on connecting manufacturing processes and market information, optimizing the supplier quality evaluation system as a whole, assisting in promoting quality improvements, and establishing an ESG digital platform to achieve online disclosure indicators and filling tasks. It continuously empowers through AI innovation applications, promoting the implementation of Factory Agent, taking the WRCA-certified smart agent factory as a benchmark to continuously expand the scenario coverage of 14 core smart agents across supply chain, production management, quality, and processes, incorporating more embodied intelligent terminals such as humanoid robots and AI glasses, completing traditional manual hour-level tasks with second-level responses, continuously promoting the iterative evolution of the factory brain and quickly replicating it to other manufacturing bases, thus saving 1.85 million work hours in the manufacturing sector throughout the year. On the supply chain front, it achieves online visualization of core indicators for 20 overseas factories and full-link visualization of KD supply for 18 overseas factories, realizing KD completeness risk warnings through AI and assisting in a 20% reduction in the KD cycle.

In the ToB business sector, Midea continuously improves end-to-end efficiency of the global value chain. In the building technology sector, it achieves a 75% improvement in custom quotation efficiency for overseas businesses and shortens delivery fulfillment cycle by 20%. In the industrial technology and new energy sector, through direct system connections with core customers, it improves sales forecast accuracy to over 90%. It accelerates ToB business merger and integration, strengthens the integration and synergy effects of the elevator business, and achieves revenue growth and efficiency improvements, with an annual cost reduction of nearly RMB30 million. It drives end-to-end changes in the value chain of KUKA China’s robot and system integration, comprehensively optimizing customer opportunity conversion and project fulfillment cycles. It continuously optimizes the ToB digital platform Sale Smart, supporting integrated entire value chains, multi-business fusion, and multi-scenario adaptation.



In the business management sector, focusing on efficiency improvement and global breakthrough, Midea deepens the digitization & intelligence driven strategy, supporting business development by deeply applying intelligent tools in areas such as finance and human resources through efficient value chain collaboration and consistent business language. In the finance sector, it successfully implements 12 AIGC application scenarios and builds an overseas one-stop global business platform covering 23 countries and 63 business units. It integrates the financial systems of newly acquired businesses, adding electronic invoice platforms for 8 countries and achieving financial data docking for 53 overseas companies. It strengthens tax and financial compliance, achieving direct connections with tax regulatory authorities for multiple tax categories and improving digital capabilities. In the human resources sector, it reshapes core business processes such as recruitment and training through AI tools to enhance talent skills and job performance. It continuously improves the global HR shared service center, while optimizing employee experience and building a standardized management system to ensure compliance and consistency of overseas human resources.

On the data front, Midea builds a unified, efficient and stable global data asset system based on the principles of unified data integration, unified data public layers, unified data indicators, and unified data services. It builds a group-level unified data asset platform, covering data asset catalog, indicator management, dimension management, service management, end-to-end lineage management, and business scenario-oriented data asset spaces, further consolidating foundational data capabilities. Additionally, based on large models, it independently develops full-domain and full-scenario Data Agents and forms three core capabilities of “AI data queries, AI analysis, and AI strategies”, achieving various data intelligence application capabilities and covering over 40 scenarios in 8 business areas including domestic sales, overseas sales, and supply chain. By 2025, Data Agents contribute over RMB70 million in efficiency improvements, with user adoption surpassing 3.5 million instances. For ToC businesses, it establishes a retail data system at the headquarters, regional, and store levels through DTC data operations, empowering over 40,000 stores, helping to further improve indicator system of the operation cockpit, adding AI interpretation capabilities, and empowering various business units and after-sales outlets. For ToB businesses, it mines tens of thousands of high-value intelligence through AI market intelligence, supporting domestic blank market expansion and overseas customer growth.

In 2025, Midea comprehensively deepens the integration of AIGC applications across all operational segments of the value chain. Through employees’ independent creation of 13,500 smart agents, it achieves an efficiency improvement of over 15 million work hours and cost reduction of RMB700 million throughout the year. In the smart manufacturing sector, it promotes the implementation of Factory Agent, deepening the collaboration between Meiyan vertical domain large model and industry-specific large models. Taking the WRCA-certified smart agent factory as a benchmark, it continuously expands the scenario coverage of 14 core smart agents, incorporating more embodied intelligent terminals such as humanoid robots and AI glasses, and driving the iterative evolution and replication promotion of the factory brain. Through human-machine collaboration and full-process closed-loop optimization, it achieves an average efficiency improvement of over 30% in core scenarios and a 50% improvement in

scheduling response speed. In the home appliance intelligence sector, relying on underlying technologies such as large language models, multimodal reasoning, and omni-channel perception, it builds an agent system covering multiple scenarios such as whole-house smart air, water, and cooking, while creating the industry's first home Smart Home Agent. It reshapes the human-machine interaction experience through a multi-model fusion architecture, building AI butler service capabilities and creating a full-scenario smart life. Meanwhile, it launches smart home appliance products such as the Fresh & Clean Air Machine T6 as equipped with privately deployed large models to help millions of families comprehensively upgrade their smart living experiences with an integrated home appliance and home furnishing solution. It focuses on achieving industry leadership and ecosystem construction, improving the intelligence capabilities of the M IoT platform and exporting them externally. It leads the formulation of multiple national standards for large smart home models and jointly builds an AI innovation ecosystem with leading enterprises, strengthening the "knowledge + AI" governance system and training & inference engine capabilities, and consolidating its global industry leadership through end-to-end digital and intelligent innovation.

### **(VI) Advanced corporate governance and values**

Midea is built to grow on the back of progressiveness of corporate governance, updated values, and the growth of management's mental model. Midea's corporate governance emphasizes the shared responsibilities, rights and obligations, striving to establish an internal entrepreneurial group and fully inspiring entrepreneurial spirit. Midea has long been committed to creating maximum value for its employees, customers and Shareholders, and the society. To recognize and reward its employees' contributions and performance, Midea has established a multi-tiered long-term incentive mechanism primarily centered around stock incentives. By the end of 2025, Midea had launched nine stock option incentive plans, seven restricted stock incentive plans, sixteen employee stock ownership plans, and one H-share stock award plan for its management teams and key employees at various levels, solidifying an effective mechanism that aligns the interests of the Group's senior management and core talents with those of all Shareholders. Midea is dedicated to providing customers with the best possible experience, while striving to deeply understand customer demands and preferences, and optimizing product development and business models accordingly. Over the years, Midea has continuously enriched its product portfolio to meet diverse customer demands. The trust and support from Shareholders are crucial to Midea's development. Midea is committed to creating value for its Shareholders and sharing the Group's achievements with them. Since its listing in 2013, Midea has distributed over RMB166.0 billion in cash dividends (including the 2025 cash dividend proposal). While maintaining stable dividend payouts, Midea has consistently implemented a series of share repurchase programs. In 2025, it launched two A-share repurchase plans and also repurchased its H Shares, with the total amount of share repurchases for the whole year exceeding RMB11.6 billion. Therefore, the historical cumulative share repurchases by Midea exceeded RMB38.8 billion. The total amount of the Company's cash dividends and share repurchases in 2025 exceeded the Company's net profit attributable to the parent company for the year. Midea places great emphasis on its environmental and social responsibility and is committed to pursuing sustainable development. With outstanding performance in energy conservation and emission reduction, Midea was selected for the third consecutive year on the 2025 Fortune China ESG Impact List. And it was included in the 2025 Sustainability Yearbook (China Edition) as published by S&P Global.

### Development Strategies of the Company

Midea adheres to the strategic focus of “Technology Leadership, Direct to Users, Digitization & Intelligence Driven, and Global Impact”, focuses on “Comprehensive Digitalization and Comprehensive Intellectualization”, drives balanced development of To Consumer (ToC) and To Business (ToB) businesses under the guidance of the strategic focus, as well as builds a complementary cycle among diverse industries. The Group drives profitability improvement through the enhancement of product strength and core technologies in the ToC end, providing strategic support for the transformation of the ToB business. Also, it continues to strengthen its globalisation capability, striving to transform from a China-based company to a global one. While maintaining its superiority in efficiency, the Group drives growth through innovation and builds product and technological advantages. Midea is built to grow on the back of progressiveness of corporate governance, updated values, and the growth of management’s mental model. Midea will continuously improve the governance mechanism by empowering responsibilities, rights and obligations, clarify decentralization and authorization, constantly refine the agent mechanism, optimize the incentive and constraint system, encourage entrepreneurship and boost organizational vitality, and establish a flat and agile organization and optimization process. It will also adhere to the values of long-termism and altruism, truly put employees, users, customers and partners at the center of all things, and improve the EHS governance and ESG rating. Additionally, the Management will endeavor to achieve all-round growth both spiritually and intellectually. Meanwhile, Midea will continue to improve the talent structure, build diverse teams that are inclusive and collaborative, and create a simple, straightforward, flat and equal environment. In the meantime, it will constantly improve consistency management across the Group, so as to achieve consistent operations, corporate culture and values and philosophies, which will ensure the sustained and steady development of the Group.

## IV. KEY TASKS FOR 2026 INCLUDE:

In 2026, based on its four core strategic pillars centered on technology leadership, Midea will firmly implement the following business initiatives:

### 1. Centering on Core Growth

Focusing on growth transformation with clear strategic paths and resolute execution, and achieving growth around core businesses, core markets, and core capabilities. Since white goods and HVAC (heating, ventilation, and air conditioning), as Midea’s core businesses, are the primary sources of cash flow and profitability, and must achieve growth, so Midea will build a robust technological framework and foundation, while deepening presence in overseas markets, striving to become number one globally; and resolutely expand into secondary core businesses such as robotics and new energy. Since the ToC business serves as the moat for current survival and development, while the ToB business represents the future guarantee against economic cycles, so Midea will drive ToC business growth through transformation and innovation, supporting ToB business development, achieving industrial upgrading, and enabling ToC and ToB businesses to form a “growth relay”.

## **2. Focusing on Comprehensive Cost Leadership across the Entire Value Chain**

The core of comprehensive cost leadership lies in continuous enhancement and waste reduction. As an efficiency-driven organization, Midea must continuously enhance efficiency for evolutionary development, delivering excellence on both revenue and cost aspects; return to fundamentals and core issues and simplify processes, systems, and frameworks to improve process and decision-making efficiency. Structures must be dismantled to reduce structural costs, mechanisms must be reconstructed to lower institutional costs, certain elements must be relinquished to decrease complexity costs, and collaboration must be optimized to minimize synergistic costs.

## **3. Global Breakthroughs as a Top Priority**

Midea is expected to adhere to the overseas OBM prioritization strategy, make firm investments, focus on products, attach importance to product demands in different regional markets, and ensure product manufacturing and delivery capabilities, while sparing no effort to support the development of various overseas regions; as well as to increase investment in infrastructure, service systems, and channel networks, continuously make breakthroughs in markets such as ASEAN, Africa, Middle East, the North America, and Europe, and consistently advance the Japan No.1 strategy, achieving a transition from “products going global” to “brand going global”, and enhancing the global brand awareness and product competitiveness of Midea.

## **4. Product and Technological Innovation as the Foundation and Core of Business Success**

As the cornerstone of Midea’s four strategic pillars, technological leadership necessitates increased investment in product and technological research and innovation, particularly in frontier fields such as artificial intelligence, embodied intelligence, new energy and healthcare. AI represents the future trend; and by leveraging Midea’s foundation and experience in digitalization, focusing on the four core scenarios of smart homes, intelligent manufacturing, smart offices and industry empowerment, building the “home brain” and the “factory brain,” thereby reshaping the industrial ecosystem. Further focus on product R&D, such as achieving technological breakthroughs in reducers, scroll compressors, and new material applications. The evaluation and assessment system within the research framework should be further established and refined to foster a competitive environment, with a focus on rewarding these project research teams that make significant contributions.



## 5. Continuously Strengthening Organizational Capability and Resilience

To effectively avoid falling into the “mediocrity trap”, the focus should be on reducing organizational complexity, which includes: (1) Flattening the organizational structure, and ensuring extreme flatness from the group level down to each business unit; (2) Shortening decision-making chains, reducing hidden hierarchies, keeping decision-making chains short, and having management be bold in making decisions and taking responsibility; (3) Responding swiftly, addressing market and user concerns quickly, ensuring clear objectives and singular responsibility, and implementing a 24-hour response mechanism; (4) Maintaining consistency in evaluation, adhering to a results-oriented approach, and taking performance as the sole assessment criterion; and (5) Prioritizing performance, focusing on results, avoiding complexity, and returning to fundamentals and core issues.

## (V) RISKS FACED BY THE COMPANY AND COUNTERMEASURES

### 1. Risk of macro economy fluctuation

The market demand for the Company’s related products can be easily affected by the economic situation and macro control. If the global economy encounters a heavy hit, and domestic and overseas macro economy and consumer demand slow down in growth, the growth of the industries in which the Company operates, may slow down accordingly, and as a result, this may affect the product sales of Midea Group.

### 2. Risks in the price fluctuation of production factors

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

### **3. Risk in global asset allocation and overseas market expansion**

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

### **4. Risk in foreign exchange losses caused by exchange rate fluctuation**

As Midea carries on with its overseas expansion plan, its overseas sales have accounted for more than 40% of the total revenues. Any sharp exchange rate fluctuation might not only bring negative effects on the overseas operations of the Company, but could also lead to exchange losses and increase its finance costs.

### **5. Market risks brought by trade frictions and tariff barriers**

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

In face of the complicated and changeable environment and risks at home and abroad, Midea will strictly follow relevant laws and regulations, keep improving its governance structure for better compliance, enhance its level of standard operation and reinforce its internal control system so as to effectively prevent and control various risks and ensure its sustained, steady and healthy development.

## REVENUE

The table below sets forth the absolute amounts and percentages of the Company's revenue by business segment for 2025 and 2024:

|                                   | 2025           |               | 2024           |              | Change       |
|-----------------------------------|----------------|---------------|----------------|--------------|--------------|
|                                   | RMB million    | % of Revenue  | RMB million    | % of Revenue |              |
| Smart Home Solutions              | 299,927        | 65.4%         | 269,532        | 65.9%        | 11.3%        |
| Industrial Technology             | 27,232         | 5.9%          | 24,702         | 6.0%         | 10.2%        |
| Building Technology               | 35,791         | 7.8%          | 28,470         | 7.0%         | 25.7%        |
| Robotics & Automation             | 31,011         | 6.8%          | 28,701         | 7.0%         | 8.0%         |
| Other businesses                  | 28,719         | 6.3%          | 22,623         | 5.5%         | 26.9%        |
| Commercial & Industrial Solutions | 122,753        | 26.8%         | 104,496        | 25.5%        | 17.5%        |
| Others                            | 35,822         | 7.8%          | 35,056         | 8.6%         | 2.2%         |
| <b>Total</b>                      | <b>458,502</b> | <b>100.0%</b> | <b>409,084</b> | <b>100%</b>  | <b>12.1%</b> |

In 2025, the Company achieved revenue of RMB458.5 billion, representing a year-on-year growth of 12.1%, of which revenue from Smart Home Solutions amounted to RMB299.9 billion, representing a year-on-year increase of 11.3%; revenue from Commercial & Industrial Solutions reached RMB122.8 billion, up 17.5% year on year; and revenue from raw materials sales and other businesses amounted to RMB35.8 billion, representing a year-on-year increase of 2.2%.

From a business segment perspective, Smart Home Solutions recorded revenue of RMB299.9 billion, up 11.3% year on year. In 2025, the Company (1) firmly implemented the Technology Leadership strategy, consistently augmented its investment in research and development to ensure the effective implementation of its “Three Generations” R&D mode, drove product structural upgrades by leveraging differentiated innovation, facilitated the breakthrough of domestic high-end brands and supported overseas Original Brand Manufacture (OBM) Priority strategy, comprehensively enhanced global market competitiveness; (2) led new growth in the domestic market through unwavering commitment to Direct to Customers (DTC) transformation, focused on retail capabilities, drove innovation in digital business models, enhanced operational efficiency and user experience, integrated retail resources to improve operational efficiency, and deeply integrated online and offline channels to create a seamless customer experience; (3) adhered to the OBM Priority strategy in overseas markets, continuously promoted the expansion and deepening of overseas business, refined operations in key country markets, and continuously improved overseas manufacturing, R&D, branding, channel, and service systems development; and (4) continuously advanced the “COLMO + Toshiba” dual high-end brand strategy with double-digit year-on-year growth in overall retail sales of the dual high-end brands.

Industrial Technology achieved revenue of RMB27.2 billion, reflecting a 10.2% year-on-year growth. In 2025, the Company (1) continuously deepened expertise in heating, ventilating and air conditioning (HVAC) appliance components to consolidate the leading position in the industry, launched multiple products and solutions to serve global HVAC customers, and achieved breakthroughs in key overseas markets; (2) continuously expanded markets to secure orders in the New Energy Vehicle (NEV) components sector with sustained growth in market share for products such as electric vehicle compressors and EPS motors; (3) continued its presence in product offerings in the robotics components sector, including servo motors for industrial robots, precision transmission products (e.g., reducers), and joint modules for humanoid robots.

Building Technology recorded revenue of RMB35.8 billion, up 25.7% year on year. In 2025, the Company (1) accomplished business model transformation and upgrading in the domestic market, focused on high-potential industries, promoted channel synergy and after-sales service system development, and comprehensively transformed from an equipment provider to a “full life cycle building operation and maintenance” service provider; (2) acquired strategical M&A of Arbonia Climate and designation of Europe as the second home market in overseas markets, integrated and optimised advantageous resources from acquisition projects to establish MBT Climate, commitment to becoming a mainstream brand in the European heating market by localizing production, R&D and sales, channel synergy, and enhancement of efficiency across the entire value chain, continuously focused on markets such as Southeast Asia, the Middle East, Africa and Latin America, developed localized channels and technical service systems, continuously increased its proportion of overseas OBM business; and (3) promoted product innovation, launched multiple new products and solutions covering areas such as HVAC and digital elevators, and introduced industry-leading products included liquid-cooling key component CDU and magnetic water chillers, and achieved a high market share.



Robotics & Automation reported revenue of RMB31.0 billion, up 8.0% year on year. In 2025, the Company (1) kept product innovation, provided multiple new products with enhanced performance for high-end manufacturing sectors such as consumer electronics, semiconductors, healthcare and automotive components; (2) with KUKA's proactive investment in frontier technologies including artificial intelligence and embodied intelligence, through collaboration with leading AI companies domestically and internationally, deeply integrated AI vision, force control sensing and intelligent algorithms with robotics systems to achieve intelligent and simplified robot commissioning, programming and maintenance; (3) firmly implemented the localization development strategy in the Chinese market, continuously drove product upgrades, technological innovation and ecosystem development, resulting in a sustained increase in market share for industrial robots in the domestic market.

From a regional contribution perspective, in 2025, revenue from Chinese Mainland amounted to RMB262.6 billion, representing a year-on-year increase of 9.4%; revenue from other countries or regions amounted to RMB195.9 billion, reflecting a year-on-year increase of 15.9%. The following table sets forth the absolute amounts and their respective percentages of total revenue of the Company by region for 2025 and 2024:

|                            | 2025                  |                       | 2024                  |                       | Change |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|
|                            | Amount<br>RMB million | % of Total<br>revenue | Amount<br>RMB million | % of Total<br>revenue |        |
| Chinese Mainland           | 262,555               | 57.3%                 | 240,050               | 58.7%                 | 9.4%   |
| Other countries or regions | 195,947               | 42.7%                 | 169,034               | 41.3%                 | 15.9%  |
| <b>Total</b>               | <b>458,502</b>        | <b>100.0%</b>         | 409,084               | 100.0%                | 12.1%  |

## GROSS PROFIT AND GROSS PROFIT MARGIN

The table below sets forth the absolute gross profit amounts and gross profit margins of the Company for 2025 and 2024 by business segment:

|                                   | 2025                        |                        | 2024                        |                        |
|-----------------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|                                   | Gross profit<br>RMB million | Gross<br>profit margin | Gross profit<br>RMB million | Gross<br>profit margin |
| Smart Home Solutions              | 89,667                      | 29.9%                  | 80,791                      | 30.0%                  |
| Industrial Technology             | 4,764                       | 17.5%                  | 4,228                       | 17.1%                  |
| Building Technology               | 10,944                      | 30.6%                  | 8,590                       | 30.2%                  |
| Robotics & Automation             | 6,607                       | 21.3%                  | 6,313                       | 22.0%                  |
| Other businesses                  | 3,234                       | 11.3%                  | 3,219                       | 14.2%                  |
| Commercial & Industrial Solutions | 25,549                      | 20.8%                  | 22,350                      | 21.4%                  |
| Others                            | 4,824                       | 13.5%                  | 3,961                       | 11.3%                  |
| <b>Total</b>                      | <b>120,040</b>              | <b>26.2%</b>           | <b>107,102</b>              | <b>26.2%</b>           |

In 2025, the Company's gross profit margin was 26.2%, which remained stable as compared with the same period. In 2025, competition in the home appliance industry intensified and prices declined, the Company effectively withstood external shocks and maintained stable gross profit margin levels by optimizing product structure through technological innovation, and advancing smart manufacturing and digital efficiency improvements.

## SELLING AND MARKETING EXPENSES

The table below sets forth the Company's selling and marketing expenses and percentages of revenue for 2025 and 2024:

|                                | 2025           |                          | 2024           |                          | Change in<br>expense ratio |
|--------------------------------|----------------|--------------------------|----------------|--------------------------|----------------------------|
|                                | RMB<br>million | Percentage<br>of revenue | RMB<br>million | Percentage<br>of revenue |                            |
| Selling and marketing expenses | <b>42,891</b>  | <b>9.4%</b>              | 38,753         | 9.5%                     | -0.1%                      |

In 2025, the Company's selling and marketing expenses amounted to RMB42.9 billion, with a sales and marketing expense ratio of 9.4%, representing a decrease of 0.1% year on year. On the one hand, the Company has adopted a globalization strategy, i.e., continuously expanding into new global markets and increasing expenditure on overseas distribution channels and advertising and promotional activities, thereby driving up the overseas selling and marketing expense ratio; and on the other hand, the Company adhered to an operational philosophy of "simplification for growth", while deepening its DTC reforms to reduce intermediary steps, streamlining SKUs to lower marketing complexity, which has significantly improved its sales efficiency, and consequently reduced the domestic sales and marketing expense ratio.

## GENERAL AND ADMINISTRATIVE EXPENSES

The table below sets forth the Company's general and administrative expenses and percentages of revenue for 2025 and 2024:

|                                     | 2025           |                          | 2024           |                          | Change in<br>expense ratio |
|-------------------------------------|----------------|--------------------------|----------------|--------------------------|----------------------------|
|                                     | RMB<br>million | Percentage<br>of revenue | RMB<br>million | Percentage<br>of revenue |                            |
| General and administrative expenses | <b>16,766</b>  | <b>3.7%</b>              | 15,404         | 3.8%                     | -0.1%                      |

In 2025, the Company's general and administrative expenses amounted to RMB16.8 billion, with a general and administrative expense ratio of 3.7%, representing a decrease of 0.1% year on year, which is primarily because the Company exercised strict control over all types of non-operating expenditure.

## RESEARCH AND DEVELOPMENT EXPENSES

The table below sets forth the Company's research and development expenses and percentages of revenue for 2025 and 2024:

|                                   | 2025           |                          | 2024           |                          | Change in<br>expense ratio |
|-----------------------------------|----------------|--------------------------|----------------|--------------------------|----------------------------|
|                                   | RMB<br>million | Percentage<br>of revenue | RMB<br>million | Percentage<br>of revenue |                            |
| Research and development expenses | <b>17,788</b>  | <b>3.9%</b>              | 16,233         | 4.0%                     | -0.1%                      |

In 2025, the Company's research and development expenses amounted to RMB17.8 billion, with a research and development expense ratio of 3.9%, representing a year-on-year decrease of 0.1%, primarily because the Company concentrated its resources, focused on core areas, and improved R&D efficiency.

## OTHER INCOME

The Company's other income increased from RMB9.7 billion in 2024 to RMB10.1 billion in 2025, primarily due to an increase in interest income from the financial assets at amortized cost invested by the Company.

## OTHER GAINS, NET

The Company's other gains increased from a gain of RMB0.4 billion in 2024 to a gain of RMB2.4 billion in 2025, primarily due to an increase in net exchange gains arising from monetary items denominated in foreign currencies held by the Company and certain of its subsidiaries due to exchange rate fluctuations.

## FINANCE COSTS, NET

The Company's net finance costs increased from RMB1.0 billion in 2024 to RMB1.9 billion in 2025, primarily attributable to the increased exchange losses on foreign currency borrowings held by the Company and certain subsidiaries as a result of exchange rate fluctuations.

## PROFIT FOR THE YEAR

The Company's profit for the year increased from RMB38.8 billion in 2024 to RMB44.5 billion in 2025, representing a year-on-year growth of 14.9%. The profit margin for the year improved from 9.5% in 2024 to 9.7% in 2025, as the Company focused on its core businesses, core markets, and steadfastly advanced its strategy of enhancing efficiency across the full value chain and maintaining technological leadership. Through product innovation and a shift toward high-end offerings, the Company achieved a structural upgrade of its product portfolio, thereby strengthening its profit resilience amid intensifying industry competition.



## FINANCIAL POSITION

The table below sets forth the absolute amounts from the Company's consolidated statement of financial position as of 31 December 2025 and 31 December 2024:

|                                              | <b>31 December<br/>2025</b> | 31 December<br>2024 |
|----------------------------------------------|-----------------------------|---------------------|
|                                              | <b>RMB million</b>          | RMB million         |
| Total non-current assets                     | <b>192,129</b>              | 215,288             |
| Total current assets                         | <b>416,663</b>              | 389,064             |
| Total assets                                 | <b>608,792</b>              | 604,352             |
| Total non-current liabilities                | <b>28,984</b>               | 24,864              |
| Total current liabilities                    | <b>343,384</b>              | 351,820             |
| Total liabilities                            | <b>372,368</b>              | 376,684             |
| Equity attributable to owners of the Company | <b>223,221</b>              | 216,750             |
| Net assets                                   | <b>236,424</b>              | 227,667             |

The Company's total non-current assets decreased from RMB215.3 billion as of 31 December 2024 to RMB192.1 billion as of 31 December 2025, primarily due to a decrease in other financial assets at amortized cost, partially offset by an increase in property, plant and equipment and intangible assets.

The Company's total current assets increased from RMB389.1 billion as of 31 December 2024 to RMB416.7 billion as of 31 December 2025, primarily due to an increase in other financial assets at amortized cost, partially offset by a decrease in term deposits and restricted cash.

The Company's total non-current liabilities increased from RMB24.9 billion as of 31 December 2024 to RMB29.0 billion as of 31 December 2025, primarily due to an increase in long-term borrowings, as well as an increase in deferred income tax liabilities resulting from the acquisition of subsidiaries.

The Company's total current liabilities decreased from RMB351.8 billion as of 31 December 2024 to RMB343.4 billion as of 31 December 2025, primarily due to a decrease in short-term borrowings, partially offset by an increase in trade and note payables.

The Company's net assets increased from RMB227.7 billion as of 31 December 2024 to RMB236.4 billion as of 31 December 2025, primarily due to an increase in net profit, partially offset by profit distribution.

## CASH FLOW

The table below sets forth the absolute amounts from the Company's consolidated statement of cash flows for 2025 and 2024:

|                                                        | 2025<br>RMB million | 2024<br>RMB million |
|--------------------------------------------------------|---------------------|---------------------|
| Net cash generated from operating activities           | 53,346              | 60,512              |
| Net cash generated from/(used in) investing activities | 25,340              | (87,902)            |
| Net cash (used in)/generated from financing activities | (64,958)            | 22,698              |
| Net increase/(decrease) in cash and cash equivalents   | 13,728              | (4,692)             |
| Cash and cash equivalents at beginning of the year     | 55,119              | 59,887              |
| Exchange losses on cash and cash equivalents           | (338)               | (76)                |
| Cash and cash equivalents at end of the year           | 68,509              | 55,119              |

In 2025, the Company's net cash generated from operating activities amounted to RMB53.3 billion. The difference between the net cash generated from operating activities and the profit before income tax of RMB53.1 billion was primarily due to: (1) several adjusting items, including RMB9.3 billion of depreciation and amortization of non-current assets, partially offset by RMB7.4 billion of interest income; (2) changes in working capital, mainly including an increase of RMB3.8 billion in other payables and accruals, an increase of RMB10.0 billion in trade and note payables, and a decrease of RMB2.1 billion in inventory, partially offset by a decrease of RMB2.7 billion in contract liabilities, an increase of RMB1.0 billion in loan receivables and an increase of RMB0.8 billion in contract assets.

In 2025, the Company's net cash generated from investing activities amounted to RMB25.3 billion, primarily due to net cash proceeds of RMB32.6 billion from the disposal of financial assets (proceeds from disposal of financial assets and interest received less payments for purchasing financial assets), partially offset by a net payment of RMB11.1 billion for the purchase of property, plant and equipment, intangible assets and other non-current assets, and a net cash outflow of RMB6.1 billion from the acquisition of subsidiaries.

In 2025, the Company's net cash used in financing activities amounted to RMB65.0 billion, primarily due to RMB30.5 billion in dividend payments to Shareholders, RMB11.7 billion for the repurchase of shares and the refund of the exercise price of lapsed restricted shares, and RMB112.1 billion for the repayment of borrowings, partially offset by proceeds of RMB88.9 billion from borrowings.

## WORKING CAPITAL AND FINANCIAL RESOURCES

The Company maintains sufficient cash and cash equivalents to ensure capital flexibility. The Company's cash and cash equivalents mainly comprise cash at banks, cash in hand, and short-term bank deposits with initial terms within three months. The table below sets forth the absolute amounts of cash and cash equivalents of the Company as of 31 December 2025 and 31 December 2024:

|                                                                 | <b>31 December<br/>2025</b> | 31 December<br>2024 |
|-----------------------------------------------------------------|-----------------------------|---------------------|
|                                                                 | <b>RMB million</b>          | RMB million         |
| Cash at banks and in hand                                       | <b>67,487</b>               | 52,852              |
| Short-term bank deposits with initial terms within three months | <b>699</b>                  | 1,901               |
| Other deposits at financial institutions                        | <b>323</b>                  | 366                 |
| Total                                                           | <b>68,509</b>               | 55,119              |

The Company's cash and cash equivalents increased from RMB55.1 billion as of 31 December 2024 to RMB68.5 billion as of 31 December 2025. This increase was mainly due to the Company's adjustment of its cash at banks and in hand structure, leading to an increase in short-term bank deposits.

The Company obtains financing based on market interest rates and its capital operation plans. The Company's bank loans and bonds are sourced from commercial banks and financial institutions in Chinese Mainland and other countries or regions. The table below sets forth the absolute amounts of bank loans and debentures as of 31 December 2025 and 31 December 2024:

|                         | <b>31 December<br/>2025</b> | 31 December<br>2024 |
|-------------------------|-----------------------------|---------------------|
|                         | <b>RMB million</b>          | RMB million         |
| Bank loans              | <b>12,659</b>               | 10,492              |
| Debentures              | <b>3,195</b>                | 3,267               |
| Subtotal of non-current | <b>15,854</b>               | 13,759              |
| Bank loans              | <b>48,331</b>               | 69,549              |
| Subtotal of current     | <b>48,331</b>               | 69,549              |
| Total                   | <b>64,185</b>               | 83,308              |

The Company's non-current borrowings increased from RMB13.8 billion as of 31 December 2024 to RMB15.9 billion as of 31 December 2025, primarily due to the increase in long-term borrowings during the current period, which was partially offset by the reclassification of certain borrowings with remaining terms of less than one year to current liabilities.

The Company's current borrowings decreased from RMB69.5 billion as of 31 December 2024 to RMB48.3 billion as of 31 December 2025, mainly due to the repayment of borrowings during the current period.

The Company expects that there will be no material changes in the financing available to support its operations in the future.

The Company maintains a prudent capital ratio to support its business and manages its asset structure through asset-liability ratio. The table below sets forth the absolute amounts of total assets, total liabilities, and the asset-liability ratio as of 31 December 2025 and 31 December 2024:

|                                 | 31 December<br>2025 | 31 December<br>2024 |
|---------------------------------|---------------------|---------------------|
| Total assets (RMB million)      | <b>608,792</b>      | 604,352             |
| Total liabilities (RMB million) | <b>372,368</b>      | 376,684             |
| Asset-liability ratio           | <b>61.2%</b>        | 62.3%               |

The Company's asset-liability ratio, defined as the proportion of total liabilities to total assets, decreased from 62.3% as of 31 December 2024 to 61.2% as of 31 December 2025. This decrease was primarily due to a decrease in liabilities resulting from the repayment of part of the borrowings during the Reporting Period.

The Company maintains a healthy cash flow level. In 2025, the Company's operating cash conversion ratio (defined as net cash generated from operating activities divided by annual profit) was 1.2 times. The cash generated from operating activities of the Company was used to support business operations. As of 31 December 2025, monetary assets accounted for appropriately 50% of the Company's total current assets. Considering the Company's available financial resources, including cash and cash equivalents, available bank financing, cash flows from operating activities, and net proceeds from global offerings, the Company has sufficient working capital to operate for at least the next 12 months.



## CAPITAL COMMITMENT

The table below sets forth the absolute amounts of the Company's capital commitments as of 31 December 2025 and 31 December 2024:

|                                                                               | <b>31 December<br/>2025</b> | 31 December<br>2024 |
|-------------------------------------------------------------------------------|-----------------------------|---------------------|
|                                                                               | <b>RMB million</b>          | RMB million         |
| Contracted, but not provided for purchase of property,<br>plant and equipment | <b>3,913</b>                | 4,595               |
| Investment commitment                                                         | <b>2</b>                    | 6,751               |
|                                                                               | <b>3,915</b>                | 11,346              |

## CAPITAL EXPENDITURE

The Company's capital expenditures consist of buildings, overseas land, machinery and equipment, transportation vehicles, electronic equipment and others, construction in progress, leasehold improvements and land use rights. The Company's capital expenditure (excluding business combinations) increased from RMB9.9 billion in 2024 to RMB13.0 billion in 2025, which was mainly due to the Company's increased investments in the construction of global production bases and R&D centers, and the restructuring of intelligent manufacturing capabilities in the current year.

The Company will fund these capital expenditures through cash generated from operations and proceeds from its global offering.

### CONTINGENCIES

As at 31 December 2025, the amounts of the maximum potential loss in tax disputes involving a Brazilian subsidiary with 51% interests held by the Company were approximately BRL547 million (equivalent to approximately RMB699 million). Some of these cases have been ongoing for more than 10 years. The above amounts included the principal, penalties, related interest, etc. According to the agreement signed between the Company and the original shareholders of the Brazilian subsidiary prior to the acquisition (the “Original Shareholders”), the Original Shareholders have committed to compensating the Company according to verdict results of the above tax disputes. As at 31 December 2025, the maximum remaining compensation commitment of the Original Shareholders is approximately BRL131 million (equivalent to approximately RMB168 million). As at the date of this report, the relevant cases were still ongoing. Upon consulting the Group’s external legal counsel, management believes that the probability of losing the lawsuits is low. Accordingly, the Company’s management has made necessary provisions based on its best estimate.

### FOREIGN EXCHANGE RISK

The Company operates globally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries.

The Company employs natural hedging strategies for currency settlement, including the use of various derivative instruments (primarily including forwards, options, and futures contracts), entering into forward foreign exchange hedging contracts, and managing the scale of foreign currency assets and liabilities to minimize foreign exchange risk and mitigate the impact of exchange rate fluctuations on operating results.

### PLEDGED ASSETS

As of 31 December 2025, the net carrying amount of pledged or mortgaged assets to draw bank acceptance bills and secure bank borrowings of the Company amounted to RMB29.9 billion. These pledged assets primarily comprise constant return financial products, trade and note receivables, as well as certain property, plant, and equipment, leased land, and land use rights.

### OFF-BALANCE SHEET ARRANGEMENTS

As of 31 December 2025, the Company had no material off-balance sheet arrangements.

## USE OF PROCEEDS

During the Reporting Period, the Company had no utilisation of proceeds raised from A-share offerings.

The utilisation of proceeds from the H-share offering of the Company during the Reporting Period is as follows:

Pursuant to the approval granted by the China Securities Regulatory Commission (CSRC) in the Approval Document [2024] No. 1518, titled “Notice of Filing for the Overseas Issuance and Listing of Midea Group Co., Ltd.”, issued on 23 July 2024, the Company completed the issuance of H shares and listed them on the Main Board of the Hong Kong Stock Exchange on 17 September 2024. The Hong Kong public offering and international placement resulted in the issuance of a total of 565,955,300 H shares with a par value of RMB1.00 per share, at an issue price of HK\$54.80 per share. Subsequently, on 25 September 2024, the Company exercised the over-allotment option and issued an additional 84,893,200 H shares with a par value of RMB1.00 per share at an issue price of HK\$54.80 per share. The Company issued a total of 650,848,500 H shares in this offering, raising gross proceeds of HK\$35,666 million (approximately RMB32,399 million), with net proceeds of approximately RMB32,146 million (approximately RMB49.39 per share) after deducting issuance costs incurred directly by issuing new shares.

According to the Company’s H Share Prospectus, the net proceeds from this H-share offering are allocated as follows: approximately 20% for worldwide research and development efforts, approximately 35% for continual investment in upgrading the intelligent manufacturing system and supply chain management, approximately 35% for enhancing distribution channels and sales network around the world and increasing overseas sales of proprietary brands, and approximately 10% for working capital and general corporate purposes. There have been no changes to the intended use of proceeds as disclosed in the H Share Prospectus.

As of 31 December 2025, details of the utilisation of proceeds from the H-share offering are as follows:

| Item                                                                                                                         | Planned net proceeds utilisation        | Net amount utilized as of 31 December 2025 | Remaining balance as of 31 December 2025 | Expected timeline for utilisation of unutilised net proceeds <sup>(Note)</sup> |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------|
| (i) Worldwide research and development efforts                                                                               | Approximately 20% (RMB6,429.2 million)  | RMB6,429.2 million                         | 0                                        | N/A                                                                            |
| (ii) Upgrading intelligent manufacturing system and supply chain management                                                  | Approximately 35% (RMB11,251.1 million) | RMB7,444.9 million                         | RMB3,806.2 million                       | Before 31 December 2027                                                        |
| (iii) Enhancing distribution channels and sales network around the world and increasing overseas sales of proprietary brands | Approximately 35% (RMB11,251.1 million) | RMB11,251.1 million                        | 0                                        | N/A                                                                            |
| (iv) Working capital and general corporate purposes                                                                          | Approximately 10% (RMB3,214.6 million)  | RMB3,214.6 million                         | 0                                        | N/A                                                                            |
| <b>Total</b>                                                                                                                 | <b>RMB32,146.0 million</b>              | <b>RMB28,339.8 million</b>                 | <b>RMB3,806.2 million</b>                | <b>N/A</b>                                                                     |

Note: The expected timeline for the utilisation of unutilised proceeds represents the Group’s best estimates based on the anticipated market conditions, which may be subject to change in response to current and future market developments.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE CULTURE AND VALUE

We believe that a healthy corporate culture is critical to the achievement of the Group's mission, vision and strategy, and good corporate governance practice can preserve the long-term interests of the Shareholders as well as create greater values for the Shareholders and other stakeholders. The Board and senior management of the Group set an example by valuing, and continuing to enhance, corporate culture construction, and strive to promote our corporate culture and values across the Group.

Our mission, vision and value are set out below:

| Philosophy of Midea                                 |                                 |                                                                                                                                                                                                                            |
|-----------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mission                                             | Vision                          | Value                                                                                                                                                                                                                      |
| Integrate with the World,<br>to Inspire Your Future | Bring Great Innovations to Life | Embrace what's next <ul style="list-style-type: none"><li>• Aiming High</li><li>• Customer First</li><li>• Transformation and Innovation</li><li>• Tolerance and Partnership</li><li>• Dedication and Commitment</li></ul> |

Our corporate governance features the sharing and a close alignment of authority, responsibility and reward, enabling us to foster a dynamic culture of entrepreneurship, innovation and long-term commitment. We are committed to growing talent both internally and attracting talents externally. Many of our senior managers have been with Midea for more than 20 years. We encourage our managers to achieve self-actualization, learn from failures, and embrace change.

We have the utmost care for all our stakeholders. We are committed to sharing our success with employees and have introduced multi-tier share incentive plans that enable them to benefit from our success and growth. We value the long-term trust of our shareholders and have consistently returned capital to shareholders through dividends and share repurchases. When it comes to the environment and society, we are keenly aware of the impact of our activities on the environment and strive to reduce our footprint and promote sustainability. We are constantly contributing to our communities as a responsible corporate citizen.

We will continue to review our corporate culture and corporate governance practice based on the changing market conditions and the Company's development needs, so as to enable the Company to deliver long-term sustainable development.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency.



The Company has adopted the code provisions of the CG Code as the basis of the Company's corporate governance practices.

The Board is of the view that during the year ended 31 December 2025, the Company has complied with all the applicable code provisions as set out in the CG Code, except as disclosed in this Corporate Governance Report.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. FANG Hongbo currently performs the above two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and can provide more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

The amendments to the CG Code came into effect on 1 July 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

## DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period and up to the Latest Practicable Date, the general information as well as the brief biographies of the Directors and members of senior management of the Company are as follows:

| Name                     | Gender | Age | Office title                                                          | Incumbent/<br>Former     |
|--------------------------|--------|-----|-----------------------------------------------------------------------|--------------------------|
| Mr. FANG Hongbo (方洪波先生)  | Male   | 59  | Chairman of the Board, executive Director and chief executive officer | Incumbent                |
| Mr. WANG Jianguo (王建国先生) | Male   | 49  | Executive Director and executive president                            | Incumbent <sup>(1)</sup> |
| Dr. GU Yanmin (顧炎民博士)    | Male   | 62  | Executive Director and vice president                                 | Incumbent                |
| Mr. GUAN Jinwei (管金偉先生)  | Male   | 47  | Executive Director and vice president                                 | Incumbent                |
| Dr. ZHANG Tian (張添博士)    | Female | 33  | Executive Director and employee representative Director               | Incumbent <sup>(2)</sup> |
| Mr. ZHAO Jun (趙軍先生)      | Male   | 50  | Non-executive Director                                                | Incumbent                |
| Dr. XU Dingbo (許定波博士)    | Male   | 62  | Lead Independent non-executive Director                               | Incumbent <sup>(3)</sup> |
| Dr. XIAO Geng (肖耿博士)     | Male   | 62  | Independent non-executive Director                                    | Incumbent                |
| Dr. LIU Qiao (劉俏博士)      | Male   | 55  | Independent non-executive Director                                    | Incumbent                |

| Name                      | Gender | Age | Office title                                                      | Incumbent/<br>Former     |
|---------------------------|--------|-----|-------------------------------------------------------------------|--------------------------|
| Dr. QIU Lili (邱鋰力博士)      | Female | 50  | Independent non-executive Director                                | Incumbent                |
| Mr. Zhao Lei (趙磊先生)       | Male   | 40  | Vice president                                                    | Incumbent                |
| Ms. Zhong Zheng (鍾錚女士)    | Female | 44  | Vice president, chief financial officer and finance director      | Incumbent                |
| Mr. Zhang Xiaoyi (張小懿先生)  | Male   | 53  | Vice president and chief digital officer                          | Incumbent                |
| Mr. Li Guolin (李國林先生)     | Male   | 49  | Vice president                                                    | Incumbent                |
| Mr. Wang Jinliang (王金亮先生) | Male   | 59  | Vice president                                                    | Incumbent                |
| Dr. Wei Chang (衛昶博士)      | Male   | 62  | Vice president and chief technology officer                       | Incumbent                |
| Ms. Zhao Wenxin (趙文心女士)   | Female | 43  | Vice president, chief people officer and human resources director | Incumbent                |
| Ms. Gao Shu (高書女士)        | Female | 43  | Board secretary and joint company secretary                       | Incumbent <sup>(6)</sup> |
| Mr. FU Yongjun (伏擁軍先生)    | Male   | 57  | Executive Director                                                | Former <sup>(4)</sup>    |
| Mr. Dong Wentao (董文濤先生)   | Male   | 40  | Chairman of the Supervisory Committee                             | Former <sup>(5)</sup>    |
| Ms. Ren Lingyan (任凌艷女士)   | Female | 42  | Supervisor                                                        | Former <sup>(5)</sup>    |
| Ms. Liang Huiming (梁惠銘女士) | Female | 42  | Employee Supervisor                                               | Former <sup>(5)</sup>    |
| Mr. Jiang Peng (江鵬先生)     | Male   | 52  | Board secretary and joint company secretary                       | Former <sup>(6)</sup>    |
| Mr. Bai Lin (柏林先生)        | Male   | 44  | Vice president                                                    | Former <sup>(7)</sup>    |
| Mr. FU Yongjun (伏擁軍先生)    | Male   | 57  | Vice president                                                    | Former <sup>(8)</sup>    |

## Notes:

- (1) According to the resolution of the tenth meeting of the fifth session of the Board held by the Company on 29 August 2025, and based on the requirements of the Company's strategic planning, upon nomination by the Company's president, the Board appointed Mr. WANG Jianguo (王建國先生) as an executive president of the Company, and he no longer serves as a vice president of the Company. This re-designation became effective upon the approval of the "Amendments to the Articles of Association (August 2025)" by the Company's Second Extraordinary General Meeting for 2025 held on 24 September 2025, and until the expiry of the term of the fifth session of the Board.
- (2) The employees' representative meeting of the Company was held on 30 May 2025 and at which a resolution was adopted. The participating employees' representatives unanimously agreed to elect Ms. ZHANG Tian (張添女士) as an employee representative Director of the fifth session of the Board of the Company. Her term commences from the date of this election by the employees' representative meeting and lasts until the expiry of the term of the fifth session of the Board of the Company.
- (3) Dr. XU Dingbo (許定波博士) was designated as the lead independent non-executive Director on 29 October 2025.
- (4) Mr. FU Yongjun (伏擁軍先生) has resigned from his position as an executive Director of the Company due to changes in work arrangements, effective from 28 March 2025.
- (5) The Supervisory Committee and Supervisors of the Company were abolished at the annual general meeting held on 30 May 2025.
- (6) Mr. Jiang Peng (江鵬先生) has resigned from his positions as board secretary and joint company secretary of the Company due to changes in work arrangements, effective from 28 March 2025. Pursuant to the resolution passed at the sixth meeting of the fifth session of the Board of the Company held on 28 March 2025, Ms. Gao Shu (高書女士) has been appointed as board secretary and joint company secretary of the Company, effective from 28 March 2025.
- (7) Mr. Bai Lin (柏林先生) has resigned from his position as a vice president of the Company due to changes in work arrangements, effective from 29 October 2025.
- (8) Mr. FU Yongjun (伏擁軍先生) has resigned from his position as a vice president of the Company due to personal reasons, effective from 26 December 2025.

The brief biographies of the Directors and members of senior management of the Company are as follows:

## Directors

**Fang Hongbo (方洪波)**, male, Ph.D., joined our Group in 1992 and previously served as the general manager of the air-conditioning division, the president of the refrigeration and electrical appliances group, and the chairman of the board and chief executive officer of GD Midea Electric Co., Ltd. He is currently the chairman of the Board, an executive Director, and the chief executive officer of the Company.

**Wang Jianguo (王建国)**, male, master's degree holder, joined our Group in 1999. He has previously served as the director of the supply chain management department of the residential air-conditioning division, the director of the administration and human resources department, the general manager of the refrigerator division, president of the Smart Home Business Group and vice president of the Company. He is currently an executive Director, executive president, president of the new energy division, chairman of Wandong Medical and chairman of GD Midea Air-Conditioning Equipment Co., Ltd.

**Gu Yanmin (顧炎民)**, male, Ph.D., joined our Group in 2000. He has previously served as the director of the planning and investment department of our Group, the director of the overseas strategy and development department of our refrigeration and electrical appliances group, the vice president of our refrigeration and electrical appliances group and the director of the overseas business development department of the marketing department, the director of the overseas strategy department and president of the Robotics and Automation Division of our Group. He is currently an executive Director, vice president, chairman of the Supervisory Board of KUKA, and a director of Midea Electric Trading (Singapore) Co. Pte. Ltd.

**Guan Jinwei (管金偉)**, male, master's degree holder, joined our Group in 2002. He has previously served as the deputy general manager of our central air-conditioning division and general manager of our overseas sales & marketing company, as well as assistant to the president of our international business and general manager of the ASEAN region. He is currently an executive Director, vice president, and president of the Building Technology Division of our Group.

**Zhang Tian (張添)**, female, Ph.D., joined our Group in 2019. She previously served as an advanced research engineer and laboratory manager at the Thermodynamics Research Office of the Air Compressor R&D Center of the Group. She currently serves as an executive Director and employee representative Director, and Manager of Thermo-Fluid Technology Research Laboratory of Industrial Technology Research Institute.

**Zhao Jun (趙軍)**, male, master's degree holder, served in the Company from 2000 to 2012. Since 2012, he has served at Midea Holding and has previously served as a director and chief financial officer of GD Midea Electric Co., Ltd. He is currently a non-executive Director of our Group, the executive president of Midea Holding, and a non-executive director of Midea Real Estate.

**Xu Dingbo (許定波)**, male, Ph.D., has been an independent non-executive Director of our Group since 2024 and he was designated as the lead independent non-executive Director on 29 October 2025. He is currently Essilor Chair Professor in Accounting and Associate Dean at China Europe International Business School (中歐國際工商學院), as well as the vice president of the China Association of Chief Financial Officers (中國總會計師協會), an independent director of China Trust Protection Fund Co., Ltd. (中國信託業保障基金有限責任公司), an independent director of China Life Insurance (Group) Company (中國人壽保險(集團)公司), and an independent non-executive director of JD.com, Inc. (NASDAQ: JD; HKEX: 9618). Dr. Xu has served as a faculty member and professor in highly respected universities for over 20 years and has extensive knowledge of and experience in accounting and finance. He previously served as a part-time professor at Peking University (北京大學) and an assistant professor at the Hong Kong University of Science and Technology (香港科技大學). Additionally, he has held independent directorships on the board and audit committees of multiple listed companies, including Kweichow Moutai Co., Ltd. (貴州茅台酒股份有限公司) (SSE: 600519), China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (HKEX: 1359), Sany Heavy Industry Co., Ltd. (三一重工股份有限公司) (SSE: 600031), Shanghai Shyndec Pharmaceutical Co., Ltd. (上海現代製藥股份有限公司) (SSE: 600420), The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) (HKEX: 1339; SSE: 601319), Dong Yi Ri Sheng Home Decoration Group Co., Ltd. (東易日盛家居裝飾集團股份有限公司) (SZSE: 002713), and Sanjiang Shopping Club Co., Ltd. (三江購物俱樂部股份有限公司) (SSE: 601116). He also previously served as an independent director of Societe Generale (China) Limited (法國興業銀行(中國)有限公司).

**Xiao Geng (肖耿)**, male, Ph.D., has been an independent non-executive Director of our Group since 2024. He is currently a professor and vice dean of the School of Public Policy at the Chinese University of Hong Kong, Shenzhen (香港中文大學(深圳)), and an independent non-executive director of Sichuan Biokin Pharmaceutical Co., Ltd. (四川百利天恒藥業股份有限公司) (SSE: 688506), Tsingtao Brewery Company Limited (青島啤酒股份有限公司) (HKEX: 00168; SSE: 600600), Phoenix New Media Limited (鳳凰新媒體有限公司) (NYSE: FENG) and Bank of Jinzhou Co., Ltd. (錦州銀行股份有限公司) (HKEX: 00416, delisted in 2024). Dr. Xiao has previously served as a professor of practice at the Chinese University of Hong Kong, Shenzhen, and the director of the Institute of Policy and Practice at Shenzhen Finance Institute (深圳高等金融研究院政策與實踐研究所), a professor and director at Peking University HSBC Business School (北京大學滙豐商學院), a professor at the University of Hong Kong (香港大學), vice president of the Fung Global Institute (經綸國際經濟研究院), director of Columbia University Global Center in Beijing (哥倫比亞大學北京全球中心), and director of the Brookings-Tsinghua Center for Public Policy (清華－布魯金斯公共政策研究中心).

**Liu Qiao (劉俏)**, male, Ph.D., has been an independent non-executive Director of our Group since 2024. He is currently a professor of Peking University Guanghua School of Management (北京大學光華管理學院), as well as a visiting professor at the School of Business and Economics of the University of Hong Kong (香港大學經濟及工商管理學院), independent non-executive director of China Everbright Bank Company Limited (中國光大銀行股份有限公司) (HKEX: 6818; SSE: 601818) and independent non-executive director of CITIC Securities Company Limited (中信證券股份有限公司) (HKEX: 6030; SSE: 600030). Dr. Liu has an extensive academic background and has held key roles at prestigious universities for over two decades. He previously served as the fifth dean of Peking University Guanghua School of Management and an assistant professor at the School of Economics and Finance of the University of Hong Kong (香港大學經濟金融學院). Additionally, he has served as an independent non-executive director on the board of multiple companies, including Beijing Capital Eco-Environment Protection Group Co., Ltd. (北京首創生態環保集團股份有限公司) (previously known as Beijing Capital Co., Ltd., SSE: 600008), CSC Financial Co., Ltd. (中信建投證券股份有限公司) (HKEX: 6066; SSE: 601066), Zensun Enterprises Limited (正商實業有限公司) (previously known as ZH International Holdings Limited, HKEX: 0185) and China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (HKEX: 3968; SSE: 600036).



**Qiu Lili (邱鋈力)**, female, Ph.D., has been an independent non-executive Director of our Group since 2024. She is currently a tenured professor in computer science at the University of Texas at Austin (UT Austin). From 2022 to 2025, Dr. Qiu served as the assistant managing director of Microsoft Research Asia (MSRA), where she was responsible for overseeing the research work at the Shanghai laboratory and collaborations with industries, universities and research institutes, achieving a number of breakthrough accomplishments in the fields of artificial intelligence, healthcare and wireless communication sensing. Prior to this, Dr. Qiu served as a researcher at Microsoft Research Redmond. In recognition of her outstanding research contributions, Dr. Qiu was elected as an IEEE Fellow (2017), an ACM Fellow (2018), and a National Academy of Inventors (NAI) Fellow (2022).

### Senior Management

**Zhao Lei (趙磊)**, male, master's degree holder, joined our Group in 2018. He previously served as the director of the North China region of the residential air-conditioning division, the director of domestic retail sales, the general manager of the domestic sales & marketing company of the washing machines division, the president of the washing machines division and the president of the residential air-conditioning division. He is currently a vice president of our Group, president of the Smart Home Business Group and the general manager of GD Midea Air-Conditioning Equipment Co., Ltd.

**Zhong Zheng (鍾錚)**, female, master's degree holder, joined our Group in 2002. She previously served as a director of finance of our financial centre and components division and the audit director of our Group. She is currently a vice president, chief financial officer, and finance director of our Group, as well as a director of Midea Electric Trading (Singapore) Co. Pte. Ltd.

**Zhang Xiaoyi (張小懿)**, male, master's degree holder, joined our Group in 2010. He previously served as the head of our overseas IT department, the head of our supply chain system department, and a director of our information technology department. He is currently a vice president and the chief digital officer of our Group.

**Li Guolin (李國林)**, male, master's degree holder, joined our Group in 1998. He previously served as the vice president of our residential air-conditioning division and the president of our lifestyle electrical appliances division. He is currently a vice president of our Group, chief sustainability officer, the director of quality control and supply chain management, and the chairman of our ESG Committee.

**Wang Jinliang (王金亮)**, male, master's degree holder, joined our Group in 1995. He previously served as the vice president of the domestic sales department and the vice president and head of the marketing department in Midea Electric. He is currently a vice president of our Group.

**Wei Chang (衛昶)**, male, Ph.D., joined our Group in 2022. He previously served as the director of water treatment and polymer material technology at GE Global Research and concurrently as the general manager of water treatment products for Greater China at General Electric Company (NYSE: GE). From 2014 to 2022, he served as the president of the National Institute of Clean-and-Low-Carbon Energy, a research and development institute affiliated to China Energy Investment Corporation Ltd. (國家能源集團北京低碳清潔能源研究院). He is currently a vice president and the chief technology officer of our Group.

**Zhao Wenxin (趙文心)**, female, master's degree holder, joined our Group in 2004. She previously served as a deputy general manager of our residential air-conditioning division, the general manager of our overseas sales & marketing business, and a vice president for our international business. She is currently the vice president, the chief people officer and the director of human resources of our Group.

**Gao Shu (高書)**, female, Ph.D., joined our Group in 2025. She previously served as an executive general manager and managing director in the investment banking department of China International Capital Corporation Limited (中國國際金融股份有限公司). She is currently the board secretary, joint company secretary, and head of the investor relations of our Group.

To the best knowledge of the Company, none of the Directors or members of the senior management is related to any other Director or member of the senior management.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules.

Specific enquiry has been made to all the Directors, and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2025.

The Company has also established Administrative Measures for Information Disclosure 《信息披露管理辦法》 and Administrative Measures for the Compliance of Inside Information and Stock Trading 《內幕信息及股票交易合規管理辦法》 (the “Regulations on Information Disclosure”) no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. The Regulations on Information Disclosure regulates the principles of information disclosure, content, responsibilities for information disclosure and confidentiality, and the process of assessment and disclosure and ensures that inside information could be identified timely and remain confidential until the disclosure of such information is appropriately approved, and the dissemination of such information shall be accurately, effectively and consistently made. To the best knowledge of the Company, no incident of non-compliance of the Regulations on Information Disclosure by the employees was noted by the Company for the year ended 31 December 2025.

### BOARD OF DIRECTORS

The Board is the leading body of the Company. It operates effectively and assumes responsibilities for leadership and monitoring, collectively managing and supervising the Company's affairs to promote its development. Directors take decisions objectively in the best interests of the Company.

The Board currently comprises ten Directors, consisting of five executive Directors, one non-executive Director, and four independent non-executive Directors. The composition of the Board and the biographical information of each Director are set out in the section headed “Directors and Senior Management” under the Corporate Governance Report.

Dr. ZHANG Tian (張添博士) has been serving as an executive Director and employee representative director of the Company since 30 May 2025, and she confirms: (i) she has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on 24 May 2025, and (ii) understands her obligations as a director of a listed issuer under the Hong Kong Listing Rules.

During the year ended 31 December 2025, none of our Directors had interests in any business which competes directly or indirectly with our business under Rule 8.10(2) of the Hong Kong Listing Rules.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Board includes a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively make independent judgement.

### Independent Non-executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Dr. XU Dingbo (許定波博士) was designated as the lead independent non-executive Director on 29 October 2025. Lead independent non-executive Director is not an executive position in the Company and does not have any management role in the Group. The primary responsibility of the lead independent non-executive Director includes the facilitation and strengthening of communication among: (i) the independent non-executive Directors, (ii) the independent non-executive Directors and the Board, and (iii) the Board and the Shareholders. The designation of lead independent non-executive Director was implemented in response to the amended CG Code and the Hong Kong Listing Rules which came into effect on 1 July 2025. Effective corporate governance is crucial to the Company's overall performance, and the Board believes that Dr. XU's designation could further strengthen the Board's effectiveness while further promoting effective corporate governance practice in the Company.

### Board Independence Evaluation

To promote more objective and effective board decision-making, the Company has established the Rules of Procedure for the Board of Directors (《董事會議事規則》), the Working Rules of the Independent Directors (《獨立董事工作制度》) and other systems, so as to ensure that independent views and opinions of all Directors can be conveyed to the Board.

- (1) The Rules of Procedure for the Board of Directors and Working Rules of the Independent Directors and other systems provide guidance for the duty performance of each Director to ensure standard operation and scientific decision-making by the Board, and stipulate actions to be taken by the Directors to avoid any conflict of interests;
- (2) The Board of the Company consists of ten members; five of them are non-executive Directors, including four independent non-executive Directors in accordance with the requirements of SZSE and the Hong Kong Listing Rules of Hong Kong Stock Exchange with a balanced composition so that there is a strong independent element on the Board;

- (3) Before nomination of candidates for new independent non-executive Directors, the Nomination Committee will make a comprehensive assessment on their independence, working experience and professional skills, etc. It will also assess ongoing independence of the existing independent non-executive Directors and their time commitment for their performance of duties on an annual basis. According to Article 6 of the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), all independent non-executive Directors are required to confirm in writing that they meet the independence requirements on an annual basis;
- (4) The chairman holds a meeting with independent non-executive Directors annually without the presence of other Directors;
- (5) The Company convenes meetings attended by all independent non-executive Directors from time to time to consider relevant matters stipulated in the Measures for the Administration of Independent Directors of Listed Companies, or study other matters of the Company as necessary; and
- (6) The specific committees under the Board may, in the course of performing their duties, engage intermediaries to provide professional advice for their performance of duties at the expense of the Company.

The Company believes that the above measures and policies have been effectively implemented during the Reporting Period.

### Appointment and Re-election of Directors

Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

### Particulars of Directors' Service Contracts and Appointment Letters

We have entered into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) termination in accordance with their respective terms; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.



Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

### **Continuous Professional Development of Directors**

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

All the Directors received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Hong Kong Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expense.

During the year ended 31 December 2025, all Directors participated in training sessions covering a wide range of relevant topics, including (1) the roles, functions and responsibilities of the board, its committees and directors, as well as the effectiveness of the board, (2) the obligations of the Company under Hong Kong law and the Hong Kong Listing Rules and the duties of directors, as well as the main legal and regulatory developments (including updates to the Hong Kong Listing Rules) related to the fulfillment of such obligations and duties, (3) corporate governance and environmental, social and governance (ESG) matters (including the development of sustainability or climate-related risks and opportunities related to the Company and its business), (4) risk management and internal control, and (5) the updates on industry-specific developments, business trends and strategies related to the Company. In addition, relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2025 are summarized as follows:

| Directors                                  | Type of Training <sup>Note</sup> |
|--------------------------------------------|----------------------------------|
| <b>Executive Directors</b>                 |                                  |
| Mr. FANG Hongbo (方洪波先生)                    | A/B                              |
| Mr. WANG Jianguo (王建国先生)                   | A/B                              |
| Dr. GU Yanmin (顧炎民博士)                      | A/B                              |
| Mr. GUAN Jinwei (管金偉先生)                    | A/B                              |
| Dr. ZHANG Tian (張添博士)                      | A/B                              |
| <b>Non-executive Director</b>              |                                  |
| Mr. ZHAO Jun (趙軍先生)                        | A/B                              |
| <b>Independent non-executive Directors</b> |                                  |
| Dr. XU Dingbo (許定波博士)                      | A/B                              |
| Dr. XIAO Geng (肖耿博士)                       | A/B                              |
| Dr. LIU Qiao (劉俏博士)                        | A/B                              |
| Dr. QIU Lili (邱鋰力博士)                       | A/B                              |

*Note:*

**Types of Training**

- A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

## Board Meetings

The Board conducts regular meetings at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

## Responsibilities and Contributions of the Board and the Management

The Board assumes responsibility for leadership and monitoring of the Company, and is collectively responsible for managing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that the Group has sound internal control and risk management systems in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought valuable business experience, knowledge and professionalism from diverse backgrounds to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and bringing effective independent judgement on corporate actions and operations so as to maintain a balance on the Board.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

## Convening of Board Meetings and Attendance of Directors

During the year ended 31 December 2025, the Board convened seven meetings to discuss and review (among others) the Company's 2024 annual results, 2025 interim and quarterly results, the plan for the repurchase of the Company's A Shares by way of centralized bidding, the proposal to request the general meeting to grant the Board a general mandate to repurchase the Company's H Shares and a general mandate for issuing additional shares, related transactions, providing guarantees for subsidiaries, the spin-off of a subsidiary for listing on the Main Board of the Hong Kong Stock Exchange, the A Share employee stock ownership plan and the H Share incentive plan, etc.; and to discuss and propose other various resolutions to be submitted at the general meeting. Board meetings of the Company were permitted to be held via telephone or other electronic communication means.

The table below sets out the attendance rates of Directors at Board meetings during the year ended 31 December 2025:

|                                            | Number of<br>Board Meetings<br>Attended/Held |
|--------------------------------------------|----------------------------------------------|
| <b>Executive Directors</b>                 |                                              |
| Mr. FANG Hongbo (方洪波先生) (Chairman)         | 7/7                                          |
| Mr. WANG Jianguo (王建国先生)                   | 7/7                                          |
| Dr. GU Yanmin (顧炎民博士)                      | 7/7                                          |
| Mr. GUAN Jinwei (管金偉先生)                    | 7/7                                          |
| Dr. ZHANG Tian (張添博士)                      | 4/4                                          |
| <b>Non-executive Director</b>              |                                              |
| Mr. ZHAO Jun (趙軍先生)                        | 7/7                                          |
| <b>Independent Non-executive Directors</b> |                                              |
| Dr. XU Dingbo (許定波博士)                      | 7/7                                          |
| Dr. XIAO Geng (肖耿博士)                       | 7/7                                          |
| Dr. LIU Qiao (劉俏博士)                        | 7/7                                          |
| Dr. QIU Lili (邱鋰力博士)                       | 7/7                                          |

In addition to regular Board meetings, the chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2025.

## BOARD COMMITTEES

The Board has established four Board Committees in accordance with the relevant laws and regulations in Chinese Mainland, the Articles and the Code on Corporate Governance Practice under the Hong Kong Listing Rules, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee.



All Board Committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board Committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

### Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises four members, namely Dr. Xu Dingbo, Dr. Xiao Geng, Dr. Liu Qiao and Dr. Qiu Lili, all of whom are independent non-executive Directors, with Dr. Xu Dingbo as the chairperson of the Audit Committee and is the Director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules.

During the year ended 31 December 2025, the Audit Committee held seven meetings to discuss and review (among others) the Company's 2024 annual results, 2025 interim and quarterly results, internal control evaluation report, reappointment of the auditor, quarterly significant matters inspection report and internal audit work report, etc.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

The table below sets out the attendance rates of Audit Committee members at meetings during the year ended 31 December 2025:

|                                            | Number of<br>Audit Committee<br>Meetings<br>Attended/Held |
|--------------------------------------------|-----------------------------------------------------------|
| <b>Independent Non-executive Directors</b> |                                                           |
| Dr. XU Dingbo (許定波博士)                      | 7/7                                                       |
| Dr. XIAO Geng (肖耿博士)                       | 7/7                                                       |
| Dr. LIU Qiao (劉俏博士)                        | 7/7                                                       |
| Dr. QIU Lili (邱鋰力博士)                       | 7/7                                                       |

### Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Hong Kong Listing Rules and the CG Code set out in Appendix C1 to the Hong Kong Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Evaluation Committee comprises four members, namely Dr. Xiao Geng, Dr. Xu Dingbo, Dr. Liu Qiao and Dr. Qiu Lili, all of whom are independent non-executive Directors, with Dr. Xiao Geng as the chairperson of the Remuneration and Evaluation Committee.

During the year ended 31 December 2025, the Remuneration and Evaluation Committee held four meetings to discuss and review (among others) the remuneration assessment of the Company's senior management for the year 2024 and the formulation of the remuneration plan for 2025, the A Share stock ownership plan, the H Share incentive plan, the Director's service contract of Zhang Tian, the newly appointed executive Director, etc.

The following table sets out the attendance rates of the Remuneration and Evaluation Committee members at meetings during the year ended 31 December 2025:

|                                            | Number of<br>Remuneration and<br>Evaluation Committee<br>Meetings<br>Attended/Held |
|--------------------------------------------|------------------------------------------------------------------------------------|
| <b>Independent Non-executive Directors</b> |                                                                                    |
| Dr. XIAO Geng (肖耿博士)                       | 4/4                                                                                |
| Dr. XU Dingbo (許定波博士)                      | 4/4                                                                                |
| Dr. LIU Qiao (劉俏博士)                        | 4/4                                                                                |
| Dr. QIU Lili (邱鋰力博士)                       | 4/4                                                                                |

The remuneration of the senior management (excluding executive Directors) during the year ended 31 December 2025 falls within the following bands:

| Remuneration (RMB)     | Number of Individuals |
|------------------------|-----------------------|
| 0 – 5,000,000          | 2                     |
| 5,000,000 – 10,000,000 | 2                     |
| over 10,000,000        | 7                     |

*Note:*

The remuneration of senior management appointed or resigned during the Reporting Period represents the total remuneration received by them during their tenure in the Reporting Period.

The remuneration of each Director and the chief executive is set out in note 9 and 45.(v) to the consolidated financial statements.

For the year ended 31 December 2025, no emolument was paid by our Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining our Group as compensation for loss of office. For the year ended 31 December 2025, none of the Directors has waived or agreed to waive any emoluments.

## Remuneration Policy of Directors and Senior Management

The remuneration policy of Directors and senior management is proposed by the Board Remuneration and Evaluation Committee and approved by the Board, and implemented after the deliberation of general meeting.

The remuneration of Directors and senior management consists of basic annual payments and performance-related annual payments according to the Salary Management Measures for the Directors and Senior Management which has been considered and approved by the Company. Basic annual payment is determined based on the responsibility, risk and pressure of Directors and senior management. The basic annual payment remains stable. Performance-related annual payment is related to the completion rate of corporate profit, the assessment result of target responsibility system and the performance evaluation structure of their own department. The remuneration system for Directors and senior management serves the Company's operation strategy, and shall be adjusted with the Company's operating conditions in order to meet the Company's development requirements. The basis for adjusting the remuneration of Directors and senior management is as follows: (1) wage growth in the industry; (2) corporate earnings; (3) organizational structure adjustment; and (4) individual adjustment due to a change in position.

## Remuneration Policy of Employees

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

## Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises four members, namely Dr. Liu Qiao, Dr. Xu Dingbo, Dr. Xiao Geng and Dr. Qiu Lili, all of whom are independent non-executive Directors, with Dr. Liu Qiao as the chairperson of the Nomination Committee.

During the year ended 31 December 2025, the Nomination Committee held three meetings to discuss and review (among others) the director nomination policy, the board diversity policy, the nomination of employee representative directors, the appointment of vice presidents, the appointment of the board secretary and the joint company secretary, etc.

The following table sets out the attendance rates of the Nomination Committee members at meetings during the year ended 31 December 2025:

|                                            | Number of Nomination<br>Committee Meetings<br>Attended/Held |
|--------------------------------------------|-------------------------------------------------------------|
| <b>Independent Non-executive Directors</b> |                                                             |
| Dr. LIU Qiao (劉俏博士)                        | 3/3                                                         |
| Dr. XU Dingbo (許定波博士)                      | 3/3                                                         |
| Dr. XIAO Geng (肖耿博士)                       | 3/3                                                         |
| Dr. QIU Lili (邱鋰力博士)                       | 3/3                                                         |

In assessing the Board composition, the Nomination Committee would take into account certain aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

### Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company. The Strategy Committee comprises five members, namely Mr. Fang Hongbo, executive Director, and independent non-executive Directors Dr. Xu Dingbo, Dr. Xiao Geng, Dr. Liu Qiao and Dr. Qiu Lili, with Mr. Fang Hongbo as the chairperson of the Strategy Committee.

During the year ended 31 December 2025, the Strategy Committee held one meeting to discuss and review the proposal for the shareholder return plan for the next three years (2025 – 2027).



The following table sets out the attendance rates of the Strategy Committee members at meetings during the year ended 31 December 2025:

|                                            | Number of Strategy<br>Committee Meetings<br>Attended/Held |
|--------------------------------------------|-----------------------------------------------------------|
| <b>Executive Directors</b>                 |                                                           |
| Mr. Fang Hongbo (方洪波先生)                    | 1/1                                                       |
| <b>Independent Non-executive Directors</b> |                                                           |
| Dr. XU Dingbo (許定波博士)                      | 1/1                                                       |
| Dr. XIAO Geng (肖耿博士)                       | 1/1                                                       |
| Dr. LIU Qiao (劉俏博士)                        | 1/1                                                       |
| Dr. QIU Lili (邱鋰力博士)                       | 1/1                                                       |

## Board Diversity Policy

### Board diversity

Our Company has adopted a Board Diversity Policy which sets out the approach for achieving the Board diversity. Our Company recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of our Company, the Nomination Committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, place of residence, professional experience, skills, knowledge, length of service and regulatory requirements. The Company currently has two female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have five non-executive Directors, including four independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board Diversity Policy. Pursuant to the Board Diversity Policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board targets to maintain at least the current level of female representation, and will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified. In considering the Board's successors to ensure the Board diversity, the Nomination Committee would engage independent professional search firm(s) to help identify potential candidates for non-executive Directors, as and when appropriate.

The Nomination Committee will review the Board Diversity Policy at least annually and monitor the implementation to ensure its effectiveness.

### Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as of 31 December 2025:

|                                                         | Female | Male   |
|---------------------------------------------------------|--------|--------|
| <b>Board</b>                                            | 20%    | 80%    |
| <b>Senior management (including Executive Director)</b> | 25%    | 75%    |
| <b>Other employees</b>                                  | 29.52% | 70.48% |

The Group is dedicated to increasing female representation in senior management and across the workforce. The Board considers that the current gender diversity in senior management and across the workforce meets the business needs.

Based on business development and operational requirements, the Company fully considers factors such as skills, age, and gender diversity when recruiting employees and is committed to maintaining a balanced workforce in terms of skills, age, and gender.

The Company is not aware of any factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

### Director Nomination Policy

In accordance with the nomination policy of the Company, candidates will be considered from a wide range of backgrounds and on merit based on objective criteria. In reviewing and recommending to the Board any new Director appointment, the Nomination Committee will consider the following non-exhaustive factors:

- (1) the structure, size and composition (including the skills, knowledge and experience, etc.) required for the Board;
- (2) relevant requirements under the Company's Board Diversity Policy, including any measurable objectives it has set for implementing the policy and progress on achieving those objectives (when applicable and appropriate);
- (3) succession plans for the Directors, taking into account the challenges and opportunities faced by the Company, and the skills and experience that are therefore needed for the Board in the future;
- (4) the independence of independent non-executive Directors;
- (5) the leadership needs of the Group (including executive and non-executive Directors), with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- (6) the Director's time and commitment required by the duties, and whether the Director can dedicate sufficient time to fulfill his/her responsibilities; and
- (7) independent views and inputs available to the Board from the Director.

For details of the changes in the composition of the Board of the Company during the Reporting Period and up to the Latest Practicable Date, please refer to the "Directors and Senior Management" under the "Corporate Governance Report" of this annual report.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, compliance with the Model Code and the Regulations on Information Disclosure, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

### Risk Management and Internal Control

Our risk management and internal control policies and procedures cover various aspects of our business operations, including financial, operational and compliance controls. The Board is responsible for the risk management and internal control systems and conducts a review at least annually to assess their effectiveness, covering all key areas of control mentioned above. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### Risk Management System

To ensure the effective implementation of our risk management mechanism, we have established a comprehensive and multi-tiered risk management system which divides risk management responsibilities between the Group level and the division level:

- (1) We have established a Risk Management and Control Committee to continuously monitor the implementation of our Group-wide risk management policies and ensure that our internal control systems effectively identify, manage, and mitigate the risks associated with our business operations. The Risk Management and Control Committee meets periodically to discuss, analyze, and make decisions on various risk management matters. Under the leadership of the Risk Management and Control Committee, we have adopted a “three lines of defense” risk management mechanism. Business units, functional departments of the Group, and the internal audit department of the Group each form a “line of defense” and take on different responsibilities.
- (2) At the Group level, the Group’s Audit and Risk Control Department (the “Group Risk Control”) is responsible for establishing a comprehensive risk management system and assisting the business departments of the divisions in addressing risk-related issues, and must report decisions on significant risk control-related matters to the Group’s Risk Management and Control Committee at the Board level. The Group’s functional departments, as capability hubs in their respective fields, are not only responsible for their functional tasks but also for establishing risk control systems within their fields and supervising and inspecting the execution of risk management tasks.
- (3) At the division level, the Risk Control Center of each division, as the capability hub for risk management of the division, shall be responsible for developing the unit’s risk control system, as well as overseeing and inspecting the execution of risk management work. Business departments within the division, as the primary operational entities, are also tasked with risk management at the division level to ensure that risk management tasks are effectively executed.

Additionally, the Company has implemented an internal audit system. Group Risk Control is staffed with dedicated audit personnel to carry out internal audit and supervision on the Company’s financial income and expense and economic activities.



## Risk Management Process

We regularly carry out risk identification by collecting and identifying risk information and events, both within and outside the enterprise, that affect its strategic and business objectives, and output or update a holistic risk map of the unit/field. Based on the holistic risk list and with reference to the risk assessment standards, the Company analyzes and assesses the likelihood of the occurrence of, and the impact brought by, the risks to determine the level of risks to form a significant risk list (risk map). Based on the risk map, the Company formulates and implements risk management objectives, strategies and response plans. We regularly track the completion of risk management objectives and countermeasures, and the occurrence of risks/events, and compile risk control reports.

## Assessment of the Effectiveness of the Risk Management and Internal Control Systems

We have established a regular assessment mechanism for risk management and internal control systems. The Board conducts a comprehensive review of the effectiveness of the systems at least once a year. At the same time, specific assessments will be launched in a timely manner after the occurrence of significant events, such as significant changes in business model and major adjustments to laws and regulations. By adopting a combination of risk identification methods, we carry out comprehensive risk management to fully identify, accurately assess, effectively respond to and continuously control risks in various fields. Regular evaluations of the risk management and internal control are conducted to review the effectiveness of the risk management and internal control systems, and significant events are reported to the Risk Management and Control Committee of the Group for decision-making. With the support of the Audit Committee, management report and internal audit findings, the Board reviewed the risk management and internal control systems as of 2025, including the financial, operational and compliance controls, and considered that such systems are effective and adequate. The annual review also covers the financial reporting and internal audit functions as well as staff qualifications, experience and related resources.

## Inside Information Disclosure Policy

We have developed and implemented the Administrative Measures for the Compliance of Inside Information and Stock Trading 《内幕信息及股票交易合規管理辦法》, which stipulate that (i) the Company and its Directors, senior management and relevant insiders shall take necessary measures to minimize the number of personnel with knowledge of inside information before public disclosure, strictly control the scope of knowledge and the transmission process of inside information, simplify the decision-making process, shorten the decision-making time, and at the same time prevent irrelevant personnel from accessing inside information; and (ii) before the Company announces periodic reports, the Company's financial personnel and other relevant personnel with knowledge shall not leak, submit or make public the Company's preliminary results, results forecast, quarterly reports, interim reports, annual reports and relevant information to external parties, nor shall they transmit, post or discuss in any form on the Company's internal website, forums, bulletin boards or other media.

The Administrative Measures for Information Disclosure 《信息披露管理辦法》 established by us clarify that: (i) a Shareholder or actual controllers holding more than 5% of the shares of the Company should take the initiative to inform the Board of the Company of any significant changes in their shareholding or control over the Company and cooperate with the Company in fulfilling the disclosure obligations; and (ii) the Directors, senior management and other personnel with access to disclosable information due to their work shall be obliged to keep strictly confidential such undisclosed information which may have significant impact on the share price of the Company.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the consolidated financial statements in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The consolidated financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, operating performance and cash flow of the Group for the year ended 31 December 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

The statement of the external auditor of the Company about their reporting responsibilities for the Company's consolidated financial statements for the year ended 31 December 2025 is set out in the Independent Auditor's Report of this annual report.

### External Auditors and Their Remuneration

The Company has not changed its domestic auditor in the past three years. Since the issuance of H Shares and the listing on the Main Board of the Hong Kong Stock Exchange on 17 September 2024, the Company has not changed its overseas auditor.

The Company has appointed PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's domestic and overseas auditors for the year 2025.

During the year ended 31 December 2025, the remuneration paid/payable to the Company's external auditors was disclosed in Note 8 to the consolidated financial statements. The audit services comprise of the audit and the audit-related services conducted by the Company's domestic and overseas auditors for the Company with the remuneration of RMB16.41 million, and the statutory audit services for the Group's certain subsidiaries. The non-audit services mainly comprise the tax advisory services for the Group with the remuneration of RMB3.95 million.

## COMPANY SECRETARIES

During the Reporting Period, following the resignation of Mr. Jiang Peng (江鵬先生) as the Board secretary and joint company secretary of the Company on 28 March 2025, Ms. Gao Shu (高書女士) has been appointed as the Board secretary and joint company secretary of the Company, effective from 28 March 2025; Ms. Lai Siu Kuen (黎少娟女士) has also been appointed as the Company's joint company secretary. Ms. Lai Siu Kuen (黎少娟女士) is currently a director of the Company Secretarial Services of Tricor Services Limited. Ms. Gao Shu (高書女士) was designated as the primary contact person at the Company which would work and communicate with Ms. Lai Siu Kuen (黎少娟女士) on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2025, Ms. Gao Shu (高書女士) and Ms. Lai Siu Kuen (黎少娟女士) have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Hong Kong Listing Rules.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and Board practices and related matters.

## SHAREHOLDERS' RIGHTS

### Convening of General Meeting

Shareholders individually or jointly holding more than 10% of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and such request shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating whether it agrees with the convening of the extraordinary general meeting within 10 days after receiving such request.

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within 5 days after the Board passes the relevant resolution. Any changes to the original request made in the notice shall be approved by the relevant Shareholders.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such request, Shareholders individually or jointly holding more than 10% of the shares of the Company shall be entitled to propose to the Audit Committee to convene an extraordinary general meeting, and such request shall be made in writing.

In the event that the Audit Committee agrees to convene an extraordinary general meeting, the notice of the meeting shall be issued within 5 days after receiving such request. Any changes to the original request made in the notice shall be approved by the relevant Shareholders.

Failure of the Audit Committee to issue the notice of general meeting within the prescribed time limit shall be deemed that the Audit Committee will not convene and preside over a general meeting, and Shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days are entitled to convene and preside over a general meeting on their own initiative.

Where the Audit Committee or Shareholders decide(s) to convene a general meeting on their own initiative, the Board shall be notified in writing, and records shall be filed with a CSRC branch at the location of the Company and the SZSE.

Prior to announcement on the resolutions passed at the general meeting, the shareholding of the Shareholders convening such meeting shall not be less than 10%.

The Audit Committee or the Shareholders convening the meeting shall submit the relevant materials for proof to the CSRC branch at the location of the Company and the SZSE at the time of issuance of the notice of the meeting and the announcement on the resolutions passed at the meeting.

For the general meetings convened by the Audit Committee or Shareholders on their own initiative, the Board and its secretary will cooperate with the convening of such meetings. The Board shall provide the register of members as at the date of shareholding registration.

For the general meetings convened by the Audit Committee or the Shareholders on their own initiative, the necessary expenses in relation to the meetings shall be borne by the Company.

### **Proposals of General Meetings**

When the Company convenes a general meeting, the Board, the Audit Committee, as well as Shareholder(s) individually or jointly holding more than 1% of the shares of the Company, shall be entitled to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may raise provisional proposals and submit the same in writing to the convener 10 days prior to the date of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days after receiving such proposal and announce the content of the provisional proposal. If the securities regulations and rules of the places where the Company's shares are listed require the general meeting to be postponed as a result of the supplemental notice, the convening of the general meeting shall be postponed in accordance with the requirements of such securities regulations and rules.

### **Putting Forward Enquiries to the Board**

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company normally will not deal with verbal or anonymous enquiries.

### **Contact Details**

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:

Midea Headquarters Building, No. 6 Midea Avenue, Beijiao Town, Shunde District, Foshan, Guangdong Province, China (For the attention of the Board Secretary/Company Secretary)

Email:

IR@midea.com

For the avoidance of doubt, Shareholders must deliver and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at +86 757 22607708/26637438.

## INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, a separate resolution should be proposed for each substantially separate issue at a general meeting, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

### Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy for the year ended 31 December 2025 and the results were satisfactory.



The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

**(1) Corporate Communication**

“Corporate Communication” as defined under the Hong Kong Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors’ reports, annual accounts together with the auditor’s reports and their summary financial reports, where applicable; (b) the interim reports and summary interim reports, where applicable; (c) the quarterly reports; (d) notices of meeting; (e) listing documents; (f) circulars; and (g) proxy forms. The Corporate Communication of the Company will be published on the Hong Kong Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) in a timely manner as required by the Hong Kong Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company’s securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Hong Kong Listing Rules. Shareholders and non-registered holders of the Company’s securities shall have the right to choose the language (either in English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

**(2) Announcements and Other Documents pursuant to the Hong Kong Listing Rules**

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Articles of Association) on the Hong Kong Stock Exchange’s website in a timely manner in accordance with the Hong Kong Listing Rules.

**(3) Corporate Website**

Any information or documents of the Company posted on the Hong Kong Stock Exchange’s website will also be published on the Company’s website ([www.midea.com.cn](http://www.midea.com.cn)). Other corporate information about the Company’s business developments, goals and strategies, corporate governance and risk management will also be available on the Company’s website.

**(4) General Meetings**

The annual general meetings and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Hong Kong Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders’ questions (if any).

During the year ended 31 December 2025, the Company held one annual general meeting and two extraordinary general meetings. All the resolutions proposed at these meetings were duly passed.

The independent non-executive Directors and the non-executive Director attended the general meeting of the Company to gain and develop a balanced understanding of the views of the Shareholders.

The table below sets out the attendance rates of Directors at general meeting during the year ended 31 December 2025:

|                                            | Number of General Meeting Attended/Held |
|--------------------------------------------|-----------------------------------------|
| <b>Executive Directors</b>                 |                                         |
| Mr. FANG Hongbo (方洪波先生) (Chairman)         | 3/3                                     |
| Mr. WANG Jianguo (王建国先生)                   | 3/3                                     |
| Dr. GU Yanmin (顧炎民博士)                      | 3/3                                     |
| Mr. GUAN Jinwei (管金偉先生)                    | 3/3                                     |
| Dr. ZHANG Tian (張添博士)                      | 2/2                                     |
| <b>Non-executive Director</b>              |                                         |
| Mr. ZHAO Jun (趙軍先生)                        | 3/3                                     |
| <b>Independent Non-executive Directors</b> |                                         |
| Dr. XU Dingbo (許定波博士)                      | 3/3                                     |
| Dr. XIAO Geng (肖耿博士)                       | 3/3                                     |
| Dr. LIU Qiao (劉俏博士)                        | 3/3                                     |
| Dr. QIU Lili (邱鋰力博士)                       | 3/3                                     |

##### (5) Shareholders' Enquiries

###### ***Enquiries about Shareholdings***

Shareholders should direct their enquiries about their shareholdings to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, via calling its hotline at +852 2862 8555, or going in person to its public counter at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

###### ***Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company***

The Company normally will not deal with verbal or anonymous enquiries. Shareholders may send any written enquiries to the Board by email or by post as set out in the section headed "Contact Details".

**(6) Other Investor Relations Communication Platforms**

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched as and when necessary.

Reception of research, communication, interview and other activities by the Company during the Reporting Period are set out in the table below:

| Date of Reception | Place of Reception | Way of Reception | Type of visitor | Visitor                                                                                                                                                                                                                                                                                                                              | Key discussion, matters and information provided                                                                                                                                                                                                                                             | Index to main inquiry information                                                                                                    |
|-------------------|--------------------|------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 23 January 2025   | The Company        | On-site visit    | Institution     | Guolian Securities, Purekind Fund, Ping An Pension, AIA Life Insurance, Fullgoal Fund, Wanjia Asset, China Universal Asset Management, Bank of Communications Schroder Fund Management, J.P. Morgan Asset Management, Harvest Fund, Century Insurance Asset Management, Industrial Securities Global Fund, Everbright Pramerica Fund | 1. What is the Company's development strategy for 2025?<br>2. How is the Company's development in the Middle East and Africa?<br>3. What achievements has the Company made in intelligent manufacturing?<br>4. What recent progress has the Company made in corporate social responsibility? | Log Sheet of Investor Relations Activities for 23 January 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |

| Date of Reception | Place of Reception | Way of Reception                           | Type of visitor              | Visitor                                                                          | Key discussion, matters and information provided                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Index to main inquiry information                                                                                                  |
|-------------------|--------------------|--------------------------------------------|------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| 11 April 2025     | The Company        | Online communication via internet platform | Institutional and individual | Investors participating online in the Company's 2024 annual results presentation | <ol style="list-style-type: none"> <li>1. How have the U.S. tariff hikes affected the Company?</li> <li>2. Could you describe the Group's current business portfolio?</li> <li>3. What is the Company's strategy regarding its product R&amp;D system?</li> <li>4. Hello management, how is the Company's profitability as presented in this financial report? Thank you.</li> <li>5. How strong are the Company's R&amp;D capabilities?</li> <li>6. Could the Company outline the top three priorities for 2025?</li> <li>7. What progress has been made with cleaning appliance products?</li> <li>8. What progress has the Company made in the ToB business segment?</li> <li>9. What changes are being made to Midea's offline channels in the domestic market?</li> <li>10. How was retail performance in the first quarter? According to third-party data, both the Midea and Hualing brands saw significant year-over-year declines in online retail volume and retail prices, and their performance lagged significantly behind competitors.</li> <li>11. How is the new energy business developing?</li> <li>12. How is the Company's new energy vehicle components business performing?</li> <li>13. How is the Toshiba brand performing in the domestic market?</li> <li>14. How are Midea's premium brands performing?</li> <li>15. How is the COLMO premium brand performing?</li> <li>16. How did Midea's overseas self-owned brand e-commerce business develop in 2024?</li> <li>17. If raw material costs continue to rise, will profitability be affected?</li> <li>18. How did Midea expand its overseas self-owned brands in 2024?</li> <li>19. How is Midea's domestic online e-commerce business developing?</li> <li>20. What is the current overseas production capacity layout of the Company?</li> </ol> | Log Sheet of Investor Relations Activities for 11 April 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |

| Date of Reception | Place of Reception | Way of Reception | Type of visitor | Visitor                                                                                                                                                                                                                                                                                                                                                                                                 | Key discussion, matters and information provided                                                                                                                                                                                                                                                                                                                                              | Index to main inquiry information                                                                                                 |
|-------------------|--------------------|------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 1 July 2025       | The Company        | On-site visit    | Institution     | Boston Common Asset Management LLC, Polaris Capital Management LLC, Harding Loevner LP, Harvest Fund, Changjiang Pension, China Universal Asset Management, China Europe Fund, Guohua Life, Bosera Funds, E Fund, Fullgoal Fund, China Europe Fund, China Southern Asset Management, HuaAn Funds, Aegon-Industrial Fund, Guotai Asset Management, ABC-CA Fund Management, Huatai-PineBridge Investments | <ol style="list-style-type: none"> <li>1. How are the Company's domestic sales performing recently? Given the intensifying competition in the domestic market, how does the Company maintain its competitiveness?</li> <li>2. How does the Company respond to the current international trade situation?</li> <li>3. What considerations led Midea to release its energy strategy?</li> </ol> | Log Sheet of Investor Relations Activities for 1 July 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>  |
| 29 July 2025      | The Company        | Others           | Institution     | China Southern Asset Management, E Fund Management (HK), Point72, Greenwoods, Millennium, Lingren Investment, Lion Fund, Baoying Fund, Invesco Great Wall Fund Management, Morgan Stanley Huaxin Fund                                                                                                                                                                                                   | <ol style="list-style-type: none"> <li>1. What is the Company's plan for humanoid robots?</li> <li>2. How does the Company build the brand power of its proprietary brands overseas?</li> <li>3. In light of global climate change, has the Company taken this into consideration in its products?</li> </ol>                                                                                 | Log Sheet of Investor Relations Activities for 29 July 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |



| Date of Reception | Place of Reception                                       | Way of Reception | Type of visitor         | Visitor                                           | Key discussion, matters and information provided                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Index to main inquiry information                                                                                                      |
|-------------------|----------------------------------------------------------|------------------|-------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 19 September 2025 | Panorama Network Investor Relations Interactive Platform | Roadshow         | Institution/ individual | All investors participating in online Q&A session | <ol style="list-style-type: none"> <li>1. What is the Company's future dividend plan?</li> <li>2. It is expected that humanoid robots will gradually enter households in the coming years. What specific plans does the Company have in this regard? What are the goals? It is hoped that the Company can make full use of the existing home appliance ecosystem and established industry standards for robot interaction to develop home service robots with its own characteristics.</li> <li>3. What is the estimated sales volume in the U.S. market in 2025, and what is the growth rate? What is the strategy going forward?</li> <li>4. What are the reasons for the low profit margins of KUKA robots?</li> <li>5. Does Midea's "Energy Enters Communities" campaign have any groundbreaking marketing methods? I live on the top floor and really want to install it, but I've heard it's considered illegal construction.</li> <li>6. Please explain the sales performance in the 3rd quarter and expected performance in the 4th quarter in terms of sales and profits</li> <li>7. How will Midea Group address the impact of rising prices of commodities such as copper due to future high tariffs and interest rate cuts by the Federal Reserve?</li> <li>8. The acquired medical equipment company Wandong Medical and energy storage smart grid company CLOU Electronics have low brand recognition. It is proposed rebranding them under the Midea brand to expand brand influence and promote business development.</li> </ol> | Log Sheet of Investor Relations Activities for 19 September 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |

| Date of Reception | Place of Reception | Way of Reception            | Type of visitor            | Visitor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Key discussion, matters and information provided                                                                                                                                                                                                                             | Index to main inquiry information                                                                                                    |
|-------------------|--------------------|-----------------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 3 November 2025   | The Company        | Visit by specific investors | Institution/<br>individual | Jianghai Securities Co., Ltd.,<br>China Galaxy Securities Co., Ltd., China Merchants Securities Co., Ltd., Donghai Securities Co., Ltd., Caixin Securities Co., Ltd., Zhongshan Public Utilities, Wenrun (Zhuhai) Private Equity Fund Management Partnership, Shenzhen Qianhai Tangrong Capital Investment Management Co., Ltd., Leying (Zhuhai) Private Securities Investment Management Co., Ltd., Beijing Yuanhang Investment Management Co., Ltd., Guangdong Nanchuan Private Equity Fund Management Co., Ltd., Shenzhen Shanren Niushang Technology Co., Ltd., Guangzhou Shuncong Investment, Shanghai Yuanhai Private Equity Fund Management Co., Ltd., Shenzhen Gongying Enterprise Management Consulting Company, Jilin Changbai Mountain Equity Investment Management Co., Ltd., Shenzhen Tangde Private Securities Investment Fund Management Co., Ltd., Hangzhou Runzhou Private Equity Fund Management Co., Ltd., Zhuhai Julong Private Equity Fund Management Co., Ltd., Lanlin Investment (Guangzhou) Co., Ltd., Shenzhen Taixincheng, individual investors | 1. How did the Company perform in the third quarter?<br>2. How is the Company's energy storage business performing?<br>3. How is the Company's robotics business performing?<br>4. How is Midea Group addressing the impact of rising prices for commodities such as copper? | Log Sheet of Investor Relations Activities for 3 November 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |

| Date of Reception | Place of Reception            | Way of Reception | Type of visitor | Visitor                                                                                                                                                                                                                                                                                                                                                                                                                                        | Key discussion, matters and information provided                                                                                                                                                                                                                                | Index to main inquiry information                                                                                                     |
|-------------------|-------------------------------|------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 31 December 2025  | Brokerage strategy conference | Roadshow         | Institution     | 20 institutions, including Huachuang Securities, China Galaxy Securities, CLSA, Industrial Securities, Guolian Minsheng Securities, Great Wall Fund, Penghua Fund, Gao Yi Asset Management, Fullgoal Fund, ARTISAN, J.P. Morgan Asset Management, Industrial Securities Global Fund, Maxwealth Fund, Foresight Fund, BOC Fund, Changjiang Pension Insurance, Bosera Fund, Lion Fund, China Life Everbright Asset Management, and Hexiong Huiyi | 1. How does the Company plan to address the recent fluctuations in the USD/RMB exchange rate?<br>2. Has the downturn in the real estate industry affected the Smart Building Technology segment?<br>3. What is the latest progress of the Company's humanoid robotics business? | Log Sheet of Investor Relations Activities for 31 December 2025 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |

## Amendments to Constitutional Documents

During the year ended 31 December 2025, the Company has amended its Articles of Association. Details of the amendments are set out in its circular to the Shareholders dated 7 May 2025 and 9 September 2025. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Hong Kong Stock Exchange's website.

## PROFIT DISTRIBUTION POLICY

Subject to the PRC laws and regulations, including the PRC Company Law 《中華人民共和國公司法》 and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies 《上市公司監管指引第 3 號 – 上市公司現金分紅》, and Articles 148 through 153 of the Articles of Association, the Company is required to pay cumulative cash dividends of any three fiscal years that account for not less than 30% of its average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP. In 2025, the Company formulated the Shareholder Return Plan for 2025-2027. The Company has strictly implemented this plan, which specifies the decision-making process for dividend standards, dividend ratios and profit distribution policies, aiming to ensure a continuous and stable profit distribution policy and to protect the legitimate interests of minority shareholders. Future profit distribution will be made in the form of cash or a combination of cash and stocks as dividends, with priority given to cash dividend distribution. Any proposed distribution of dividends is subject to the discretion of the Board and the approval at a general meeting. The Board may recommend a distribution of dividends in the future after taking into account our results of operations, cash flow, financial condition, business development status, capital requirements, capital structure, shareholders' interests and any other conditions that the Board may deem relevant.

# REPORT OF THE DIRECTORS

The underlying sections in this annual report mentioned herein form part of this report of the Directors.

## I. PRINCIPAL ACTIVITIES

Midea is a world-leading technology group comprising the Smart Home, Industrial Technology, Building Technology, Robotics & Automation, New Energy, Healthcare and smart logistics, among others. A business matrix has been built up, which attaches equal importance to ToC and ToB and provides not only various products and services under smart home for consumers, but also dynamic commercial and industrial solutions for corporate customers. There is no material change in the nature of the principal activities of the Group during the Reporting Period.

For further description and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including description of the Group's response to major risks and uncertainties and forecast for the future development of the Group's business are set out in the "Management Discussion and Analysis" of this annual report.

## II. DIVIDEND

The Board of Directors proposes a cash dividend distribution for 2025, with a distribution of RMB38 per 10 shares. The proposed dividend distribution is subject to approval at the Company's 2025 annual general meeting and will be paid in RMB for A shares and Hong Kong dollars for H shares. As of the Latest Practicable Date, the number of treasury A shares held by the Company was 81,717,641 shares, which are not entitled to any dividend for 2025. Details of the dividends per share paid or proposed to be paid by the Company and the amount thereof are set out in note 39 to the financial statements. The proposed cash dividend distribution for 2025 is in line with the Company's profit distribution and dividend policy. For details on the Company's profit distribution and dividend policy, please refer to "Profit distribution policy" under "Corporate Governance Report" in this annual report.

There is no arrangement under which underlying shareholders waived or agreed to waive any dividend during the Reporting Period.

## III. CHANGES IN SHARE CAPITAL AND DEBENTURES

Details on the changes in the Company's share capital for the year ended 31 December 2025 are set out in Note 35 to the financial statements.

Information on the issuance of debentures by the Company during the Reporting Period is set out in "Bonds" of this annual report.

## IV. PRE-EMPTIVE RIGHT

The Company's shareholders are not entitled to have pre-emptive right according to the provisions of Chinese law and the Articles of Association.

## V. ISSUE AND LISTING OF SECURITIES

During the Reporting Period, the Company did not issue any new A Shares and/or H Shares; for details regarding the cancellation or transfer of the Company's treasury shares, please refer to the "Purchase, Redemption or Sale of Listed Securities of the Company" under the "Report of The Directors" of this annual report.

For the details of the Company's issuance of debentures, please refer to "Bonds" in this annual report.

Save as disclosed above, there is no other issue and listing of securities of the Company during the Reporting Period.

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

### Repurchase of H Shares

During the year ended 31 December 2025, the Company repurchased 1,243,100 H Shares on the Hong Kong Stock Exchange. Such repurchases were conducted by the Directors pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company held on 30 May 2025 for the repurchase of H Shares. These transactions are summarised as follows:

| Month of Repurchase | Number<br>of H Shares<br>repurchased<br>(Shares) | Price per Share             |                            | Aggregate<br>consideration<br>(exclusive of<br>transaction<br>costs) (HK\$) |
|---------------------|--------------------------------------------------|-----------------------------|----------------------------|-----------------------------------------------------------------------------|
|                     |                                                  | Highest<br>(HK\$ per Share) | Lowest<br>(HK\$ per Share) |                                                                             |
| July 2025           | 253,400                                          | 79.10                       | 77.95                      | 19,923,325                                                                  |
| September 2025      | 989,700                                          | 87.60                       | 83.30                      | 84,776,470                                                                  |
| Total               | 1,243,100                                        |                             |                            | 104,699,795                                                                 |

These repurchased H Shares were held as treasury H Shares by the Company and were subsequently fully transferred by the Company on 23 October 2025 to the (H Share) Share Award Scheme adopted by the shareholders at the annual general meeting of the Company held on 30 May 2025.



## Repurchase of A Shares

### RMB1.5-3.0 Billion A Share Repurchase Plan

The Company held the seventh meeting of the fifth session of the Board on 8 April 2025 to consider and approve the plan for the repurchase of the Company's A Shares by way of centralized bidding, agreeing that the Company may repurchase part of its A Shares in issue through centralized bidding for the purpose of implementing its share incentive plan and/or employee stock ownership schemes. The repurchase price shall not exceed RMB100 per Share, with a total repurchase amount of not more than RMB3.0 billion and not less than RMB1.5 billion; and the implementation period shall be within 12 months from the date on which the Board considered and approved the share repurchase plan (the "RMB1.5-3.0 Billion A Share Repurchase Plan").

During the year ended 31 December 2025, the Company repurchased 20,564,598 A Shares under the RMB1.5-3.0 Billion A Share Repurchase Plan on the Shenzhen Stock Exchange. Such Shares are currently held by the Company as treasury A Shares. These transactions are summarised as follows:

| Month of Repurchase | Number of<br>A Shares<br>repurchased<br>(Shares) | Price per Share            |                           | Aggregate<br>consideration<br>(exclusive of<br>transaction<br>costs) (RMB) |
|---------------------|--------------------------------------------------|----------------------------|---------------------------|----------------------------------------------------------------------------|
|                     |                                                  | Highest<br>(RMB per Share) | Lowest<br>(RMB per Share) |                                                                            |
| April 2025          | 7,741,439                                        | 75.02                      | 69.50                     | 553,526,206                                                                |
| May 2025            | 4,447,379                                        | 80.44                      | 74.71                     | 346,414,177                                                                |
| June 2025           | 8,375,780                                        | 77.00                      | 70.87                     | 609,925,431                                                                |
| Total               | 20,564,598                                       |                            |                           | 1,509,865,814                                                              |

### RMB5.0-10.0 Billion A Share Repurchase Plan

The Company held the sixth meeting of the fifth session of the Board on 28 March 2025 and the annual general meeting of the Company held on 30 May 2025 to consider and approve the plan for the repurchase of the Company's A Shares by way of centralized bidding, agreeing that the Company may repurchase part of its A Shares in issue through centralized bidding for the purpose of cancelling and reducing registered capital in accordance with laws and implementing its share incentive plan and/or employee stock ownership schemes. The repurchase price shall not exceed RMB100 per Share, with a total repurchase amount of not more than RMB10.0 billion and not less than RMB5.0 billion; and the implementation period shall be within 12 months from the date on which the Company's annual general meeting considered and approved the share repurchase plan (the "RMB5.0-10.0 Billion A Share Repurchase Plan").

During the year ended 31 December 2025, the Company repurchased 135,012,663 A Shares under the RMB5.0-10.0 Billion A Share Repurchase Plan on the Shenzhen Stock Exchange. The repurchase under the RMB5.0-10.0 Billion A Share Repurchase Plan was completed, of which 95,000,000 Shares were cancelled by the Company to reduce its registered capital in accordance with laws, and the remaining Shares are currently held by the Company as treasury A Shares. These transactions are summarised as follows:

| Month of Repurchase | Number of<br>A Shares<br>repurchased<br>(Shares) | Price per Share            |                           | Aggregate<br>consideration<br>(exclusive of<br>transaction<br>costs) (RMB) |
|---------------------|--------------------------------------------------|----------------------------|---------------------------|----------------------------------------------------------------------------|
|                     |                                                  | Highest<br>(RMB per Share) | Lowest<br>(RMB per Share) |                                                                            |
| June 2025           | 13,460,016                                       | 73.49                      | 71.20                     | 972,714,970                                                                |
| July 2025           | 16,083,925                                       | 73.59                      | 69.91                     | 1,154,206,856                                                              |
| August 2025         | 11,111,975                                       | 72.28                      | 70.17                     | 792,668,594                                                                |
| September 2025      | 36,125,230                                       | 77.99                      | 72.56                     | 2,679,182,917                                                              |
| October 2025        | 33,650,109                                       | 76.82                      | 71.05                     | 2,466,486,912                                                              |
| November 2025       | 18,021,058                                       | 80.62                      | 74.41                     | 1,399,962,923                                                              |
| December 2025       | 6,560,350                                        | 83.11                      | 79.20                     | 534,771,576                                                                |
| Total               | 135,012,663                                      |                            |                           | 9,999,994,748                                                              |

#### Repurchase and Cancellation of Restricted A Shares

During the year ended 31 December 2025, the Company had repurchased and cancelled certain restricted A Shares (the “Repurchase and Cancellation”) granted to certain participants (the “Repurchase Participants”) under the rules for the Restricted Share Incentive Schemes. None of the Repurchase Participants was a connected person of the Company. A special resolution in relation to the Repurchase and Cancellation was submitted to the extraordinary general meeting of the Company for consideration and approval. The summary of the Repurchase and Cancellation is set out below:

In May 2025, the Company, in accordance with the rules of the 2021, 2022 and 2023 Restricted Share Incentive Schemes, repurchased and cancelled an aggregate of 1,493,543 restricted A Shares granted to certain participants under such schemes, with a total consideration of RMB35,429,185.75. The repurchase prices under the 2021, 2022 and 2023 Restricted Share Incentive Schemes were RMB32.75 per Share, RMB20.97 per Share and RMB22.89 per Share, respectively.

In December 2025, the Company, in accordance with the rules of the 2021, 2022 and 2023 Restricted Share Incentive Schemes, repurchased and cancelled an aggregate of 1,327,686 restricted A Shares granted to certain participants under such schemes, with a total consideration of RMB26,694,771.54. The repurchase prices under the 2021, 2022 and 2023 Restricted Share Incentive Schemes were RMB29.25 per Share, RMB17.47 per Share and RMB19.39 per Share, respectively.

#### **Non-trading Transfer under the 2025 A Share Ownership Scheme**

In September 2025, the treasury A Shares held in the Company's designated A Share repurchase securities account were transferred by way of non-trading transfer to the securities account of "Midea Group Co., Ltd. – 2025 A Share Ownership Scheme". A total of 17,361,485 Shares were transferred, which was consistent with the scheme approved by the Shareholders at the general meeting of the Company.

As of 31 December 2025, the number of treasury A Shares held by the Company was 60,577,261 shares, which are intended to be used for the Company's share incentive schemes and/or employee stock ownership schemes.

Save as disclosed above, the Company and any of its subsidiaries did not purchase, redeem or sell any listed securities (including treasury shares) of the Company during the Reporting Period.

### **VII. RESERVES AND DISTRIBUTABLE RESERVES**

For changes in the Company's reserves and distributable reserves, please refer to the "Consolidated statement of changes in equity" under the consolidated financial statements and notes 38 of this annual report.

### **VIII. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT**

The Group has always integrated ESG concepts into its development strategies and business decisions. Despite the complex and volatile external environment, the Group has always taken "progressiveness of corporate governance, updated values, and the growth of management's mental model" as the three bedrock for sustainable development. Taking into account the four dimensions of "protecting the blue planet, building a harmonious community, practicing the best of technology, and creating a prosperous ecology", the Company insists on scientific and technological innovation, promotes the construction of a green, low-carbon and recyclable ecosystem, improves the level of corporate governance and fulfills its social responsibility, so as to realize global sustainable development, and lead the green future with innovation.

The Company has complied with mandatory disclosure requirements and "comply or explain" provisions set out in the ESG Reporting Guide. For the details, please refer to the 2025 Midea Environmental, Social and Governance (ESG) Report《2025 年美的集團環境、社會及管治(ESG)報告》 issued by the Company.

For details of corporate governance, please also refer to "Corporate Governance Report" in this annual report.

### **IX. CHARITABLE DONATION**

The Group has made charitable donations of RMB41.48 million during the Reporting Period.

## X. COMPLIANCE WITH LAWS AND REGULATIONS

The Board is responsible for the review and supervision of the Company's compliance with policies and procedures in relation to laws and regulatory requirements with the assistance of the Company's internal audit and risk control department, legal affairs department and investor relations department. The Company has formulated compliance procedures to ensure compliance with laws and regulations applicable to the Company.

The Company has always persisted in operating in compliance with laws and regulations and followed the national laws and regulations and provisions issued by regulatory authorities. In 2025, the Company has continued to enhance its internal control and management, improved the regulations and institutions and procedures of compliance management and business management; promptly implemented the requirements made by regulators and self-regulatory organizations during the Company's operation, constantly strengthened publicity and training in fields like laws and compliance culture and raised every business department's awareness of prevention from compliance risks in the process of conducting business.

We believe that the Group has acted in compliance with the laws and regulations of the jurisdictions where we operate in all material aspects, the overall compliance of operation and management activities is sound and compliance risk management operates normally during the Reporting Period.

## XI. DIRECTORS AND SENIOR MANAGEMENT

For the Reporting Period and up to the Latest Practicable Date, the general information and biographies of the Directors and members of the senior management are set out in "Directors and Senior Management" of the "Corporate Governance Report" of this annual report.

## XII. EMPLOYEES

The following table sets forth the breakdown of our employees by profession as at 31 December 2025:

| Profession     | Number of professionals |
|----------------|-------------------------|
| Manufacturing  | 152,499                 |
| Sales          | 15,488                  |
| R&D            | 23,926                  |
| Financial      | 2,866                   |
| Administrative | 3,791                   |
| <b>Total</b>   | <b>198,570</b>          |

For details of the employee's remuneration policy of our Company, please refer to "Remuneration Policy of Employees" set out in the "Corporate Governance Report" of this annual report. The Company provides benefits to employees as part of its remuneration package, which the Company considers to be in line with industry standards. The Company has complied with various labor-related laws and regulations in Chinese Mainland and other jurisdictions in which we operate. For example, the Company contributes to various types of social insurance (including pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance) and housing provident fund for our employees in Chinese Mainland. The Company is committed to sharing success with employees and introducing multi-tier share incentive plans that enable them to benefit from our success and growth.

The Company has been committed to creating a corporate culture that encourages lifelong learning, and establishing a sound talent training system to help our employees to realize their potential and improve their professional and integrated skills. Our professional online learning platform, M-Learning, empowers the growth of our employees through unique courses and practical trainings. Meanwhile, though building an offline three-tier empowerment system, linking the Group-business units-departments, we can help employees to comprehensively develop the job knowledge and skills required at each stage, maintain the balance of personal development and corporate needs, and support the learning and growth of all Midea employees.

For details of the employees of the Company, please refer to 2025 Midea Environmental, Social and Governance (ESG) Report published by the Company.

### **XIII. MAJOR CUSTOMERS AND SUPPLIERS**

During the Reporting Period, the Group's sales to the top five customers accounted for less than 30% of the Group's total sales for the year, and the Group's purchases from the top five suppliers accounted for less than 30% of the Group's total purchases for the year.

### **XIV. RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

We deeply integrate a "people-oriented" approach into the core of our strategy, focusing on empowering talent value and building a fair and open career development platform. Through a full-cycle mechanism featuring precise talent acquisition, systematic talent development and diversified talent incentives, we provide continuous support for employee growth. We adhere to the principle of prioritizing employee well-being, encourage authentic expression and take employees' concerns seriously. We improve the occupational health protection system for employees, achieving symbiotic development and mutual success between the Company and the employees.

We always uphold a "user-centric" service philosophy. With full-process quality control as the foundation, we leverage digital transformation to strengthen the user experience across the entire chain of pre-sales, in-sales and after-sales services, continuously enhance marketing compliance standards, and strictly implement regulatory and management requirements on data security and privacy protection, striving to create a high-quality and intelligent service experience for users.



We actively share experience and resources with our supplier partners to jointly build a green and low-carbon supply chain system, striving to minimize environmental impacts throughout the entire product life cycle. Based on Midea Group's ESG management platform, we have established a "three-in-one" carbon footprint management system comprising four core modules (product carbon footprint management, supply chain collaboration management, visualized reporting system, and product carbon factor database), facilitating the green and low-carbon transformation of the supply chain.

## XV. SHARE SCHEMES

The Company currently has four types of share schemes, namely A Share Option Incentive Plans ("Stock Option Incentive Plans"), Restricted A Share Incentive Schemes ("Restricted Share Incentive Schemes") (collectively, the "Share Incentive Plans"), A Share Ownership Schemes ("Stock Ownership Schemes") and H Share Incentive Plan.

### (I) Stock Option Incentive Plans

During the Reporting Period, the existing Stock Option Incentive Plans of the Company include the Fifth Stock Option Incentive Plan, the Sixth Stock Option Incentive Plan, the Eighth Stock Option Incentive Plan and the Ninth Stock Option Incentive Plan. Given no further share options will be granted under the aforesaid Stock Option Incentive Plans upon the listing of the H Shares of the Company, the terms of these Stock Option Incentive Plans are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules.

#### 1. Purpose

The purpose of the Stock Option Incentive Plans is to improve our Group's corporate governance structure and incentive mechanism and incentivize our Group's management and key employees to achieve a sustained and healthy development of our Group in order to align the interests of the Shareholders with the interests of our Group and employees and realize our Group's long-term objectives.

#### 2. Participants

The participants of the Stock Option Incentive Plans include key technical personnel and mid-level management members in our Group's research and development, production and quality control departments, overseas personnel, young management members and technology talent. The scope of participants does not include independent directors, supervisors and shareholders or actual controllers who individually or collectively hold 5% or more of the shares of our Company and their spouses, parents and children.

### 3. Maximum number of options that can be granted

The shares underlying the options to be granted under the Stock Option Incentive Plans are A Shares to be issued by our Company to the selected participants. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. Pursuant to each of the Stock Option Incentive Plans, the maximum number of A Shares which may be issued upon the grant of options and as a percentage of the Company's issued Shares (excluding treasury shares) as of the Latest Practicable Date are as follows:

| <b>Stock Option Incentive Plan</b> | <b>The maximum number of A Shares which may be issued upon the grant of options and as a percentage of the Company's issued Shares (excluding treasury shares) as of the Latest Practicable Date</b> |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fifth Stock Option Incentive Plan  | 62,080,000 (0.83%)                                                                                                                                                                                   |
| Sixth Stock Option Incentive Plan  | 47,240,000 (0.63%)                                                                                                                                                                                   |
| Eighth Stock Option Incentive Plan | 82,480,000 (1.10%)                                                                                                                                                                                   |
| Ninth Stock Option Incentive Plan  | 109,074,000 (1.45%)                                                                                                                                                                                  |

As of the Latest Practicable Date, the maximum number of A Shares which may be issued under each of the Stock Option Incentive Plans and as a percentage of the Company's issued Shares (excluding treasury shares) are as follows:

| <b>Stock Option Incentive Plan</b> | <b>The number of A Shares which may be issued and as a percentage of the Company's issued Shares (excluding treasury shares) as of the Latest Practicable Date</b> |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fifth Stock Option Incentive Plan  | 0 (0%)                                                                                                                                                             |
| Sixth Stock Option Incentive Plan  | 0 (0%)                                                                                                                                                             |
| Eighth Stock Option Incentive Plan | 6,469,895 (0.09%)                                                                                                                                                  |
| Ninth Stock Option Incentive Plan  | 36,081,577 (0.48%)                                                                                                                                                 |

**4. Maximum entitlement of participants**

The shares of the Company granted to any participant under all effective Stock Option Incentive Plans shall not exceed 1% of the total share capital of the Company.

**5. Vesting and exercise arrangements**

The vesting and exercise arrangements of the granted options are as follows:

- (a) The Fifth Stock Option Incentive Plan and the Sixth Stock Option Incentive Plan: 25% of the options may be exercised in tranches during each of the four exercise periods commencing on the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day of 72 months from the date of grant; and
- (b) The Eighth Stock Option Incentive Plan and the Ninth Stock Option Incentive Plan: 30% or 40% may be exercised in tranches during each of the three exercise periods commencing on the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day of 60 months from the date of grant.

**6. Consideration for granted options**

No consideration was paid/payable for the options granted under the Stock Option Incentive Plans.

**7. Determination of exercise price**

The exercise price of options granted under each Stock Option Incentive Plan shall be the higher of the following prices:

- (a) The Fifth and the Sixth Stock Option Incentive Plans: the higher of (i) the average trading price of the Shares on the trading day before the announcement of the draft scheme; (ii) the average trading price of the Shares during the 20 trading days before the announcement of the draft scheme; (iii) the average trading price of the Shares during the 60 trading days before the announcement of the draft scheme; and (iv) the average trading price of the Shares during the 120 trading days before the announcement of the draft scheme; and
- (b) The Eighth and the Ninth Stock Option Incentive Plans: the higher of (i) the average trading price of the Shares on the trading day before the announcement of the draft scheme; and (ii) the average trading price of the Shares during the 20 trading days before the announcement of the draft scheme.

The exercise price of the options granted will be adjusted upon the occurrence of certain events, including dividend distribution, capitalisation of capital reserves, distribution of stock dividends, subdivision or reduction of shares, issuance of additional shares, etc.

## 8. Changes in the exercise of options during the Reporting Period and scheme life

| Name and category of participants                        | 1 January 2025 <sup>(3)</sup>         |                                           | Exercised during the Reporting Period (units) | Canceled during the Reporting Period (units) | Lapsed during the Reporting Period (units) | 31 December 2025 <sup>(1)(3)</sup>    |                                           | Weighted average closing price of the relevant shares immediately before the exercise date |               | Validity period of the Scheme |
|----------------------------------------------------------|---------------------------------------|-------------------------------------------|-----------------------------------------------|----------------------------------------------|--------------------------------------------|---------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------|---------------|-------------------------------|
|                                                          | Number of options outstanding (units) | Exercise price (RMB/share) <sup>(2)</sup> |                                               |                                              |                                            | Number of options outstanding (units) | Exercise price (RMB/share) <sup>(2)</sup> | (RMB/share)                                                                                | Date of grant |                               |
|                                                          |                                       |                                           |                                               |                                              |                                            |                                       |                                           |                                                                                            |               |                               |
| Directors                                                |                                       |                                           |                                               |                                              |                                            |                                       |                                           |                                                                                            |               |                               |
| ZHANG Tian (張添) – The Eighth Stock Option Incentive Plan | 6,000                                 | 74.26                                     | 0                                             | 0                                            | 0                                          | 6,000                                 | 70.29                                     | N/A                                                                                        | 2021.6.4      | 2021.6.4 – 2026.6.3           |
| ZHANG Tian (張添) – The Ninth Stock Option Incentive Plan  | 15,750                                | 49.13                                     | 6,750                                         | 0                                            | 0                                          | 9,000                                 | 45.16                                     | 75.16                                                                                      | 2022.6.8      | 2022.6.8 – 2027.6.7           |
| Other employees                                          |                                       |                                           |                                               |                                              |                                            |                                       |                                           |                                                                                            |               |                               |
| The Fifth Stock Option Incentive Plan – Reserved Grants  | 115,200                               | 35.56                                     | 80,200                                        | 0                                            | 35,000                                     | 0                                     | N/A                                       | 72.85                                                                                      | 2019.3.11     | 2019.3.11 – 2025.3.10         |
| The Sixth Stock Option Incentive Plan                    | 2,024,910                             | 42.56                                     | 2,024,910                                     | 0                                            | 0                                          | 0                                     | N/A                                       | 74.41                                                                                      | 2019.5.30     | 2019.5.30 – 2025.5.29         |
| The Eighth Stock Option Incentive Plan                   | 38,279,261                            | 74.26                                     | 24,038,044                                    | 4,356,326                                    | 807,077                                    | 9,077,814                             | 70.29                                     | 77.75                                                                                      | 2021.6.4      | 2021.6.4 – 2026.6.3           |
| The Ninth Stock Option Incentive Plan                    | 71,422,456                            | 49.13                                     | 23,951,529                                    | 7,845,429                                    | 36,000                                     | 39,589,498                            | 45.16                                     | 74.71                                                                                      | 2022.6.8      | 2022.6.8 – 2027.6.7           |

### Notes:

- (1) During the reporting period, no options were granted under any Stock Option Incentive Plan of the Company.
- (2) The Company implemented the 2024 annual profit distribution and the 2025 interim profit distribution on 12 June 2025 and 18 November 2025, respectively. Pursuant to the provisions of the Stock Option Incentive Plan regarding the adjustment of the exercise price of the granted options, the exercise prices of the fifth, sixth, eighth and ninth stock option incentive plan from 1 January 2025 to 11 June 2025 were RMB35.56 per share, RMB42.56 per share, RMB74.26 per share and RMB49.13 per share, respectively; the exercise prices of the eighth and ninth stock option incentive plans from 12 June 2025 to 17 November 2025 were RMB70.78 per share and RMB45.65 per share, respectively (the fifth and sixth stock option incentive plan had expired on 10 March 2025 and 29 May 2025 respectively); the exercise prices of the eighth and ninth stock option incentive plans from 18 November 2025 to 31 December 2025 were RMB70.29 per share and RMB45.16 per share, respectively.
- (3) The vesting and exercise arrangements of the options granted are as follows:
  - (a) The Fifth Stock Option Incentive Plan and the Sixth Stock Option Incentive Plan: 25% of the options may be exercised in tranches during each of the four exercise periods commencing on the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day of 72 months from the date of grant; and
  - (b) The Eighth Stock Option Incentive Plan and the Ninth Stock Option Incentive Plan: 30% or 40% of the options may be exercised in tranches during each of the three exercise periods commencing on the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day of 60 months from the date of grant.

## (II) Restricted Share Incentive Scheme

During the Reporting Period, the Company's existing Restricted Share Incentive Schemes included the 2021 Restricted Share Incentive Scheme, the 2022 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme. Given that no further restricted shares will be granted under the above Restricted Share Incentive Schemes after the listing of the Company's H Shares, the terms of such Restricted Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules.

### 1. Purpose

The purpose of the Restricted Share Incentive Schemes is to improve the Group's corporate governance structure and incentive mechanism and incentivize the Group's management and key employees to achieve a sustained and healthy development of the Group to align the interests of the Shareholders with the interests of the Group and employees in order to realize the Group's long-term objectives.

### 2. Participants

Participants of the Restricted Share Incentive Schemes include the Company's core research and development talents and core personnel who are primarily responsible for the operating results of the Company or a division. The scope of participants does not include independent Directors, Supervisors and Shareholders or actual controllers who individually or collectively hold 5% or more of the shares of our Company and their spouses, parents and children.

### 3. Source and maximum number of shares

The shares covered by the 2021 Restricted Share Incentive Scheme, the 2022 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme are A Shares purchased by the Company from the secondary market. The maximum number of restricted shares that may be granted under each of the Restricted Share Incentive Schemes and as a percentage of the Company's shares in issue (excluding treasury shares) as of the Latest Practicable Date are set out below:

| <b>Restricted Share Incentive Scheme</b> | <b>Maximum number of restricted shares that may be granted and as a percentage of the Company's shares in issue (excluding treasury shares) as of the Latest Practicable Date</b> |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021 Restricted Share Incentive Scheme   | 10,570,000 (0.14%)                                                                                                                                                                |
| 2022 Restricted Share Incentive Scheme   | 12,630,000 (0.17%)                                                                                                                                                                |
| 2023 Restricted Share Incentive Scheme   | 18,375,000 (0.24%)                                                                                                                                                                |



As of the Latest Practicable Date, the number of outstanding restricted shares granted under each of the restricted share incentive schemes and as a percentage of the Company's shares in issue (excluding treasury shares) are as follows:

| <b>Restricted Share Incentive Scheme</b> | <b>Number of restricted shares outstanding and as a percentage of the Company's shares in issue (excluding treasury shares) as of the Latest Practicable Date</b> |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021 Restricted Share Incentive Scheme   | 0(0%)                                                                                                                                                             |
| 2022 Restricted Share Incentive Scheme   | 3,217,000(0.04%)                                                                                                                                                  |
| 2023 Restricted Share Incentive Scheme   | 4,770,375 (0.06%)                                                                                                                                                 |

#### **4. Maximum entitlement of participants**

The aggregate number of shares of the Company granted to any participant through all Restricted Share Incentive Schemes within the validity period shall not exceed 1% of the total share capital of the Company.

#### **5. Sale restriction and vesting arrangements**

The Restricted Share Incentive Schemes shall be effective from the date of completion of the grant of restricted shares until the date on which the restricted shares granted are no longer restricted or have been repurchased and canceled, provided that the duration of the scheme shall not exceed 48 months or 60 months, as the case may be. Restricted shares are subject to a 12-month or 24-month restriction period, which commences on the date of grant of the restricted shares to the participants. During the restriction period, the restricted shares may not be transferred, used as collaterals or to repay debts. Restricted shares may only be unlocked upon fulfilment of the conditions set out in the scheme. The vesting arrangements of the restricted shares are as follows:

- (a) 2021 and 2022 Restricted Share Incentive Schemes: 30% or 40% of the restricted shares may be unlocked in tranches during each of the three unlocking periods commencing on the first trading day after 24 months from the date of grant and ending on the last trading day after 60 months from the date of grant; and
- (b) 2023 Restricted Share Incentive Scheme: 30% or 40% of the restricted shares may be unlocked in tranches during each of the three unlocking periods commencing on the first trading day after 12 months from the date of grant and ending on the last trading day after 48 months from the date of grant.

## 6. Consideration for the grant of restricted shares

Upon the grant of restricted shares, the participants shall pay the funds for the subscription of restricted shares to the designated account of the Company in accordance with the grant price, which shall be verified and confirmed by a certified public accountant; otherwise, it shall be deemed that the participants have given up the subscription of the restricted shares granted to them.

No consideration was paid/required to be paid by the participants on the unlocking of restricted shares under the Restricted Share Incentive Schemes.

## 7. Determination of grant price

The grant price of each restricted Share shall not be lower than the nominal value of each Share and, in principle, shall not be lower than the following prices specified in the scheme:

2021, 2022 and 2023 Restricted Share Incentive Schemes: the higher of (i) 50% of the average trading price of the Shares on the trading day before the announcement of the draft scheme; and (ii) 50% of the average trading price of the Shares during the 20 trading days before the announcement of the draft scheme.

The grant prices of restricted Shares will be adjusted upon the occurrence of certain events during the period from the date of the announcement of the draft scheme to the date on which registration is completed with respect to the grant of restricted Shares to the participants, including dividend distribution, capitalisation of capital reserves, distribution of stock dividends, subdivision or reduction of shares, issuance of additional shares, etc.

## 8. Changes in the number of restricted Shares during the Reporting Period and validity period of the Scheme

| Name and category of the participant <sup>(1)</sup> | Number of restricted Shares as at 1 January 2025 (share) <sup>(2)(3)</sup> | Vested during the Reporting Period (share) <sup>(2)</sup> | Canceled during the Reporting Period (share) | Number of restricted Shares as at 31 December 2025 (share) <sup>(2)(4)</sup> | Grant price (RMB/share) | Weighted average closing price of relevant Shares immediately before the vesting date (RMB/share) | Date of grant | Validity period of the Scheme |
|-----------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------|---------------|-------------------------------|
| <b>Non-director employee</b>                        |                                                                            |                                                           |                                              |                                                                              |                         |                                                                                                   |               |                               |
| 2021 Restricted Share Incentive Scheme              | 2,734,620                                                                  | 2,283,352                                                 | 192,600                                      | 0                                                                            | 39.92                   | 72.83                                                                                             | 2021.6.4      | 2021.6.4 – 2026.6.3           |
| 2022 Restricted Share Incentive Scheme              | 6,911,000                                                                  | 2,518,700                                                 | 493,800                                      | 3,217,000                                                                    | 26.47                   | 72.48                                                                                             | 2022.6.8      | 2022.6.8 – 2027.6.7           |
| 2023 Restricted Share Incentive Scheme              | 10,782,875                                                                 | 4,817,839                                                 | 641,286                                      | 4,770,375                                                                    | 25.89                   | 72.76                                                                                             | 2023.6.20     | 2023.6.20 – 2027.6.19         |

*Notes:*

- (1) No restricted Shares have been granted to Directors pursuant to the 2021, 2022 and 2023 Restricted Share Incentive Schemes.
- (2) The vesting arrangements of the restricted Shares are as follows:
  - (a) 2021 and 2022 Restricted Share Incentive Schemes: the Shares may be unlocked in tranches of 30% or 40% in each of the three unlocking periods that occur between the first trading date after the 24-month anniversary from the date of grant and the last trading day up to the 60-month anniversary of the date of grant; and
  - (b) 2023 Restricted Share Incentive Scheme: the Shares may be unlocked in tranches of 30% or 40% in each of the three unlocking periods that occur between the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant.
- (3) No consideration is paid/payable by the participants with respect to the unlocking of restricted Shares under any Restricted Shares Incentive Scheme.
- (4) During the Reporting Period, the Company has not granted restricted Shares under any Restricted Shares Incentive Scheme, and no restricted Shares lapsed.

### (III) Stock Ownership Schemes

During the Reporting Period, the Company's subsisting Stock Ownership Schemes include the Fifth Business Partner Stock Ownership Schemes under the Core Management Team Stock Ownership Scheme (the "Fifth Business Partner Stock Ownership Scheme"), the Eighth Global Partner Stock Ownership Schemes under the Core Management Team Stock Ownership Scheme (the "Eighth Global Partner Stock Ownership Scheme"), the 2023 Stock Ownership Scheme, the 2024 Stock Ownership Scheme and 2025 Stock Ownership Scheme (collectively, the "Stock Ownership Schemes"). As the Stock Ownership Schemes do not involve the issuance of new Shares by the Company, the terms of such schemes are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules.

#### 1. Purposes

The Stock Ownership Schemes aim to continuously enhance corporate governance, improve governance mechanisms, and increase the overall value of the Company; foster an internal group of entrepreneurs, further unleash the self-motivation and creativity of the core management team, while attracting, incentivizing, and retaining key management and technical personnel critical to the Company's future development; uphold the "partnership" philosophy to ensure strong alignment between the core management team and the Company's growth value, thereby fostering a sense of mission and responsibility; establish and refine a benefit-sharing mechanism between employees and shareholders to align the interests of the Company, its shareholders, and employees; maintain and improve a future-oriented overall compensation structure, advocate a value-driven performance culture, and facilitate long-term incentives and constraints for the core management team, ensuring the achievement of the Company's strategic development and operational objectives.

## 2. Participants

The participants of the Stock Ownership Schemes include the core management, key technical personnel and senior management of the Company as set out in the Schemes.

## 3. Maximum number of A Shares available to be held under the Stock Ownership Schemes

The maximum number of A Shares available to be held under each of the Stock Ownership Schemes as well as their percentage of the Company's issued Shares (excluding treasury shares) as of the Latest Practicable Date are as follows:

| <b>Stock Ownership Scheme</b>                 | <b>Maximum number of A Shares available to be held and as a percentage of the Company's issued Shares (excluding treasury shares) as of the Latest Practicable Date</b> |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fifth Business Partner Stock Ownership Scheme | 2,826,759 (0.04%)                                                                                                                                                       |
| Eighth Global Partner Stock Ownership Scheme  | 3,770,433 (0.05%)                                                                                                                                                       |
| 2023 Stock Ownership Scheme                   | 9,946,276 (0.13%)                                                                                                                                                       |
| 2024 Stock Ownership Scheme                   | 20,106,662 (0.27%)                                                                                                                                                      |
| 2025 Stock Ownership Scheme                   | 17,361,485 (0.23%)                                                                                                                                                      |

As of the Latest Practicable Date, the number of A Shares held under each of the Stock Ownership Schemes, and that as a percentage of the Company's issued Shares (excluding treasury shares) are as follows:

| <b>Stock Ownership Scheme</b>                 | <b>Number of A Shares held and as a percentage of the Company's issued Shares (excluding treasury shares) as of the Latest Practicable Date</b> |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Fifth Business Partner Stock Ownership Scheme | 0 (0%)                                                                                                                                          |
| Eighth Global Partner Stock Ownership Scheme  | 0 (0%)                                                                                                                                          |
| 2023 Stock Ownership Scheme                   | 3,702,576 (0.05%)                                                                                                                               |
| 2024 Stock Ownership Scheme                   | 20,106,662 (0.27%)                                                                                                                              |
| 2025 Stock Ownership Scheme                   | 17,361,485 (0.23%)                                                                                                                              |

**4. Maximum entitlement for Participants**

The total number of Shares corresponding to the equity interest granted to any participant of the Stock Ownership Schemes shall not in aggregate exceed 1% of the total share capital of the Company.

**5. Lock-up and vesting arrangement**

The lock-up period for A Shares held under the Stock Ownership Scheme shall be 12 months (the Fifth Business Partner Stock Ownership Schemes, the Eighth Global Partner Stock Ownership Schemes, and the 2023 Stock Ownership Scheme) or 24 months (the 2024 Stock Ownership Scheme and the 2025 Stock Ownership Scheme) commencing from the date of the announcement in relation to the completion of transferring the repurchased underlying Shares from the Company's special securities account for repurchase.

Upon expiration of the above lock-up period, subject to the achievement of performance targets and individual evaluation results, the corresponding portion of the A Shares (together with dividends) held by the Participants under the Stock Ownership Scheme shall be divided into three tranches for vesting at the ratios of 40%, 30% and 30%, and the vested A Shares shall be disposed of by the Scheme Management Committee, with proceeds from such disposal distributed among the Participants on a pro-rata basis.

**6. Consideration for entitlement**

No consideration for the entitlement granted or vested under the Stock Ownership Schemes shall be paid by a participant of such schemes. The source of funds for the Stock Ownership Schemes is the special fund set aside by the Company for such schemes and part of the performance bonuses for senior management. The Company has not provided any financial assistance or loan guarantee to the Participants, nor were leveraged funds involved. No third party provided incentives, subsidies, or backstop arrangements for employees to participate in the Stock Ownership Schemes.



**7. Changes in the number of A Shares held under the Stock Ownership Scheme during the Reporting Period and validity period of the Scheme**

| Name of stock ownership scheme <sup>(1)</sup> | Name and category of the participant <sup>(2)</sup>                           | Number of A Shares held as at 1 January 2025 (share) <sup>(3)(4)</sup> | Granted during the Reporting Period (share) <sup>(3)(4)</sup> | Vested during the Reporting Period (share) <sup>(4)</sup> | Lapsed during the Reporting Period (share) | Number of A Shares held as at 31 December 2025 (share) <sup>(3)(4)(5)</sup> | Weighted average closing price of relevant Shares immediately before the vesting date | Date of grant | Validity period of the Scheme |
|-----------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------|-------------------------------|
|                                               |                                                                               |                                                                        |                                                               |                                                           |                                            |                                                                             | (RMB/share)                                                                           |               |                               |
| Fifth Business Partner Stock Ownership Scheme | Non-director employee                                                         | 534,995                                                                | 0                                                             | 513,332                                                   | 21,663                                     | 0                                                                           | 71.94                                                                                 | 2022.7.29     | 2022.7.29-2027.7.28           |
|                                               | Five aggregately highest paid individuals during the Reporting Period (total) | 12,921                                                                 | 0                                                             | 12,921                                                    | 0                                          | 0                                                                           | 71.94                                                                                 |               |                               |
| Eighth Global Partner Stock Ownership Scheme  | Director – Fang Hongbo                                                        | 337,953                                                                | 0                                                             | 337,953                                                   | 0                                          | 0                                                                           | 72.83                                                                                 | 2022.7.21     | 2022.7.21-2027.7.20           |
|                                               | Director – Wang Jianguo                                                       | 47,975                                                                 | 0                                                             | 47,975                                                    | 0                                          | 0                                                                           | 72.83                                                                                 |               |                               |
|                                               | Director – Gu Yanmin                                                          | 47,975                                                                 | 0                                                             | 0                                                         | 47,975                                     | 0                                                                           | 72.83                                                                                 |               |                               |
|                                               | Director – Guan Jinwei                                                        | 52,238                                                                 | 0                                                             | 52,238                                                    | 0                                          | 0                                                                           | 72.83                                                                                 |               |                               |
|                                               | Director – Fu Yongjun (resigned)                                              | 68,230                                                                 | 0                                                             | 57,146                                                    | 11,084                                     | 0                                                                           | 72.83                                                                                 |               |                               |
|                                               | Non-director employee                                                         | 359,274                                                                | 0                                                             | 348,364                                                   | 10,910                                     | 0                                                                           | 72.83                                                                                 |               |                               |
|                                               | Five aggregately highest paid individuals during the Reporting Period (total) | 501,064                                                                | 0                                                             | 501,064                                                   | 0                                          | 0                                                                           | 72.83                                                                                 |               |                               |
| 2023 Stock Ownership Scheme                   | Director – Fang Hongbo                                                        | 575,806                                                                | 0                                                             | 287,902                                                   | 0                                          | 287,904                                                                     | 73.51                                                                                 | 2023.7.25     | 2023.7.25-2027.7.24           |
|                                               | Director – Wang Jianguo                                                       | 114,105                                                                | 0                                                             | 57,052                                                    | 0                                          | 57,053                                                                      | 73.51                                                                                 |               |                               |
|                                               | Director – Gu Yanmin                                                          | 84,522                                                                 | 0                                                             | 10,565                                                    | 31,696                                     | 42,261                                                                      | 73.51                                                                                 |               |                               |
|                                               | Director – Guan Jinwei                                                        | 132,066                                                                | 0                                                             | 66,032                                                    | 0                                          | 66,034                                                                      | 73.51                                                                                 |               |                               |
|                                               | Director – Fu Yongjun (resigned)                                              | 119,810                                                                | 0                                                             | 56,452                                                    | 63,358                                     | 0                                                                           | 73.51                                                                                 |               |                               |
|                                               | Non-director employee                                                         | 4,588,214                                                              | 0                                                             | 2,027,199                                                 | 586,799                                    | 1,974,216                                                                   | 73.51                                                                                 |               |                               |
|                                               | Five aggregately highest paid individuals during the Reporting Period (total) | 940,310                                                                | 0                                                             | 470,151                                                   | 0                                          | 470,159                                                                     | 73.51                                                                                 |               |                               |

| Name of stock ownership scheme <sup>(1)</sup> | Name and category of the participant <sup>(2)</sup>                           | Number of A Shares held as at 1 January 2025 (share) <sup>(3)(4)</sup> | Granted during the Reporting Period (share) <sup>(3)(4)</sup> | Vested during the Reporting Period (share) <sup>(4)</sup> | Lapsed during the Reporting Period (share) | Number of A Shares held as at 31 December 2025 (share) <sup>(3)(4)(5)</sup> | Weighted average closing price of relevant Shares immediately before the vesting date | Date of grant | Validity period of the Scheme |
|-----------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------|-------------------------------|
|                                               |                                                                               |                                                                        |                                                               |                                                           |                                            |                                                                             | (RMB/share)                                                                           |               |                               |
| 2024 Stock Ownership Scheme                   | Director – Fang Hongbo                                                        | 1,848,609                                                              | 0                                                             | 0                                                         | 0                                          | 1,848,609                                                                   | N/A                                                                                   | 2024.6.25     | 2024.6.25-2029.6.24           |
|                                               | Director – Wang Jianguo                                                       | 234,595                                                                | 0                                                             | 0                                                         | 0                                          | 234,595                                                                     | N/A                                                                                   |               |                               |
|                                               | Director – Gu Yanmin                                                          | 172,037                                                                | 0                                                             | 0                                                         | 0                                          | 172,037                                                                     | N/A                                                                                   |               |                               |
|                                               | Director – Guan Jinwei                                                        | 367,532                                                                | 0                                                             | 0                                                         | 0                                          | 367,532                                                                     | N/A                                                                                   |               |                               |
|                                               | Director – Zhang Tian                                                         | 18,000                                                                 | 0                                                             | 0                                                         | 0                                          | 18,000                                                                      | N/A                                                                                   |               |                               |
|                                               | Director – Fu Yongjun (resigned)                                              | 351,892                                                                | 0                                                             | 0                                                         | 351,892                                    | 0                                                                           | N/A                                                                                   |               |                               |
|                                               | Non-director employee                                                         | 17,113,997                                                             | 0                                                             | 0                                                         | 1,559,945                                  | 15,554,052                                                                  | N/A                                                                                   |               |                               |
|                                               | Five aggregately highest paid individuals during the Reporting Period (total) | 3,177,981                                                              | 0                                                             | 0                                                         | 0                                          | 3,177,981                                                                   | N/A                                                                                   |               |                               |
| 2025 Stock Ownership Scheme <sup>(6)</sup>    | Director – Fang Hongbo                                                        | 0                                                                      | 1,336,899                                                     | 0                                                         | 0                                          | 1,336,899                                                                   | N/A                                                                                   | 2025.9.10     | 2025.9.10-2030.9.9            |
|                                               | Director – Wang Jianguo                                                       | 0                                                                      | 234,772                                                       | 0                                                         | 0                                          | 234,772                                                                     | N/A                                                                                   |               |                               |
|                                               | Director – Gu Yanmin                                                          | 0                                                                      | 91,300                                                        | 0                                                         | 0                                          | 91,300                                                                      | N/A                                                                                   |               |                               |
|                                               | Director – Guan Jinwei                                                        | 0                                                                      | 254,337                                                       | 0                                                         | 0                                          | 254,337                                                                     | N/A                                                                                   |               |                               |
|                                               | Director – Fu Yongjun (resigned)                                              | 0                                                                      | 170,865                                                       | 0                                                         | 170,865                                    | 0                                                                           | N/A                                                                                   |               |                               |
|                                               | Non-director employee                                                         | 0                                                                      | 15,273,312                                                    | 0                                                         | 0                                          | 15,273,312                                                                  | N/A                                                                                   |               |                               |
|                                               | Five aggregately highest paid individuals during the Reporting Period (total) | 0                                                                      | 2,260,598                                                     | 0                                                         | 0                                          | 2,260,598                                                                   | N/A                                                                                   |               |                               |

*Notes:*

- (1) The underlying A Shares under the Fourth Business Partner Stock Ownership Scheme and the Seventh Global Partner Stock Ownership Scheme have all vested or lapsed in 2024, and there are no A Shares subsisting under these stock ownership schemes or any changes thereof during the Reporting Period.
- (2) There are no directors among the participants during the Reporting Period in the Fifth Business Partner Stock Ownership Scheme. Mr. Fu Yongjun has resigned as an executive director of the Company with effect from 28 March 2025. His shareholding and changes during the reporting period are not included in the relevant data for "non-director employees" under the Eighth Global Partner Stock Ownership Scheme, the 2023 Stock Ownership Scheme, the 2024 Stock Ownership Scheme and the 2025 Stock Ownership Scheme.
- (3) No consideration shall be paid by a participant of the Stock Ownership Schemes for the grant or vesting of benefits under such schemes.
- (4) Lock-up and vesting arrangements of Stock Ownership Scheme are as follows: The Stock Ownership Scheme shall be subject to a lock-up period of 12 months (the Fifth Business Partner Stock Ownership Schemes, the Eighth Global Partner Stock Ownership Schemes, and the 2023 Stock Ownership Scheme) or 24 months (the 2024 Stock Ownership Scheme, the 2025 Stock Ownership Scheme) commencing from the date of the announcement in relation to the completion of transferring the repurchased underlying Shares from the Company's special securities account for repurchase. Upon expiration of the above lock-up period, subject to the achievement of performance targets and individual evaluation results, the corresponding portion of the A Shares (together with dividends) held by the Participants under the Stock Ownership Scheme shall be divided into three tranches for vesting at the ratios of 40%, 30% and 30%, and the vested A Shares shall be disposed of by the Scheme Management Committee, with proceeds from such disposal distributed among the Participants on a pro rata basis.
- (5) The Share Ownership Schemes do not involve cancellation of A Shares held.
- (6) The indicators of the Company's performance appraisal under the 2025 Stock Ownership Scheme are, the weighted average ROE in 2025, 2026 and 2027 is not less than 18%, and the weighted average ROE in 2028 is not less than 17.5%, during the vesting assessment period (the above indicators include the impact of capital operation matters disclosed to date, excluding the impact of mergers and acquisitions and capital operations occurred in the assessment year on the assessment indicators), and the corresponding target share quota is determined according to the assessment results of the individuals and units where the holders belong during the vesting assessment period. The assessment indicators for the holder's workplace combine both responsibility-based indicators and long-term strategic indicators.

If the performance appraisal indicators of the Company in each period of the vesting assessment period under this Scheme are achieved, and the individual performance appraisal results of the holder in the vesting assessment period are Grade B or above, and given the annual comprehensive evaluation of the vesting assessment period at the unit level is "excellent", then the holder is entitled to all the equities in the underlying shares attributable to the holder under the Share Ownership Schemes in this period according to the above rules; if the annual comprehensive evaluation of the vesting assessment period at the unit level is "good", the holder is entitled to 90% of the equities in the underlying shares attributable to the holder under the Share Ownership Schemes in this period, and the other 10% of the underlying target share interests are entitled to the Company; if the annual comprehensive evaluation of the vesting assessment period at the unit level is "pass", the holder is entitled to 80% of the equities in the underlying shares attributable to the holder under the Share Ownership Schemes in this period, and the other 20% of the underlying target share interests are entitled to the Company; if the annual comprehensive evaluation of the vesting assessment period at the unit level is "fail", the holder is not entitled to the equities in the underlying shares attributable to the holder under the Share Ownership Schemes in this period.

If the individual performance appraisal result of the holder does not reach Grade B during the vesting assessment period, the holder is not entitled to the equities in the underlying shares attributable to the holder under the Share Ownership Schemes in this period.

If all of the performance appraisal indicators of the Company in each period of the vesting assessment period are not fulfilled, all the underlying equity rights under the Share Ownership Schemes shall be owned by the Company, and all holders are not entitled to the underlying equity rights under the Share Ownership Schemes.

During the Reporting Period, the closing price of the A Shares immediately before the grant date of the Scheme (i.e. 10 September 2025 Announcement on the Completion of the Scheme to Transfer the Target Shares for Repurchase from special account for repurchased shares of the Company) was RMB77.18 per share. The fair value of the Scheme on grant date was RMB1,372,599,000 and the accounting policies adopted are set out in "Note 50.23 to the Consolidated Financial Statements" in this annual report.

#### (IV) H Share Award Scheme

The Company adopted the H Share Share Award Scheme (the “(H Share) Share Award Scheme”) on 30 May 2025. The terms of the (H Share) Share Award Scheme are governed by Chapter 17 of the Hong Kong Listing Rules.

**1. Purposes**

The purpose of the (H Share) Share Award Scheme is to (1) further stimulate the self-motivation and creativity of key talents, constantly improve the Company’s governance standard, and attract, motivate and retain core talents who post a significant influence on the future development of the Company, and (2) inspire a sense of mission and responsibility within the Company, advocate a performance culture that orients to value creation, establish and improve a mechanism for sharing benefits between employees and owners, so as to align the interests of the Company, shareholders and employees, and to ensure achieving the Company’s development strategies and business objectives.

**2. Participants**

The participants of the (H Share) Award Scheme include any individual who is an employee or a director (including executive and non-executive directors) of our Group (“Participants”).

**3. Maximum number of H Shares available to be granted**

The shares involved under the (H Share) Share Award Scheme are the shares granted by the Company to the selected Participants, including (1) new H Shares allotted and issued by the Company, and (2) H Shares repurchased and held by the Company. The number of H Shares available to be granted under the Scheme is capped at 10,000,000 Shares, representing 0.13% of the Company’s issued shares (excluding the treasury shares) as of the Latest Practicable Date. The number of H Shares available to be granted as of 31 December 2025 and the Latest Practicable Date is 8,756,900 Shares, representing 0.12% of the Company’s issued shares (excluding the treasury shares) as of the Latest Practicable Date.

**4. Maximum entitlement for Participants**

The total number of Shares obtained by any participant from all of such share incentive schemes within valid period shall not in aggregate exceed 1% of the total share capital of the Company.

**5. Lock-up and vesting arrangement**

The lock-up and vesting arrangement for the award shares granted under the (H Share) Share Award Scheme are as follows: The lock-up period for the award shares shall be 24 months commencing from the date of grant. Upon expiration of the lock-up period, such award shares shall be divided into three tranches for vesting in 2027, 2028 and 2029 at the ratios of 40%, 30% and 30%, respectively.

## 6. Consideration for entitlement

No consideration for the entitlement granted or vested under the (H Share) Share Award Scheme shall be paid by a participant of such schemes.

## 7. Term of the (H Share) Share Award Scheme

The (H Share) Share Award Scheme will be valid and effective for the period commencing on 30 May 2025 and expiring on the tenth anniversary thereof, or such earlier date as the (H Share) Share Award Scheme is terminated (the “Term”), after which no further H Share awards shall be offered or granted but the provisions of the (H Share) Share Award Scheme will remain in full force and effect in all other respects and H Share awards granted during the Term shall continue to be valid in accordance with their terms of grant after the end of the Term.

## 8. Changes of the (H Share) Share Award Scheme during the Reporting Period and validity period of the Scheme

| Name and category of the Participant <sup>(1)</sup> | Number of awarded shares as at 1 January 2025 (share) | Granted during the Reporting Period (share) <sup>(2)</sup> | Vested during the Reporting Period (share) <sup>(3)(5)</sup> | Lapsed during the Reporting Period (share) <sup>(4)</sup> | Number of awarded shares as at 31 December 2025 (share) | Weighted average closing price of relevant Shares immediately before the vesting date | Date of grant | Validity period of the Scheme |
|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------|---------------|-------------------------------|
|                                                     |                                                       |                                                            |                                                              |                                                           |                                                         | (HK\$/share)                                                                          |               |                               |
| Non-director employee                               | 0                                                     | 1,243,100                                                  | 0                                                            | 0                                                         | 1,243,100                                               | N/A                                                                                   | 2025.6.12     | 2025.5.30-2035.5.29           |

### Notes:

- (1) No awarded share were granted to Directors, chief executives or substantial shareholders, or to their respective associates, under the (H Share) Share Award Scheme during the Reporting Period.
- (2) No consideration shall be paid by a participant of the (H Share) Share Award Scheme for the grant or vesting of benefits under such schemes.
- (3) The lock-up and vesting arrangements for the awarded shares granted under the (H Share) Share Award Scheme are as follows: the lock-up period of the Awarded Shares shall be 24 months from the date of grant, and the Awarded Shares shall be vested in three tranches at the ratios of 40%, 30% and 30% in 2027, 2028 and 2029, respectively, upon expiry of the lock-up period.
- (4) The (H Share) Share Award Scheme does not involve cancellation of H Shares held.



- (5) The awards shall be subject to the assessment targets at three levels: the Group, the grantee's workplace and the grantee's individual performance.

Indicators for corresponding workplace level: The unlocking ratio is determined according to the overall fulfillment assessment grade based on the responsibility-based and strategic indicators: 100% to be vested for outstanding assessment grade; 90% to be vested for good assessment grade; 80% to be vested for qualified assessment grade; vesting to be cancelled for poor assessment grade.

40% for the first vesting in 2027: first vesting period of the performance assessment for 2025-2026. Group level: assessment of weighted average return on equity (ROE) for 2025-2026 (not less than 18%); work place level: assessment of responsibility-based indicators and long-term strategic indicators for 2025-2026; individual level: Grade B or above for 2026.

30% for the second vesting in 2028: second vesting period of the performance assessment for 2027. Group level: ROE for 2027 (not less than 18%); Work place level: assessment of responsibility-based indicators and long-term strategic indicators for 2027; individual level: Grade B or above for 2027.

30% for the third vesting in 2029: third vesting period of the performance assessment for 2028. Group level: ROE for 2028 (not less than 17.5%); Work place level: assessment of responsibility-based indicators and long-term strategic indicators for 2028; individual level: Grade B or above for 2028.

ROE indicators under the assessments shall include the impacts of disclosed capital operation events as of now, but exclude the impacts of merger and acquisition and capital operation events occurred during the assessment year on assessment indicators. Should any performance target is not achieved in whole or in part during the assessment period, all or a corresponding portion of the awarded shares proposed to be vested for such period shall be canceled.

During the Reporting Period, the closing price of H shares immediately before the grant date under the Share Award Scheme was HK\$75.60 per share. The fair value of the Share Award Scheme at the grant date was RMB85,176,000, and the accounting policies adopted are set out in note 50.23 to the consolidated financial statements in this annual report.

For the year ended December 31, 2025, the number of shares that may be issued in respect of options and awards granted under all share schemes of the Company represented 0.64% of the weighted average number of issued ordinary shares (excluding treasury shares) for the year ended December 31, 2025.

## XVI. SIGNIFICANT CONTRACTS

During the Reporting Period, save for the disclosed connected transactions and continuing connected transactions, the Company or any of its subsidiaries does not have any significant contract with controlling shareholders or its subsidiaries, and there are no significant contracts of services provided by the controlling shareholders or its subsidiaries to the Company or subsidiaries.

## XVII. EQUITY-LINKED AGREEMENT

Other than the Share Option Incentive Plans, the Company had not entered or participated in any equity-linked agreements that will or may result in the Company issuing Shares during the year ended 31 December 2025.

## XVIII. CONNECTED TRANSACTIONS

We have entered into the agreements and arrangements for continuing connected transactions with the connected persons under the Hong Kong Listing Rules in the ordinary and usual course of our business and in compliance with the requirements under Chapter 14A of the Hong Kong Listing Rules. Details of the continuing connected transactions of the Group are set out below.

### (I) Supply of Products Framework Agreement

On 3 September 2024, our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “Supply of Products Framework Agreement”) with Carrier Global, for itself and on behalf of its associates, pursuant to which, our Group would supply to Carrier Global and its associates electrical appliances (including but not limited to: (i) HVAC products and dehumidifiers; (ii) multi-split outdoor air conditioner units, water heaters and water engines; and (iii) air conditioner compressors and motors), parts and components, and ancillary products and services (collectively, the “Products”) as they may require from time to time.

Carrier Global, through its subsidiary Toshiba Carrier Corporation, holds 20.0% of the issued share capital of GD Midea Air-Conditioning Equipment Co., Ltd. (廣東美的製冷設備有限公司), which is a major subsidiary of the Company. Carrier Global is therefore a connected person at the subsidiary level of the Company.

The initial term of the Supply of Products Framework Agreement will commence on the Listing Date and end on 31 December 2026. Both parties or their respective subsidiaries or associates will enter into separate underlying agreements which will set out the specific terms and conditions for the supply of Products according to the principles provided in the Supply of Products Framework Agreement.

### (II) Reasons for the transaction

Carrier Global, a corporation organized and existing under the laws of the State of Delaware, is a global leader in intelligent climate and energy solutions with a focus on providing differentiated, digitally-enabled lifecycle solutions to its customers with its shares listed on the New York Stock Exchange under the symbol “CARR”.

Our Group has a long-term and stable business relationship with Carrier Global. Our Group is familiar with Carrier Global’s business needs, quality standards and operational requirements in respect of the Products. The supply of Products to Carrier Global and its associates helps to increase the sales scale and the sales revenue of our Group.

**(III) Consideration and pricing policies**

The fees to be charged by our Group for the Products to be supplied to Carrier Global and its associates pursuant to the Supply of Products Framework Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of products, transaction volume and prices for the supply of products of similar nature, type and quantity by our Group to other independent third parties in the market.

**(IV) The annual caps and the actual transaction amounts for 2025**

During the Reporting Period, the continuing connected transactions of the Company were implemented according to the Supply of Products Framework Agreement entered into between the Company, for itself and on behalf of its subsidiaries, and Carrier Global, for itself and on behalf of its associates, and the consideration and pricing policies of the relevant transactions were strictly followed. The transaction amount and subject matter did not exceed the scope of the agreement. The annual caps and the actual transaction amounts for 2025 are set out below:

| <b>Subject matter</b>                                      | <b>Annual cap of<br/>transaction<br/>amount for 2025<br/>(RMB in billion)</b> | <b>Actual transaction<br/>amount for 2025<br/>(RMB in billion)</b> |
|------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Total fees received from Carrier Global and its associates | 5.6                                                                           | 5.0                                                                |

**(V) Waiver**

In respect of the transactions as contemplated under the Supply of Products Framework Agreement as described above, upon the Listing in September 2024, the Company has applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirements under the Hong Kong Listing Rules pursuant to Rule 14A.105 of the Hong Kong Listing Rules.

**(VI) Confirmation of auditor**

PricewaterhouseCoopers, the auditor of the Company has implemented the procedures for the abovementioned continuing connected transactions and provided a letter to the Board of the Company, stating that:

1. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.
2. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
3. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
4. with respect to the aggregate amount of the above mentioned continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

**(VII) Opinions of the Company and independent non-executive Directors**

The Company confirms that the continuing connected transactions in 2025 complied with the requirements under Chapter 14A of the Hong Kong Listing Rules. Save as disclosed above, no other related party transactions set out in the "Notes to the Consolidated Financial Statements" constitute connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Hong Kong Listing Rules.

Our independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that:

1. such continuing connected transactions were entered into in the ordinary course of business of the Group;
2. such continuing connected transactions were on normal commercial terms or better; and
3. such continuing connected transactions were conducted under the agreements of corresponding transactions and in accordance with their terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

## **XIX. MANAGEMENT CONTRACT**

During the Reporting Period, no contracts were subsisted (other than the service contracts with any Directors or any of the full-time employees of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individual or entities.

## **XX. TAX RELIEF**

### **(1) A Shareholders**

In accordance with provisions of the “Notice on Relevant Issues of Implementation of Individual Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies” (Cai Shui [2012] No. 85) 《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) and the “Notice on Relevant Issues of Individual Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies” (Cai Shui [2015] No. 101) 《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), for dividends and bonuses of individual investors received from listed companies from the date when individual investors acquire shares of the company till the equity registration date, if shareholding period is more than one year, individual income tax will be exempted; if shareholding period is not more than one year (including one year), the listed company will not withhold and remit individual income tax and the amount of tax payable will be calculated on the transfer of shares by an individual investor based on the period of holding the shares.

As for shareholders of resident enterprises, income tax of cash bonuses will be paid by themselves.

Listed companies will withhold and remit enterprise income tax at the tax rate of 10% for qualified foreign institutional investors (QFII) in accordance with provisions of the “Notice on Relevant Issues Regarding the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII” (Guo Shui Han [2009] No. 47) 《關於中國居民企業向 QFII 支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47號)). If the QFII shareholders intend to claim the preferential treatment as stipulated in tax treaties (arrangements) for their dividend and bonus incomes, they may by themselves, or may entrust a withholding agent on their behalf to, apply to the competent tax authority of the listed company for the treatment as stipulated in such tax treaties.



Pursuant to the provisions under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No.127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends and bonus incomes received by investors (including enterprises and individuals) in the Hong Kong market from investing in A Shares listed on the SZSE, the implementation of differentiated tax policies based on period of shareholding is suspended before Hong Kong Securities Clearing Co., Ltd. meets the conditions of providing identification, terms of shareholding and other specific data of investors to China Securities Depository and Clearing Corporation Limited, and the income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the competent tax authority. For Hong Kong investors who are tax residents from another country and that country has entered into a tax treaty with the PRC stipulating a tax rate of lower than 10% for dividends, those enterprises or individuals may by themselves, or may entrust a withholding agent on their behalf to, apply to the competent tax authority of the listed company for the treatment as stipulated in such tax treaties.

## (2) H Shareholders

In accordance with the provisions of the “Notice of the State Administration of Taxation on Individual Income Tax Collection Issues Following the Repeal of the Document with the Number of Guo Shui Fa [1993] No. 045” (Guo Shui Han [2011] No. 348) 《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), withholding and remitting obligor will withhold and remit individual income tax as per item of “interest, dividends and bonus income” for dividends and bonuses income of overseas resident individual shareholders from the domestic non-foreign-funded enterprises by issuing shares in Hong Kong. When the domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with the tax convention signed by China and the country stated in the residential identity and tax arrangement of Chinese Mainland and Hong Kong (Macau). In general, the tax rate for dividend is 10% in accordance with relevant tax convention and provisions on tax arrangement. To simplify tax collection and management, when a domestic non-foreign funded enterprise that has issued shares in Hong Kong distributes dividends and bonuses, individual income tax will be generally withheld and remitted at the tax rate of 10% and application is not necessary. If the tax rate for dividends is not fall within 10%, the following provisions shall apply: (1) for residents from countries which have entered into tax treaties with a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the competent tax authorities, the excess tax amounts withheld will be refunded; (2) for residents from countries which have entered into tax treaties with a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the effective tax rate under the treaties when distributing dividends without application; (3) for residents from countries without tax treaties or otherwise, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

In accordance with the provisions of the “Notice on Relevant Issues that PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H shares and Withhold and Remit Enterprise Income Tax” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), when PRC resident enterprises distribute dividends for 2008 and future years to overseas non-resident enterprise shareholders of H-shares, they will withhold and remit enterprise income tax at the tax rate of 10%.

In accordance with provisions of the “Notice on Tax Policies about Inter-communication Pilot of Shanghai-Hong Kong Stock Exchange Mechanism” (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the “Notice on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism” (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), H-share companies will withhold individual income tax at the tax rate of 20% for dividend and bonus of individual investors in Chinese Mainland who invest in H-shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Individual income tax will be collected in accordance with the above provisions for dividends and bonuses income of the securities investment fund in Chinese Mainland which invests in listed shares of the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect. H-share companies will not withhold dividend and bonus income tax for dividends and bonuses of enterprise investors in Chinese Mainland who invest in listed shares of the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and income tax will be paid by the enterprises themselves. Dividends and bonuses income obtained by resident enterprises in Chinese Mainland as they have continuously held H-shares for 12 months will be exempted from enterprise income tax according to laws.

Under the current practice of the Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders of the Company will pay relevant taxes and/or enjoy tax concession in accordance with the above provisions.

## XXI. SUFFICIENT PUBLIC FLOAT

Upon the listing of the H Shares of the Company, the Hong Kong Stock Exchange granted a waiver to the Company that the minimum percentage of the H Shares of the Company to be held by the public shall be 5.00% of the total issued share capital of the Company.

As of the Latest Practicable Date, based on the available information and to the best knowledge of the Directors, the Company’s public float complies with the minimum public float requirements under Rule 8.08 of the Hong Kong Listing Rules and the waiver granted by the Hong Kong Stock Exchange upon the listing of the H Shares of the Company.

## XXII. EVENTS AFTER THE REPORTING PERIOD

Apart from the aforementioned dividend distribution, there were no other material subsequent events since the end of the Reporting Period.

## XXIII. PERFORMANCE OF UNDERTAKINGS

Undertakings of the Company's actual controller, Shareholders, related parties, acquirer, the Company and other parties fulfilled during the Reporting Period and as of the end of the Reporting Period are as follows:

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

| Undertaking | Party(ies)<br>giving the<br>undertaking | Type of<br>undertaking | Details of undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Date of<br>giving<br>undertaking | Term | Particulars on the<br>performance |
|-------------|-----------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------|-----------------------------------|
|             |                                         |                        | (2) If Midea Group and its controlled companies expand their business on the basis of the existing ones to those where the above-mentioned related entities or individuals have already performed such production and operations, as long as Midea Holding is still as the controlling shareholder of Midea Group, and He Xiangjian as the actual controller, they will agree on solving the problem of competition within the industry arising therefrom within a reasonable period; |                                  |      |                                   |
|             |                                         |                        | (3) If Midea Group and its controlled companies expand their business scope on the basis of the existing ones to those where the above-mentioned related subjects have not gone into production or operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding as the controlling shareholder, they will not engage in competitive business to the new ones of Midea Group and its controlled companies;                                      |                                  |      |                                   |
|             |                                         |                        | (4) In accordance with effective laws, regulations or other regulatory documents of the People's Republic of China, as long as Midea Holding is identified as the controlling shareholder of Midea Group, and He Xiangjian, the actual controller, they will not change or terminate this undertaking;                                                                                                                                                                                |                                  |      |                                   |
|             |                                         |                        | (5) Midea Holding and He Xiangjian shall faithfully fulfill the above undertaking and assume the corresponding legal responsibilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.                                                                                                                  |                                  |      |                                   |

| Undertaking | Party(ies) giving the undertaking             | Type of undertaking                | Details of undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Date of giving undertaking | Term           | Particulars on the performance                      |
|-------------|-----------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------|-----------------------------------------------------|
|             | Controlling shareholder and actual controller | Regulation of related transactions | <p>3. In order to regulate matters of related transactions that may occur in the future between Midea Group and Midea Holding and its controlled companies as well as He Xiangjian, his immediate family and his controlled companies, Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) They will regulate any related transactions with Midea Group and its controlled companies using their utmost efforts to reduce them. For unavoidable related transactions with Midea Group and its controlled companies, including but not limited to commodity trading, providing services to each other or as agent, they will sign legal normative agreements with Midea Group, and go through approval procedures in accordance with related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They guarantee to offer fair prices for related transactions and fulfill the information disclosure obligations in respect of the related transactions according to related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They also guarantee not to illegally transfer the funds or profits from Midea Group, or damage the interests of its shareholders at their advantages during the related transactions;</p> | 28 March 2013              | Long -standing | 3. There has been no violation of this undertaking. |



| Undertaking | Party(ies)<br>giving the<br>undertaking | Type of<br>undertaking | Details of undertaking                                                                                                                                                                                                                                                                                                                                         | Date of<br>giving<br>undertaking | Term | Particulars on the<br>performance |
|-------------|-----------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------|-----------------------------------|
|             |                                         |                        | (2) They shall fulfill the obligation of withdrawing from voting that involves the above-mentioned related transactions at the general meeting of Midea Group;                                                                                                                                                                                                 |                                  |      |                                   |
|             |                                         |                        | (3) The related subject mentioned above shall not require Midea Group to offer more favorable conditions than those to any independent third party in any fair market transactions;                                                                                                                                                                            |                                  |      |                                   |
|             |                                         |                        | (4) In accordance with effective laws, regulations or other regulatory documents of the People's Republic of China, as long as Midea Holding is identified as the controlling shareholder of Midea Group, and He Xiangjian the actual controller, they shall not change or terminate this undertaking;                                                         |                                  |      |                                   |
|             |                                         |                        | (5) Midea Holding and He Xiangjian will faithfully fulfill the above undertaking and assume the corresponding legal liabilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents. |                                  |      |                                   |

| Undertaking | Party(ies) giving the undertaking             | Type of undertaking                                                                                                         | Details of undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Date of giving undertaking | Term           | Particulars on the performance                                                                                                                                                                    |
|-------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             | Controlling shareholder and actual controller | On Midea Trade Union Committee transferring its limited equity of Midea Group                                               | <p>4. On 4 January 2001, the Midea Trade Union Committee signed the "Equity Transfer Contract" with five people, namely He Xiangjian, Chen Daijiang, Feng Jingmei, Chen Kangning and Liang Jieyin, where it transferred all its limited equity of Midea Group (22.85%) respectively to those five people. According to the confirmation letter issued by members of the Midea Trade Union Committee at that time, the equity transfer price was determined after a mutual discussion based on their true opinions, therefore there was no dispute or potential dispute.</p> <p>On 28 June 2013, Foshan Shunde Beijiao General Union, superior department of Midea Trade Union Committee, issued a confirmation letter to the fact that the Midea Trade Union Committee funded the establishment of Midea Group Co., Ltd. In addition, the letter also confirmed that the council of Midea Trade Union Committee is entitled to dispose of any property of the committee, and such property disposal does not need any agreement from all staff committee members.</p> <p>Midea Holding and Mr. He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd. have undertaken as follows: For any loss to Midea Group caused by any dispute or potential dispute arising from the matters of equity transfer mentioned above, they are willing to assume full liability for such loss.</p> | 28 March 2013              | Long -standing | 4. So far, this shareholding transfer has not brought about any loss caused by any dispute or potential disputes. There has been no violation of this undertaking.                                |
|             | Controlling shareholder and actual controller | Issues about Payment of the Staff Social Insurance and the Housing Provident Fund involved in Midea Group's Overall Listing | 5. Midea Holding and He Xiangjian have undertaken to be liable for (1) paying such expenses and related expenses on time based on the requirements of relevant state departments if Midea Group is required to be liable for the payment of staff social insurance, housing provident fund and the payment required by relevant state authorities prior to this merger; (2) paying corresponding compensation for all direct and indirect losses incurred by Midea Group and its subsidiaries due to this merger; or (3) indemnifying and holding harmless Midea Group and its subsidiaries in time from such expenses when Midea Group and its subsidiaries are required to pay them in advance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 28 March 2013              | Long -standing | 5. So far, the payment of the staff social insurance and the housing provident fund has not brought about any controversy or potential disputes. There has been no violation of this undertaking. |

| Undertaking | Party(ies) giving the undertaking             | Type of undertaking                                                                             | Details of undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Date of giving undertaking | Term           | Particulars on the performance                                                                                                                                                                                                                                  |
|-------------|-----------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             | Controlling shareholder and actual controller | Issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries | <p>6. Undertakings on issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries.</p> <p>Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) Midea Holding will do its utmost to assist and urge Midea Group (including its subsidiaries) to complete renaming procedures of related assets, such as land, housing, trademarks, patents, and stock rights, declared in the related files of this merger. Midea Holding will be liable for all compensations of losses caused by issues about renaming procedures of related assets mentioned above to Midea Group.</p> <p>(2) Midea Holding shall do its utmost to assist Midea Group (including its subsidiaries) to apply for ownership certificates of land and housing or property declared in related files of this merger.</p> <p>(3) Midea Holding shall assist Midea Group (including its subsidiaries) to re-apply for corresponding construction procedures and apply for their ownership certificates for houses without complete procedures, as happened in the past, to apply for the ownership certificate. If the competent authorities require Midea Group to dismantle buildings that cannot acquire the re-application for real estate registration procedures, Midea Holding shall do its utmost to provide assistance and be liable for any related expenses used in dismantling such buildings by Midea Group (including its subsidiaries).</p> | 28 March 2013              | Long -standing | 6. So far, the issues about asset alteration, asset flaw and house leasing have not brought about any controversy or potential disputes. There has been no violation of this undertaking. And Midea Holding shall honor this undertaking before its expiration. |

| Undertaking | Party(ies)<br>giving the<br>undertaking | Type of<br>undertaking | Details of undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Date of<br>giving<br>undertaking | Term | Particulars on the<br>performance |
|-------------|-----------------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------|-----------------------------------|
|             |                                         |                        | <p>(4) Under any circumstances that Midea Group suffers from losses incurred from no longer using these properties or presently using the land or house above due to failing to obtain or collect in time the ownership certificates of the land or house above or any losses caused by any other reasons, Midea Holding shall compensate any loss for these reasons in time and in full. Midea Holding shall compensate for the actual loss Midea Group suffers from any circumstances above resulting in penalties subjected to by competent authorities or through claims from any other third party.</p> <p>(5) Based on issues of defective house leasing declared in related files of this merger, Midea Holding shall provide sufficient compensations for all economic losses incurred by Midea Group (including its subsidiaries) where the leasehold relations above become invalid or other disputes occur, which are caused by rights claims from a third party or by means of an administrative authority exercising a right and therefore results in any economic losses due to eviction from rental houses, or any penalties subjected to by competent government departments or any recourse from related parties.</p> <p>(6) Based on the issues of defective land leasing declared in related files of this merger, when leasehold relations become invalid caused by defects of land leasing or when other disputes occur, resulting in any economic losses to Midea Group (including its subsidiaries) or through any penalties administered by competent government departments. Likewise, if the lessor cannot compensate for losses caused by such defective leasing, Midea Holding shall compensate Midea Group for losses caused by such defective land leasing.</p> <p>Midea Holding has further undertaken that where a violation of guarantees and undertakings referred to previously occurs or such guarantees and undertakings are not consistent with the reality and Midea Group has suffered any loss therefrom, Midea Holding shall compensate in cash or make up for Midea Group's loss upon Midea Group's notice in writing within 30 days when the loss occurs and the loss amount is definite.</p> |                                  |      |                                   |

#### **XXIV. MATERIAL LITIGATION AND ARBITRATION**

During the Reporting Period, the Company had no material litigation and arbitration.

#### **XXV. CREDIT CONDITIONS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD**

During the Reporting Period, neither the Company nor the Controlling Shareholder or actual controller had unperformed obligations determined by court legal instruments or large overdue debts.

#### **XXVI. CONTINGENT LIABILITIES**

As of the end of the Reporting Period, save as disclosed in Note 47 to the consolidated financial statements, the Company had no other material contingent liabilities.

#### **XXVII. PERMITTED INDEMNITY PROVISION**

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors and the senior management.

#### **XXVIII. DIRECTORS' INTERESTS IN MAJOR TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

At the end of the Reporting Period or at any time during the Reporting Period, save as disclosed in Note 45 to the consolidated financial statements, there was no transaction, arrangement or contract that was significant to the Group's business to which the Company or any of its subsidiaries was a party, and in which any person who served as a Director at any time during the Reporting Period, or any of their connected entities, had a material direct or indirect interest.

#### **XXIX. DIRECTORS' INTEREST IN COMPETING BUSINESS**

For the year ended 31 December 2025, none of the Directors had an interest in any business that directly or indirectly competed with our business under rule 8.10(2) of the Hong Kong Listing Rules.

#### **XXX. RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries was a party to any arrangement that would enable Directors to benefit from acquiring shares or debentures of the Company or any other corporation during the Reporting Period.



### XXXI. AUDIT COMMITTEE

The audit committee, together with auditors, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025. The audit committee has also reviewed the accounting standards and practices adopted by the Group and discussed the auditing, risk management, internal control, and financial reporting matters.

### XXXII. AUDITORS

The Company has not changed its domestic auditors in the past three years. The Company has not changed its overseas auditor since its H Shares were issued and listed on the Main Board of the Hong Kong Stock Exchange on 17 September 2024.

The Company's domestic and overseas auditors for 2025 were PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, respectively. They have audited the 2025 consolidated financial statements prepared by the Company in accordance with the Accounting Standards for Business Enterprises (China Accounting Standards) and the IFRS Accounting Standards, respectively.

# CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

## I. SUBSTANTIAL SHAREHOLDER AND OTHER INDIVIDUALS' INTEREST AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As of 31 December 2025, the Company was aware of the following individuals who had an interest or short position, which were required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or interests or short positions as recorded in the register required to be kept by the Company under Section 336 of SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of our Company's share capital:

| Name of shareholder             | Nature of interest                  | Class of Share | Number of<br>Shares directly<br>or indirectly held/<br>Nature of Shares<br>Held | Percentage of<br>the respective<br>type of shares <sup>(5)</sup> | Percentage of<br>the total issued<br>share capital <sup>(5)</sup> |
|---------------------------------|-------------------------------------|----------------|---------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|
| Midea Holding                   | Beneficial owner                    | A Shares       | 2,169,178,713<br>(Long position)                                                | 31.23%                                                           | 28.55%                                                            |
| Mr. He Xiangjian <sup>(1)</sup> | Interest in controlled corporations | A Shares       | 2,169,178,713<br>(Long position)                                                | 31.23%                                                           | 28.55%                                                            |
|                                 | Beneficial owner                    | A Shares       | 31,909,643<br>(Long position)                                                   | 0.46%                                                            | 0.42%                                                             |
| HACF, L.P.                      | Beneficial owner                    | H Shares       | 88,665,100<br>(Long position)                                                   | 13.62%                                                           | 1.17%                                                             |
|                                 | Interest in controlled corporations | H Shares       | 47,939,300<br>(Long position)                                                   | 7.37%                                                            | 0.63%                                                             |
| HHLR CF, L.P.                   | Beneficial owner                    | H Shares       | 49,322,300<br>(Long position)                                                   | 7.58%                                                            | 0.65%                                                             |

| Name of shareholder                                                  | Nature of interest                  | Class of Share | Number of<br>Shares directly<br>or indirectly held/<br>Nature of Shares<br>Held | Percentage of<br>the respective<br>type of shares <sup>(5)</sup> | Percentage of<br>the total issued<br>share capital <sup>(5)</sup> |
|----------------------------------------------------------------------|-------------------------------------|----------------|---------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|
|                                                                      |                                     |                |                                                                                 |                                                                  |                                                                   |
| HHLR Advisors, Ltd.                                                  | Investment manager                  | H Shares       | 154,736,500<br>(Long position)                                                  | 23.77%                                                           | 2.04%                                                             |
| China International Capital Corporation (International) Limited      | Interest in controlled corporations | H Shares       | 59,788,729<br>(Long position)                                                   | 9.19%                                                            | 0.79%                                                             |
|                                                                      |                                     |                | 85,534,400<br>(Short position)                                                  | 13.14%                                                           | 1.13%                                                             |
| China International Capital Corporation Hong Kong Securities Limited | Underwriter                         | H Shares       | 59,147,529<br>(Long position)                                                   | 9.09%                                                            | 0.78%                                                             |
|                                                                      |                                     |                | 84,893,200<br>(Short position)                                                  | 13.04%                                                           | 1.12%                                                             |
| The Goldman Sachs Group, Inc. <sup>(2)</sup>                         | Interest in controlled corporations | H Shares       | 53,585,240<br>(Long position)                                                   | 8.23%                                                            | 0.71%                                                             |
|                                                                      |                                     | H Shares       | 51,884,304<br>(Short position)                                                  | 7.97%                                                            | 0.68%                                                             |
| China COSCO SHIPPING Corporation Limited <sup>(3)</sup>              | Interest in controlled corporations | H Shares       | 40,008,200<br>(Long position)                                                   | 6.15%                                                            | 0.53%                                                             |
| China Ocean Shipping Company Limited <sup>(3)</sup>                  | Interest in controlled corporations | H Shares       | 40,008,200<br>(Long position)                                                   | 6.15%                                                            | 0.53%                                                             |
| COSCO SHIPPING Holdings Co., Ltd. <sup>(3)</sup>                     | Interest in controlled corporations | H Shares       | 40,008,200<br>(Long position)                                                   | 6.15%                                                            | 0.53%                                                             |
| COSCO SHIPPING Holdings (Hong Kong) Limited <sup>(3)</sup>           | Beneficial owner                    | H Shares       | 40,008,200<br>(Long position)                                                   | 6.15%                                                            | 0.53%                                                             |

## CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

| Name of shareholder            | Nature of interest                  | Class of Share | Number of                                                          | Percentage of<br>the respective<br>type of shares <sup>(5)</sup> | Percentage of<br>the total issued<br>share capital <sup>(5)</sup> |
|--------------------------------|-------------------------------------|----------------|--------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|
|                                |                                     |                | Shares directly<br>or indirectly held/<br>Nature of Shares<br>Held |                                                                  |                                                                   |
| BlackRock, Inc. <sup>(4)</sup> | Interest in controlled corporations | H Shares       | 33,562,881<br>(Long position)                                      | 5.16%                                                            | 0.44%                                                             |
|                                |                                     | H Shares       | 923,900<br>(Short position)                                        | 0.14%                                                            | 0.01%                                                             |

*Notes:*

1. Mr. He is interested in approximately 94.55% of Midea Holding and is deemed to be interested in all the A Shares held by Midea Holding.
2. The Goldman Sachs Group, Inc. has underlying interests in the long position of 53,585,240 H shares and the short position of 51,884,304 H shares of the Company through a series of corporations under its control.
3. Each of China Ocean Shipping Company Limited, COSCO SHIPPING Holdings Co., Ltd. and China COSCO SHIPPING Corporation Limited is deemed to be interested in the shares held by COSCO SHIPPING Holdings (Hong Kong) Limited under the SFO.
4. BlackRock, Inc. has underlying interests in the long position of 33,562,881 H shares and the short position of 923,900 H shares of the Company through a series of corporations under its control.
5. As at 31 December 2025, the Company had a total of 7,597,145,346 issued shares, comprising 6,946,296,846 A Shares and 650,848,500 H Shares (including treasury shares). The above calculation is based on the total number of issued shares and the total number of relevant classes of shares (including treasury shares) as of 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company was not aware of any other person (other than the Directors and chief executives of the Company) having any interests or short position in the shares or underlying shares of the Company which are required to be recorded in the register under Section 336 of the SFO.

## II. DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 31 December 2025, to the best of the knowledge of the Company, the interests and short position of the Directors and chief executives in the share capital and underlying Shares of the Company or its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code were as follows:

### (1) Interests and Short Position in Shares of the Company

| Name             | Position                                                              | Nature of interest                      | Class of Share | Number of Shares directly or indirectly held/<br>Nature of Shares Held <sup>(7)</sup> | Percentage of the respective type of Shares <sup>(6)</sup> | Percentage of the total issued share capital <sup>(6)</sup> |
|------------------|-----------------------------------------------------------------------|-----------------------------------------|----------------|---------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|
| Mr. Fang Hongbo  | Executive Director, chairman of the Board and chief executive officer | Beneficial owner                        | A Shares       | 120,463,904 <sup>(1)</sup><br>(Long position)                                         | 1.7342%                                                    | 1.5856%                                                     |
| Mr. Wang Jianguo | Executive Director and executive president                            | Beneficial owner                        | A Shares       | 526,420 <sup>(2)</sup><br>(Long position)                                             | 0.0076%                                                    | 0.0069%                                                     |
| Dr. Gu Yanmin    | Executive Director and vice president                                 | Beneficial owner                        | A Shares       | 305,598 <sup>(3)</sup><br>(Long position)                                             | 0.0044%                                                    | 0.0040%                                                     |
| Mr. Guan Jinwei  | Executive Director and vice president                                 | Beneficial owner and Interest of Spouse | A Shares       | 1,226,403 <sup>(4)</sup><br>(Long position)                                           | 0.0177%                                                    | 0.0161%                                                     |
| Dr. ZHANG Tian   | Executive Director and employee representative Director               | Beneficial owner                        | A Shares       | 39,750 <sup>(5)</sup><br>(Long position)                                              | 0.0006%                                                    | 0.0005%                                                     |



*Notes:*

- (1) Such interests include (i) 116,990,492 A Shares and (ii) interests in 3,473,412 A Shares arising under the Stock Ownership Schemes which are beneficially owned by Mr. Fang Hongbo.
- (2) Such interests include interests in 526,420 A Shares arising under the Stock Ownership Schemes which are beneficially owned by Mr. Wang Jianguo.
- (3) Such interests include interests in 305,598 A Shares arising under the Stock Ownership Schemes which are beneficially owned by Dr. Gu Yanmin.
- (4) Such interests include (i) 538,500 A Shares and (ii) interests in 687,903 A Shares arising under the Stock Ownership Schemes which are beneficially owned by Mr. Guan Jinwei. The spouse of Mr. Guan holds 3,500 A Shares and Mr. Guan is deemed to be interested in the A Shares held by his spouse.
- (5) Such interests include (i) 6,750 A Shares, (ii) 15,000 A Shares which may be issued pursuant to the exercise of options granted under the Stock Option Incentive Plans and (iii) interests in 18,000 A Shares arising under the Stock Ownership Schemes which are beneficially owned by Dr. Zhang Tian.
- (6) As of 31 December 2025, the Company had a total of 7,597,145,346 issued shares, comprising 6,946,296,846 A Shares and 650,848,500 H Shares (including treasury shares). The above calculation is based on the total number of issued shares and the total number of relevant classes of shares (including treasury shares) as of 31 December 2025.
- (7) Interests disclosed in the table above include interests in underlying Shares arising under physically settled Stock Option Incentive Plans and cash settled Stock Ownership Schemes. Please note that the nature of interests under these plans and schemes differs, depending on the features of the plans and schemes; nevertheless, for transparency and consistency purposes, disclosures of these interests are approached as a uniform matter.

## (2) Interest in Associated Corporations of the Company

| Name                           | Position                                                              | Nature of Interest                 | Member of our Group                                             | Number of Shares directly or indirectly held | % of Shareholding |
|--------------------------------|-----------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------|----------------------------------------------|-------------------|
| Mr. Fang Hongbo <sup>(1)</sup> | Executive Director, chairman of the Board and chief executive officer | Interest in controlled corporation | Meicloud Technology Co., Ltd.                                   | 2,000,000<br>(Long position)                 | 0.75%             |
| Mr. Fang Hongbo <sup>(2)</sup> | Executive Director, chairman of the Board and chief executive officer | Interest in controlled corporation | Annto Logistics Supply Chain Technology Co., Ltd.               | 17,658,000<br>(Long position)                | 2.37%             |
| Mr. Fang Hongbo <sup>(3)</sup> | Executive Director, chairman of the Board and chief executive officer | Interest in controlled corporation | Guangdong Midea Smart Technology Industry Investment Fund (LLP) | 112,000,000<br>(Long position)               | 5.38%             |

*Notes:*

- (1) Ningbo Meiyue Venture Capital Partnership (Limited Partnership) is interested in 0.75% of the equity interest of Meicloud Technology Co., Ltd.. Mr. Fang Hongbo holds 39.76% interest in Ningbo Meiyue Venture Capital Partnership (Limited Partnership), an employee shareholding platform. As such, Mr. Fang is deemed to be interested in the shares held by Ningbo Meiyue Venture Capital Partnership (Limited Partnership).
- (2) Ningbo Meiyue Venture Capital Partnership (Limited Partnership) is interested in 2.37% of the equity interest of Annto Logistics Supply Chain Technology Co., Ltd.. Mr. Fang Hongbo holds 39.76% interest in Ningbo Meiyue Venture Capital Partnership (Limited Partnership), an employee shareholding platform. As such, Mr. Fang is deemed to be interested in the shares held by Ningbo Meiyue Venture Capital Partnership (Limited Partnership).
- (3) Ningbo Meishan Venture Capital Partnership (Limited Partnership) and Meishan (Guangdong) Equity Investment Partnership (Limited Partnership) are interested in 2.98% and 2.40% of the equity interest of Guangdong Midea Smart Technology Industry Investment Fund (LLP), respectively. Mr. Fang Hongbo holds 80.65% interest in Ningbo Meishan Venture Capital Partnership (Limited Partnership) and 99.98% interest in Meishan (Guangdong) Equity Investment Partnership (Limited Partnership). As such, Mr. Fang is deemed to be interested in the shares held by Ningbo Meishan Venture Capital Partnership (Limited Partnership) and Meishan (Guangdong) Equity Investment Partnership (Limited Partnership), respectively.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives had any interests or short position in the Shares or underlying Shares of the Company or its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

# BONDS

## I. ENTERPRISE BONDS

The Company did not have any enterprise bonds during the Reporting Period.

## II. CORPORATE BONDS

| Bond name                                                                    | Bond abbreviation       | Bond code         | Issue date | Value date | Maturity date | Outstanding balance | Interest rate | Payment method of principal and interest                                                                 | Trading venue            |
|------------------------------------------------------------------------------|-------------------------|-------------------|------------|------------|---------------|---------------------|---------------|----------------------------------------------------------------------------------------------------------|--------------------------|
| Midea Investment Development Company Limited (美的投資發展有限公司) Secured Notes 2027 | MIDEAZ 2.88% 02/24/2027 | ISIN XS2432130453 | 2022-02-16 | 2022-02-24 | 2027-02-24    | US\$450 million     | 2.88%         | Interest payable on a half-year basis, with the principal and interest will be paid on the maturity date | Hong Kong Stock Exchange |

## III. NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

The Company had no debt financing instruments of non-financial enterprises during the Reporting Period.

## IV. CONVERTIBLE BONDS

The Company had no convertible bonds during the Reporting Period.

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Midea Group Co., Ltd.  
(incorporated in the People's Republic of China with limited liability)

## OPINION

### What we have audited

The consolidated financial statements of Midea Group Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 180 to 328, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

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

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

- Revenue recognition – Smart Home Solutions
- Goodwill impairment assessments – KUKA Group and TLSC Group

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Revenue recognition – Smart Home Solutions</b></p> <p>Refer to Note 5(e)(i) and Note 5(b) to the consolidated financial statements.</p> <p>The Group recognises revenue when (or as) the control of the goods or services is transferred to a customer, and the amount recognized reflects the consideration the Group expects to be entitled to. During the year ended 31 December 2025, the Group’s operating revenue was approximately RMB456.45 billion and the revenue derived from Smart Home Solutions was approximately RMB326.08 billion.</p> <p>We focused on this area because we spent significant audit efforts in this area due to the variety of sales channels used in the sales of Smart Home Solutions domestically and internationally, large number of customers, huge volume of transactions and the magnitude of the revenue derived from Smart Home Solutions. Therefore, we identified this area as a key audit matter.</p> | <p>Our procedures in relation to revenue recognition of Smart Home Solutions mainly included:</p> <ol style="list-style-type: none"><li>1. Understood and evaluated the design of the internal controls over the revenue recognition of Smart Home Solutions and the Group’s related systems, and tested the operating effectiveness of relevant internal controls;</li><li>2. Evaluated the appropriateness of the Group’s accounting policy on Smart Home Solutions’ revenue recognition by examining the Smart Home Solutions sales contract with customers through different sales channels on a sample basis, with reference to the understanding obtained from the interviews conducted with the management, our understanding of the Smart Home Solutions and audit experience;</li><li>3. Performed the monthly fluctuation analysis on revenue and gross margin of Smart Home Solutions;</li><li>4. Tested the revenue recorded for Smart Home Solutions against the relevant supporting documents including sales contracts, sales orders, rebate agreements, sales invoices, shipping documents, delivery records and goods receipt notes and billings etc., on a sample basis;</li></ol> |



**Key Audit Matter****How our audit addressed the Key Audit Matter**

5. Tested sales return, on a sample basis, by examining relevant supporting documents, including sales return records, sales invoices and return records after the financial year end date etc. to assess the reasonableness of sales return;
6. Verified the revenue transactions by sending external confirmations to specific customers with significant amount of sales; and
7. Tested sales transactions that recorded before and after the financial year end date, on a sample basis, by tracing to relevant supporting documents (including goods receipt notes or delivery records, where appropriate) to assess whether revenue of Smart Home Solutions was recognised in the proper reporting period.

Based on the procedures performed above, we considered that the revenue recognition of Smart Home Solutions was supported by the evidence obtained.

**Key Audit Matter****How our audit addressed the Key Audit Matter****Goodwill impairment assessments – KUKA Group and TLSC Group**

Refer to Note 4(a), Note 16(b), Note 16(c) and Note 16(d)(i) to the consolidated financial statements.

As at 31 December 2025, the carrying amount of the Group's goodwill is approximately amounted to RMB34.26 billion, which included the goodwill arising from the acquisition of the business of KUKA Aktiengesellschaft and its subsidiaries ("KUKA Group") and the business of Toshiba Lifestyle Products & Services Corporation ("TLSC Group"), amounted to RMB23.44 billion and RMB2.09 billion respectively.

Goodwill impairment assessments are undertaken by management at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Management and the independent external valuer engaged by the Group determined the recoverable amounts of the cash generating unit ("CGU") and CGUs based on the higher of the fair value less costs of disposals and value in use, which is the present value of the future cash flows expected to be derived from each CGU and CGUs. The determination of the present value of the future cash flows involves key assumptions, including revenue annual growth rate, gross margin, perpetual annual growth rates and pre-tax discount rate. Based on the results of the goodwill impairment assessments, management determined that the recoverable amounts of KUKA Group CGUs and TLSC Group CGU, exceeded their carrying amounts respectively and therefore no impairment loss was recorded for the year ended 31 December 2025.

We identified this area as a key audit matter due to the magnitude of the carrying amount of the goodwill arising from KUKA Group CGUs and TLSC Group CGU, and the significant accounting estimations and judgements involved in the goodwill impairment assessments.

The procedures we performed in relation to goodwill impairment assessments for KUKA Group CGUs and TLSC Group CGU mainly included:

1. Obtained an understanding of the internal controls and assessment process of goodwill impairment assessments and assessed the inherent risks of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias and fraud;
2. Evaluated and tested the operating effectiveness of relevant controls over the goodwill impairment assessments, including controls over the development of the impairment assessment model and the review and approval of key assumptions used by impairment assessment model;
3. Evaluated the reasonableness of identification of KUKA Group CGUs and TLSC Group CGU to which the goodwill was allocated;
4. Evaluated the effectiveness of management's estimation process and whether there is management bias by comparing the forecast used in prior year to the actual performance of KUKA Group CGUs and TLSC Group CGU in the current year;
5. Evaluated the appropriateness of the impairment assessment methodologies and pre-tax discount rate used by management and the independent external valuer engaged by the Group, with the assistance of our internal valuation experts;
6. Assessed the competency, capability and objectivity of our internal valuation experts and the independent external valuer engaged by the Group;
7. Evaluated the reasonableness of revenue annual growth rate, gross margin and perpetual annual growth rate based on historical financial performance, future business plans, long-term expected inflation rates and the market developments of KUKA Group CGUs and TLSC Group CGU etc.; and evaluated whether these assumptions were consistent with evidence obtained in other areas on auditing; and
8. Tested the mathematical accuracy of the calculations in the model.

Based on the procedures performed above, management's significant estimates and judgements used in the goodwill impairment assessments of KUKA Group and TLSC Group were supported by the evidence obtained.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is CHOW, Wai Yin, Wilson.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 March 2026



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

|                                                                             | Note   | Year ended 31 December |                 |
|-----------------------------------------------------------------------------|--------|------------------------|-----------------|
|                                                                             |        | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>Revenue</b>                                                              | 5      | <b>458,502,407</b>     | 409,084,266     |
| Cost of revenue                                                             | 8      | <b>(338,462,194)</b>   | (301,982,533)   |
| <b>Gross profit</b>                                                         |        | <b>120,040,213</b>     | 107,101,733     |
| Selling and marketing expenses                                              | 8      | <b>(42,891,490)</b>    | (38,753,424)    |
| General and administrative expenses                                         | 8      | <b>(16,765,506)</b>    | (15,403,802)    |
| Research and development expenses                                           | 8      | <b>(17,787,624)</b>    | (16,232,771)    |
| Net impairment (losses)/reversal on financial assets and contract assets    | 3.1(b) | <b>(389,535)</b>       | 28,676          |
| Other income                                                                | 6      | <b>10,139,756</b>      | 9,680,098       |
| Other gains, net                                                            | 7      | <b>2,397,345</b>       | 396,234         |
| <b>Operating profit</b>                                                     |        | <b>54,743,159</b>      | 46,816,744      |
| Finance income                                                              | 10     | <b>1,121,099</b>       | 944,785         |
| Finance costs                                                               | 10     | <b>(3,000,695)</b>     | (1,916,510)     |
| Finance costs, net                                                          |        | <b>(1,879,596)</b>     | (971,725)       |
| Share of profit of associates and joint ventures, net                       | 13     | <b>588,828</b>         | 847,098         |
| Impairment provision for investments in associates                          | 13     | <b>(367,048)</b>       | –               |
| <b>Profit before income tax</b>                                             |        | <b>53,085,343</b>      | 46,692,117      |
| Income tax expense                                                          | 11     | <b>(8,565,147)</b>     | (7,933,153)     |
| <b>Profit for the year</b>                                                  |        | <b>44,520,196</b>      | 38,758,964      |
| <b>Attributable to:</b>                                                     |        |                        |                 |
| Owners of the Company                                                       |        | <b>43,945,411</b>      | 38,538,987      |
| Non-controlling interests                                                   |        | <b>574,785</b>         | 219,977         |
|                                                                             |        | <b>44,520,196</b>      | 38,758,964      |
| <b>Earnings per share for profit attributable to owners of the Company:</b> | 12     |                        |                 |
| – Basic (RMB per share)                                                     |        | <b>5.80</b>            | 5.44            |
| – Diluted (RMB per share)                                                   |        | <b>5.76</b>            | 5.42            |

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

|                                                                                                                          | Year ended 31 December |                 |
|--------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                                                          | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>Profit for the year</b>                                                                                               | <b>44,520,196</b>      | 38,758,964      |
| <b>Other comprehensive income:</b>                                                                                       |                        |                 |
| <i>Items that may be reclassified to profit or loss</i>                                                                  |                        |                 |
| – Other comprehensive income that will be transferred subsequently to profit or loss under the equity method, net of tax | <b>(22,314)</b>        | 37,830          |
| – Cash flow hedging reserves, net of tax                                                                                 | <b>491,074</b>         | (435,632)       |
| – Currency translation differences of foreign operations                                                                 | <b>(294,649)</b>       | (240,744)       |
| – Others, net of tax                                                                                                     | <b>(60,323)</b>        | (34,592)        |
| <i>Items that will not be reclassified to profit or loss</i>                                                             |                        |                 |
| – Changes arising from remeasurement of defined benefit plan, net of tax                                                 | <b>148,642</b>         | (43,558)        |
| – Changes in fair value of investments in other equity instruments, net of tax                                           | <b>(5,813)</b>         | (2,336)         |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>                                                        | <b>256,617</b>         | (719,032)       |
| <b>Attributable to:</b>                                                                                                  |                        |                 |
| Owners of the Company                                                                                                    | <b>49,147</b>          | (353,788)       |
| Non-controlling interests                                                                                                | <b>207,470</b>         | (365,244)       |
| <b>Total comprehensive income for the year</b>                                                                           | <b>44,776,813</b>      | 38,039,932      |
| <b>Attributable to:</b>                                                                                                  |                        |                 |
| Owners of the Company                                                                                                    | <b>43,994,558</b>      | 38,185,199      |
| Non-controlling interests                                                                                                | <b>782,255</b>         | (145,267)       |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

|                                                                             |      | As at 31 December  |                    |
|-----------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                             |      | 2025               | 2024               |
|                                                                             | Note | RMB'000            | RMB'000            |
| <b>ASSETS</b>                                                               |      |                    |                    |
| <b>Non-current assets</b>                                                   |      |                    |                    |
| Property, plant and equipment                                               | 14   | 48,931,256         | 39,628,721         |
| Right-of-use assets                                                         | 15   | 11,551,982         | 10,799,523         |
| Investment properties                                                       |      | 1,142,213          | 1,184,541          |
| Intangible assets                                                           | 16   | 47,493,900         | 38,562,436         |
| Deferred tax assets                                                         | 17   | 15,118,022         | 14,074,278         |
| Prepayments, other receivables and other assets                             | 19   | 3,390,345          | 2,907,320          |
| Investments in associates and joint ventures                                | 13   | 4,775,044          | 5,223,478          |
| Loan receivables                                                            | 21   | 622,248            | 308,903            |
| Derivative financial instruments                                            | 24   | 348,834            | 481,315            |
| Other financial assets at amortized cost                                    | 22   | 54,288,425         | 97,682,820         |
| Other financial assets at fair value through other comprehensive income     | 23   | 29,901             | 35,595             |
| Other financial assets at fair value through profit or loss                 | 23   | 4,437,255          | 4,399,137          |
| <b>Total non-current assets</b>                                             |      | <b>192,129,425</b> | <b>215,288,067</b> |
| <b>Current assets</b>                                                       |      |                    |                    |
| Inventories                                                                 | 25   | 64,628,834         | 63,339,188         |
| Contract assets                                                             | 26   | 4,268,501          | 3,499,556          |
| Trade and note receivables at amortized cost                                | 27   | 45,696,860         | 42,517,549         |
| Trade and note receivables at fair value through other comprehensive income | 20   | 14,935,344         | 17,646,449         |
| Prepayments, other receivables and other assets                             | 19   | 29,636,592         | 22,652,175         |
| Loan receivables                                                            | 21   | 11,779,217         | 11,047,886         |
| Derivative financial instruments                                            | 24   | 2,969,464          | 5,255,303          |
| Other financial assets at amortized cost                                    | 22   | 156,789,662        | 69,234,257         |
| Other financial assets at fair value through other comprehensive income     | 23   | –                  | 6,525,002          |
| Other financial assets at fair value through profit or loss                 | 23   | 710,717            | 6,936,113          |
| Term deposits and restricted cash                                           | 28   | 16,738,480         | 85,291,580         |
| Cash and cash equivalents                                                   | 28   | 68,508,670         | 55,118,728         |
| <b>Total current assets</b>                                                 |      | <b>416,662,341</b> | <b>389,063,786</b> |
| <b>Total assets</b>                                                         |      | <b>608,791,766</b> | <b>604,351,853</b> |

|                                                                  |      | As at 31 December  |                 |
|------------------------------------------------------------------|------|--------------------|-----------------|
|                                                                  | Note | 2025<br>RMB'000    | 2024<br>RMB'000 |
| <b>LIABILITIES</b>                                               |      |                    |                 |
| <b>Non-current liabilities</b>                                   |      |                    |                 |
| Borrowings                                                       | 29   | 15,853,617         | 13,758,532      |
| Lease liabilities                                                | 15   | 1,901,053          | 1,825,258       |
| Deferred tax liabilities                                         | 17   | 5,891,940          | 4,896,815       |
| Other payables and accruals                                      | 32   | 2,606,947          | 2,181,809       |
| Deferred income                                                  | 34   | 2,638,278          | 2,196,222       |
| Derivative financial instruments                                 | 24   | 92,008             | 6,020           |
| <b>Total non-current liabilities</b>                             |      | <b>28,983,843</b>  | 24,864,656      |
| <b>Current liabilities</b>                                       |      |                    |                 |
| Trade and note payables                                          | 30   | 130,802,372        | 118,774,248     |
| Contract liabilities                                             | 31   | 46,993,060         | 49,254,717      |
| Borrowings                                                       | 29   | 48,331,021         | 69,549,174      |
| Lease liabilities                                                | 15   | 1,395,306          | 1,122,108       |
| Customer deposits                                                |      | 134,110            | 137,344         |
| Derivative financial instruments                                 | 24   | 872,439            | 3,095,850       |
| Other financial liabilities at fair value through profit or loss | 33   | 706,439            | 873,776         |
| Current tax liabilities                                          |      | 4,485,221          | 3,798,350       |
| Other payables and accruals                                      | 32   | 109,663,732        | 105,214,239     |
| <b>Total current liabilities</b>                                 |      | <b>343,383,700</b> | 351,819,806     |
| <b>Total liabilities</b>                                         |      | <b>372,367,543</b> | 376,684,462     |

## Consolidated Statement of Financial Position

As at 31 December 2025

|                                                     | Note | As at 31 December  |                 |
|-----------------------------------------------------|------|--------------------|-----------------|
|                                                     |      | 2025<br>RMB'000    | 2024<br>RMB'000 |
| <b>EQUITY</b>                                       |      |                    |                 |
| Share capital                                       | 35   | 7,597,145          | 7,655,956       |
| Treasury shares                                     | 36   | (8,151,117)        | (5,728,446)     |
| Reserves                                            | 38   | 56,547,492         | 61,231,287      |
| Retained earnings                                   | 37   | 167,227,785        | 153,591,297     |
| <b>Equity attributable to owners of the Company</b> |      | <b>223,221,305</b> | 216,750,094     |
| <b>Non-controlling interests</b>                    |      | <b>13,202,918</b>  | 10,917,297      |
| <b>Total equity</b>                                 |      | <b>236,424,223</b> | 227,667,391     |
| <b>Total equity and liabilities</b>                 |      | <b>608,791,766</b> | 604,351,853     |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 180 to 328 were approved by the Board of Directors on 30 March 2026 and were signed on its behalf.

**Fang Hongbo**  
Chairman

**Wang Jianguo**  
Director



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

|                                                                                                           | Attributable to owners of the Company    |                                            |                                  |                                              |                  | Non-                                | Total equity<br>RMB'000 |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------|----------------------------------|----------------------------------------------|------------------|-------------------------------------|-------------------------|
|                                                                                                           | Share<br>capital<br>RMB'000<br>(Note 35) | Treasury<br>shares<br>RMB'000<br>(Note 36) | Reserves<br>RMB'000<br>(Note 38) | Retained<br>earnings<br>RMB'000<br>(Note 37) | Total<br>RMB'000 | controlling<br>interests<br>RMB'000 |                         |
| <b>Balance at 1 January 2025</b>                                                                          | 7,655,956                                | (5,728,446)                                | 61,231,287                       | 153,591,297                                  | 216,750,094      | 10,917,297                          | 227,667,391             |
| <b>Comprehensive income:</b>                                                                              |                                          |                                            |                                  |                                              |                  |                                     |                         |
| Profit for the year                                                                                       | -                                        | -                                          | -                                | 43,945,411                                   | 43,945,411       | 574,785                             | 44,520,196              |
| Other comprehensive income                                                                                | -                                        | -                                          | 49,147                           | -                                            | 49,147           | 207,470                             | 256,617                 |
| <b>Total comprehensive income</b>                                                                         | -                                        | -                                          | 49,147                           | 43,945,411                                   | 43,994,558       | 782,255                             | 44,776,813              |
| <b>Transactions with owners</b>                                                                           |                                          |                                            |                                  |                                              |                  |                                     |                         |
| Capital injection (Note 35, Note 38)                                                                      | 50,101                                   | -                                          | 2,901,877                        | -                                            | 2,951,978        | 1,965,192                           | 4,917,170               |
| Business combinations                                                                                     | -                                        | -                                          | (327,255)                        | -                                            | (327,255)        | 796,864                             | 469,609                 |
| Share-based compensation expenses<br>(Note 40(iv))                                                        | -                                        | -                                          | 832,315                          | -                                            | 832,315          | 41,004                              | 873,319                 |
| Appropriation to general reserves                                                                         | -                                        | -                                          | 85,611                           | (85,611)                                     | -                | -                                   | -                       |
| Reversal of general reserves                                                                              | -                                        | -                                          | (257,648)                        | 257,648                                      | -                | -                                   | -                       |
| Cancellation of shares                                                                                    | (106,091)                                | 7,857,510                                  | (7,751,419)                      | -                                            | -                | -                                   | -                       |
| Dividends (Note 39)                                                                                       | -                                        | -                                          | -                                | (30,476,852)                                 | (30,476,852)     | (563,610)                           | (31,040,462)            |
| Appropriation to special reserves                                                                         | -                                        | -                                          | 5,048                            | -                                            | 5,048            | 5,889                               | 10,937                  |
| Special reserves utilization                                                                              | -                                        | -                                          | (3,622)                          | -                                            | (3,622)          | (5,412)                             | (9,034)                 |
| Exercise or lapse (repurchases and<br>cancellation) of other share schemes<br>(Note 35, Note 36, Note 38) | (2,821)                                  | 1,326,224                                  | (928,840)                        | -                                            | 394,563          | -                                   | 394,563                 |
| Repurchase of shares (Note 36)                                                                            | -                                        | (11,606,405)                               | -                                | -                                            | (11,606,405)     | -                                   | (11,606,405)            |
| Transaction with NCI                                                                                      | -                                        | -                                          | 636,324                          | -                                            | 636,324          | (736,561)                           | (100,237)               |
| Others                                                                                                    | -                                        | -                                          | 74,667                           | (4,108)                                      | 70,559           | -                                   | 70,559                  |
| <b>Balance at 31 December 2025</b>                                                                        | 7,597,145                                | (8,151,117)                                | 56,547,492                       | 167,227,785                                  | 223,221,305      | 13,202,918                          | 236,424,223             |

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

|                                                                                                     | Attributable to owners of the Company |                 |             |                   |              | Non-                  | Total equity |
|-----------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|-------------|-------------------|--------------|-----------------------|--------------|
|                                                                                                     | Share capital                         | Treasury shares | Reserves    | Retained earnings | Total        | controlling interests |              |
|                                                                                                     | RMB'000                               | RMB'000         | RMB'000     | RMB'000           | RMB'000      | RMB'000               | RMB'000      |
|                                                                                                     | (Note 35)                             | (Note 36)       | (Note 38)   | (Note 37)         |              |                       |              |
| <b>Balance at 1 January 2024</b>                                                                    | 7,025,769                             | (12,871,738)    | 32,440,770  | 136,282,362       | 162,877,163  | 11,420,787            | 174,297,950  |
| <b>Comprehensive income:</b>                                                                        |                                       |                 |             |                   |              |                       |              |
| Profit for the year                                                                                 | –                                     | –               | –           | 38,538,987        | 38,538,987   | 219,977               | 38,758,964   |
| Other comprehensive loss                                                                            | –                                     | –               | (353,788)   | –                 | (353,788)    | (365,244)             | (719,032)    |
| <b>Total comprehensive (loss)/income</b>                                                            | –                                     | –               | (353,788)   | 38,538,987        | 38,185,199   | (145,267)             | 38,039,932   |
| <b>Transactions with owners</b>                                                                     |                                       |                 |             |                   |              |                       |              |
| Issuance of H share IPO                                                                             | 650,849                               | –               | 31,495,383  | –                 | 32,146,232   | –                     | 32,146,232   |
| Capital injection (Note 35, Note 38)                                                                | 51,910                                | –               | 2,389,370   | –                 | 2,441,280    | 32,294                | 2,473,574    |
| Share-based compensation expenses (Note 40(iv))                                                     | –                                     | –               | 1,144,276   | –                 | 1,144,276    | 43,509                | 1,187,785    |
| Appropriation to general reserves                                                                   | –                                     | –               | 486,489     | (486,489)         | –            | –                     | –            |
| Reversal of general reserves                                                                        | –                                     | –               | (21,213)    | 21,213            | –            | –                     | –            |
| Cancellation of shares                                                                              | (69,808)                              | 5,159,408       | (5,089,600) | –                 | –            | –                     | –            |
| Dividends (Note 39)                                                                                 | –                                     | –               | –           | (20,764,776)      | (20,764,776) | (416,536)             | (21,181,312) |
| Appropriation to special reserves                                                                   | –                                     | –               | 5,499       | –                 | 5,499        | 4,522                 | 10,021       |
| Special reserves utilization                                                                        | –                                     | –               | (3,264)     | –                 | (3,264)      | (4,003)               | (7,267)      |
| Exercise or lapse (repurchases and cancellation) of other share schemes (Note 35, Note 36, Note 38) | (2,764)                               | 1,983,884       | (1,350,954) | –                 | 630,166      | (3,301)               | 626,865      |
| Transaction with NCI                                                                                | –                                     | –               | –           | –                 | –            | (16,008)              | (16,008)     |
| Others                                                                                              | –                                     | –               | 88,319      | –                 | 88,319       | 1,300                 | 89,619       |
| <b>Balance at 31 December 2024</b>                                                                  | 7,655,956                             | (5,728,446)     | 61,231,287  | 153,591,297       | 216,750,094  | 10,917,297            | 227,667,391  |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

|                                                                                                         | Note  | Year ended 31 December |                     |
|---------------------------------------------------------------------------------------------------------|-------|------------------------|---------------------|
|                                                                                                         |       | 2025<br>RMB'000        | 2024<br>RMB'000     |
| <b>Cash flows from operating activities</b>                                                             |       |                        |                     |
| Cash generated from operations                                                                          | 41(a) | 61,586,071             | 68,462,867          |
| Interest received                                                                                       |       | 1,088,144              | 836,778             |
| Income tax paid                                                                                         |       | (9,328,285)            | (8,788,073)         |
| <b>Net cash generated from operating activities</b>                                                     |       | <b>53,345,930</b>      | <b>60,511,572</b>   |
| <b>Cash flows from investing activities</b>                                                             |       |                        |                     |
| Disposal of subsidiaries, net of cash acquired                                                          |       | 267,899                | 78,073              |
| Payments for acquisition of subsidiaries, net of cash acquired                                          |       | (6,089,139)            | –                   |
| Proceeds from disposal of investments in associates and joint ventures                                  |       | 52,195                 | 49,346              |
| Payments for purchase of investments in associates and joint ventures                                   |       | (16,027)               | –                   |
| Proceeds from disposal of financial assets                                                              |       | 197,479,766            | 112,858,496         |
| Payments for purchase of financial assets                                                               |       | (164,888,881)          | (197,985,757)       |
| Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets |       | 475,524                | 960,404             |
| Payments for purchase of property, plant and equipment, intangible assets and other non-current assets  |       | (11,141,889)           | (7,839,636)         |
| Interest received and others                                                                            |       | 8,491,475              | 3,382,322           |
| Dividends received from associates and joint ventures                                                   | 13    | 709,350                | 594,950             |
| <b>Net cash generated from/(used in) investing activities</b>                                           |       | <b>25,340,273</b>      | <b>(87,901,802)</b> |

## Consolidated Statement of Cash Flows

For the year ended 31 December 2025

|                                                                                             | Note | Year ended 31 December |                 |
|---------------------------------------------------------------------------------------------|------|------------------------|-----------------|
|                                                                                             |      | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>Cash flows from financing activities</b>                                                 |      |                        |                 |
| Proceeds from issuance of H shares                                                          |      | –                      | 32,235,427      |
| Proceeds from share schemes                                                                 |      | <b>2,765,074</b>       | 2,440,494       |
| Payments for repurchase of shares and refund the exercise price of lapsed restricted shares |      | <b>(11,698,700)</b>    | (63,412)        |
| Transactions with non-controlling interests                                                 |      | <b>1,817,952</b>       | 20,000          |
| Proceeds from borrowings                                                                    |      | <b>88,859,535</b>      | 37,800,361      |
| Repayments of borrowings                                                                    |      | <b>(112,064,327)</b>   | (24,986,249)    |
| Interest paid                                                                               |      | <b>(2,043,776)</b>     | (1,631,801)     |
| Dividends paid to the Company's shareholders                                                |      | <b>(30,486,973)</b>    | (20,780,278)    |
| Dividends paid to non-controlling interests in subsidiaries                                 |      | <b>(549,386)</b>       | (409,782)       |
| Related payments of lease liabilities                                                       |      | <b>(1,587,045)</b>     | (1,442,485)     |
| Listing expenses paid                                                                       |      | –                      | (56,218)        |
| Others                                                                                      |      | <b>29,867</b>          | (428,103)       |
| <b>Net cash (used in)/generated from financing activities</b>                               |      | <b>(64,957,779)</b>    | 22,697,954      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                 |      | <b>13,728,424</b>      | (4,692,276)     |
| Cash and cash equivalents at beginning of the year                                          |      | <b>55,118,728</b>      | 59,887,260      |
| Exchange losses on cash and cash equivalents                                                |      | <b>(338,482)</b>       | (76,256)        |
| <b>Cash and cash equivalents at end of the year</b>                                         | 28   | <b>68,508,670</b>      | 55,118,728      |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Midea Group Co., Ltd. (hereinafter referred to as “the Company”), was set up by the Council of Trade Unions of GD Midea Group Co., Ltd. and was registered in Market Safety Supervision Bureau of Shunde District, Foshan, PRC on 7 April 2000, with its headquarters located in Foshan, Guangdong. On 30 August 2012, the Company was transformed into a joint stock company. On 29 July 2013, the Company was approved to merge and acquire Guangdong Midea Electric Co., Ltd., which was listed on Shenzhen Stock Exchange. The Company’s A shares have been listed on Shenzhen Stock Exchange since 18 September 2013. The Company’s H shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 17 September 2024.

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are principally engaged in manufacturing and sales of residential air-conditioner, central air-conditioner, heating and ventilation systems, kitchen appliances, refrigerators, washing machines and various small appliances, elevators, high-voltage inverters, low-voltage inverters, medical imaging products, robotics and automation system. The Group also carried out other businesses including provision of the smart supply chain; sale, wholesale and processing of raw materials of household electrical appliances; and financial businesses involving customer deposits, interbank lending and borrowings, consumption credits, buyer’s credits and finance leases.

The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS Accounting Standards”) and the disclosure requirements of the Hong Kong Companies Ordinance. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards.
- IAS Standards.
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets at fair value through other comprehensive income (“FVOCI”), financial assets and financial liabilities at fair value through profit or loss (“FVPL”) and derivative financial instruments, which are carried at fair value.



## **2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES** **(Continued)**

### **2.1 Basis of preparation (Continued)**

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The material accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

Other than those material accounting policies information as disclosed elsewhere in the consolidated financial statements, a summary of the other accounting policies information has been set out in Note 50 to the consolidated financial statements.

### **2.2 Changes in accounting policies**

#### **2.2.1 Amended standards adopted by the Group**

The Group has applied the following amendments to standards for the financial year beginning on 1 January 2025.

|                      |                         |
|----------------------|-------------------------|
| Amendments to IAS 21 | Lack of Exchangeability |
|----------------------|-------------------------|

The adoption of these amendments to standards does not have significant impact on the consolidated financial statements of the Group.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

### 2.2 Changes in accounting policies (Continued)

#### 2.2.2 New standards, amendments to standards and interpretations not yet been adopted by the Group

New standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted:

|                                                                                         |                                                                                           | Effective for annual periods beginning on or after |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------|
| Annual Improvements to IFRS Accounting Standards – Volume 11                            | Clarifications, simplifications, corrections, and changes intended to improve consistency | 1 January 2026                                     |
| Amendments to IFRS 9 and IFRS 7                                                         | Amendments to the classification and measurement of financial instruments                 | 1 January 2026                                     |
| Amendments to IFRS 9 and IFRS 7                                                         | Contracts referencing nature-dependent electricity                                        | 1 January 2026                                     |
| IFRS 18                                                                                 | Presentation and Disclosure in Financial Statements                                       | 1 January 2027                                     |
| IFRS 19                                                                                 | Subsidiaries without Public Accountability: Disclosures                                   | 1 January 2027                                     |
| Amendment to IAS 21                                                                     | Translation to a Hyperinflationary Presentation Currency                                  | 1 January 2027                                     |
| Amendments to IFRS 10 and IAS 28                                                        | Sale or Contribution of Assets between an Investor and its Associate or Joint venture     | To be determined                                   |
| Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 | Disclosures about Uncertainties in the Financial Statements                               | Not applicable                                     |

Except for IFRS 18 mentioned below, the above new standards and amended standards are not expected to have a material impact on the consolidated financial statements of the Group and performance in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, other price risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors and senior management of the Group.

**(a) Market risk**

**(i) Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("USD"), RMB, Hong Kong Dollar ("HKD") and Euro ("EUR"). Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries.

The Group's finance department has a professional team to manage the risk arising of fluctuation of exchange rate, with approach of the natural hedge for settling currencies, signing forward foreign exchange hedging contracts and controlling the scale of foreign currency assets and liabilities, to minimize foreign exchange risk, and to reduce the impact of exchange rate fluctuations on business performance.

As at 31 December 2025, for the USD financial assets and USD financial liabilities held by subsidiaries whose functional currencies are not USD, if the functional currencies appreciate or depreciate by 5% against the USD and other factors remain unchanged, the Group will reduce or increase its pre-tax profit by approximately RMB2,375,871,000. As at 31 December 2024, for the USD financial assets and USD financial liabilities, if the functional currencies appreciate or depreciate by 5% against the USD and other factors remain unchanged, the Group will reduce or increase its pre-tax profit by approximately RMB1,182,818,000.

As at 31 December 2025, for the HKD financial assets and HKD financial liabilities held by subsidiaries whose functional currencies are not HKD, if the functional currencies appreciate or depreciate by 5% against the HKD and other factors remain unchanged, the pre-tax profit of the Group will reduce or increase by approximately RMB390,188,000. As at 31 December 2024, for the HKD financial assets and HKD financial liabilities, if the functional currencies appreciate or depreciates by 5% against the HKD and other factors remain unchanged, the pre-tax profit of the Group will reduce or increase by approximately RMB1,607,750,000.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

As at 31 December 2025, for the EUR financial assets and EUR financial liabilities held by subsidiaries whose functional currencies are not EUR, if the functional currencies appreciate or depreciate by 5% against the EUR and other factors remain unchanged, the pre-tax profit of the Group will increase or reduce by approximately RMB58,228,000. As at 31 December 2024, for the EUR financial assets and EUR financial liabilities, if the functional currencies appreciate or depreciate by 5% against the EUR and other factors remain unchanged, the pre-tax profit of the Group will reduce or increase by approximately RMB326,868,000.

As at 31 December 2025, for the RMB financial assets and RMB financial liabilities held by subsidiaries whose functional currencies are not RMB, if the functional currencies appreciate or depreciate by 5% against the RMB and other factors remain unchanged, the pre-tax profit of the Group will reduce or increase or by approximately RMB95,774,000. As at 31 December 2024, for the RMB financial assets and RMB financial liabilities, if the functional currencies appreciate or depreciate by 5% against the RMB and other factors remain unchanged, the pre-tax profit of the Group will reduce or increase by approximately RMB86,854,000.

Other foreign currencies of changes have no significant impact on foreign exchange risk.

The aggregate net foreign exchange gains/(losses) recognized in profit or loss were:

|                                                                                            | Year ended 31 December |                 |
|--------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                            | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Net foreign exchange losses included in other gains/ (losses), net (Note 7)                | 554,994                | (1,935,321)     |
| Exchange (losses)/gains on foreign currency borrowings included in finance costs (Note 10) | (789,364)              | 536,851         |
| Total net foreign exchange losses recognized in profit before income tax for the year      | (234,370)              | (1,398,470)     |



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

###### (ii) Other price risk

The Group is exposed to equity price risk mainly arising from investments held by the Group that are classified as either FVPL or FVOCI. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI at the end of each reporting period. If prices of the respective instruments held by the Group had increased/decreased by 10% as at 31 December 2025 and 2024, with all other variable held constant, pre-tax profit would increase/decrease approximately RMB422,708,000 and RMB602,948,000, respectively as a result of gains/losses on financial instruments classified as FVPL, other comprehensive income would increase/decrease approximately RMB2,990,000 and RMB3,560,000, respectively, as a result of gains/losses on financial instruments classified as FVOCI. The amounts recognized in profit or loss and other comprehensive income in relation to the various investments held by the Group are disclosed in Note 23.

###### (iii) Interest rate risk

The Group's interest rate risk primarily arises from long-term interest-bearing borrowings and bonds. Long-term borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings and bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings and bonds issued at floating rates and fixed rates based on the market environment.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings and finance leases issued at floating rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group has entered into certain interest rate swaps to swap floating rates into fixed rates.

As at 31 December 2025 and 2024, no borrowings of the Group which were bearing at floating rate after considering the arrangement of interest rate swaps.

The interest rate of cash and cash equivalents and fair value interest rate risk arises from financial assets and liabilities carried at fixed rates is not significant for the Group.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk

The Group is exposed to credit risk primarily in relation to its contract assets, trade and note receivables at amortized cost, trade and note receivables at FVOCI, loan receivables, other financial assets at amortized cost, other financial assets at FVOCI (excluding unlisted securities), term deposits and restricted cash, cash and cash equivalents. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

##### (i) Risk management

To manage this risk arising from other financial assets at FVOCI (excluding unlisted securities), constant return financial products in other financial assets at amortized cost, term deposits and restricted cash, cash and cash equivalents, the Group mainly transacts with the People's Bank of China, state-owned banks or other reputable listed banks with high credit rating. There has been no recent history of default in relation to those financial institutions.

For contract assets, trade and note receivables at amortized cost, loan receivables and other financial assets at amortized cost (excluding constant return financial products), the Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

In addition, for loans receivables, the Group determines the amount and type of collateral required based on the credit risk assessment of the counterparty. The pledged collateral of the loan mainly includes receivables and inventories. The Group monitors the market value of the collateral, requests additional collateral in accordance with the relevant agreements, and monitors changes in the market value of the collateral in the context of the adequacy review of the provision for impairment. As at 31 December 2025 and 2024, the Group had no other material collateral held for debtors or other credit enhancements.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) *Impairment of financial assets*

The Group has eight types of assets that are subject to the expected credit loss model:

- Contract assets;
- Trade and note receivables at amortized cost;
- Trade and note receivables at FVOCI;
- Other receivables and other assets;
- Loan receivables;
- Other financial assets at amortized cost;
- Other financial assets at FVOCI (excluding equity securities);
- Cash and cash equivalents, term deposits and restricted cash.

While cash and cash equivalents, term deposits and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as at 31 December 2025 and 2024.

##### **Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (“ECL”), which uses a lifetime expected loss allowance for all contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI.

To measure the ECL, contract assets, trade and note receivables at amortized cost have been grouped based on shared credit risk characteristics and aging. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade and note receivables at amortized cost are a reasonable approximation of the loss rates for the contract assets. The Group also made individual assessment on the recoverability of its contract assets and trade and note receivables at amortized cost for certain customer based on historical settlement record.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

The historical loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Total Retail Sales of Consumer goods and the Gross Domestic Product ("GDP") of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

##### (i) Contract assets

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component. Set out below is the information about credit risk exposure on the Group's contract assets:

|                                    | As at 31 December |           |
|------------------------------------|-------------------|-----------|
|                                    | 2025              | 2024      |
| <b>Assessed based on grouping:</b> |                   |           |
| <b>Domestic business grouping</b>  |                   |           |
| Expected loss rate                 | 1.43%             | 0.91%     |
| Gross carrying amount (RMB'000)    | 2,056,064         | 1,234,281 |
| Loss allowance provision (RMB'000) | (29,464)          | (11,192)  |
| <b>Overseas business grouping</b>  |                   |           |
| Expected loss rate                 | 1.21%             | 1.16%     |
| Gross carrying amount (RMB'000)    | 2,247,093         | 2,289,919 |
| Loss allowance provision (RMB'000) | (27,097)          | (26,497)  |

The Group individually assessed the recoverability of the balance with certain customers as significant increase in credit risk were identified as at 31 December 2025 and 2024. An impairment loss of RMB21,193,000 and RMB11,163,000 were individually recognized for contract asset and gross carrying amount were RMB43,098,000 and RMB24,208,000 as at 31 December 2025 and 2024, respectively. There was no significant concentration of credit risk as at 31 December 2025 and 2024.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

##### (ii) Trade receivables

Set out below is the information about credit risk exposure on the Group's trade receivables:

|                                    | Less than<br>1 year | 1 to<br>2 years | Over<br>2 years | Total      |
|------------------------------------|---------------------|-----------------|-----------------|------------|
| <b>Assessed based on grouping:</b> |                     |                 |                 |            |
| <b>Domestic business grouping</b>  |                     |                 |                 |            |
| At 31 December 2025                |                     |                 |                 |            |
| Expected loss rate                 | 1.85%               | 21.10%          | 28.40%          | 3.89%      |
| Gross carrying amount (RMB'000)    | 15,142,396          | 853,787         | 663,494         | 16,659,677 |
| Loss allowance provision (RMB'000) | (280,184)           | (180,187)       | (188,445)       | (648,816)  |
| At 31 December 2024                |                     |                 |                 |            |
| Expected loss rate                 | 1.24%               | 13.42%          | 35.44%          | 3.00%      |
| Gross carrying amount (RMB'000)    | 14,581,442          | 581,815         | 601,563         | 15,764,820 |
| Loss allowance provision (RMB'000) | (180,928)           | (78,089)        | (213,203)       | (472,220)  |
| <b>Assessed based on grouping:</b> |                     |                 |                 |            |
| <b>Overseas business grouping</b>  |                     |                 |                 |            |
| At 31 December 2025                |                     |                 |                 |            |
| Expected loss rate                 | 0.90%               | 21.40%          | 34.31%          | 1.07%      |
| Gross carrying amount (RMB'000)    | 24,524,613          | 66,602          | 83,193          | 24,674,408 |
| Loss allowance provision (RMB'000) | (220,871)           | (14,256)        | (28,547)        | (263,674)  |
| At 31 December 2024                |                     |                 |                 |            |
| Expected loss rate                 | 1.04%               | 27.13%          | 87.57%          | 1.18%      |
| Gross carrying amount (RMB'000)    | 20,588,102          | 37,091          | 21,284          | 20,646,477 |
| Loss allowance provision (RMB'000) | (214,776)           | (10,062)        | (18,638)        | (243,476)  |



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

##### (ii) Trade receivables (Continued)

At 31 December 2025 and 2024, the expected loss rate of trade receivables assessed based on overseas business grouping for time band “over 2 years” decrease mainly due to the addition of newly acquired trade receivables stated at fair values at acquisition dates, the expected loss rate of such trade receivables were lower than the Group’s existing expected loss rate.

|                                    | As at 31 December |           |
|------------------------------------|-------------------|-----------|
|                                    | 2025              | 2024      |
| <b>Assessed individually:</b>      |                   |           |
| <b>Domestic business</b>           |                   |           |
| Expected loss rate                 | 98.34%            | 86.75%    |
| Gross carrying amount (RMB'000)    | 750,161           | 723,560   |
| Loss allowance provision (RMB'000) | (737,711)         | (627,666) |
| <b>Overseas business</b>           |                   |           |
| Expected loss rate                 | 81.25%            | 88.47%    |
| Gross carrying amount (RMB'000)    | 85,622            | 64,855    |
| Loss allowance provision (RMB'000) | (69,570)          | (57,376)  |

The Group individually assessed the recoverability of the balance with certain customers as at 31 December 2025 and 2024. Changes in the expected loss rate of trade receivables assessed individually are mainly due to its customers’ financial condition, operation results and ability to repay.

##### (iii) Note receivables at amortized cost and trade and note receivables at FVOCI

As at 31 December 2025 and 2024, the Group measured provision for impairment based on the lifetime ECL and expected that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### **Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)**

##### (iii) *Note receivables at amortized cost and trade and note receivables at FVOCI (Continued)*

Other receivables and other assets and loan receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk in other receivables and other assets and loan receivables, the Group compares the risk of a default occurring on the assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty and changes in the operating results of the counterparty.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

##### (iii) Note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

Other receivables and other assets and loan receivables (Continued)

Set out below is the information about credit risk exposure on the Group's other receivables:

|                                    | Stage 1<br>(12-month<br>ECL) | Stage 2<br>(Lifetime<br>ECL<br>(non-credit<br>impaired)) | Stage 3<br>(Lifetime<br>ECL<br>(credit<br>impaired)) | Total     |
|------------------------------------|------------------------------|----------------------------------------------------------|------------------------------------------------------|-----------|
| <b>Other receivables</b>           |                              |                                                          |                                                      |           |
| <b>Assessed based on grouping:</b> |                              |                                                          |                                                      |           |
| At 31 December 2025                |                              |                                                          |                                                      |           |
| Expected loss rate                 | 2.13%                        | –                                                        | –                                                    | 2.13%     |
| Gross carrying amount (RMB'000)    | 2,628,249                    | –                                                        | –                                                    | 2,628,249 |
| Loss allowance provision (RMB'000) | (56,040)                     | –                                                        | –                                                    | (56,040)  |
| At 31 December 2024                |                              |                                                          |                                                      |           |
| Expected loss rate                 | 2.10%                        | –                                                        | –                                                    | 2.10%     |
| Gross carrying amount (RMB'000)    | 2,051,560                    | –                                                        | –                                                    | 2,051,560 |
| Loss allowance provision (RMB'000) | (43,008)                     | –                                                        | –                                                    | (43,008)  |
| <b>Assessed individually:</b>      |                              |                                                          |                                                      |           |
| At 31 December 2025                |                              |                                                          |                                                      |           |
| Expected loss rate                 | –                            | –                                                        | 100.00%                                              | 1.32%     |
| Gross carrying amount (RMB'000)    | 618,382                      | –                                                        | 8,256                                                | 626,638   |
| Loss allowance provision (RMB'000) | –                            | –                                                        | (8,256)                                              | (8,256)   |
| At 31 December 2024                |                              |                                                          |                                                      |           |
| Expected loss rate                 | –                            | –                                                        | 100.00%                                              | 16.14%    |
| Gross carrying amount (RMB'000)    | 68,860                       | –                                                        | 13,256                                               | 82,116    |
| Loss allowance provision (RMB'000) | –                            | –                                                        | (13,256)                                             | (13,256)  |

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

##### (iii) Note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

Other receivables and other assets and loan receivables (Continued)

As at 31 December 2025 and 2024, other receivables for which the related provision for bad debts was provided on the grouping basis were all at stage 1 in accordance with IFRS 9.

As at 31 December 2025 and 2024, the loss allowance provision for long-term receivables and futures margin were not material and set out in Note 19.

Set out below is the information about credit risk exposure on the Group's loan receivables:

|                                    | Stage 1<br>(12-month<br>ECL) | Stage 2<br>(Lifetime ECL<br>(non-credit<br>impaired)) | Stage 3<br>(Lifetime ECL<br>(credit<br>impaired)) | Total      |
|------------------------------------|------------------------------|-------------------------------------------------------|---------------------------------------------------|------------|
| <b>Loan receivables</b>            |                              |                                                       |                                                   |            |
| <b>Assessed based on grouping</b>  |                              |                                                       |                                                   |            |
| At 31 December 2025                |                              |                                                       |                                                   |            |
| Expected loss rate                 | 1.58%                        | 17.70%                                                | 50.92%                                            | 2.09%      |
| Gross carrying amount (RMB'000)    | 11,814,037                   | 89,629                                                | 94,255                                            | 11,997,921 |
| Loss allowance provision (RMB'000) | (186,891)                    | (15,864)                                              | (47,993)                                          | (250,748)  |
| At 31 December 2024                |                              |                                                       |                                                   |            |
| Expected loss rate                 | 1.89%                        | 19.13%                                                | 52.44%                                            | 2.64%      |
| Gross carrying amount (RMB'000)    | 10,751,069                   | 151,358                                               | 112,301                                           | 11,014,728 |
| Loss allowance provision (RMB'000) | (203,470)                    | (28,955)                                              | (58,896)                                          | (291,321)  |

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

(iii) Note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

Other receivables and other assets and loan receivables (Continued)

|                                    | Stage 1<br>(12-month<br>ECL) | Stage 2<br>(Lifetime ECL<br>(non-credit<br>impaired)) | Stage 3<br>(Lifetime ECL<br>(credit<br>impaired)) | Total    |
|------------------------------------|------------------------------|-------------------------------------------------------|---------------------------------------------------|----------|
| <b>Loan receivables</b>            |                              |                                                       |                                                   |          |
| <b>Assessed individually</b>       |                              |                                                       |                                                   |          |
| At 31 December 2025                |                              |                                                       |                                                   |          |
| Expected loss rate                 | 2.50%                        | –                                                     | –                                                 | 2.50%    |
| Gross carrying amount (RMB'000)    | 671,069                      | –                                                     | –                                                 | 671,069  |
| Loss allowance provision (RMB'000) | (16,777)                     | –                                                     | –                                                 | (16,777) |
| At 31 December 2024                |                              |                                                       |                                                   |          |
| Expected loss rate                 | 0.72%                        | –                                                     | –                                                 | 0.72%    |
| Gross carrying amount (RMB'000)    | 637,946                      | –                                                     | –                                                 | 637,946  |
| Loss allowance provision (RMB'000) | (4,564)                      | –                                                     | –                                                 | (4,564)  |

Other financial assets at amortized cost and other financial assets at FVOCI (excluding unlisted securities)

As at 31 December 2025 and 2024, the Group considered that there was no significant increase in credit risk of constant return financial products and transferable certificate of deposit since initial recognition, and made provision for loss based on 12-month ECL. The Group considered that there was no significant credit risk associated with constant return financial products and transferable certificate of deposit and did not expect that there would be any significant losses from non-performance by these financial institutions.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Contract assets, trade and note receivables at amortized cost and trade and note receivables at FVOCI (Continued)

##### (iii) Note receivables at amortized cost and trade and note receivables at FVOCI

Net impairment (losses)/reversal on financial assets and contract assets recognized in profit or loss

The following (losses)/gains were recognized in profit or loss in relation to impaired financial assets and contract assets:

|                                                                               | Year ended 31 December |                 |
|-------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                               | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Impairment losses                                                             |                        |                 |
| – movement in loss allowance for trade and note receivables at amortized cost | (416,093)              | (359,161)       |
| – movement in loss allowance for contract assets                              | (36,190)               | (16,340)        |
| – movement in loss allowance for other receivables and other assets           | (58,011)               | (64,946)        |
| – movement in loss allowance for loan receivables                             | (107,936)              | (72,768)        |
| Reversal of previous impairment losses                                        |                        |                 |
| – movement in reversal for trade and note receivables at amortized cost       | 56,839                 | 342,426         |
| – movement in reversal for contract assets                                    | 2,515                  | 49,611          |
| – movement in reversal for other receivables and other assets                 | 45,717                 | 38,688          |
| – movement in reversal for loan receivables                                   | 123,624                | 111,166         |
| Net impairment (losses)/reversal on financial assets and contract assets      | (389,535)              | 28,676          |

For the years ended 31 December 2025 and 2024, the reversal/provision of loss allowances were recognized in profit or loss in “Net impairment reversal/(losses) on financial assets and contract assets” in relation to the impaired financial assets and contract assets.

Financial assets and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery amongst others, include the failure of a debtor to engage in a repayment plan with the Group.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such.

The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial assets to be delivered after taking into account relevant cross-currency interest rate swaps.

|                                                                                                                                       | On demand or<br>less than<br>1 year<br>RMB'000 | Between<br>1 and<br>2 years<br>RMB'000 | Between<br>2 and<br>5 years<br>RMB'000 | Over<br>5 years<br>RMB'000 | Total<br>RMB'000   | Carrying<br>amount<br>RMB'000 |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------|--------------------|-------------------------------|
| <b>At 31 December 2025</b>                                                                                                            |                                                |                                        |                                        |                            |                    |                               |
| Trade and other payables (excluding<br>Salaries, wages and benefits<br>payables, tax payables and other<br>non-financial liabilities) | 135,625,848                                    | 31,389                                 | 10,665                                 | 334,154                    | 136,002,056        | 136,002,056                   |
| Customer deposits                                                                                                                     | 134,204                                        | -                                      | -                                      | -                          | 134,204            | 134,110                       |
| Borrowings                                                                                                                            | 48,925,305                                     | 3,310,319                              | 9,554,301                              | 134,869                    | 61,924,794         | 64,184,638                    |
| Other financial liabilities at FVPL                                                                                                   | 706,439                                        | -                                      | -                                      | -                          | 706,439            | 706,439                       |
| Lease liabilities                                                                                                                     | 1,437,154                                      | 897,164                                | 932,414                                | 332,001                    | 3,598,733          | 3,296,359                     |
| Derivative financial liabilities                                                                                                      | 872,439                                        | 92,008                                 | -                                      | -                          | 964,447            | 964,447                       |
|                                                                                                                                       | <b>187,701,389</b>                             | <b>4,330,880</b>                       | <b>10,497,380</b>                      | <b>801,024</b>             | <b>203,330,673</b> | <b>205,288,049</b>            |
| <b>At 31 December 2024</b>                                                                                                            |                                                |                                        |                                        |                            |                    |                               |
| Trade and other payables (excluding<br>Salaries, wages and benefits<br>payables, tax payables and other<br>non-financial liabilities) | 122,461,062                                    | 34,306                                 | 5,286                                  | -                          | 122,500,654        | 122,500,654                   |
| Customer deposits                                                                                                                     | 137,440                                        | -                                      | -                                      | -                          | 137,440            | 137,344                       |
| Borrowings                                                                                                                            | 68,232,856                                     | 7,902,228                              | 5,851,815                              | 136,472                    | 82,123,371         | 83,307,706                    |
| Other financial liabilities at FVPL                                                                                                   | 873,776                                        | -                                      | -                                      | -                          | 873,776            | 873,776                       |
| Lease liabilities                                                                                                                     | 1,164,070                                      | 759,194                                | 883,774                                | 385,323                    | 3,192,361          | 2,947,366                     |
| Derivative financial liabilities                                                                                                      | 3,095,850                                      | 3,626                                  | 2,394                                  | -                          | 3,101,870          | 3,101,870                     |
|                                                                                                                                       | <b>195,965,054</b>                             | <b>8,699,354</b>                       | <b>6,743,269</b>                       | <b>521,795</b>             | <b>211,929,472</b> | <b>212,868,716</b>            |

No guarantees demand was made to the Group as at 31 December 2025 and 2024.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at 31 December 2025 and 2024 were as follows:

|                             | As at 31 December  |             |
|-----------------------------|--------------------|-------------|
|                             | 2025               | 2024        |
| Total assets (RMB'000)      | <b>608,791,766</b> | 604,351,853 |
| Total liabilities (RMB'000) | <b>372,367,543</b> | 376,684,462 |
| Asset-liability ratio       | <b>61.17%</b>      | 62.33%      |

#### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2025 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (a) Fair value hierarchy

As at 31 December 2025 and 2024, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels were analyzed below:

|                                                  | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------------------|--------------------|--------------------|--------------------|------------------|
| <b>As at 31 December 2025</b>                    |                    |                    |                    |                  |
| Financial assets:                                |                    |                    |                    |                  |
| Trade and note receivables at FVOCI<br>(Note 20) | –                  | 14,935,344         | –                  | 14,935,344       |
| Derivative financial instruments<br>(Note 24)    | –                  | 3,318,298          | –                  | 3,318,298        |
| Other financial assets at FVPL<br>(Note 23(a))   | 496,261            | 214,456            | 4,437,255          | 5,147,972        |
| Other financial assets at FVOCI<br>(Note 23(b))  | –                  | –                  | 29,901             | 29,901           |
| Total financial assets                           | 496,261            | 18,468,098         | 4,467,156          | 23,431,515       |
| Financial liabilities:                           |                    |                    |                    |                  |
| Other financial liabilities at FVPL<br>(Note 33) | –                  | –                  | 706,439            | 706,439          |
| Derivative financial instruments<br>(Note 24)    | –                  | 964,447            | –                  | 964,447          |
| Total financial liabilities                      | –                  | 964,447            | 706,439            | 1,670,886        |

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (a) Fair value hierarchy (Continued)

|                                                  | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000  |
|--------------------------------------------------|--------------------|--------------------|--------------------|-------------------|
| <b>As at 31 December 2024</b>                    |                    |                    |                    |                   |
| Financial assets:                                |                    |                    |                    |                   |
| Trade and note receivables at FVOCI<br>(Note 20) | –                  | 17,646,449         | –                  | 17,646,449        |
| Derivative financial instruments<br>(Note 24)    | –                  | 5,736,618          | –                  | 5,736,618         |
| Other financial assets at FVPL<br>(Note 23(a))   | 2,504,122          | 4,431,991          | 4,399,137          | 11,335,250        |
| Other financial assets at FVOCI<br>(Note 23(b))  | –                  | 6,525,002          | 35,595             | 6,560,597         |
| <b>Total financial assets</b>                    | <b>2,504,122</b>   | <b>34,340,060</b>  | <b>4,434,732</b>   | <b>41,278,914</b> |
| Financial liabilities:                           |                    |                    |                    |                   |
| Other financial liabilities at FVPL<br>(Note 33) | –                  | –                  | 873,776            | 873,776           |
| Derivative financial instruments<br>(Note 24)    | –                  | 3,101,870          | –                  | 3,101,870         |
| <b>Total financial liabilities</b>               | <b>–</b>           | <b>3,101,870</b>   | <b>873,776</b>     | <b>3,975,646</b>  |

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the years ended 31 December 2025 and 2024, there was no transfer between Level 1 and Level 2.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow approach, market comparable company approach and net assets approach. The inputs of the valuation technique mainly include risk-free interest rate, floating rate, foreign exchange rate, volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets and liabilities subject to Level 2 fair value measurement were mainly included trade and note receivables at FVOCI, structured deposits in other financial assets at FVPL, transferable certificate of deposit in other financial assets at FVOCI and derivative financial instruments are evaluated by discounted cash flows approach, market approach and income approach.

Assets and liabilities subject to Level 3 fair value measurement were mainly included unlisted securities of other financial assets at FVPL and other financial assets at FVOCI, and financial liabilities at FVPL. These assets and liabilities were measured mainly using market approach, net asset value and consensus pricing. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value. Significant unobservable inputs mainly include the financial data of targeted companies, market multiple of comparable companies and discount for lack of marketability.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (b) Valuation techniques used to determine fair values (Continued)

The following table presents the changes in level 3 items for the years ended 31 December 2025 and 2024:

| Reconciliation of Level 3 fair value measurements              | Financial assets at FVOCI and FVPL |                 |
|----------------------------------------------------------------|------------------------------------|-----------------|
|                                                                | Year ended 31 December             |                 |
|                                                                | 2025<br>RMB'000                    | 2024<br>RMB'000 |
| Opening balance                                                | 4,434,732                          | 5,725,465       |
| Additions                                                      | 8,119                              | 2,663           |
| Disposals/settlements                                          | (166,813)                          | (261,462)       |
| Transfer out of Level 3 (a)                                    | (23,506)                           | (1,389,110)     |
| Changes in fair value recognized in other comprehensive income | (5,813)                            | (2,355)         |
| Changes in fair value recognized in profit or loss             | 249,282                            | 334,280         |
| Currency translation differences                               | (28,845)                           | 25,251          |
| Closing balance                                                | 4,467,156                          | 4,434,732       |

- (a) Intended for the years ended 31 December 2025 and 2024, certain financial assets were transferred out of level 3 of fair value hierarchy classifications mainly as a result of the conversion of restricted listed securities into tradable listed securities.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (b) Valuation techniques used to determine fair values (Continued)

| Reconciliation of Level 3 fair value measurements  | Other financial liabilities at FVPL |                 |
|----------------------------------------------------|-------------------------------------|-----------------|
|                                                    | Year ended 31 December              |                 |
|                                                    | 2025<br>RMB'000                     | 2024<br>RMB'000 |
| Opening balance                                    | 873,776                             | 1,346,674       |
| Disposals/settlements                              | (188,102)                           | (251,270)       |
| Changes in fair value recognized in profit or loss | 20,765                              | (221,628)       |
| Closing balance                                    | 706,439                             | 873,776         |

For the years ended 31 December 2025 and 2024, the Group's own credit risk on other financial liabilities at FVPL was not considered to be a significant input factor.

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (c) Valuation inputs and relationships to fair value

The following table summaries the quantitative information about the significant unobservable inputs of major financial assets and liabilities used in level 3 fair value measurements:

| Description       | Fair value<br>As at 31 December |           | Valuation<br>technique(s) | Unobservable<br>inputs                      | Range of inputs<br>As at 31 December |              | Sensitivity of fair value to the input                                                                                                                                       |
|-------------------|---------------------------------|-----------|---------------------------|---------------------------------------------|--------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | 2025                            | 2024      |                           |                                             | 2025                                 | 2024         |                                                                                                                                                                              |
|                   | RMB'000                         | RMB'000   |                           |                                             |                                      |              |                                                                                                                                                                              |
| Equity securities | <b>494,411</b>                  | 2,104,630 | Market approach           | Price Earnings Ratio                        | <b>31.57</b>                         | 1.49 – 44.13 | 1% increase (decrease) in price earnings ratio would result in increase (decrease) in fair value by<br>2025: RMB660,000 (RMB660,000)<br>2024: RMB2,220,000 (RMB2,220,000)    |
|                   |                                 |           |                           | Price Sales Ratio                           | <b>0.27 – 10.58</b>                  | 0.30 – 11.24 | 1% increase (decrease) in Price sales ratio would result in increase (decrease) in fair value by<br>2025: RMB3,081,000 (RMB3,081,000)<br>2024: RMB18,405,000 (RMB18,405,000) |
|                   |                                 |           |                           | Discount for lack of marketability ("DLOM") | <b>18%-38%</b>                       | 15% – 40%    | 1% increase (decrease) in DLOM would result in (decrease) increase in fair value by<br>2025: (RMB3,521,000) RMB3,521,000<br>2024: (RMB1,994,000) RMB1,994,000                |
|                   |                                 |           |                           | Expected volatility                         | <b>34% – 57%</b>                     | N/A          | 5% increase (decrease) in expected volatility would result in increase (decrease) in fair value by<br>2025: RMB708,000 (RMB682,000)<br>2024: RMBNil                          |
|                   |                                 |           |                           | Risk-free rate                              | <b>1.3% – 1.4%</b>                   | N/A          | 1% increase (decrease) in risk-free interest rate would result in (decrease) increase in fair value by<br>2025: (RMB386,000) RMB398,000<br>2024: RMBNil                      |

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (c) Valuation inputs and relationships to fair value (Continued)

| Description                   | Fair value<br>As at 31 December |           | Valuation<br>technique(s) | Unobservable<br>inputs                      | Range of inputs<br>As at 31 December |                | Sensitivity of fair value to the input                                                                                                                                    |
|-------------------------------|---------------------------------|-----------|---------------------------|---------------------------------------------|--------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | 2025                            | 2024      |                           |                                             | 2025                                 | 2024           |                                                                                                                                                                           |
|                               | RMB'000                         | RMB'000   |                           |                                             |                                      |                |                                                                                                                                                                           |
| Equity securities             | <b>1,813,706</b>                | 1,944,224 | Net asset value           | N/A                                         | <b>N/A</b>                           | N/A            | N/A                                                                                                                                                                       |
|                               |                                 |           | (Note (a))                |                                             |                                      |                |                                                                                                                                                                           |
|                               | <b>2,010,715</b>                | 242,661   | Consensus pricing         | Offered quotes                              | <b>3.98 – 264.06</b>                 | 16.36 – 264.06 | 1% increase (decrease) in offered quotes would result in increase (decrease) in fair value by<br>2025: RMB20,107,000 (RMB20,107,000)<br>2024: RMB2,427,000 (RMB2,427,000) |
|                               |                                 |           |                           | Discount for lack of marketability ("DLOM") | <b>10%</b>                           | N/A            | 1% increase (decrease) in DLOM would result in (decrease) increase in fair value by<br>2025: (RMB19,913,000) RMB19,913,000<br>2024: RMBNil                                |
| Liabilities to fund investors | <b>706,439</b>                  | 873,776   | Net asset value           | N/A                                         | <b>N/A</b>                           | N/A            | N/A                                                                                                                                                                       |
|                               |                                 |           | (Note (a))                |                                             |                                      |                |                                                                                                                                                                           |

(a) The Group determines the fair value as at the reporting date based on the reported net asset values.

(b) Other than described above, there were no significant unobservable inputs that materially affect its fair values.

##### (d) Valuation processes

The Group has a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports the valuation results to the management and Audit Committee. Discussions of valuation processes and results are held by valuation team at least once every three months, in line with the Group's quarterly reporting periods.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

### (a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of the asset group or group of asset groups that contain the apportioned goodwill is determined by the higher value between the present value of the future cash flows and the net value that is calculated by the fair value less the disposal costs. Accounting estimate is required for the calculation of the recoverable amount. Management and the independent external valuer engaged by the Group perform impairment testing by assessing the recoverable amount of the asset group or group of asset groups containing the relevant goodwill, based on the present value of cash flow forecasts. Key assumptions adopted in the impairment testing of goodwill included revenue annual growth rate, gross margin, perpetual annual growth rate, pre-tax discount rate, etc. which involved critical accounting estimates and judgement.

If management revises the revenue annual growth rate and perpetual annual growth rate that are used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised rates are lower than the current rates, the Group might need to recognize further impairment against goodwill.

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups or groups of asset groups, and the revised gross margin is lower than the current one, the Group might need to recognize further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group might need to recognize further impairment against goodwill.

If the actual revenue annual growth rate, perpetual annual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.



#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (b) Uncertain tax position and recognition of current and deferred income tax assets

The Group is subject to enterprise income tax in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As stated in Note 11, some subsidiaries of the Group are qualified as high-tech enterprises. The “High-Tech Enterprise Certificate” is effective for three years. Upon expiration, application for high-tech enterprise assessment should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognized deferred tax assets, deferred tax liabilities and income tax expenses.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgement in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment would be made to the carrying amount of deferred tax assets.

##### (c) Fair value measurement of financial assets and liabilities at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 3.3.

## 5. SEGMENT INFORMATION AND REVENUE

### (a) Description of segments and principal activities

The Group's chief operating decision maker, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, examines the Group's performance both from a product and geographic perspective and has identified four reportable segments of its business:

- Smart home solutions: this part of the business includes manufacturing and sales of a wide range of home appliances, including air conditioners, refrigerators, washing machines, kitchen appliances, and various other appliances.
- Building technology: this part of the business includes providing intelligent and integrated solutions for infrastructure, public premises, industrial parks, agricultural facilities and more, supported by offerings of commercial air conditioners, elevators, building energy management and building control software.
- Industrial technology: this part of the business includes manufacturing and sales of core industrial components, including compressors, motors, industrial control systems and new energy vehicle components.
- Others: this part of the business mainly includes one-stop automation solutions of industrial robotics, production cells and fully automated systems, automated logistics systems, intelligent supply chain business integration solutions, green energy solutions, large-scale energy storage, industrial and commercial energy storage, household energy storage, intelligent power grids, distributed photovoltaic solutions, financial services and medical device products and related services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that net impairment losses on financial assets and contract assets, other income (excluding interest income), other gains/losses (excluding net foreign exchange gains/losses), share of profit of associates and joint ventures, net, impairment provision for inventories and other assets and impairment provision for investments in associates and joint ventures are excluded from such measurement.

During the year, due to business development and changes in internal organizational structure, the Group revised the reportable segments based on changes in the internal reporting used by the Chief Operating Decision Maker for the purposes of resource allocation and performance evaluation. The composition of its reportable segments is adjusted, and the corresponding information for prior year is restated.

## 5. SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment information

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

Segment information for the year ended 31 December 2025 is as follows:

|                                                                                                                             | Smart home solutions | Building technology | Industrial technology | Other segments and unallocated | Inter-segment elimination | Total         |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|-----------------------|--------------------------------|---------------------------|---------------|
| Revenue from external customers                                                                                             | 326,084,667          | 36,755,772          | 33,420,450            | 62,241,518                     | -                         | 458,502,407   |
| Inter-segment revenue                                                                                                       | 2,744,257            | 786,522             | 23,206,144            | 10,691,684                     | (37,428,607)              | -             |
| Operating costs and expenses                                                                                                | (291,698,538)        | (33,038,554)        | (51,538,423)          | (70,329,336)                   | 37,528,238                | (409,076,613) |
| - Cost of revenue (excluding impairment loss, taxes and surcharges)                                                         | (237,762,778)        | (25,794,717)        | (46,733,555)          | (59,006,530)                   | 33,306,135                | (335,991,445) |
| Segment profit                                                                                                              | 37,130,386           | 4,503,740           | 5,088,171             | 2,603,866                      | 99,631                    | 49,425,794    |
| Other profit or loss                                                                                                        |                      |                     |                       |                                |                           | 3,659,549     |
| Total profit before income tax                                                                                              |                      |                     |                       |                                |                           | 53,085,343    |
| Total assets                                                                                                                | 424,090,303          | 51,557,420          | 57,544,231            | 363,784,806                    | (288,184,994)             | 608,791,766   |
| Total liabilities                                                                                                           | 275,549,428          | 37,970,284          | 35,117,403            | 313,484,933                    | (289,754,505)             | 372,367,543   |
| Long-term equity investments in associates and joint ventures                                                               | 862,383              | 27,729              | -                     | 3,884,932                      | -                         | 4,775,044     |
| Share of profit of associates and joint ventures, net                                                                       | 512,013              | 7,059               | -                     | 69,756                         | -                         | 588,828       |
| Increase in non-current assets (excluding long-term equity investments, financial assets, goodwill and deferred tax assets) | 9,891,611            | 6,969,796           | 3,030,199             | 5,590,456                      | -                         | 25,482,062    |
| Net impairment losses on financial assets and contract assets                                                               | 249,322              | 21,611              | 11,149                | 186,046                        | (78,593)                  | 389,535       |
| Depreciation and amortisation                                                                                               | 3,266,999            | 1,224,884           | 1,049,001             | 3,804,107                      | (5,296)                   | 9,339,695     |

## 5. SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment information (Continued)

Segment information for the year ended 31 December 2024 is as follows:

|                                                                                                                             | Smart home solutions | Building technology | Industrial technology | Other segments and unallocated | Inter-segment elimination | Total         |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|-----------------------|--------------------------------|---------------------------|---------------|
| Revenue from external customers                                                                                             | 295,231,074          | 28,835,174          | 31,228,903            | 53,789,115                     | –                         | 409,084,266   |
| Inter-segment revenue                                                                                                       | 1,764,638            | 1,284,339           | 23,144,322            | 9,232,225                      | (35,425,524)              | –             |
| Operating costs and expenses                                                                                                | (268,277,841)        | (25,069,335)        | (49,732,717)          | (60,129,681)                   | 35,339,309                | (367,870,265) |
| – Cost of revenue (excluding impairment loss, taxes and surcharges)                                                         | (215,864,488)        | (21,196,400)        | (45,790,461)          | (51,202,195)                   | 34,464,045                | (299,589,499) |
| Segment profit                                                                                                              | 28,717,871           | 5,050,178           | 4,640,508             | 2,891,659                      | (86,215)                  | 41,214,001    |
| Other profit or loss                                                                                                        |                      |                     |                       |                                |                           | 5,478,116     |
| Total profit before income tax                                                                                              |                      |                     |                       |                                |                           | 46,692,117    |
| Total assets                                                                                                                | 386,253,672          | 39,086,692          | 51,954,093            | 427,765,531                    | (300,708,135)             | 604,351,853   |
| Total liabilities                                                                                                           | 265,820,926          | 26,106,072          | 33,103,881            | 358,729,335                    | (307,075,752)             | 376,684,462   |
| Long-term equity investments in associates and joint ventures                                                               | 839,536              | 38,155              | –                     | 4,345,787                      | –                         | 5,223,478     |
| Share of profit of associates and joint ventures, net                                                                       | 548,921              | 9,817               | –                     | 288,360                        | –                         | 847,098       |
| Increase in non-current assets (excluding long-term equity investments, financial assets, goodwill and deferred tax assets) | 5,258,764            | 526,374             | 2,148,192             | 4,450,222                      | –                         | 12,383,552    |
| Net impairment (reversal)/losses on financial assets and contract assets                                                    | (273,373)            | 45,349              | 1,099                 | 249,395                        | (51,146)                  | (28,676)      |
| Depreciation and amortisation                                                                                               | 3,136,991            | 451,176             | 860,875               | 3,374,973                      | (2,546)                   | 7,821,469     |

Revenue from external customers is derived from sales of the Smart home solutions, building technology, industrial technology, and other businesses.

There was no customer who individually contributed 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024.



## 5. SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment information (Continued)

Revenue is analysed as follows:

|                            | Year ended 31 December |                 |
|----------------------------|------------------------|-----------------|
|                            | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Operating revenue          | 456,451,731            | 407,149,600     |
| Interest income            | 2,050,168              | 1,934,090       |
| Fees and commission income | 508                    | 576             |
|                            | 458,502,407            | 409,084,266     |

The timing of revenue recognition is shown in the table below:

|                                       | Year ended 31 December |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Revenue recognized at a point in time | 425,174,695            | 380,685,404     |
| Revenue recognized over time          | 31,162,532             | 26,346,455      |

The Company is domiciled in Chinese Mainland. The amount of the Group's revenue from external customers by location of the customers is shown in the table below:

|                            | Year ended 31 December |                 |
|----------------------------|------------------------|-----------------|
|                            | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Chinese Mainland           | 262,554,714            | 240,049,883     |
| Other countries or regions | 195,947,693            | 169,034,383     |
|                            | 458,502,407            | 409,084,266     |

### (c) Assets and liabilities related to contracts with customers

The assets and liabilities related to contracts with customers refer to Note 26 and Note 31.



## 5. SEGMENT INFORMATION AND REVENUE (Continued)

### (d) Unsatisfied long-term contracts

As at 31 December 2025 and 2024, the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied, mainly relating to the robotics and automation system contracts, amounted to approximately RMB15,908,426,000 and RMB18,758,021,000, respectively. The Group will recognize the expected revenue from substantially all of the long-term contracts upon provision of the products or services. The amounts disclosed do not include variable consideration which is constrained.

All other contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### (e) Accounting policies of revenue recognition

Revenue is recognized at the amount of the expected entitled consideration when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as assets and subsequently amortized when the related revenue is recognized.

## 5. SEGMENT INFORMATION AND REVENUE (Continued)

### (e) Accounting policies of revenue recognition (Continued)

#### (i) Sales of goods

The Group is principally engaged in the design, manufacturing and sales of residential air conditioner, central air-conditioner, heating and ventilation systems, kitchen appliances, refrigerators, washing machines and various small appliances, elevators, high-voltage inverters, low-voltage inverters, medical imaging products, robotics and automation system, other products and materials to buyers.

Revenue from domestic sales of goods is recognized when the Group has delivered products to the location specified in the sales contract and the buyer has confirmed the acceptance of the products, and the delivery order is signed by both parties. Upon confirming the acceptance, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of goods is recognized when the products have been declared to the customs and shipped out of the port in accordance with the sales contract.

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component.

The Group provides distributors and retailers with sales rebate and discount, and the relevant revenue is recognized based on contract consideration net of the rebate and discount amount estimated. The Group estimates the sales return based on the historical experience and relevant data. Sales return is the contra account to revenue and offsets the revenue in the consolidated statement of profit and loss. The estimated amount expected to be repaid due to sales return was recorded in other payables and accruals; the carrying value of the goods expected to be returned at the time of sales, net of the estimated recovery costs, is recorded in prepayment, other receivables and other assets.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation and the Group recognises provision for the warranty, which is presented as cost of revenue.

The rights to receive consideration for transferring goods to the customer (and such rights depend on factors other than the passage of time) are recognized as assets. The Group's obligation to transfer products to customers for consideration received or receivable is presented as contract liabilities.

## 5. SEGMENT INFORMATION AND REVENUE (Continued)

### (e) Accounting policies of revenue recognition (Continued)

#### (ii) Rendering of services

The Group provides external services such as the robotics and automation system construction services, intelligent logistics integration solution, storage services, delivery services, installation services and transportation service, and the revenue is mainly recognized over a period of time based on the progress towards completing satisfaction of a performance obligation. On the balance sheet date, the Group re-estimates the stage of the progress towards completing satisfaction of a performance obligation, which is mainly measured based on input method to reflect the actual status of contract performance.

When the Group recognizes revenue based on the progress towards complete satisfaction of a performance obligation, the amount with unconditional right to consideration obtained by the Group is recognized as trade receivables, and the rest is recognized as contract assets. Meanwhile, provision for trade receivables and contract assets is recognized on the basis of expected credit losses (Note 50.10(iv)). If the contract consideration received or receivable exceeds the progress of the service performed, the excess portion will be recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include costs to fulfil a contract and costs to obtain a contract. Costs incurred for provision of the aforesaid services are recognized as costs to fulfil a contract, which is carried forward to the cost of revenue when revenue recognized based on the progress of the service performed. Incremental costs incurred by the Group for the acquisition of the aforesaid service contract are recognized as the costs to obtain a contract. For the costs to obtain a contract with the amortization period within one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with the amortization period beyond one year, the costs are charged in the profit or loss on the same basis as aforesaid revenue of rendering of services recognized under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognizes it as asset impairment losses. As at the date of the end of the reporting period, based on whether the amortization period of the costs to fulfil a contract is more than one year when initially recognized, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortization period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

## 6. OTHER INCOME

|                                  | Year ended 31 December |                 |
|----------------------------------|------------------------|-----------------|
|                                  | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Interest income (a)              | <b>7,398,208</b>       | 6,367,934       |
| Government grants (b)            | <b>1,707,638</b>       | 1,797,690       |
| Additional Deduction for VAT (c) | <b>1,033,910</b>       | 1,514,474       |
|                                  | <b>10,139,756</b>      | 9,680,098       |

### (a) Interest income

Interest income from other financial assets at FVPL is included in the net fair value gains on these assets, see Note 7 below. Interest income on other financial assets at amortized cost and other financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

### (b) Government grants

The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward the Group's support and contribution for the development of local economies. As at 31 December 2025 and 2024, there were no unfulfilled conditions or contingencies relating to these government grants.

### (c) Pursuant to the Notice on the Additional Value-added Tax ("VAT") Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration in September 2023, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT.



## 7. OTHER GAINS, NET

|                                                                                  | Year ended 31 December |                 |
|----------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                  | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Net gains on financial instruments (a)                                           | <b>1,967,602</b>       | 2,005,139       |
| Net foreign exchange gains/(losses)                                              | <b>554,994</b>         | (1,935,321)     |
| Net (losses)/gains on disposal of property, plant and equipment and other assets | <b>(76,024)</b>        | 214,895         |
| Others                                                                           | <b>(49,227)</b>        | 111,521         |
|                                                                                  | <b>2,397,345</b>       | 396,234         |

(a) Net gains/(losses) on financial instruments mainly include net gains/(losses) on derivative financial instruments, other financial assets at FVPL and other financial liabilities at FVPL.

## 8. EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses are analyzed as follows:

|                                       | Year ended 31 December |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Raw materials and consumables used    | <b>266,002,301</b>     | 238,073,033     |
| Employee benefit expenses             | <b>45,735,671</b>      | 45,143,440      |
| Advertising and promotion expenses    | <b>23,527,102</b>      | 21,361,103      |
| Transportation and insurance charges  | <b>23,741,584</b>      | 21,236,684      |
| Installation and after-sales expenses | <b>13,737,156</b>      | 11,840,153      |
| Depreciation and amortization         | <b>9,339,695</b>       | 7,821,469       |
| Auditors' remuneration                |                        |                 |
| – Audit services                      | <b>50,681</b>          | 47,624          |
| – Non-audit services                  | <b>4,252</b>           | 6,062           |
| Listing expenses                      | <b>–</b>               | 8,332           |
| Others                                | <b>33,768,372</b>      | 26,834,630      |
|                                       | <b>415,906,814</b>     | 372,372,530     |



## 9. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are analyzed as follows:

|                                                | Year ended 31 December |                 |
|------------------------------------------------|------------------------|-----------------|
|                                                | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Salaries, wages and bonuses                    | <b>34,870,900</b>      | 34,526,927      |
| Share-based compensation expenses              | <b>873,319</b>         | 1,187,785       |
| Pension costs – defined contribution plans (a) | <b>2,513,711</b>       | 2,338,227       |
| Pension costs – defined benefit plans (b)      | <b>55,348</b>          | 65,687          |
| Other employee benefits                        | <b>7,422,393</b>       | 7,024,814       |
|                                                | <b>45,735,671</b>      | 45,143,440      |

### (a) Defined contribution plans

Employees of the subsidiaries in the PRC participate in employee social insurance plans established in the PRC, which cover pension and other welfare benefits. The plans are organized and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other commitments owing to the employees. According to the relevant regulations, the contributions that should be borne by the companies within the Group as required by the above social insurance plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

For the years ended 31 December 2025 and 2024, no forfeited contributions were utilized by the Group to reduce its contributions to the abovementioned social insurance plan.

As at 31 December 2025 and 2024, the contributions payable in respect of the abovementioned social insurance plan amounted to RMB337,085,000 and RMB176,251,000, respectively.

### (b) Defined benefit pension plans

The Group sponsors funded defined benefit plans for qualifying employees of Toshiba Lifestyle Products & Services Corp. ("TLSC") and its subsidiaries (together, the "TLSC Group") and other subsidiaries in Japan, Germany, Switzerland and other countries. The defined benefit plans are administered by separate funds that are legally separated from the subsidiaries. The boards of the pension funds are composed of an equal number of representatives from both employers and (former) employees. The boards of the pension funds are required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers, which are responsible for the investment policy with regard to the assets of the fund.

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Defined benefit pension plans (Continued)

The defined benefit plan requires contributions from employers and employees. Contributions are based on the number of years of service or fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plan.

Supplementary retirement benefits obligation of the Group recognized on the balance sheet date is calculated using the projected unit credit method and reviewed by external independent actuary institution.

The net liability disclosed above is as follows:

|                                 | As at 31 December |                 |
|---------------------------------|-------------------|-----------------|
|                                 | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Present value of obligation     | 3,323,838         | 3,015,232       |
| Less: Fair value of plan assets | (2,285,932)       | (1,809,979)     |
| Defined benefit liabilities     | 1,037,906         | 1,205,253       |

The net liability disclosed by subsidiaries is as follows:

|                 | As at 31 December |                 |
|-----------------|-------------------|-----------------|
|                 | 2025<br>RMB'000   | 2024<br>RMB'000 |
| KUKA (i)        | 414,473           | 544,642         |
| TLSC Group (ii) | 375,519           | 635,164         |
| Others          | 247,914           | 25,447          |
|                 | 1,037,906         | 1,205,253       |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Defined benefit pension plans (Continued)

The actuarial assumptions used to determine the present value of defined benefit obligation are as follows:

|                                             | As at 31 December   |              |
|---------------------------------------------|---------------------|--------------|
|                                             | 2025                | 2024         |
| Discount rate (%)                           | <b>0.90%~10.00%</b> | 0.79%~10.00% |
| Inflation rate (%)                          | <b>0.75%~1.88%</b>  | 1.49%        |
| Salary growth rates (%)                     | <b>0.00%~6.28%</b>  | 0.00%~6.00%  |
| Pension dynamics (%)                        | <b>0.00%~3.60%</b>  | 0.00%~3.70%  |
| Early retirement rate (%)                   | <b>0~9.69%</b>      | 0.00%~19.55% |
| Changes in cost of medical services (%)     | <b>0.00%~10.00%</b> | 0.00%~10.00% |
| Retirement saving capital interest rate (%) | <b>1.50%</b>        | —            |

#### (i) KUKA

For the years ended 31 December 2025 and 2024, movements in the present value of the defined benefit obligations were as follows:

|                                       | Year ended 31 December |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| At the beginning of the year          | <b>1,764,275</b>       | 1,829,775       |
| Current service cost                  | <b>42,309</b>          | 38,826          |
| Gains on curtailment and settlement   | <b>(8,277)</b>         | 18,458          |
| Interest expense                      | <b>36,777</b>          | 43,024          |
| Remeasurement losses                  | <b>(108,457)</b>       | 91,504          |
| Exchange realignment on foreign plans | <b>172,559</b>         | (81,639)        |
| Payments made                         | <b>(210,194)</b>       | (175,673)       |
| At the end of the year                | <b>1,688,992</b>       | 1,764,275       |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Defined benefit pension plans (Continued)

#### (i) KUKA (Continued)

For the years ended 31 December 2025 and 2024, movements in the fair value of the plan assets were as follows:

|                                       | Year ended 31 December |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| At the beginning of the year          | (1,219,633)            | (1,340,630)     |
| Interest income                       | (25,122)               | (30,583)        |
| Remeasurement gains                   | (54,905)               | (44,272)        |
| Exchange realignment on foreign plans | (113,652)              | 92,248          |
| Contributions from the employer       | (59,348)               | (63,690)        |
| Payments made                         | 198,141                | 167,294         |
| At the end of the year                | (1,274,519)            | (1,219,633)     |

The major categories of plan assets are as follows:

|                    | As at 31 December |                 |
|--------------------|-------------------|-----------------|
|                    | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Equity instruments | 467,581           | 302,178         |
| Debt instruments   | 608,521           | 545,446         |
| Other instruments  | 198,417           | 372,009         |
| Total              | 1,274,519         | 1,219,633       |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Defined benefit pension plans (Continued)

#### (i) KUKA (Continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

|                     | Increase in assumption | (Decrease)/Increase impact on defined benefit obligation |                 |
|---------------------|------------------------|----------------------------------------------------------|-----------------|
|                     |                        | As at 31 December                                        |                 |
|                     |                        | 2025<br>RMB'000                                          | 2024<br>RMB'000 |
| Discount rate       | 0.3%                   | (53,323)                                                 | (56,064)        |
| Inflation rate      | 0.3%                   | 36,193                                                   | 36,653          |
| Salary growth rates | 0.3%                   | 4,720                                                    | 5,778           |
| Life expectancy     | 1 year                 | 20,428                                                   | 24,540          |

|                     | Decrease in assumption | Increase/(decrease) impact on defined benefit obligation |                 |
|---------------------|------------------------|----------------------------------------------------------|-----------------|
|                     |                        | As at 31 December                                        |                 |
|                     |                        | 2025<br>RMB'000                                          | 2024<br>RMB'000 |
| Discount rate       | 0.3%                   | 56,547                                                   | 60,764          |
| Inflation rate      | 0.3%                   | (12,049)                                                 | (12,503)        |
| Salary growth rates | 0.3%                   | (4,577)                                                  | (5,004)         |
| Life expectancy     | 1 year                 | (20,160)                                                 | (24,389)        |



## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Defined benefit pension plans (Continued)

#### (ii) TLSC Group

For the years ended 31 December 2025 and 2024, movements in the present value of the defined benefit obligations were as follows:

|                                       | Year ended 31 December |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| At the beginning of the year          | 1,192,355              | 1,311,041       |
| Current service cost                  | 13,039                 | 26,861          |
| Gains on curtailment and settlement   | –                      | (693)           |
| Interest expense                      | 13,983                 | 10,694          |
| Remeasurement losses                  | (168,928)              | 41,187          |
| Exchange realignment on foreign plans | (22,691)               | (103,656)       |
| Payments made                         | (85,133)               | (93,079)        |
| At the end of the year                | 942,625                | 1,192,355       |

For the years ended 31 December 2025 and 2024, movements in the fair value of the plan assets were as follows:

|                                       | Year ended 31 December |                 |
|---------------------------------------|------------------------|-----------------|
|                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| At the beginning of the year          | (557,191)              | (564,959)       |
| Interest income                       | (10,429)               | (7,147)         |
| Remeasurement gains                   | (35,944)               | (42,447)        |
| Exchange realignment on foreign plans | 19,142                 | 45,432          |
| Contributions from the employer       | (17,431)               | (25,950)        |
| Payments made                         | 34,747                 | 37,880          |
| At the end of the year                | (567,106)              | (557,191)       |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Defined benefit pension plans (Continued)

#### (ii) TLSC Group (Continued)

The major categories of plan assets are as follows:

|                    | As at 31 December |         |
|--------------------|-------------------|---------|
|                    | 2025              | 2024    |
|                    | RMB'000           | RMB'000 |
| Equity instruments | 220,637           | 219,332 |
| Debt instruments   | 221,718           | 241,594 |
| Other instruments  | 124,751           | 96,265  |
| Total              | 567,106           | 557,191 |

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

|                       | Increase in assumption | (Decrease)/Increase impact on defined benefit obligation |         |
|-----------------------|------------------------|----------------------------------------------------------|---------|
|                       |                        | As at 31 December                                        |         |
|                       |                        | 2025                                                     | 2024    |
|                       |                        | RMB'000                                                  | RMB'000 |
| Discount rate         | 0.10%                  | (4,631)                                                  | (5,856) |
| Inflation rate        | 0.10%                  | 863                                                      | 1,011   |
| Salary growth rates   | 0.10%                  | 46                                                       | (60)    |
| Early retirement rate | 0.10%                  | (356)                                                    | (602)   |

|                       | Decrease in assumption | Increase/(decrease) impact on defined benefit obligation |         |
|-----------------------|------------------------|----------------------------------------------------------|---------|
|                       |                        | As at 31 December                                        |         |
|                       |                        | 2025                                                     | 2024    |
|                       |                        | RMB'000                                                  | RMB'000 |
| Discount rate         | 0.10%                  | 4,691                                                    | 5,936   |
| Inflation rate        | 0.10%                  | (847)                                                    | (988)   |
| Salary growth rates   | 0.10%                  | (48)                                                     | (4)     |
| Early retirement rate | 0.10%                  | 291                                                      | 506     |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (c) Directors' and supervisors' remuneration

For the years ended 31 December 2025 and 2024, Directors' and supervisors' remuneration is as follows:

|                                            | Fees<br>RMB'000 | Salaries,<br>contributions<br>to pension<br>plans,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Variable<br>remuneration<br>RMB'000 | Share-based<br>compensation<br>expense<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------|------------------|
| <b>Year ended 31 December 2025</b>         |                 |                                                                                                        |                                     |                                                   |                  |
| <b>Executive Directors</b>                 |                 |                                                                                                        |                                     |                                                   |                  |
| Mr. Fang Hongbo                            | –               | 7,320                                                                                                  | 5,348                               | 83,361                                            | 96,029           |
| Dr. Gu Yanmin                              | –               | 3,422                                                                                                  | 5,384                               | 6,861                                             | 15,667           |
| Mr. Wang Jianguo                           | –               | 3,948                                                                                                  | 7,099                               | 12,477                                            | 23,524           |
| Mr. Fu Yongjun (i)                         | –               | 651                                                                                                    | 1,273                               | 665                                               | 2,589            |
| Mr. Guan Jinwei                            | –               | 3,717                                                                                                  | 6,982                               | 16,516                                            | 27,215           |
| Dr. Zhang Tian (ii)                        | –               | 290                                                                                                    | 668                                 | 282                                               | 1,240            |
| <b>Non-executive Directors</b>             |                 |                                                                                                        |                                     |                                                   |                  |
| Mr. Zhao Jun                               | –               | –                                                                                                      | –                                   | –                                                 | –                |
| <b>Independent non-executive Directors</b> |                 |                                                                                                        |                                     |                                                   |                  |
| Dr. Xu Dingbo                              | 450             | –                                                                                                      | –                                   | –                                                 | 450              |
| Dr. Xiao Geng                              | 450             | –                                                                                                      | –                                   | –                                                 | 450              |
| Dr. Liu Qiao                               | 450             | –                                                                                                      | –                                   | –                                                 | 450              |
| Dr. Qiu Lili                               | 450             | –                                                                                                      | –                                   | –                                                 | 450              |
| <b>Supervisors</b>                         |                 |                                                                                                        |                                     |                                                   |                  |
| Mr. Dong Wentao (iii)                      | –               | 269                                                                                                    | 160                                 | 188                                               | 617              |
| Ms. Liang Huiming (iii)                    | –               | 152                                                                                                    | 44                                  | –                                                 | 196              |
| Ms. Ren Lingyan (iii)                      | –               | –                                                                                                      | –                                   | –                                                 | –                |
| <b>Total</b>                               | <b>1,800</b>    | <b>19,769</b>                                                                                          | <b>26,958</b>                       | <b>120,350</b>                                    | <b>168,877</b>   |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (c) Directors' and supervisors' remuneration (Continued)

|                                            | Fees<br>RMB'000 | Salaries,<br>contributions<br>to pension<br>plans,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Variable<br>remuneration<br>RMB'000 | Share-based<br>compensation<br>expense<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------|------------------|
| <b>Year ended 31 December 2024</b>         |                 |                                                                                                        |                                     |                                                   |                  |
| <b>Executive Directors</b>                 |                 |                                                                                                        |                                     |                                                   |                  |
| Mr. Fang Hongbo                            | –               | 6,740                                                                                                  | 7,042                               | 68,104                                            | 81,886           |
| Dr. Gu Yanmin                              | –               | 3,453                                                                                                  | 2,700                               | 8,528                                             | 14,681           |
| Mr. Wang Jianguo                           | –               | 3,252                                                                                                  | 8,362                               | 10,776                                            | 22,390           |
| Mr. Fu Yongjun (i)                         | –               | 3,097                                                                                                  | 8,750                               | 13,611                                            | 25,458           |
| Mr. Guan Jinwei                            | –               | 1,676                                                                                                  | 4,097                               | 7,240                                             | 13,013           |
| <b>Non-executive Directors</b>             |                 |                                                                                                        |                                     |                                                   |                  |
| Mr. Zhao Jun                               | –               | –                                                                                                      | –                                   | –                                                 | –                |
| Dr. Yu Gang (iv)                           | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Mr. He Jianfeng (iv)                       | –               | –                                                                                                      | –                                   | –                                                 | –                |
| <b>Independent non-executive Directors</b> |                 |                                                                                                        |                                     |                                                   |                  |
| Dr. Xiao Geng                              | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Dr. Xu Dingbo                              | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Dr. Liu Qiao                               | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Dr. Qiu Lili                               | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Dr. Xue Yunkui (v)                         | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Dr. Guan Qingyou (v)                       | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| Dr. Han Jian (v)                           | 225             | –                                                                                                      | –                                   | –                                                 | 225              |
| <b>Supervisors</b>                         |                 |                                                                                                        |                                     |                                                   |                  |
| Mr. Dong Wentao (iii)                      | –               | 822                                                                                                    | 505                                 | 264                                               | 1,591            |
| Ms. Liang Huiming (iii)                    | –               | 473                                                                                                    | 136                                 | –                                                 | 609              |
| Ms. Ren Lingyan (iii)                      | –               | –                                                                                                      | –                                   | –                                                 | –                |
| <b>Total</b>                               | <b>1,800</b>    | <b>19,513</b>                                                                                          | <b>31,592</b>                       | <b>108,523</b>                                    | <b>161,428</b>   |

## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (c) Directors' and supervisors' remuneration (Continued)

- (i) Mr. Fu Yongjun resigned from his position as Executive Director of the Company in March 2025 and left his role as Vice President in December 2025.
- (ii) Dr. Zhang Tian was appointed as non-executive director of the Company effective May 30, 2025.
- (iii) Mr. Dong Wentao, Ms. Liang Huiming and Ms. Ren Lingyan have ceased to be a supervisor of the Company effective May 30, 2025.
- (iv) Dr. Yu Gang and Mr. He Jianfeng resigned as non-executive Directors of the Company in July 2024.
- (v) Dr. Xue Yunkui, Dr. Guan Qingyou and Dr. Han Jian resigned as independent non-executive Directors of the Company in July 2024.

For the years ended 31 December 2025 and 2024, the executive directors (including Mr. Fang Hongbo, Dr. Gu Yanmin, Mr. Wang Jianguo, Mr. Fu Yongjun, Mr. Guan Jinwei and Mr. Zhang Tian) have provided management services in connection with the management of the affairs of the Company or its subsidiaries undertaking. Since the emoluments as directors, supervisors or management cannot be distinguished from each other, emoluments as the mentioned roles are combined disclosed together.

For the years ended 31 December 2025 and 2024, the emoluments of Mr. Zhao Jun and Mr. Zhang Tian in relation to his services rendered for the Group were borne by the holding company and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation.

### (d) Directors' and supervisors' other benefits

For the years ended 31 December 2025 and 2024, no retirement and termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group.

For the years ended 31 December 2025 and 2024, no consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time.

For the years ended 31 December 2025 and 2024, there were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors.

For the years ended 31 December 2025 and 2024, save as disclosed in Note 45, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted.



## 9. EMPLOYEE BENEFIT EXPENSES (Continued)

### (e) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2025 and 2024 include 2 and 3 directors respectively whose emoluments are reflected in the analysis shown in Note 9(c). The emoluments paid to the remaining 3 and 2 individuals during the years ended 31 December 2025 and 2024, respectively, are as follows:

|                                                                                             | Year ended 31 December |                 |
|---------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                             | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Salaries, wages, bonuses and benefits in kind<br>(including contributions to pension plans) | 59,052                 | 35,695          |
| Share-based compensation expenses                                                           | 41,678                 | 25,029          |
|                                                                                             | 100,730                | 60,724          |

The emoluments of the above individuals fell within the following bands:

#### Number of individuals

|                                  | Year ended 31 December |      |
|----------------------------------|------------------------|------|
|                                  | 2025                   | 2024 |
| HK\$25,000,000 to HK\$30,000,000 | 1                      | 1    |
| HK\$30,000,000 to HK\$35,000,000 | 1                      | –    |
| HK\$35,000,000 to HK\$40,000,000 | –                      | 1    |
| HK\$45,000,000 to HK\$50,000,000 | 1                      | –    |

## 10. FINANCE COSTS, NET

|                                                                               | Year ended 31 December |                 |
|-------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                               | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Finance income:                                                               |                        |                 |
| Interest income from financial assets held for cash management purposes (a)   | <b>1,046,093</b>       | 833,057         |
| Reclassification from cost of hedge reserves (Note 24 (d)) (b)                | <b>75,006</b>          | 111,728         |
|                                                                               | <b>1,121,099</b>       | 944,785         |
| Finance costs:                                                                |                        |                 |
| Interest and finance charges paid/payable for borrowings                      | <b>(2,052,551)</b>     | (2,302,180)     |
| Interest and finance charges paid/payable for lease liabilities (Note 15 (b)) | <b>(158,780)</b>       | (151,181)       |
| Net exchange (losses)/gains on foreign currency borrowings                    | <b>(789,364)</b>       | 536,851         |
|                                                                               | <b>(3,000,695)</b>     | (1,916,510)     |
| Finance costs, net                                                            | <b>(1,879,596)</b>     | (971,725)       |

(a) Interest income represents interest income from cash and cash equivalent, including bank balances and term deposits with initial terms within three months.

(b) Reclassification from cost of hedge reserves mainly represents the amortization of the foreign currency basis spread. The foreign currency basis spread was separated from a cross-currency interest rate swaps ("CCIRSs"), and excluded from the designation of the CCIRSs as hedging instruments which hedge time-period relate hedged items. According to IFRS 9, the foreign currency basis spread from the CCIRSs at the date of designation was recognized in other comprehensive income to the extent that it related to the hedged item and amortized on a systematic and rational basis over the period during which the hedge adjustment for the value of the CCIRSs could affect profit or loss. For the years ended 31 December 2025 and 2024, the amortization was reclassified from the other comprehensive income into profit or loss as a reclassification adjustment.

## 11. INCOME TAX EXPENSE

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year.

### (i) PRC corporate income tax ("CIT")

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at a tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

Certain subsidiaries of the Company in Chinese Mainland were approved as high-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2025 and 2024.

Certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of Chinese Mainland upon fulfillment of certain requirements of the respective local governments and application conditions of relevant preferential policies.

For the years ended 31 December 2025 and 2024, certain subsidiaries of the Company located in Chinese Mainland met the criteria for small and micro enterprises under the Chinese corporate income tax system. Therefore, these subsidiaries were subject to the effective income tax rate of 5%.

The Company's subsidiaries in Chinese Mainland other than those mentioned above are subject to enterprise income tax at the rate of 25%.

### (ii) Cayman Islands and British Virgin Islands corporate income tax

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

### (iii) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2025 and 2024.

## 11. INCOME TAX EXPENSE (Continued)

### (iv) Corporate income tax in other jurisdictions

The income tax rates of the subsidiaries in Singapore, Brazil, Japan, Italy, Germany, Israel, Egypt, USA and Vietnam are 17%, 34%, 34.01%, 24%, 32%, 23%, 22.5%, 21% and 20%, respectively.

Midea Electric Trading (Singapore) Co., Pte Ltd., the Company's subsidiary, was awarded with the Certificate of Honor for Development and Expansion (No. 587) by the Singapore Economic Development Board and subject to the applicable preferential income tax rate of 6% during the year ended 31 December 2024 and 11% during the year ended 31 December 2025, respectively.

Under the investment preferential BOI policy of the Thailand Board of Investment, eligible subsidiaries in Thailand are not subject to tax on their BOI business income which belongs to the preferential policy for the years ended 31 December 2025 and 2024.

Income tax on profit arising from other jurisdictions, including Singapore, Brazil, Japan, Italy, Germany, Israel, Egypt, the USA and Vietnam had been calculated on the estimated assessable profit for the period at the respective rates prevailing in the relevant jurisdictions.

### (v) Additional deduction for research and development expense

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Additional Deduction"). The State Taxation Administration of The People's Republic of China ("STA") further announced in March 2021 that manufacturing enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses as Accelerated Deduction since 1 January 2021. The STA further announced in March 2023 that eligible enterprises would entitle to claim 200% of their research and development expenses as Additional Deduction since 1 January 2023. The Group has made its best estimate for the Additional Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the period.

### (vi) Withholding tax ("WHT")

According to the New Enterprise Income Tax Law ("New EIT Law"), distribution of profits earned by companies in Chinese Mainland since 1 January 2008 to foreign investors is subject to withholding tax of 10% or treaty tax rate, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas-incorporated immediate holding companies. As at 31 December 2025 and 2024, the Group has recognized deferred tax liabilities in relation to withholding taxes for the earnings of Chinese Mainland subsidiaries to be remitted in the foreseeable future.

## 11. INCOME TAX EXPENSE (Continued)

### (vi) Withholding tax (“WHT”) (Continued)

As at 31 December 2025 and 2024, the Group does not have plans to require some overseas subsidiaries to distribute their unremitted earnings in the foreseeable future, and intends to retain them to operate and expand its business in overseas. Accordingly, no deferred income tax liability related to WHT on unremitted earnings of these subsidiaries was accrued as at the end of each reporting period.

### (vii) OECD Pillar Two model rules

The Organization for Economic Co-operation and Development (“OECD”) published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws (“Pillar Two legislation”) to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists to assist them with applying the legislation and determining the related impact.

As at 31 December 2025, the Group mainly operates in Chinese Mainland, in which exposures to Pillar Two income taxes might exist although the legislation is not yet substantively enacted or enacted. The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Besides, certain subsidiaries of the Company are located in jurisdictions mainly including Hong Kong, Thailand, Singapore, Switzerland, Netherlands, Japan, Germany and Italy where Pillar Two legislation had been enacted and effected. For those jurisdictions, considering the impact of specific adjustments in the Pillar Two legislation, the group recognised a current income tax expense of RMB304,825,000 for the years ended December 2025. This is included in income tax in the consolidated statement of profit or loss. For those jurisdictions, where the Pillar Two legislation was enacted but not effective by 31 December 2025, the Group has no related current tax exposure.



## 11. INCOME TAX EXPENSE (Continued)

### (vii) OECD Pillar Two model rules (Continued)

The following table sets forth the component of income tax expenses of the Group for the years ended 31 December 2025 and 2024:

|                               | Year ended 31 December |                 |
|-------------------------------|------------------------|-----------------|
|                               | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Current income tax            | 9,955,102              | 9,424,735       |
| Deferred income tax (Note 17) | (1,389,955)            | (1,491,582)     |
|                               | <b>8,565,147</b>       | 7,933,153       |

Reconciliation between income tax expenses and profit before income tax at applicable tax rates for the years ended 31 December 2025 and 2024:

|                                                                             | Year ended 31 December |                 |
|-----------------------------------------------------------------------------|------------------------|-----------------|
|                                                                             | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Profit before income tax                                                    | 53,085,343             | 46,692,117      |
| Tax at the statutory tax rate of 25%                                        | 13,271,336             | 11,673,029      |
| Effect of different tax rates applicable to subsidiaries                    | (4,790,616)            | (3,271,196)     |
| Adjustments of prior years                                                  | (142,016)              | 164,345         |
| Tax effect of non-taxable income                                            | (152,569)              | (290,091)       |
| Tax effect of non-deductible expenses                                       | 608,996                | 681,640         |
| Utilization of previously unrecognized tax losses and temporary differences | (254,071)              | (276,739)       |
| Others                                                                      | 24,087                 | (747,835)       |
|                                                                             | <b>8,565,147</b>       | 7,933,153       |

## 12. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue for the years ended 31 December 2025 and 2024, excluding ordinary shares held for share schemes as these shares are not considered outstanding for earnings per share calculation purposes.

|                                                                                      | Year ended 31 December |            |
|--------------------------------------------------------------------------------------|------------------------|------------|
|                                                                                      | 2025                   | 2024       |
| Profit attributable to owners of the Company (RMB'000)                               | <b>43,945,411</b>      | 38,538,987 |
| Less: Dividends payable to expected vested restricted shares (RMB'000)               | <b>(115,437)</b>       | (83,941)   |
| Profit attributable to owners of the Company used in calculating basic EPS (RMB'000) | <b>43,829,974</b>      | 38,455,046 |
| Weighted average number of ordinary shares in issue (thousand shares)                | <b>7,559,265</b>       | 7,071,322  |
| Basic EPS (RMB per share)                                                            | <b>5.80</b>            | 5.44       |

## 12. EARNINGS PER SHARE (Continued)

### (b) Diluted

The share schemes granted by the Company and the subsidiaries have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

For the years ended 31 December 2025 and 2024, the Restricted Share Incentive Schemes and Stock Ownership Schemes granted by the Group's subsidiaries had either anti-dilutive effect or insignificant dilutive effect to the Group's diluted earnings per share.

|                                                                                                 | Year ended 31 December |            |
|-------------------------------------------------------------------------------------------------|------------------------|------------|
|                                                                                                 | 2025                   | 2024       |
| Adjusted profit attributable to owners of the Company used in calculating diluted EPS (RMB'000) | <b>43,829,878</b>      | 38,538,987 |
| Weighted average number of ordinary shares in issue (thousand shares)                           | <b>7,559,265</b>       | 7,071,322  |
| Adjustments for potential shares arising from share schemes (thousand shares)                   | <b>48,867</b>          | 41,872     |
| Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)    | <b>7,608,132</b>       | 7,113,194  |
| Diluted EPS (RMB per share)                                                                     | <b>5.76</b>            | 5.42       |

### 13(a). INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Movement of investments in associates and joint ventures is analyzed as follows:

|                                     | Year ended 31 December |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b> | <b>5,223,478</b>       | 4,976,109       |
| Additions and transfers             | <b>143,154</b>         | 34,819          |
| Disposals                           | <b>(51,170)</b>        | (85,236)        |
| Share of profit, net                | <b>588,828</b>         | 847,098         |
| Share of other comprehensive income | <b>(22,314)</b>        | 37,830          |
| Share of other equity movement      | <b>(2,782)</b>         | 168             |
| Dividends                           | <b>(709,350)</b>       | (594,950)       |
| Currency translation differences    | <b>(27,752)</b>        | 7,640           |
|                                     | <b>5,142,092</b>       | 5,223,478       |
| Less: Impairment loss               | <b>(367,048)</b>       | –               |
| <b>At the end of the year</b>       | <b>4,775,044</b>       | 5,223,478       |

Investments in associates and joint ventures of the Group mainly included the investments in Guangdong Shunde Rural Commercial Bank Co., Ltd., Carrier Midea North America LLC, Hefei Royalstar Motor Co., Ltd., Foshan Micro Midea Filter Mfg. Co., Ltd, Concepcion Midea Inc., TWENTYTHREEC LLC, ShenZhen CEGN Co., Ltd. and T.G. Battery Co. (Hong Kong) Ltd.

Management has assessed the level of influence that the Group exercises on certain associates and determined that it has significant influence through the board representation and other relevant facts and circumstances, even though the respective shareholding of some investments is below 20%. Accordingly, these investments have been classified as associates. In the opinion of the directors, no investments in associate are material to the Group.

**13(a). INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)**

The carrying amount and the Group's share of the results of individually immaterial associates and joint ventures are shown in aggregate as below:

|                                                                                    | <b>As at 31 December</b> |           |
|------------------------------------------------------------------------------------|--------------------------|-----------|
|                                                                                    | <b>2025</b>              | 2024      |
|                                                                                    | <b>RMB'000</b>           | RMB'000   |
| Aggregate carrying amount of individually immaterial associates and joint ventures | <b>4,775,044</b>         | 5,223,478 |
| Aggregate amounts of the Group's share of:                                         |                          |           |
| Profit from operations                                                             | <b>588,828</b>           | 847,098   |
| Other comprehensive income                                                         | <b>(22,314)</b>          | 37,830    |
| Total comprehensive income                                                         | <b>566,514</b>           | 884,928   |

The associates and joint ventures of the Group have been accounted for by using equity method based on the financial information of the associates and joint ventures prepared under the accounting policies generally consistent with those of the Group.

There are no commitment or contingent liabilities relating to the Group interest in the associates and joint ventures.



### 13(b). INVESTMENTS IN SUBSIDIARIES

As at 31 December 2025 and 2024, the Company's principal subsidiaries are as follows:

| Name of entity                                                            | Place of Incorporation and Operation and Kind of legal entity | Principal Activities                                                                                                               | Issued ordinary/<br>registered<br>share capital<br>('000) | Percentage of equity interest |          |         |          |
|---------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|----------|---------|----------|
|                                                                           |                                                               |                                                                                                                                    |                                                           | As at 31 December             |          |         |          |
|                                                                           |                                                               |                                                                                                                                    |                                                           | 2025                          |          | 2024    |          |
|                                                                           |                                                               |                                                                                                                                    |                                                           | Direct                        | Indirect | Direct  | Indirect |
| Anhui Meizhi Precision Manufacturing Co., Ltd.                            | Chinese Mainland, limited liability company                   | Manufacturing and sales of air conditioner parts, such as electric motors, gas compressors and mechanical and electrical equipment | RMB842,105                                                | 95.00%                        | 5.00%    | 95.00%  | 5.00%    |
| Annto Logistics Supply Chain Technology Co., Ltd.                         | Chinese Mainland, Company limited by shares                   | Logistics and warehousing services                                                                                                 | RMB745,200                                                | -                             | 52.94%   | -       | 73.85%   |
| Beijing Wandong Medical Technology Co., Ltd.                              | Chinese Mainland, Company limited by shares                   | Manufacturing and sales of medical devices                                                                                         | RMB703,061                                                | 45.46%                        | -        | 45.46%  | -        |
| Chongqing Midea Air-Conditioning Equipment Co., Ltd.                      | Chinese Mainland, limited liability company                   | Manufacturing and sales of air conditioners, refrigerators and freezers                                                            | RMB50,000                                                 | 95.00%                        | 5.00%    | 95.00%  | 5.00%    |
| Foshan Shunde Midea Electrical Heating Appliances Manufacturing Co., Ltd. | Chinese Mainland, limited liability company                   | Manufacturing of small appliances, such as electrothermal steamer pots and pressure cookers                                        | USD42,000                                                 | -                             | 100.00%  | -       | 100.00%  |
| Foshan Shunde Midea Household Appliances Industry Co., Ltd.               | Chinese Mainland, limited liability company                   | Investment holding                                                                                                                 | RMB5,500,000                                              | 100.00%                       | -        | 100.00% | -        |
| Foshan Shunde Midea Washing Appliances Manufacturing Co., Ltd.            | Chinese Mainland, limited liability company                   | Manufacturing of kitchen appliances, such as dishwashers, range hoods, ovens, sterilizers and gas and heating appliances           | USD46,000                                                 | 75.00%                        | 25.00%   | 75.00%  | 25.00%   |
| GD Midea Air-Conditioning Equipment Co., Ltd.                             | Chinese Mainland, limited liability company                   | Manufacturing and sales of residential air conditioners                                                                            | RMB854,000                                                | 73.00%                        | 7.00%    | 73.00%  | 7.00%    |
| GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.                  | Chinese Mainland, limited liability company                   | Manufacturing and sales of residential air conditioners                                                                            | USD6,928                                                  | 93.00%                        | 7.00%    | 93.00%  | 7.00%    |
| GD Midea Heating & Ventilating Equipment Co., Ltd.                        | Chinese Mainland, limited liability company                   | Manufacturing of commercial air conditioners                                                                                       | RMB500,000                                                | 90.00%                        | 10.00%   | 90.00%  | 10.00%   |
| Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.                | Chinese Mainland, limited liability company                   | Manufacturing of small appliances, such as dishwashers, range hoods, ovens, sterilizers and gas and heating appliances             | RMB1,055,224                                              | -                             | 100.00%  | -       | 100.00%  |

## 13(b). INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of entity                                        | Place of Incorporation and Operation and Kind of legal entity | Principal Activities                                                              | Issued ordinary/<br>registered<br>share capital<br>('000) | Percentage of equity interest |          |         |          |
|-------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|----------|---------|----------|
|                                                       |                                                               |                                                                                   |                                                           | As at 31 December             |          |         |          |
|                                                       |                                                               |                                                                                   |                                                           | 2025                          |          | 2024    |          |
|                                                       |                                                               |                                                                                   |                                                           | Direct                        | Indirect | Direct  | Indirect |
| Guangzhou Hualing Refrigerating Equipment Co., Ltd.   | Chinese Mainland, limited liability company                   | Manufacturing and sales of residential air conditioners                           | RMB640,000                                                | 75.00%                        | 25.00%   | 75.00%  | 25.00%   |
| Hefei Midea Heating & Ventilating Equipment Co., Ltd. | Chinese Mainland, limited liability company                   | Manufacturing and sales of air conditioners and heating and ventilating equipment | RMB1,060,000                                              | 99.00%                        | 1.00%    | 99.00%  | 1.00%    |
| Hefei Midea Refrigerator Co., Ltd.                    | Chinese Mainland, limited liability company                   | Manufacturing of refrigerators, freezers and refrigeration products               | USD92,110                                                 | 75.00%                        | 25.00%   | 75.00%  | 25.00%   |
| Hiconics Eco-energy Technology Co., Ltd.              | Chinese Mainland, Company limited by shares                   | Manufacturing and sales of electrical equipments                                  | RMB1,116,701                                              | -                             | 18.50%   | -       | 18.74%   |
| Hubei Midea Refrigerator Co., Ltd.                    | Chinese Mainland, limited liability company                   | Manufacturing of refrigerators, freezers and refrigeration products               | RMB850,000                                                | 97.00%                        | 3.00%    | 97.00%  | 3.00%    |
| KUKA AG                                               | Germany, Aktiengesellschaft                                   | Manufacturing and sales of robots and robot-based products and solutions          | EUR103,416                                                | -                             | 100.00%  | -       | 100.00%  |
| Midea Capital Corporation Limited                     | Chinese Mainland, limited liability company                   | Investment in companies providing capital market and business-related services    | RMB300,000                                                | 95.00%                        | 5.00%    | 95.00%  | 5.00%    |
| Midea Electric Netherlands (I) B.V.                   | Netherlands, limited liability company                        | Investment holding                                                                | EUR25                                                     | -                             | 100.00%  | -       | 100.00%  |
| Midea Electric Trading (Singapore) Co. Pte. Ltd.      | Singapore, limited liability company                          | Export trade of household appliances                                              | SGD491,182                                                | -                             | 100.00%  | -       | 100.00%  |
| Midea Group (Shanghai) Co., Ltd.                      | Chinese Mainland, limited liability company                   | Manufacturing and sales of intelligent home appliances and automation solutions   | RMB1,000,000                                              | 90.00%                        | 10.00%   | 90.00%  | 10.00%   |
| Midea Group Finance Co., Ltd.                         | Chinese Mainland, limited liability company                   | Providing financial services for companies within the Group                       | RMB3,500,000                                              | 95.00%                        | 5.00%    | 95.00%  | 5.00%    |
| Midea Innovation Investment Co., Ltd.                 | Chinese Mainland, limited liability company                   | Investment holding                                                                | RMB100,000                                                | 85.00%                        | 15.00%   | 85.00%  | 15.00%   |
| Midea International Corporation Company Limited       | Hong Kong, limited liability company                          | Investment holding                                                                | USD23,800                                                 | 100.00%                       | -        | 100.00% | -        |
| Midea Investment Development Company Limited          | British Virgin Islands, limited liability company             | Investment in home appliances manufacturers                                       | USD50                                                     | -                             | 100.00%  | -       | 100.00%  |

## 13(b). INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of entity                                      | Place of Incorporation and Operation and Kind of legal entity | Principal Activities                                                                                                                    | Issued ordinary/<br>registered<br>share capital<br>('000) | Percentage of equity interest |          |         |          |
|-----------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|----------|---------|----------|
|                                                     |                                                               |                                                                                                                                         |                                                           | As at 31 December             |          |         |          |
|                                                     |                                                               |                                                                                                                                         |                                                           | 2025                          |          | 2024    |          |
|                                                     |                                                               |                                                                                                                                         |                                                           | Direct                        | Indirect | Direct  | Indirect |
| Ningbo Midea United Materials Supply Co. Ltd.       | Chinese Mainland, limited liability company                   | Wholesale and retail of raw materials and components                                                                                    | RMB480,000                                                | 100.00%                       | -        | 100.00% | -        |
| Shenzhen CLOU Electronics Co. Ltd                   | Chinese Mainland, Company limited by shares                   | Manufacturing and sales of electrical equipments                                                                                        | RMB1,660,817                                              | 22.79%                        | -        | 22.79%  | -        |
| TLSC                                                | Japan, Corporation                                            | Manufacturing of home and kitchen appliances, office appliances, and industrial appliances                                              | JPY100,000                                                | -                             | 100.00%  | -       | 100.00%  |
| Toshiba Consumer Marketing Corporation              | Japan, Corporation                                            | Manufacturing and sales of home appliances                                                                                              | JPY100,000                                                | -                             | 100.00%  | -       | 100.00%  |
| Wuhu Maty Air-Conditioning Equipment Co., Ltd.      | Chinese Mainland, limited liability company                   | Manufacturing of air conditioners and refrigeration equipment                                                                           | RMB830,000                                                | 87.00%                        | 13.00%   | 87.00%  | 13.00%   |
| Wuhu Midea Kitchen & Bath Appliances Mfg. Co., Ltd. | Chinese Mainland, limited liability company                   | Manufacturing of kitchen appliances, such as range hoods, gas appliances, dishwashers, garbage disposers, sterilizers and water heaters | RMB60,000                                                 | 90.00%                        | 10.00%   | 90.00%  | 10.00%   |
| Wuhu Midea Life Appliances Mfg Co., Ltd.            | Chinese Mainland, limited liability company                   | Manufacturing of small appliances and smart home appliances                                                                             | RMB60,000                                                 | 100.00%                       | -        | 100.00% | -        |
| Wuxi Little Swan Electric Co., Ltd.                 | Chinese Mainland, limited liability company                   | Manufacturing and sales of laundry appliances                                                                                           | RMB732,488                                                | 100.00%                       | -        | 100.00% | -        |
| Zhejiang Meizhi Compressor Co., Ltd.                | Chinese Mainland, limited liability company                   | Manufacturing and sales of air conditioner parts, such as gas compressors and refrigeration, electrical and mechanical equipment        | RMB50,000                                                 | 100.00%                       | -        | 100.00% | -        |
| Guangdong Midea Smart Home Retail Co., Ltd.         | Chinese Mainland, limited liability company                   | Sales of intelligent home appliances and automation solutions                                                                           | RMB100,000                                                | 95%                           | 5%       | 95%     | 5%       |

(i) During the years ended 31 December 2025 and 2024, the increase of the investments in subsidiaries was mainly due to the capital injections, addition of new subsidiaries and deemed investments arising from share-based compensation.

(ii) The English names of Chinese Mainland companies are direct translation or transliteration of their Chinese registered names.

## 14. PROPERTY, PLANT AND EQUIPMENT

|                                                                                          | Buildings    | Overseas<br>land | Machinery<br>and<br>equipment | Motor<br>vehicles | Electronic<br>equipment<br>and others | Construction<br>in progress | Leasehold<br>improvements | Total        |
|------------------------------------------------------------------------------------------|--------------|------------------|-------------------------------|-------------------|---------------------------------------|-----------------------------|---------------------------|--------------|
|                                                                                          | RMB'000      | RMB'000          | RMB'000                       | RMB'000           | RMB'000                               | RMB'000                     | RMB'000                   | RMB'000      |
| <b>Year ended 31 December 2025</b>                                                       |              |                  |                               |                   |                                       |                             |                           |              |
| Opening net book amount                                                                  | 16,006,150   | 1,444,082        | 12,783,160                    | 747,010           | 2,548,506                             | 5,363,977                   | 735,836                   | 39,628,721   |
| Additions                                                                                | 2,188,761    | 352,941          | 6,395,624                     | 182,613           | 1,969,396                             | 4,608,262                   | 649,580                   | 16,347,177   |
| Transfer from construction in<br>progress to other property,<br>plant and equipment, net | 5,687,754    | -                | 819,197                       | -                 | 127,215                               | (6,661,959)                 | 27,793                    | -            |
| Disposals and others                                                                     | (440,338)    | (426)            | (794,419)                     | (19,302)          | (164,948)                             | (328,938)                   | (21,642)                  | (1,770,013)  |
| Currency translation differences                                                         | 134,979      | 46,623           | 76,604                        | 1,422             | 49,119                                | 77,250                      | (1,178)                   | 384,819      |
| Depreciation charge                                                                      | (1,558,536)  | -                | (2,191,052)                   | (150,390)         | (1,217,254)                           | -                           | (497,355)                 | (5,614,587)  |
| Impairment loss                                                                          | (35,957)     | -                | (5,075)                       | -                 | (65)                                  | (3,764)                     | -                         | (44,861)     |
| Closing net book amount                                                                  | 21,982,813   | 1,843,220        | 17,084,039                    | 761,353           | 3,311,969                             | 3,054,828                   | 893,034                   | 48,931,256   |
| <b>At 31 December 2025</b>                                                               |              |                  |                               |                   |                                       |                             |                           |              |
| Cost                                                                                     | 35,432,487   | 1,848,051        | 32,761,172                    | 1,210,958         | 9,723,975                             | 3,071,226                   | 1,649,185                 | 85,697,054   |
| Accumulated depreciation and<br>impairment                                               | (13,449,674) | (4,831)          | (15,677,133)                  | (449,605)         | (6,412,006)                           | (16,398)                    | (756,151)                 | (36,765,798) |
| Net book amount                                                                          | 21,982,813   | 1,843,220        | 17,084,039                    | 761,353           | 3,311,969                             | 3,054,828                   | 893,034                   | 48,931,256   |



## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

|                                                                                          | Buildings<br>RMB'000 | Overseas<br>land<br>RMB'000 | Machinery<br>and<br>equipment<br>RMB'000 | Motor<br>vehicles<br>RMB'000 | Electronic<br>equipment<br>and others<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------------------------------------------------------------|----------------------|-----------------------------|------------------------------------------|------------------------------|--------------------------------------------------|----------------------------------------|--------------------------------------|------------------|
| <b>At 1 January 2024</b>                                                                 |                      |                             |                                          |                              |                                                  |                                        |                                      |                  |
| Cost                                                                                     | 26,431,255           | 1,387,628                   | 26,110,126                               | 890,849                      | 7,352,388                                        | 4,735,799                              | 1,302,832                            | 68,210,877       |
| Accumulated depreciation and<br>impairment                                               | (11,040,997)         | (5,218)                     | (14,422,914)                             | (642,112)                    | (5,123,042)                                      | (54,579)                               | (539,250)                            | (31,828,112)     |
| Net book amount                                                                          | 15,390,258           | 1,382,410                   | 11,687,212                               | 248,737                      | 2,229,346                                        | 4,681,220                              | 763,582                              | 36,382,765       |
| <b>Year ended 31 December 2024</b>                                                       |                      |                             |                                          |                              |                                                  |                                        |                                      |                  |
| Opening net book amount                                                                  | 15,390,258           | 1,382,410                   | 11,687,212                               | 248,737                      | 2,229,346                                        | 4,681,220                              | 763,582                              | 36,382,765       |
| Additions                                                                                | 443,183              | 121,863                     | 3,457,757                                | 584,400                      | 1,386,625                                        | 3,427,069                              | 422,905                              | 9,843,802        |
| Transfer from construction in<br>progress to other property,<br>plant and equipment, net | 2,210,161            | -                           | 303,302                                  | -                            | 111,137                                          | (2,628,365)                            | 3,765                                | -                |
| Disposals and others                                                                     | (432,935)            | (1,536)                     | (765,191)                                | (29,305)                     | (128,621)                                        | (92,292)                               | (10,345)                             | (1,460,225)      |
| Currency translation differences                                                         | (127,018)            | (58,655)                    | (121,839)                                | (1,164)                      | (23,008)                                         | (17,259)                               | (5,253)                              | (354,196)        |
| Depreciation charge                                                                      | (1,258,558)          | -                           | (1,737,975)                              | (55,658)                     | (1,026,484)                                      | -                                      | (438,818)                            | (4,517,493)      |
| Impairment loss                                                                          | (218,941)            | -                           | (40,106)                                 | -                            | (489)                                            | (6,396)                                | -                                    | (265,932)        |
| Closing net book amount                                                                  | 16,006,150           | 1,444,082                   | 12,783,160                               | 747,010                      | 2,548,506                                        | 5,363,977                              | 735,836                              | 39,628,721       |
| <b>At 31 December 2024</b>                                                               |                      |                             |                                          |                              |                                                  |                                        |                                      |                  |
| Cost                                                                                     | 28,356,572           | 1,449,003                   | 27,491,658                               | 1,077,920                    | 8,289,231                                        | 5,388,805                              | 1,059,350                            | 73,112,539       |
| Accumulated depreciation and<br>impairment                                               | (12,350,422)         | (4,921)                     | (14,708,498)                             | (330,910)                    | (5,740,725)                                      | (24,828)                               | (323,514)                            | (33,483,818)     |
| Net book amount                                                                          | 16,006,150           | 1,444,082                   | 12,783,160                               | 747,010                      | 2,548,506                                        | 5,363,977                              | 735,836                              | 39,628,721       |

- (i) Certain property, plant and equipment as at 31 December 2025 and 2024 respectively, were pledged as securities for bank loan facilities and financing lease.
- (ii) Depreciation of the Group's property, plant and equipment has been recognized as follows:

|                                     | Year ended 31 December |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Cost of revenue                     | 3,277,672              | 2,446,333       |
| General and administrative expenses | 1,276,042              | 1,005,610       |
| Research and development expenses   | 678,880                | 782,640         |
| Selling and marketing expenses      | 381,993                | 282,910         |
|                                     | <b>5,614,587</b>       | 4,517,493       |



## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (a) Depreciation methods and useful lives

Property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

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|                                 |                                                  |
|---------------------------------|--------------------------------------------------|
| Overseas land                   | Permanent                                        |
| Buildings                       | 15 to 50 years                                   |
| Machinery and equipment         | 2 to 25 years                                    |
| Motor vehicles                  | 2 to 20 years                                    |
| Electronic equipment and others | 2 to 20 years                                    |
| Leasehold improvements          | Shorter of their useful lives and the lease term |

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See Note 50.6 for the other accounting policies relevant to property, plant and equipment.

## 15. LEASE

This note provides information for leases where the Group is a lessee.

### (a) Amounts recognized in the consolidated statement of financial position

|                            | As at 31 December |                 |
|----------------------------|-------------------|-----------------|
|                            | 2025<br>RMB'000   | 2024<br>RMB'000 |
| <b>Right-of-use assets</b> |                   |                 |
| Buildings                  | 2,667,431         | 2,499,018       |
| Machinery and equipment    | 249,610           | 201,026         |
| Land use rights and others | 7,024,892         | 6,586,615       |
| Trademark use rights       | 1,610,049         | 1,512,864       |
|                            | <b>11,551,982</b> | 10,799,523      |
| <b>Lease liabilities</b>   |                   |                 |
| Current                    | 1,395,306         | 1,122,108       |
| Non-current                | 1,901,053         | 1,825,258       |
|                            | <b>3,296,359</b>  | 2,947,366       |

Additions to the right-of-use assets during the year ended 31 December 2025 and 2024 were approximately RMB3,081,483,000 and RMB1,407,528,000, respectively.

Certain Leasehold land and land use rights were pledged as securities for bank loan facilities as at 31 December 2025 and 2024.

## 15. LEASE (Continued)

### (b) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

|                                                                                                                                                                       | Year ended 31 December |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                                                                                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Buildings                                                                                                                                                             | 1,333,281              | 1,180,699       |
| Machinery and equipment                                                                                                                                               | 149,950                | 108,739         |
| Land use rights and others                                                                                                                                            | 152,804                | 197,902         |
| Trademark use rights                                                                                                                                                  | 51,361                 | 45,750          |
|                                                                                                                                                                       | <b>1,687,396</b>       | 1,533,090       |
| Interest expense (included in finance cost)                                                                                                                           | 158,780                | 151,181         |
| Expense relating to short-term leases (included in cost of goods sold and general and administrative expenses)                                                        | 1,212,203              | 1,092,476       |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating expenses and general and administrative expenses) | 20,595                 | 12,897          |
| Expense relating to variable lease payments not included in lease liabilities (included in operating expenses and general and administrative expenses)                | 350,497                | 437,564         |

The total cash outflow for leases during the years ended 31 December 2025 and 2024 were approximately RMB3,566,356,000 and RMB3,100,934,000, respectively.

### (c) Operating lease proceeds after the date of statement of financial position

No material operating lease proceeds after the date of statement of financial position.

## 15. LEASE (Continued)

### (d) The Group's leasing activities and how these are accounted for

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The trademark use rights are measured at cost when acquired. The trademark use rights are acquired in the business combinations involving enterprises not under common control, and are amortized over the estimated useful life of 30-40 years.

Payments associated with short-term leases and all leases of low-value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

See Note 50.5 for the other accounting policies relevant to leases.

### (e) Extension and termination

Options Lease payments to be made under reasonably certain extension options are included in the measurement. No termination options are included in building leases across the Group.

### (f) Residual value guarantees

No residual value guarantees are provided in relation to leases.

## 16. INTANGIBLE ASSETS

|                                         | Goodwill<br>RMB'000 | Patents and<br>non-patent<br>technologies<br>RMB'000 | Trademark<br>rights<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------|---------------------|------------------------------------------------------|--------------------------------|-------------------|------------------|
| <b>Year ended 31 December 2025</b>      |                     |                                                      |                                |                   |                  |
| Opening net book amount                 | 29,581,014          | 2,520,279                                            | 4,562,532                      | 1,898,611         | 38,562,436       |
| Additions                               | 2,614,725           | 351,308                                              | 2,083,451                      | 2,585,990         | 7,635,474        |
| Disposals                               | (119,655)           | (44,689)                                             | –                              | (20,419)          | (184,763)        |
| Currency translation differences        | 2,180,775           | 39,372                                               | 458,247                        | 163,740           | 2,842,134        |
| Amortization charge                     | –                   | (351,708)                                            | (106,042)                      | (882,641)         | (1,340,391)      |
| Impairment loss                         | –                   | –                                                    | –                              | (20,990)          | (20,990)         |
| Closing net book amount                 | 34,256,859          | 2,514,562                                            | 6,998,188                      | 3,724,291         | 47,493,900       |
| <b>At 31 December 2025</b>              |                     |                                                      |                                |                   |                  |
| Cost                                    | 34,813,270          | 4,799,631                                            | 7,474,173                      | 8,659,472         | 55,746,546       |
| Accumulated amortization and impairment | (556,411)           | (2,285,069)                                          | (475,985)                      | (4,935,181)       | (8,252,646)      |
| Net book amount                         | 34,256,859          | 2,514,562                                            | 6,998,188                      | 3,724,291         | 47,493,900       |



**16. INTANGIBLE ASSETS (Continued)**

|                                            | Goodwill<br>RMB'000 | Patents and<br>non-patent<br>technologies<br>RMB'000 | Trademark<br>rights<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------------|---------------------|------------------------------------------------------|--------------------------------|-------------------|------------------|
| <b>At 1 January 2024</b>                   |                     |                                                      |                                |                   |                  |
| Cost                                       | 31,391,066          | 4,415,503                                            | 5,116,437                      | 6,408,543         | 47,331,549       |
| Accumulated amortization and<br>impairment | (532,829)           | (1,600,508)                                          | (288,537)                      | (4,048,978)       | (6,470,852)      |
| Net book amount                            | 30,858,237          | 2,814,995                                            | 4,827,900                      | 2,359,565         | 40,860,697       |
| <b>Year ended 31 December 2024</b>         |                     |                                                      |                                |                   |                  |
| Opening net book amount                    | 30,858,237          | 2,814,995                                            | 4,827,900                      | 2,359,565         | 40,860,697       |
| Additions                                  | –                   | 56,235                                               | –                              | 360,122           | 416,357          |
| Disposals                                  | (15,423)            | (10,495)                                             | –                              | (15,686)          | (41,604)         |
| Currency translation differences           | (1,261,800)         | (18,216)                                             | (192,875)                      | (150,314)         | (1,623,205)      |
| Amortization charge                        | –                   | (322,240)                                            | (72,493)                       | (655,076)         | (1,049,809)      |
| Impairment loss                            | –                   | –                                                    | –                              | –                 | –                |
| Closing net book amount                    | 29,581,014          | 2,520,279                                            | 4,562,532                      | 1,898,611         | 38,562,436       |
| <b>At 31 December 2024</b>                 |                     |                                                      |                                |                   |                  |
| Cost                                       | 30,150,019          | 4,382,170                                            | 4,918,031                      | 6,237,006         | 45,687,226       |
| Accumulated amortization and<br>impairment | (569,005)           | (1,861,891)                                          | (355,499)                      | (4,338,395)       | (7,124,790)      |
| Net book amount                            | 29,581,014          | 2,520,279                                            | 4,562,532                      | 1,898,611         | 38,562,436       |

**(a) Amortization of the intangible assets**

During the year ended 31 December 2025, the amortization of the intangible assets amounting to approximately RMB1,105,382,000, RMB222,914,000 and RMB12,095,000 has been recognized in cost of revenue, general and administrative expenses, and research and development expenses, respectively. During the year ended 31 December 2024, the amortization of the intangible assets amounting to approximately RMB939,651,000, RMB100,202,000 and RMB9,956,000 has been recognized in cost of revenue, general and administrative expenses, and research and development expenses, respectively.

## 16. INTANGIBLE ASSETS (Continued)

### (b) Impairment tests for goodwill and trademark rights with an indefinite useful life

The carrying amount of goodwill allocated to the group of Cash-Generating Units (“CGU” or “CGUs”) are as follows:

|                  | As at 31 December |                 |
|------------------|-------------------|-----------------|
|                  | 2025<br>RMB'000   | 2024<br>RMB'000 |
| KUKA Group       | 23,435,302        | 21,415,464      |
| TLSC Group       | 2,085,854         | 2,152,719       |
| Little Swan      | 1,361,306         | 1,361,306       |
| Others           | 7,930,808         | 5,220,530       |
|                  | <b>34,813,270</b> | 30,150,019      |
| Less: Impairment | <b>(556,411)</b>  | (569,005)       |
|                  | <b>34,256,859</b> | 29,581,014      |

The trademark rights with an indefinite useful life of the Group are used by KUKA Group for its robotics and automation system business, the carrying amounts of which are RMB4,584,703,000 and RMB4,189,557,000 as at 31 December 2025 and 2024, respectively.

Impairment reviews on the goodwill and trademark rights with an indefinite useful life of the Group have been conducted by the management as at 31 December 2025 and 2024, according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amounts of CGU or group of CGUs are determined based on value in use (“VIU”) calculations by using the discounted cash flow method.

The key assumptions used by management for VIU calculation for the impairment test of KUKA Group as at 31 December 2025 and 2024, included: the revenue annual growth rates of 5.00%~11.34% and 6.86%~11.46%; the gross margins of 19.61%~22.93% and 22.68%~23.65%; the perpetual annual growth rates of 2.00% and 2.00%; and the pre-tax discount rates of 10.08% and 10.88%, respectively.

The key assumptions used by management for VIU calculation for the impairment test of TLSC Group as at 31 December 2025 and 2024, included: the revenue annual growth rates of 1.00%~10.96% and 2.89%~11.35%; the gross margins of 23.00%~24.50% and 26.22%~28.80%; the perpetual annual growth rates of 1.00% and 1.00%; and the pre-tax discount rates of 16.25% and 14.85%, respectively.

The key assumptions used by management for VIU calculation for the impairment test of Little Swan as at 31 December 2025 and 2024, included: the revenue annual growth rates of 3.00%~8.00% and 3.00%~11.51%; the gross margins of 29.47%~31.59% and 32.89%~34.10%; the perpetual annual growth rates of 2.00% and 2.00%; and the pre-tax discount rates of 13.63% and 12.36%, respectively.

## 16. INTANGIBLE ASSETS (Continued)

### (b) Impairment tests for goodwill and trademark rights with an indefinite useful life (Continued)

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption                   | Approach used to determine values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue annual growth rate   | Revenue annual growth rate is estimated over the five-year or six-year forecast period; based on past performance and management's expectations of market development. The management of the Group used a six-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose for many years. Based on the industry knowledge and understanding of the market and business cycle, the management considered that before the projections move into a long term stable period, such six-year period projection was reasonable and supportable. |
| Gross margin                 | Based on past performance and management's expectations for the future.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Perpetual annual growth rate | This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long term inflation rates of the relevant countries were relatively stable for the years ended 31 December 2025 and 2024.                                                                                                                                                                                                                              |
| Pre-tax discount rate        | Estimated by using the weighted average cost of capital ("WACC") method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.                                                                                                                                                                                                                                                                                                                                                                                                        |

## 16. INTANGIBLE ASSETS (Continued)

### (c) Impact of possible changes in key assumptions

Based on management's assessment on the recoverable amounts, the headroom of KUKA Group, TLSC Group and Little Swan as follows:

|             | As at 31 December |                 |
|-------------|-------------------|-----------------|
|             | 2025<br>RMB'000   | 2024<br>RMB'000 |
| KUKA Group  | <b>3,991,296</b>  | 2,395,232       |
| TLSC Group  | <b>2,286,428</b>  | 1,837,280       |
| Little Swan | <b>30,143,397</b> | 29,875,621      |

For the sensitivity analysis of KUKA Group conducted during the impairment review, had there been reasonably possible changes with reduction of the revenue annual growth rate of each year during the forecast period by 3.00%, or a reduction of the gross margin of each year during the forecast period by 2.00%, or an increase in pre-tax discount rate by 0.50%, or a reduction of perpetual annual growth rate by 0.50%, it would cause the reduction of the recoverable amount of KUKA Group as follows, if one of the key assumptions was to change while other variable held constant: As at 31 December 2025, the recoverable amount would decrease by RMB988,260,000, RMB3,294,200,000, RMB2,882,425,000 and RMB1,976,520,000.

For the sensitivity analysis of TLSC Group conducted during the impairment review, had there been reasonably possible changes with reduction of the revenue annual growth rate of each year during the forecast period by 3.00%, or a reduction of the gross margin of each year during the forecast period by 2.00%, or an increase in pre-tax discount rate by 0.50%, or a reduction of perpetual annual growth rate by 0.50%, it would cause the reduction of the recoverable amount of TLSC Group as follows, if one of the key assumptions was to change while other variable held constant: As at 31 December 2025, the recoverable amount would decrease by RMB375,193,000, RMB783,356,000, RMB228,998,000 and RMB136,947,000.

For the sensitivity analysis of Little Swan conducted during the impairment review, had there been reasonably possible changes with reduction of the revenue annual growth rate of each year during the forecast period by 3.00%, or a reduction of the gross margin of each year during the forecast period by 2.00%, or an increase in pre-tax discount rate by 0.50%, or a reduction of perpetual annual growth rate by 0.50%, it would cause the reduction of the recoverable amount of Little Swan as follows, if one of the key assumptions was to change while other variable held constant: As at 31 December 2025, the recoverable amount would decrease by RMB1,154,346,000, RMB3,110,158,000, RMB2,256,106,000 and RMB1,051,548,000.

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as at 31 December 2025 and 2024, respectively.



## 16. INTANGIBLE ASSETS (Continued)

### (d) Amortisation methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following:

#### (i) Goodwill

Goodwill is measured as described in Note 50.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

#### (ii) Trademark rights

The trademark rights are measured at cost when acquired and are amortized over the estimated useful life of 4 to 30 years. The cost of trademark rights obtained in the business combinations involving enterprises not under common control is measured at fair value. As some of the trademarks are expected to continuously attract net cash inflows injected into the Group, management considers that these trademarks have an indefinite useful life and are presented based upon the carrying amount after deducting the provision for impairment.

#### (iii) Patents and non-patent technologies

Patents are amortized on a straight-line basis based on the statutory period of validity, the period as stipulated by contracts or the beneficial period over their estimated useful life of 2 to 20 years.

#### (iv) Other intangible assets

Other intangible assets mainly represent the customer relationships, concession rights, software, etc. They are recognized at cost or fair value at the date of the acquisition and are subsequently amortized on a straight-line basis over their estimated useful life of 2 to 25 years.

See Note 50.8 for the other accounting policies relevant to intangible assets.



## 17. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

|                                             | As at 31 December |                 |
|---------------------------------------------|-------------------|-----------------|
|                                             | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Gross deferred tax assets:                  |                   |                 |
| – to be recovered after more than 12 months | 4,822,307         | 4,129,426       |
| – to be recovered within 12 months          | 12,031,575        | 12,037,811      |
|                                             | 16,853,882        | 16,167,237      |
| Offsetting against deferred tax liabilities | (1,735,860)       | (2,092,959)     |
| Net deferred tax assets                     | 15,118,022        | 14,074,278      |
| Gross deferred tax liabilities:             |                   |                 |
| – to be recovered after more than 12 months | 6,146,526         | 5,717,180       |
| – to be recovered within 12 months          | 1,481,274         | 1,272,594       |
|                                             | 7,627,800         | 6,989,774       |
| Offsetting against deferred tax assets      | (1,735,860)       | (2,092,959)     |
| Net deferred tax liabilities                | 5,891,940         | 4,896,815       |

## 17. DEFERRED TAX (Continued)

### (i) Deferred tax assets

The movements in deferred tax assets before offsetting for the years ended 31 December 2025 and 2024 are as follows:

|                                                                | Tax Losses<br>RMB'000 | Loss allowance<br>and impairment<br>provision<br>RMB'000 | Employee<br>benefits<br>RMB'000 | Accrued<br>expenses<br>RMB'000 | Lease<br>Liability<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000  |
|----------------------------------------------------------------|-----------------------|----------------------------------------------------------|---------------------------------|--------------------------------|-------------------------------|-------------------|-------------------|
| <b>At 1 January 2025</b>                                       | <b>1,632,160</b>      | <b>843,913</b>                                           | <b>254,430</b>                  | <b>8,711,650</b>               | <b>639,835</b>                | <b>4,085,249</b>  | <b>16,167,237</b> |
| Acquisition of subsidiaries                                    | 70,100                | 74,361                                                   | 34,253                          | 4,849                          | 58,353                        | 73,865            | 315,781           |
| Charged/(Credited) to consolidated statement of profit or loss | 286,332               | 26,557                                                   | (61,352)                        | (38,576)                       | 29,335                        | 133,998           | 376,294           |
| Credited to other comprehensive income                         | -                     | -                                                        | (28,445)                        | -                              | -                             | (5,490)           | (33,935)          |
| Currency translation differences                               | 7,170                 | 19,215                                                   | 58                              | 4,214                          | 10                            | (2,162)           | 28,505            |
| <b>At 31 December 2025</b>                                     | <b>1,995,762</b>      | <b>964,046</b>                                           | <b>198,944</b>                  | <b>8,682,137</b>               | <b>727,533</b>                | <b>4,285,460</b>  | <b>16,853,882</b> |
| <b>At 1 January 2024</b>                                       | <b>2,126,566</b>      | <b>1,038,938</b>                                         | <b>213,045</b>                  | <b>7,386,896</b>               | <b>694,084</b>                | <b>3,221,108</b>  | <b>14,680,637</b> |
| Acquisition of subsidiaries                                    |                       |                                                          |                                 |                                |                               |                   |                   |
| (Credited)/charged to consolidated statement of profit or loss | (485,891)             | (182,255)                                                | 42,989                          | 1,360,652                      | (44,379)                      | 865,305           | 1,556,421         |
| Credited to other comprehensive income                         | -                     | -                                                        | 2,548                           | -                              | -                             | 4,920             | 7,468             |
| Currency translation differences                               | (8,515)               | (12,770)                                                 | (4,152)                         | (35,898)                       | (9,870)                       | (6,084)           | (77,289)          |
| <b>At 31 December 2024</b>                                     | <b>1,632,160</b>      | <b>843,913</b>                                           | <b>254,430</b>                  | <b>8,711,650</b>               | <b>639,835</b>                | <b>4,085,249</b>  | <b>16,167,237</b> |

## 17. DEFERRED TAX (Continued)

### (ii) Deferred tax liabilities

The movements in deferred tax liabilities before offsetting for the years ended 31 December 2025 and 2024 are as follows:

|                                                                | Business combinations<br>RMB'000 | Changes in fair value<br>RMB'000 | WHT<br>RMB'000   | Right-of-Use Asset<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------------------|----------------------------------|----------------------------------|------------------|-------------------------------|-------------------|------------------|
| <b>At 1 January 2025</b>                                       | <b>2,850,004</b>                 | <b>511,707</b>                   | <b>1,526,399</b> | <b>665,045</b>                | <b>1,436,619</b>  | <b>6,989,774</b> |
| Acquisition of subsidiaries                                    | 1,310,311                        | -                                | -                | 63,122                        | 113,879           | 1,487,312        |
| (Credited)/Charged to consolidated statement of profit or loss | (266,675)                        | (223,477)                        | (153,045)        | (1,119)                       | (369,345)         | (1,013,661)      |
| Credited to other comprehensive income                         | -                                | 194,903                          | -                | -                             | -                 | 194,903          |
| Currency translation differences                               | 9,756                            | 7,159                            | (29,957)         | 31                            | (17,517)          | (30,528)         |
| <b>At 31 December 2025</b>                                     | <b>3,903,396</b>                 | <b>490,292</b>                   | <b>1,343,397</b> | <b>727,079</b>                | <b>1,163,636</b>  | <b>7,627,800</b> |
| <b>At 1 January 2024</b>                                       | <b>3,124,747</b>                 | <b>202,257</b>                   | <b>1,587,302</b> | <b>697,688</b>                | <b>1,395,303</b>  | <b>7,007,297</b> |
| Acquisition of subsidiaries                                    |                                  |                                  |                  |                               |                   |                  |
| (Credited)/Charged to consolidated statement of profit or loss | (250,156)                        | 339,809                          | (33,731)         | (22,779)                      | 31,696            | 64,839           |
| Credited to other comprehensive income                         | -                                | (29,751)                         | -                | -                             | 18,654            | (11,097)         |
| Currency translation differences                               | (24,587)                         | (608)                            | (27,172)         | (9,864)                       | (9,034)           | (71,265)         |
| <b>At 31 December 2024</b>                                     | <b>2,850,004</b>                 | <b>511,707</b>                   | <b>1,526,399</b> | <b>665,045</b>                | <b>1,436,619</b>  | <b>6,989,774</b> |

## 17. DEFERRED TAX (Continued)

### (iii) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable:

|                                  | As at 31 December |                 |
|----------------------------------|-------------------|-----------------|
|                                  | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Tax losses                       | <b>16,640,604</b> | 14,735,303      |
| Deductible temporary differences | <b>3,140,799</b>  | 2,229,326       |
|                                  | <b>19,781,403</b> | 16,964,629      |

The tax losses not recognized deferred tax assets can be carried forward in future years. As at 31 December 2025 and 2024, the following table shows unused tax losses based on its expected expiry date:

|                                             | As at 31 December |                 |
|---------------------------------------------|-------------------|-----------------|
|                                             | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Expiring within 1 year (including 1 year)   | <b>627,846</b>    | 225,408         |
| Expiring within 2 years (including 2 years) | <b>514,069</b>    | 418,204         |
| Expiring within 3 years (including 3 years) | <b>993,268</b>    | 553,097         |
| Expiring within 4 years (including 4 years) | <b>2,084,446</b>  | 749,544         |
| Expiring after 4 years (excluding 4 years)  | <b>12,420,975</b> | 12,789,050      |
|                                             | <b>16,640,604</b> | 14,735,303      |

## 18. FINANCIAL INSTRUMENTS BY CATEGORY

|                                                                        | As at 31 December |                 |
|------------------------------------------------------------------------|-------------------|-----------------|
|                                                                        | 2025<br>RMB'000   | 2024<br>RMB'000 |
| <b>Assets as per consolidated statement of financial position</b>      |                   |                 |
| <b>Financial assets at fair value:</b>                                 |                   |                 |
| – Other financial assets at FVPL (Note 23)                             | 5,147,972         | 11,335,250      |
| – Other financial assets at FVOCI (Note 23)                            | 29,901            | 6,560,597       |
| – Trade and note receivables at FVOCI (Note 20)                        | 14,935,344        | 17,646,449      |
| – Derivative financial instruments (Note 24)                           | 3,318,298         | 5,736,618       |
| <b>Financial assets at amortized costs:</b>                            |                   |                 |
| – Trade and note receivables (Note 27)                                 | 45,696,860        | 42,517,549      |
| – Loan receivables (Note 21)                                           | 12,401,465        | 11,356,789      |
| – Other receivables (Note 19)                                          | 3,190,591         | 2,077,412       |
| – Long-term receivables and futures margin (Note 19)                   | 2,850,426         | 1,258,806       |
| – Other Financial assets at amortized cost (Note 22)                   | 211,078,087       | 166,917,077     |
| – Term deposits and restricted cash (Note 28 (b))                      | 16,738,480        | 85,291,580      |
| – Cash and cash equivalents (Note 28 (a))                              | 68,508,670        | 55,118,728      |
| <b>Liabilities as per consolidated statement of financial position</b> |                   |                 |
| <b>Financial liabilities at fair value</b>                             |                   |                 |
| – Other financial liabilities at FVPL (Note 33)                        | 706,439           | 873,776         |
| – Derivative financial instruments (Note 24)                           | 964,447           | 3,101,870       |
| <b>Financial liabilities at amortized cost:</b>                        |                   |                 |
| – Trade and note payables (Note 30)                                    | 130,802,372       | 118,774,248     |
| – Other payables (Note 32)                                             | 4,823,476         | 3,686,814       |
| – Borrowings (Note 29)                                                 | 64,184,638        | 83,307,706      |
| – Lease liabilities (Note 15)                                          | 3,296,359         | 2,947,366       |



## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

|                                                 | As at 31 December |                 |
|-------------------------------------------------|-------------------|-----------------|
|                                                 | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Prepayments and other assets                    |                   |                 |
| Prepayments (a)                                 | 4,757,531         | 5,346,518       |
| Deductible value-added tax                      | 9,039,873         | 8,558,983       |
| Others                                          | 13,188,516        | 8,317,776       |
|                                                 | 26,985,920        | 22,223,277      |
| Less: non-current portion                       | (3,250,682)       | (2,788,449)     |
|                                                 | 23,735,238        | 19,434,828      |
| Other receivables and other assets              |                   |                 |
| Other receivables (d)                           | 3,254,887         | 2,133,676       |
| Long-term receivables (b)                       | 409,635           | 572,291         |
| Futures margin                                  | 2,455,090         | 775,294         |
|                                                 | 6,119,612         | 3,481,261       |
| Less: provision for impairment                  |                   |                 |
| – Other receivables                             | (64,296)          | (56,264)        |
| – Long-term receivables                         | (14,299)          | (88,779)        |
|                                                 | (78,595)          | (145,043)       |
| Less: non-current portion                       | (139,663)         | (118,871)       |
|                                                 | 5,901,354         | 3,217,347       |
| Prepayments, other receivables and other assets | 29,636,592        | 22,652,175      |

(a) The non-current portion of prepayments mainly comprise prepaid construction equipment.

(b) Long-term receivables mainly comprise finance lease receivables.

**19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)**

(c) Movements on the Group's allowance for impairment of other receivables and other assets are as follows:

|                                     | Year ended 31 December |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b> | <b>145,043</b>         | 173,238         |
| Allowance for impairment            | <b>58,011</b>          | 64,946          |
| Written off and written down        | <b>(91,298)</b>        | (47,623)        |
| Reversal                            | <b>(45,717)</b>        | (38,688)        |
| Exchange adjustment                 | <b>12,556</b>          | (6,830)         |
| <b>At the end of the year</b>       | <b>78,595</b>          | 145,043         |

**(d) Classification as other receivables**

Other receivables are recognized initially at fair value. Majority of other receivables are security deposit and guarantee, current accounts, petty cash to staff and receivables related to stock options. The Group holds the other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less provision for impairment. See Note 50.10 for a description of the Group's impairment policies.

**20. TRADE AND NOTE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|                                     | As at 31 December |                 |
|-------------------------------------|-------------------|-----------------|
|                                     | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Trade and note receivables at FVOCI | <b>14,935,344</b> | 17,646,449      |

Trade and note receivables at FVOCI were mainly accounts receivable and bank acceptance notes transferred, discounted and endorsed for the purpose of daily treasury management and were qualified for derecognition.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Details are disclosed in Note 3.1(b)(ii).

## 21. LOAN RECEIVABLES

|                                  | As at 31 December |                 |
|----------------------------------|-------------------|-----------------|
|                                  | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Loan receivables to individuals  | 708,140           | 948,575         |
| Loan receivables to corporations | 11,960,850        | 10,704,099      |
|                                  | 12,668,990        | 11,652,674      |
| Less: Provision for impairment   | (267,525)         | (295,885)       |
|                                  | 12,401,465        | 11,356,789      |
| Less: Non-current portion        | (622,248)         | (308,903)       |
|                                  | 11,779,217        | 11,047,886      |

By type of collateral held:

|                  | As at 31 December |                 |
|------------------|-------------------|-----------------|
|                  | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Unsecured loans  | 705,269           | 944,672         |
| Guaranteed loans | 685,761           | 422,534         |
| Pledged loans    | 11,277,960        | 10,285,468      |
|                  | 12,668,990        | 11,652,674      |

## 21. LOAN RECEIVABLES (Continued)

Movement of impairment of loan receivables is analyzed as follows:

|                                     | Year ended 31 December |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b> | <b>295,885</b>         | 356,755         |
| Increase in the current year        | <b>107,936</b>         | 72,768          |
| Reversal                            | <b>(123,624)</b>       | (111,166)       |
| Write-off                           | <b>(16,533)</b>        | (23,749)        |
| Others                              | <b>3,861</b>           | 1,277           |
| <b>At the end of the year</b>       | <b>267,525</b>         | 295,885         |

Loan receivables is subject to the impairment assessment according to IFRS 9, details are disclosed in Note 3.1(b)(ii).

## 22. OTHER FINANCIAL ASSETS AT AMORTIZED COST

|                                    | As at 31 December   |                 |
|------------------------------------|---------------------|-----------------|
|                                    | 2025<br>RMB'000     | 2024<br>RMB'000 |
| Constant Return Financial Products | <b>211,078,087</b>  | 166,917,077     |
| Less: Non-current portion          | <b>(54,288,425)</b> | (97,682,820)    |
|                                    | <b>156,789,662</b>  | 69,234,257      |

As at 31 December 2025 and 2024, constant return financial products of the Group were mainly included term bank deposits with initial terms over one year, custom deposits and certificates of deposits deposited in financial institutions, which were subsequently measured at amortized cost.

Certain other financial assets at amortized cost were pledged as guaranteed deposits for notes payables as at 31 December 2025 and 2024.

Other Financial assets at amortized cost is subject to the impairment assessment according to IFRS 9, the identified impairment loss was immaterial as at 31 December 2025 and 2024. Details are disclosed in Note 3.1(b)(ii).

## 23. OTHER FINANCIAL ASSETS AT FVPL AND FVOCI

### (a) Other financial assets at FVPL

|                         | As at 31 December |                 |
|-------------------------|-------------------|-----------------|
|                         | 2025<br>RMB'000   | 2024<br>RMB'000 |
| <b>Non-current:</b>     |                   |                 |
| – Equity securities (a) | 4,437,255         | 4,399,137       |
| <b>Current:</b>         |                   |                 |
| – Structured deposits   | 150,013           | 4,054,888       |
| – Listed securities     | 496,261           | 2,504,122       |
| – Others                | 64,443            | 377,103         |
|                         | 710,717           | 6,936,113       |
|                         | 5,147,972         | 11,335,250      |

(a) Equity securities mainly comprise unlisted securities. The fair values of these equity securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. The major assumptions used in the valuation refer to Note 3.3.

### (b) Other financial assets at FVOCI

|                                        | As at 31 December |                 |
|----------------------------------------|-------------------|-----------------|
|                                        | 2025<br>RMB'000   | 2024<br>RMB'000 |
| <b>Non-current:</b>                    |                   |                 |
| – Equity securities                    | 29,901            | 35,595          |
| <b>Current:</b>                        |                   |                 |
| – Transferable certificate of deposits | –                 | 6,525,002       |
|                                        | 29,901            | 6,560,597       |



## 23. OTHER FINANCIAL ASSETS AT FVPL AND FVOCI (Continued)

### (b) Other financial assets at FVOCI (Continued)

As at 31 December 2025 and 2024, the cost of the Group's transferable certificate of deposits approximated its fair value.

Other financial assets at FVOCI is subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as at 31 December 2025 and 2024. Details are disclosed in Note 3.1(b)(ii).

## 24. DERIVATIVE FINANCIAL INSTRUMENTS

|                                                                 | As at 31 December |                 |
|-----------------------------------------------------------------|-------------------|-----------------|
|                                                                 | 2025<br>RMB'000   | 2024<br>RMB'000 |
| <b>Assets:</b>                                                  |                   |                 |
| – Cross-currency interest rate swaps – used for hedging (a)     | –                 | 2,744,237       |
| – Cross-currency interest rate swaps – held for trading         | <b>358,900</b>    | 660,236         |
| – Foreign currency and futures contracts – used for hedging (b) | <b>746,305</b>    | 61,531          |
| – Others – held for trading (c)                                 | <b>2,213,093</b>  | 2,270,614       |
|                                                                 | <b>3,318,298</b>  | 5,736,618       |
| <b>Less: Non-current portion</b>                                | <b>(348,834)</b>  | (481,315)       |
|                                                                 | <b>2,969,464</b>  | 5,255,303       |
| <b>Liabilities:</b>                                             |                   |                 |
| – Cross-currency interest rate swaps -held for trading          | <b>92,008</b>     | –               |
| – Foreign currency and futures contracts – used for hedging (b) | <b>21,480</b>     | 463,990         |
| – Others – held for trading (c)                                 | <b>850,959</b>    | 2,637,880       |
|                                                                 | <b>964,447</b>    | 3,101,870       |
| <b>Less: Non-current portion</b>                                | <b>(92,008)</b>   | (6,020)         |
|                                                                 | <b>872,439</b>    | 3,095,850       |

## 24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives are used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for at FVPL. The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 3.3.

- (a) In 2022, the Group purchased cross-currency interest rate swap to mitigate the cash flow risk associated with the guaranteed borrowings with principal of USD3,419,058,000. Under the swap, a nominal amount of USD3,419,058,000 was exchanged for EUR at an agreed exchange rate, and the USD floating rate (SOFR+0.55% p.a.) was exchanged for the agreed EUR fixed rate. The agreed swap period was scheduled to start in August 2022 and end in August 2025. The Group designated such borrowings as the hedged item, and the change in the value of cross-currency interest rate swap (excluding the foreign currency basis spread) as the hedging instrument for cash flow hedge. There was an economic relationship between the hedging instrument and the hedged item. The cross-currency interest rate swap matched the currency, notional amount and other major terms of borrowings denominated in USD.

The Group included the effective part of the changes in fair value of the cross-currency interest rate swap (excluding the foreign currency basis spread) in “Reserve – cash flow hedges reserve” and transferred them from other comprehensive income to financial cost, net in the period in which the hedging relationship affected profit or loss, in a bid to offset the effect of hedged item on profit or loss for the current period. The changes in fair value of foreign currency basis spread were recorded in “Reserve – Costs of hedging reserve” and the foreign currency basis spread was transferred from other comprehensive income to financial cost, net in the period in which the hedging relationship affected profit or loss (Note 10).

- (b) Foreign currency and futures contracts mainly included foreign currency forwards, foreign currency options and futures contracts.
- (c) Others mainly included foreign currency forwards, foreign currency options, futures contracts and cross-currency swaps.

## 24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(d) The effects of applying hedge accounting on the Group's reserve are as follows:

|                                                                   | Cash flow hedge reserve |                                    |                  |                      |
|-------------------------------------------------------------------|-------------------------|------------------------------------|------------------|----------------------|
|                                                                   | Cost of hedging reserve | Cross-currency interest rate swaps | Others           | Total hedge reserves |
| <b>Opening balance 1 January 2025</b>                             | <b>60,323</b>           | <b>289,417</b>                     | <b>(150,582)</b> | <b>199,158</b>       |
| Add: Change in fair value of hedging instrument recognized in OCI | –                       | (2,383,243)                        | 701,034          | (1,682,209)          |
| Add: Costs of hedging deferred and recognized in OCI              | 14,683                  | –                                  | –                | 14,683               |
| Less: Reclassified from OCI to profit or loss                     | (75,006)                | 2,093,826                          | 166,523          | 2,185,343            |
| Less: Deferred tax                                                | –                       | –                                  | (183,155)        | (183,155)            |
| <b>Closing balance 31 December 2025</b>                           | <b>–</b>                | <b>–</b>                           | <b>533,820</b>   | <b>533,820</b>       |
| <b>Opening balance 1 January 2024</b>                             | <b>94,915</b>           | <b>371,328</b>                     | <b>193,429</b>   | <b>659,672</b>       |
| Add: Change in fair value of hedging instrument recognized in OCI | –                       | 1,999,561                          | (167,246)        | 1,832,315            |
| Add: Costs of hedging deferred and recognized in OCI              | 77,136                  | –                                  | –                | 77,136               |
| Less: Reclassified from OCI to profit or loss                     | (111,728)               | (2,081,472)                        | (209,384)        | (2,402,584)          |
| Less: Deferred tax                                                | –                       | –                                  | 32,619           | 32,619               |
| <b>Closing balance 31 December 2024</b>                           | <b>60,323</b>           | <b>289,417</b>                     | <b>(150,582)</b> | <b>199,158</b>       |

## 25. INVENTORIES

|                                     | As at 31 December |                 |
|-------------------------------------|-------------------|-----------------|
|                                     | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Finished goods                      | 47,835,452        | 48,969,138      |
| Raw materials                       | 12,104,641        | 11,083,471      |
| Work in progress                    | 4,235,990         | 2,864,446       |
| Consigned processing materials      | 446,794           | 486,960         |
| Contract fulfilment costs           | 1,105,308         | 859,581         |
|                                     | 65,728,185        | 64,263,596      |
| Less: Provision for impairment loss | (1,099,351)       | (924,408)       |
|                                     | 64,628,834        | 63,339,188      |

- (i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. The cost of inventories carried forward to the cost of revenue for the years ended 31 December 2025 and 2024 amounted to approximately RMB334,539,034,000 and RMB298,341,774,000, respectively.

## 26. CONTRACT ASSETS

|                                   | As at 31 December |                 |
|-----------------------------------|-------------------|-----------------|
|                                   | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Contract assets (i)               | 4,346,255         | 3,548,408       |
| Less: allowance for credit losses | (77,754)          | (48,852)        |
|                                   | 4,268,501         | 3,499,556       |

- (i) Contract assets are mainly related to robotics and automation system construction service.
- (a) Contract assets is subject to the impairment assessment according to IFRS 9, details are disclosed in Note 3.1(b)(ii).

## 27. TRADE AND NOTE RECEIVABLES AT AMORTIZED COST

|                                   | As at 31 December  |                 |
|-----------------------------------|--------------------|-----------------|
|                                   | 2025<br>RMB'000    | 2024<br>RMB'000 |
| <b>Trade and note receivables</b> |                    |                 |
| – Trade receivables               | <b>42,169,868</b>  | 37,199,712      |
| – Note receivables                | <b>5,310,603</b>   | 6,780,317       |
|                                   | <b>47,480,471</b>  | 43,980,029      |
| Less: allowance for credit losses |                    |                 |
| – Trade receivables               | <b>(1,719,771)</b> | (1,400,738)     |
| – Note receivables                | <b>(63,840)</b>    | (61,742)        |
|                                   | <b>(1,783,611)</b> | (1,462,480)     |
|                                   | <b>45,696,860</b>  | 42,517,549      |

- (a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The aging analysis of trade receivables based on the invoice date was as follows:

|                             | As at 31 December |                 |
|-----------------------------|-------------------|-----------------|
|                             | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Below 3 months              | <b>33,445,481</b> | 31,696,901      |
| Between 3 and 6 months      | <b>3,989,458</b>  | 2,728,345       |
| Between 6 months and 1 year | <b>2,447,480</b>  | 936,438         |
| Between 1 and 2 years       | <b>937,373</b>    | 708,810         |
| Over 2 years                | <b>1,350,076</b>  | 1,129,218       |
|                             | <b>42,169,868</b> | 37,199,712      |

There was no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

Certain trade and note receivables at amortized cost were pledged for bank loan facilities, notes receivable discounted and notes payables as at 31 December 2025 and 2024 respectively.



## 27. TRADE AND NOTE RECEIVABLES AT AMORTIZED COST (Continued)

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Details are disclosed in Note 3.1(b)(ii).

Movements on the provision for impairment of trade and note receivables at amortized cost are as follows:

|                                     | Year ended 31 December |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b> | <b>1,462,480</b>       | 1,548,323       |
| Allowance for impairment            | <b>416,093</b>         | 359,161         |
| Written off and written down        | <b>(96,496)</b>        | (61,958)        |
| Reversal                            | <b>(56,839)</b>        | (342,426)       |
| Exchange adjustment                 | <b>58,373</b>          | (40,620)        |
| <b>At the end of the year</b>       | <b>1,783,611</b>       | 1,462,480       |

- (c) The carrying amount of trade receivables approximated their fair values. The provision and reversal of provision for impairment of receivables have been included in the consolidated statement of profit or loss. Amounts charged to the allowance account are written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

- (d) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 3.1(b).

## 28. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

### (a) Cash and cash equivalents

|                                                                 | As at 31 December |                 |
|-----------------------------------------------------------------|-------------------|-----------------|
|                                                                 | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Cash at banks and in hand                                       | 67,487,046        | 52,852,096      |
| Short-term bank deposits with initial terms within three months | 699,164           | 1,900,854       |
| Other deposits at financial institutions                        | 322,460           | 365,778         |
|                                                                 | 68,508,670        | 55,118,728      |

Other deposits at financial institutions consist of the surplus reserve deposits in the Central Banks and the deposits at other financial institutions. As of 31 December 2025, the Group has surplus reserve deposits amounting to RMB72,751,000 in the Central Banks.

### (b) Term deposits and restricted cash

|                                            | As at 31 December |                 |
|--------------------------------------------|-------------------|-----------------|
|                                            | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Term bank deposits (i)                     | 11,942,612        | 78,155,209      |
| Guarantee deposits (ii)                    | 3,964,169         | 3,607,056       |
| Statutory reserve deposits at Central Bank | 751,376           | 2,460,330       |
| Interest receivable                        | 80,323            | 1,068,985       |
|                                            | 16,738,480        | 85,291,580      |

(i) Term bank deposits are bank deposits with original maturities over three months and due within one year.

(ii) Guarantee deposits mainly consist of the deposits for letter of bank acceptance notes, letters of guarantee and letters of credit.

## 29. BORROWINGS

|                               | As at 31 December  |                        |                   |                    |                        |                  |
|-------------------------------|--------------------|------------------------|-------------------|--------------------|------------------------|------------------|
|                               | 2025               |                        |                   | 2024               |                        |                  |
|                               | Current<br>RMB'000 | Non-current<br>RMB'000 | Total<br>RMB'000  | Current<br>RMB'000 | Non-current<br>RMB'000 | Total<br>RMB'000 |
| Secured<br>Bank loans         | <b>19,503,017</b>  | <b>146,156</b>         | <b>19,649,173</b> | 16,922,989         | 141,957                | 17,064,946       |
| Unsecured<br>Bank loans (b)   | <b>28,828,004</b>  | <b>12,512,687</b>      | <b>41,340,691</b> | 52,626,185         | 10,349,800             | 62,975,985       |
| Debentures                    | –                  | <b>3,194,774</b>       | <b>3,194,774</b>  | –                  | 3,266,775              | 3,266,775        |
| Total unsecured<br>borrowings | <b>28,828,004</b>  | <b>15,707,461</b>      | <b>44,535,465</b> | 52,626,185         | 13,616,575             | 66,242,760       |
| Total borrowings              | <b>48,331,021</b>  | <b>15,853,617</b>      | <b>64,184,638</b> | 69,549,174         | 13,758,532             | 83,307,706       |

- (a) As at 31 December 2025 and 2024, the annual interest rate of short-term borrowings were ranged from 0.70% to 5.04% and 0.35% to 11.00%, respectively.

As at 31 December 2025 and 2024, the annual interest rate range of long-term borrowings were ranged from 1.80% to 3.65% and 0.33% to 3.65%, respectively.

- (b) As at 31 December 2025, guaranteed bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB2,749,400,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, matured in April 2027. (ii) borrowings with a principal equivalent to approximately RMB1,647,100,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, matured in June 2026; (iii) borrowings with a principal equivalent to approximately RMB2,618,889,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, matured in May 2026.

## 29. BORROWINGS (Continued)

(b) (Continued)

As at 31 December 2024, guaranteed bank borrowings mainly included: (i) borrowings with a principal equivalent to approximately RMB3,762,850,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, matured in May 2025; (ii) borrowings with a principal equivalent to approximately RMB1,203,339,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every month, matured in June 2025; (iii) borrowings with a principal equivalent to approximately RMB2,749,900,000 guaranteed by the Company, interest is calculated at a fixed rate with interest paid every quarter, matured in April 2027; (iv) after deducting the bank fee, borrowings with a principal equivalent to approximately RMB24,555,336,000 guaranteed by the Company, interest is calculated at a floating rate with interest paid every quarter, matured in August 2025.

(c) At 31 December 2025 and 2024, the Group's borrowings were repayable as follows:

|                       | As at 31 December |                 |
|-----------------------|-------------------|-----------------|
|                       | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Within 1 year         | <b>48,331,021</b> | 69,549,174      |
| Between 1 and 2 years | <b>6,306,803</b>  | 7,619,857       |
| Between 2 and 5 years | <b>9,422,026</b>  | 6,016,675       |
| Over 5 years          | <b>124,788</b>    | 122,000         |
|                       | <b>64,184,638</b> | 83,307,706      |

(d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest rates on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

### 30. TRADE AND NOTE PAYABLES

|                                | As at 31 December  |                 |
|--------------------------------|--------------------|-----------------|
|                                | 2025<br>RMB'000    | 2024<br>RMB'000 |
| <b>Trade and note payables</b> |                    |                 |
| – Trade payables               | <b>103,680,491</b> | 92,800,426      |
| – Notes payables               | <b>27,121,881</b>  | 25,973,822      |
|                                | <b>130,802,372</b> | 118,774,248     |

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

|                             | As at 31 December  |                 |
|-----------------------------|--------------------|-----------------|
|                             | 2025<br>RMB'000    | 2024<br>RMB'000 |
| Below 3 months              | <b>93,560,011</b>  | 86,873,115      |
| Between 3 and 6 months      | <b>5,611,433</b>   | 2,392,548       |
| Between 6 months and 1 year | <b>2,211,610</b>   | 1,609,844       |
| Over 1 year                 | <b>2,297,437</b>   | 1,924,919       |
|                             | <b>103,680,491</b> | 92,800,426      |



### 31. CONTRACT LIABILITIES

|                                      | As at 31 December |                 |
|--------------------------------------|-------------------|-----------------|
|                                      | 2025<br>RMB'000   | 2024<br>RMB'000 |
| <b>Contract liabilities</b>          |                   |                 |
| – advances on sales and services     | <b>43,296,958</b> | 46,124,179      |
| – advances for construction projects | <b>3,696,102</b>  | 3,130,538       |
|                                      | <b>46,993,060</b> | 49,254,717      |

- (i) More than 95% of contract liabilities included in the carrying amount as at 31 December 2024, were transferred to operating revenue for the year ended 31 December 2025.
- (ii) For the years ended 31 December 2025 and 2024, more than 10% of the revenue recognized relates to carried-forward contract liabilities.

### 32. OTHER PAYABLES AND ACCRUALS

|                                                                     | As at 31 December  |                 |
|---------------------------------------------------------------------|--------------------|-----------------|
|                                                                     | 2025<br>RMB'000    | 2024<br>RMB'000 |
| Sales rebate accruals                                               | <b>52,952,866</b>  | 55,539,161      |
| Marketing and transportation expenses accruals                      | <b>9,451,890</b>   | 9,145,017       |
| Salaries, wages and benefits                                        | <b>11,022,310</b>  | 10,521,325      |
| Endorsed note receivables without been derecognized and not yet due | <b>2,518,105</b>   | 3,703,254       |
| Other taxes payable                                                 | <b>2,678,872</b>   | 2,395,707       |
| Other payables                                                      | <b>4,823,476</b>   | 3,686,814       |
| Others                                                              | <b>28,823,160</b>  | 22,404,770      |
|                                                                     | <b>112,270,679</b> | 107,396,048     |
| Less: non-current portion                                           |                    |                 |
| – Salaries, wages and benefits                                      | <b>(1,376,865)</b> | (1,360,484)     |
| – Others                                                            | <b>(1,230,082)</b> | (821,325)       |
|                                                                     | <b>109,663,732</b> | 105,214,239     |

### 33. OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

|                               | As at 31 December |                 |
|-------------------------------|-------------------|-----------------|
|                               | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Liabilities to fund investors | 706,439           | 873,776         |

The Group controls a technology industry investment fund, which is a structured entity managed and invested by the Group, as the Group has power over, is exposed to and has rights to variable returns from its involvement with the fund and has the ability to affect those returns through its power over the fund.

For the amount raised from limited partners of the fund, the Group has contractual obligation to settle the liability with the limited partners and the management designates it as a financial liability at FVPL.

### 34. DEFERRED INCOME

|                  | As at 31 December |                 |
|------------------|-------------------|-----------------|
|                  | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Government grant | 2,638,278         | 2,196,222       |

### 35. SHARE CAPITAL AND SHARE HELD FOR EMPLOYEE SHARE SCHEME

#### (a) Share capital

|                                               | Year ended 31 December 2025 |                       |                  |
|-----------------------------------------------|-----------------------------|-----------------------|------------------|
|                                               | Domestic listed             | Overseas listed       | Number of shares |
|                                               | A shares<br>(RMB'000)       | H shares<br>(RMB'000) |                  |
| <b>At the beginning of the year</b>           | <b>7,005,107</b>            | <b>650,849</b>        | <b>7,655,956</b> |
| Issuance of shares under share schemes        | 50,101                      | –                     | 50,101           |
| Cancellation of shares                        | (106,091)                   | –                     | (106,091)        |
| Treasury shares cancelled under share schemes | (2,821)                     | –                     | (2,821)          |
| <b>At the end of the year</b>                 | <b>6,946,296</b>            | <b>650,849</b>        | <b>7,597,145</b> |

|                                               | Year ended 31 December 2024 |                       |                  |
|-----------------------------------------------|-----------------------------|-----------------------|------------------|
|                                               | Domestic listed             | Overseas listed       | Number of shares |
|                                               | A shares<br>(RMB'000)       | H shares<br>(RMB'000) |                  |
| <b>At the beginning of the year</b>           | 7,025,769                   | –                     | 7,025,769        |
| Issuance of H share IPO                       | –                           | 650,849               | 650,849          |
| Issuance of shares under share schemes        | 51,910                      | –                     | 51,910           |
| Cancellation of shares                        | (69,808)                    | –                     | (69,808)         |
| Treasury shares cancelled under share schemes | (2,764)                     | –                     | (2,764)          |
| <b>At the end of the year</b>                 | <b>7,005,107</b>            | <b>650,849</b>        | <b>7,655,956</b> |

- (i) The Capital Injection stated in the consolidated statement of changes in equity represents the increase in shareholders' equity resulted from share-based payments and contributions by minority shareholders of subsidiaries.

### 35. SHARE CAPITAL AND SHARE HELD FOR EMPLOYEE SHARE SCHEME (Continued)

#### (b) Shares held for share schemes

|                                      | As at 31 December             |          |
|--------------------------------------|-------------------------------|----------|
|                                      | 2025                          | 2024     |
| Shares held for share schemes ('000) | 106,489                       | 77,871   |
| <b>Details</b>                       | <b>Year ended 31 December</b> |          |
|                                      | 2025                          | 2024     |
| <b>At the beginning of the year</b>  | 77,871                        | 174,179  |
| Repurchased shares ('000)            | 156,820                       | –        |
| Exercised shares ('000)              | (13,400)                      | (22,897) |
| Lapsed shares ('000)                 | (8,711)                       | (3,603)  |
| Cancellation of shares ('000)        | (106,091)                     | (69,808) |
| <b>At the end of the year</b>        | 106,489                       | 77,871   |

### 36. TREASURY SHARES

|                                                                              | Year ended 31 December |                 |
|------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                              | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b>                                          | 5,728,446              | 12,871,738      |
| Repurchase of shares for share schemes                                       | 11,606,405             | –               |
| Cancellation of shares                                                       | (7,857,510)            | (5,159,408)     |
| Treasury shares transferred to the grantees or cancelled under share schemes | (1,326,224)            | (1,983,884)     |
| <b>At the end of the year</b>                                                | 8,151,117              | 5,728,446       |

### 36. TREASURY SHARES (Continued)

- (i) Pursuant to the resolutions of shareholder's meeting on 30 May 2025, the use of 11,091,000 repurchased shares initially designated for the share schemes were cancelled and led to a reduction of the Company's registered capital. On 24 June 2025, the 11,091,000 repurchased shares were cancelled, the Company recognized a decrease of RMB11,091,000 in share capital, RMB814,852,000 in treasury shares and RMB803,761,000 in reserves. On 19 December 2025, the 95,000,000 repurchased shares were cancelled, the Company recognized a decrease of RMB95,000,000 in share capital, RMB7,042,658,000 in treasury shares and RMB6,947,658,000 in reserves.
- (ii) As at 31 December 2025, treasury stock mainly comprised treasury stock of approximately RMB4,490,789,000 used for share schemes in future years, as well as restricted share incentive schemes and stock ownership schemes amounting to approximately RMB3,660,328,000 that have not met vesting condition, amounting to approximately RMB8,151,117,000 in total.
- (iii) As at 31 December 2024, treasury stock mainly comprised treasury stock of approximately RMB2,102,867,000 used for share schemes in future years, as well as restricted share incentive schemes and stock ownership schemes amounting to approximately RMB3,625,579,000 that have not met vesting condition, amounting to approximately RMB5,728,446,000 in total.

### 37. RETAINED EARNINGS

|                                             | Year ended 31 December |                 |
|---------------------------------------------|------------------------|-----------------|
|                                             | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b>         | <b>153,591,297</b>     | 136,282,362     |
| Net profit                                  | <b>43,945,411</b>      | 38,538,987      |
| Dividends (Note 39)                         | <b>(30,476,852)</b>    | (20,764,776)    |
| Appropriation to general reserves (Note 38) | <b>(85,611)</b>        | (486,489)       |
| Reversal of general reserves (Note 38)      | <b>257,648</b>         | 21,213          |
| Others                                      | <b>(4,108)</b>         | –               |
| <b>At the end of the year</b>               | <b>167,227,785</b>     | 153,591,297     |



## 38. RESERVES

|                                                                                                                  | Share-based<br>payments<br>reserves<br>RMB'000 | Share<br>premium<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | General<br>reserves<br>RMB'000 | Special<br>reserves<br>RMB'000 | Hedging<br>RMB'000 | Foreign<br>currency<br>translation<br>RMB'000 | Other<br>reserves<br>RMB'000 | Total<br>RMB'000  |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------|-----------------------------------------------|------------------------------|-------------------|
| <b>At 1 January 2025</b>                                                                                         | <b>1,644,020</b>                               | <b>46,347,283</b>           | <b>10,702,928</b>                | <b>1,107,801</b>               | <b>18,275</b>                  | <b>199,158</b>     | <b>(780,683)</b>                              | <b>1,992,505</b>             | <b>61,231,287</b> |
| Appropriation to general reserves                                                                                | -                                              | -                           | -                                | 85,611                         | -                              | -                  | -                                             | -                            | 85,611            |
| Reversal of general reserves                                                                                     | -                                              | -                           | -                                | (257,648)                      | -                              | -                  | -                                             | -                            | (257,648)         |
| Appropriation to special reserves                                                                                | -                                              | -                           | -                                | -                              | 5,048                          | -                  | -                                             | -                            | 5,048             |
| Special reserves utilization                                                                                     | -                                              | -                           | -                                | -                              | (3,622)                        | -                  | -                                             | -                            | (3,622)           |
| Cancellation of shares                                                                                           | -                                              | (7,751,419)                 | -                                | -                              | -                              | -                  | -                                             | -                            | (7,751,419)       |
| Share-based payment:                                                                                             |                                                |                             |                                  |                                |                                |                    |                                               |                              |                   |
| – Share-based compensation expenses                                                                              | 832,315                                        | -                           | -                                | -                              | -                              | -                  | -                                             | -                            | 832,315           |
| – Exercise of the stock option                                                                                   | (759,600)                                      | 3,661,477                   | -                                | -                              | -                              | -                  | -                                             | -                            | 2,901,877         |
| – Exercise or lapse of other share schemes                                                                       | (507,073)                                      | (421,767)                   | -                                | -                              | -                              | -                  | -                                             | -                            | (928,840)         |
| Share of OCI of investments in associates and joint ventures and OCI reclassified to profit and loss, net of tax | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | (22,314)                     | (22,314)          |
| Cash flow hedging reserve, net of tax (Note 24)                                                                  | -                                              | -                           | -                                | -                              | -                              | 394,985            | -                                             | -                            | 394,985           |
| Cost of hedging, net of tax (Note 24)                                                                            | -                                              | -                           | -                                | -                              | -                              | (60,323)           | -                                             | -                            | (60,323)          |
| Remeasurement of defined benefit plan, net of tax                                                                | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | 148,642                      | 148,642           |
| Other financial assets at FVOCI, net of tax                                                                      |                                                |                             |                                  |                                |                                |                    |                                               |                              |                   |
| – Fair value changes                                                                                             | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | (1,075)                      | (1,075)           |
| Transaction with NCI (Note 44)                                                                                   | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | 636,324                      | 636,324           |
| Currency translation differences                                                                                 | -                                              | -                           | -                                | -                              | -                              | -                  | (410,768)                                     | -                            | (410,768)         |
| Business combinations                                                                                            | -                                              | -                           | -                                | -                              | 6,899                          | -                  | -                                             | (334,154)                    | (327,255)         |
| Others                                                                                                           | -                                              | 4,823                       | -                                | -                              | -                              | -                  | -                                             | 69,844                       | 74,667            |
| <b>At 31 December 2025</b>                                                                                       | <b>1,209,662</b>                               | <b>41,840,397</b>           | <b>10,702,928</b>                | <b>935,764</b>                 | <b>26,600</b>                  | <b>533,820</b>     | <b>(1,191,451)</b>                            | <b>2,489,772</b>             | <b>56,547,492</b> |

**38. RESERVES (Continued)**

|                                                                                                                  | Share-based<br>payments<br>reserves<br>RMB'000 | Share<br>premium<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | General<br>reserves<br>RMB'000 | Special<br>reserves<br>RMB'000 | Hedging<br>RMB'000 | Foreign<br>currency<br>translation<br>RMB'000 | Other<br>reserves<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------|-----------------------------------------------|------------------------------|------------------|
| <b>At 1 January 2024</b>                                                                                         | 2,020,605                                      | 17,382,223                  | 10,702,928                       | 642,525                        | 16,040                         | 659,672            | (892,613)                                     | 1,909,390                    | 32,440,770       |
| Issuance of H share IPO                                                                                          | -                                              | 31,495,383                  | -                                | -                              | -                              | -                  | -                                             | -                            | 31,495,383       |
| Appropriation to general reserves                                                                                | -                                              | -                           | -                                | 486,489                        | -                              | -                  | -                                             | -                            | 486,489          |
| Reversal of general reserves                                                                                     | -                                              | -                           | -                                | (21,213)                       | -                              | -                  | -                                             | -                            | (21,213)         |
| Appropriation to special reserves                                                                                | -                                              | -                           | -                                | -                              | 5,499                          | -                  | -                                             | -                            | 5,499            |
| Special reserves utilization                                                                                     | -                                              | -                           | -                                | -                              | (3,264)                        | -                  | -                                             | -                            | (3,264)          |
| Cancellation of shares                                                                                           | -                                              | (5,089,600)                 | -                                | -                              | -                              | -                  | -                                             | -                            | (5,089,600)      |
| Share-based payment:                                                                                             |                                                |                             |                                  |                                |                                |                    |                                               |                              |                  |
| - Share-based compensation expenses                                                                              | 1,144,276                                      | -                           | -                                | -                              | -                              | -                  | -                                             | -                            | 1,144,276        |
| - Exercise of the stock option                                                                                   | (692,840)                                      | 3,082,210                   | -                                | -                              | -                              | -                  | -                                             | -                            | 2,389,370        |
| - Exercise or lapse of other share schemes                                                                       | (828,021)                                      | (522,933)                   | -                                | -                              | -                              | -                  | -                                             | -                            | (1,350,954)      |
| Share of OCI of investments in associates and joint ventures and OCI reclassified to profit and loss, net of tax | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | 37,830                       | 37,830           |
| Cash flow hedging reserve, net of tax (Note 24)                                                                  | -                                              | -                           | -                                | -                              | -                              | (425,922)          | -                                             | -                            | (425,922)        |
| Cost of hedging, net of tax (Note 24)                                                                            | -                                              | -                           | -                                | -                              | -                              | (34,592)           | -                                             | -                            | (34,592)         |
| Remeasurement of defined benefit plan, net of tax                                                                | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | (42,498)                     | (42,498)         |
| Other financial assets at FVOCI, net of tax                                                                      |                                                |                             |                                  |                                |                                |                    |                                               |                              |                  |
| - Fair value changes                                                                                             | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | (536)                        | (536)            |
| Transaction with NCI (Note 44)                                                                                   | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | -                            | -                |
| Currency translation differences                                                                                 | -                                              | -                           | -                                | -                              | -                              | -                  | 111,930                                       | -                            | 111,930          |
| Others                                                                                                           | -                                              | -                           | -                                | -                              | -                              | -                  | -                                             | 88,319                       | 88,319           |
| <b>At 31 December 2024</b>                                                                                       | 1,644,020                                      | 46,347,283                  | 10,702,928                       | 1,107,801                      | 18,275                         | 199,158            | (780,683)                                     | 1,992,505                    | 61,231,287       |

- (a) In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory reserves, and the Company can cease appropriation when the statutory reserves accumulated to more than 50% of the registered capital. The statutory reserves can be used to make up for the losses or increase the share capital after approval from the appropriate authorities.

### 39. DIVIDENDS

|                                                            | Year ended 31 December |                 |
|------------------------------------------------------------|------------------------|-----------------|
|                                                            | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Dividends declared or paid during the year (tax inclusive) | <b>30,495,446</b>      | 20,780,278      |
| Dividends of lapsed restricted shares                      | <b>(18,594)</b>        | (15,502)        |
|                                                            | <b>30,476,852</b>      | 20,764,776      |

A final dividend in respect of the year ended 31 December 2024 of RMB35 per 10 shares (tax inclusive) was proposed pursuant to a resolution passed by the Board of Directors on 28 March 2025 and approved by the shareholders at the Company's 2024 annual general meeting held on 30 May 2025. The dividend was paid in 2025.

An interim dividend in respect of the six months ended 30 June 2025 of RMB5 per 10 shares (tax inclusive) was proposed pursuant to a resolution passed by the Board of Directors on 29 August 2025 and approved by the shareholders at the Company's extraordinary general meeting held on 24 September 2025. The dividend was paid in 2025.

On the basis of the total shares 7,522,863,645 to be distributed (total 7,603,276,186 shares net of repurchased 80,412,541 shares) of the Company at the date on which the consolidated financial statements were authorized for issue, a final dividend distribution in respect of the year ended 31 December 2025 of RMB28,586,881,851 at RMB38 per 10 shares (tax inclusive) (2024: RMB35 per 10 shares) was proposed pursuant to a resolution passed by the Board of Directors on 30 March 2026 and subject to the approval of the Company's 2025 annual general meeting.

The proposed dividend is not reflected as dividend payable in the Group's consolidated financial statements.

## 40. SHARE-BASED PAYMENT

### Equity-Settled shared-based payment arrangement

#### (i) Stock Option Incentive Plans

|                                             | Year ended 31 December                        |                          |                                               |                          |
|---------------------------------------------|-----------------------------------------------|--------------------------|-----------------------------------------------|--------------------------|
|                                             | 2025                                          |                          | 2024                                          |                          |
|                                             | Average exercise price per share option (RMB) | Number of options ('000) | Average exercise price per share option (RMB) | Number of options ('000) |
| Outstanding as at the beginning of the year | 63.74                                         | 111,894                  | 60.66                                         | 188,158                  |
| Exercised                                   | 67.39                                         | (50,101)                 | 53.96                                         | (51,910)                 |
| Lapsed                                      | 65.12                                         | (13,111)                 | 60.82                                         | (24,354)                 |
| Outstanding as at the end of the year       | 59.61                                         | 48,682                   | 63.74                                         | 111,894                  |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Grant Date    | Expiry date   | Exercise price (a) | Share options     |             |
|---------------|---------------|--------------------|-------------------|-------------|
|               |               |                    | As at 31 December |             |
|               |               |                    | 2025 ('000)       | 2024 ('000) |
| 11 March 2019 | 10 March 2025 | 47.17              | –                 | 165         |
| 30 May 2019   | 29 May 2025   | 52.87              | –                 | 2,026       |
| 4 June 2021   | 3 June 2026   | 81.41              | 9,084             | 38,285      |
| 8 June 2022   | 7 June 2027   | 54.61              | 39,598            | 71,418      |
|               |               |                    | 48,682            | 111,894     |

(a) According to the stock option incentive plans, the exercise prices shall be adjusted in accordance with relevant matters between the grant date and the exercise date, including but not limited to the dividend distribution.

The weighted-average remaining contract life for outstanding share options was 1.24 years and 2.05 years as at 31 December 2025 and 2024, respectively.

## 40. SHARE-BASED PAYMENT (Continued)

### Equity-Settled shared-based payment arrangement (Continued)

#### (ii) Restricted Share Incentive Schemes

The number of restricted shares granted to the Group's incentive participants is summarized as follows:

|                                             | Year ended 31 December |                |
|---------------------------------------------|------------------------|----------------|
|                                             | 2025<br>(‘000)         | 2024<br>(‘000) |
| Outstanding as at the beginning of the year | 20,428                 | 39,903         |
| Vested                                      | (9,620)                | (16,711)       |
| Lapsed                                      | (2,821)                | (2,764)        |
| Outstanding as at the end of the year       | 7,987                  | 20,428         |

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

#### (iii) Stock Ownership Schemes

Pursuant to the 2025 A Share and H Share Stock Ownership Scheme approved at the 2024 annual general meeting on 30 May 2025, the Company granted 17,361,485 and 1,243,100 shares to incentive participants, respectively. The vesting periods for employee shares granted are 2 years, 3 years and 4 years from the granted date. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of employee shares plan will be vested respectively.

Pursuant to the 2024 Stock Ownership Scheme approved at the 2023 annual general meeting on 19 April 2024, the Company granted 20,107,000 shares to incentive participants. The vesting periods for employee shares granted are 2 years, 3 years and 4 years from the granted date. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of employee shares plan will be vested respectively.

The granted shares of stock ownership scheme are derived from the shares repurchased from the secondary market under the special securities account of the Company. The Group determines the fair value of the shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

The fair value of granted shares were RMB1,457,775,000 and RMB1,347,548,000 for 2025 Stock Ownership Scheme and 2024 Stock Ownership Scheme, respectively.

#### (iv) Share-based compensation expenses

The expense arising from equity-settled share-based payments for the years ended 31 December 2025 and 2024 were RMB873,319,000, and RMB1,187,785,000, respectively.

An accumulated amount of RMB1,209,662,000 and RMB1,644,020,000 respectively, for the years ended 31 December 2025 and 2024 has been recognized as share-based payments reserves.



## 41. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Reconciliation of profit before income tax to net cash generated from operations:

|                                                                                                       | Year ended 31 December |                 |
|-------------------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                                       | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Profit before income tax for the year                                                                 | <b>53,085,343</b>      | 46,692,117      |
| Adjustments for:                                                                                      |                        |                 |
| Interest income (Note 6)                                                                              | <b>(7,398,208)</b>     | (6,367,934)     |
| Finance cost – net (Note 10)                                                                          | <b>1,879,596</b>       | 971,725         |
| Depreciation and amortization of non-current assets                                                   | <b>9,339,695</b>       | 7,821,469       |
| Net losses/(gains) on disposal of property, plant and equipment and other non-current assets (Note 7) | <b>76,024</b>          | (214,895)       |
| Net impairment losses/(reversal) on financial assets and contract assets (Note 3.1(b))                | <b>389,535</b>         | (28,676)        |
| Impairment provision for inventories and other assets                                                 | <b>755,746</b>         | 1,041,378       |
| Impairment provision for investments in associates                                                    | <b>367,048</b>         | –               |
| Share of profit of associates and joint ventures, net (Note 13)                                       | <b>(588,828)</b>       | (847,098)       |
| Net gains on financial instruments (Note 7)                                                           | <b>(1,967,602)</b>     | (2,005,139)     |
| Net losses on other assets                                                                            | <b>79,411</b>          | 107,152         |
| Net foreign exchange gains                                                                            | <b>338,482</b>         | 76,256          |
| Share-based compensation expenses and others                                                          | <b>881,794</b>         | 1,193,484       |
| Changes in working capital:                                                                           |                        |                 |
| Decrease/(increase) in trade and note receivables                                                     | <b>6,616</b>           | (12,373,036)    |
| (Increase)/decrease in contract assets                                                                | <b>(804,484)</b>       | 447,291         |
| (Increase)/decrease in loan receivables                                                               | <b>(1,016,316)</b>     | 3,976,311       |
| Decrease/(increase) in inventories                                                                    | <b>2,075,064</b>       | (15,794,154)    |
| Increase in trade and note payables                                                                   | <b>9,979,699</b>       | 23,997,184      |
| (Decrease)/increase in contract liabilities                                                           | <b>(2,713,967)</b>     | 7,925,662       |
| Increase in other payables and accruals                                                               | <b>3,786,899</b>       | 18,244,059      |
| Changes in other assets and liabilities                                                               | <b>(6,965,476)</b>     | (6,400,289)     |
| Cash generated from operations                                                                        | <b>61,586,071</b>      | 68,462,867      |

## 41. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Non-cash activities

|                                                                                      | Year ended 31 December |                 |
|--------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                      | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Purchase of inventories and long-term assets by bank acceptance notes                | 63,790,479             | 65,855,585      |
| Addition of right-of-use assets (excluding land use rights and trademark use rights) | 2,205,785              | 1,337,491       |
|                                                                                      | 65,996,264             | 67,193,076      |

### (c) Net debt reconciliation

|                              | Liabilities from financing activities |            |                    |              |
|------------------------------|---------------------------------------|------------|--------------------|--------------|
|                              | Bank borrowings and others            | Debentures | Leases liabilities | Total        |
| <b>At 1 January 2025</b>     | 80,245,742                            | 3,266,775  | 2,947,366          | 86,459,883   |
| Financing cash flows         | (23,204,792)                          | –          | (1,587,045)        | (24,791,837) |
| Interest paid for borrowings | (1,950,879)                           | (92,897)   | –                  | (2,043,776)  |
| Interest expense accrued     | 1,959,690                             | 92,861     | 158,780            | 2,211,331    |
| Other non-cash movements (i) | 4,030,818                             | (71,965)   | 1,777,258          | 5,736,111    |
| <b>At 31 December 2025</b>   | 61,080,579                            | 3,194,774  | 3,296,359          | 67,571,712   |
| <b>At 1 January 2024</b>     | 68,487,826                            | 3,217,969  | 3,214,220          | 74,920,015   |
| Financing cash flows         | 12,814,112                            | –          | (1,324,639)        | 11,489,473   |
| Interest paid for borrowings | (1,539,478)                           | (92,323)   | –                  | (1,631,801)  |
| Interest expense accrued     | 2,210,084                             | 92,096     | 151,181            | 2,453,361    |
| Other non-cash movements (i) | (1,726,802)                           | 49,033     | 906,604            | (771,165)    |
| <b>At 31 December 2024</b>   | 80,245,742                            | 3,266,775  | 2,947,366          | 86,459,883   |

(i) The other non-cash movement included currency translation differences on borrowings, maturity of notes receivables that did not qualify for derecognition and lease liability mainly resulted from the new leases contract entered during the years ended 31 December 2025 and 2024.

## 42. BUSINESS COMBINATIONS

### (a) Arbonia Climate

In April 2024, the Group entered into an agreement with Arbonia AG, Arbonia Schweiz AG, Arbonia Deutschland GmbH and AFG International AG (collectively “Arbonia Group”) to acquire 100% equity interests of 22 entities under Arbonia Group (collectively “Arbonia Climate”). In February 2025, the Group completed the acquisition at a cash consideration of EUR542,425,000 (equivalent to RMB4,070,631,000 as at the acquisition date) from Arbonia Group. The transaction was made as part of the Group’s strategy to develop its heating and ventilation business.

As at the acquisition date, the adjusted consideration was RMB4,122,198,000 and the fair value of the net identifiable assets acquired was assessed to be RMB2,985,995,000, resulting in an increase in goodwill of RMB1,136,203,000. The goodwill is attributable to the market prospect arising from entering into the building technology sector. It will not be deductible for tax purposes.

### (b) Teka Industrial, S.A.

In June 2024, the Group entered into an agreement with Heritage B B.V. to acquire 97.38% equity interests of Teka Industrial, S.A. In April 2025, the Group entered into an agreement with SPALA INVESTMENTS XXI, S.L.U. to acquire 2.62% equity interests of Teka Industrial, S.A. In April 2025, the Group completed the acquisition at a cash consideration of EUR213,011,000 million (equivalent to RMB1,752,017,000) in total from Heritage B B.V. and SPALA INVESTMENTS XXI, S.L.U. respectively. The transaction was made as part of the Group’s strategy to develop its overseas expansion of smart home solutions.

As at the acquisition date, the fair value of the net identifiable assets acquired was assessed to be RMB1,071,037,000, resulting an increase in goodwill of RMB699,350,000 and an increase in non-controlling interests of RMB18,370,000. The goodwill is attributable to achieve market breakthroughs in multiple overseas regions. It will not be deductible for tax purposes.

### (c) Toshiba Elevator (China) Co., Ltd. and Toshiba Elevator (Shenyang) Co., Ltd. (together, “Toshiba Elevator”)

In October 2024, the Group entered into an agreement with Toshiba Elevator Co., Ltd. and Toshiba (China) Co., Ltd. to acquire 58% equity interests of Toshiba Elevator. In February 2025, the Group completed the acquisition at a cash consideration of RMB988,834,000 from Toshiba Elevator Co., Ltd. and Toshiba (China) Co., Ltd. The transaction was made as part of the Group’s strategy to develop its elevator business.

As at the acquisition date, the fair value of the net identifiable assets acquired was assessed to be RMB1,081,585,000, resulting an increase in goodwill of RMB361,515,000 and an increase in non-controlling interests of RMB454,266,000. The goodwill is attributable to the market prospect arising from developing the elevator equipment industry sector. It will not be deductible for tax purposes.

## 42. BUSINESS COMBINATIONS (Continued)

### (d) Carestream Health

In May 2025, the Group entered into an agreement with Carestream Health, Inc., and Carestream Health Acquisition, LLC to acquire 100% equity interests of interests of 11 entities (collectively "Carestream"). In December 2025, the Group completed the acquisition at a cash consideration of USD264,712,000 (equivalent to RMB1,861,746,000 as at the acquisition date) from Carestream Health, Inc., and Carestream Health Acquisition, LLC. The transaction was made as part of the Group's strategy to develop its healthcare business.

As at the acquisition date, the provisional fair value of the net identifiable assets acquired was assessed to be RMB1,451,167,000, resulting an increase in goodwill of RMB410,586,000. The goodwill is attributable to the market prospect arising from developing the healthcare equipment industry sector. It will not be deductible for tax purposes.

During the year ended 31 December 2025, the Group completed the acquisition of Frigicoll HAVC, S.L., BDR Thermea Technology (Zhejiang) Co., Ltd., and BDR Thermea HVAC Equipment Co., Ltd., at a cash consideration of EUR41,407,000. The Group obtained actual control over these companies.

In addition to disclosed above, there were no material acquisitions during the year ended 31 December 2025 individually and collectively.

The total net cash outflow on acquisitions during the year ended 31 December 2025 was RMB6,089,139,000.

Acquisition-related costs were included in general and administrative expenses in the consolidated statements of profit or loss and in operating cash flows in the consolidated statements of cash flows.

### (e) Accounting policy choice for non-controlling interests

For the non-controlling interests in aforementioned acquirees, the Group elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets.

## 43. DISPOSAL OF SUBSIDIARIES

Major transactions of disposal of subsidiaries during the year ended 31 December 2025 had no significant impact on the Group's consolidated financial statements.

## 44. MAJOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the year ended 31 December 2025, Annto Logistics Supply Chain Technology Co., Ltd. (an indirectly PRC subsidiary of the Company) issued 205,200,000 ordinary shares to certain investors at a total consideration of RMB1,900,000,000. The carrying amount of net assets attributed to such investors amounting to RMB1,223,728,000 was recognised as an increase in non-controlling interests. The difference between this capital injection amount and the carrying amount of net assets attributed to certain investors amounting to RMB676,272,000 was recorded as an increase in reserves.



## 45. RELATED PARTY TRANSACTIONS

### (i) Parent entities

| Name                    | Type                   | Place of incorporation | Ownership interest |        |
|-------------------------|------------------------|------------------------|--------------------|--------|
|                         |                        |                        | As at 31 December  |        |
|                         |                        |                        | 2025               | 2024   |
| Midea Holding Co., Ltd. | Ultimate parent entity | Foshan                 | 28.55%             | 28.33% |

The Company's ultimate holding company is Midea Holding Co., Ltd., and the ultimate controlling person is Mr. He Xiangjian.

### (ii) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed in this report, the directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended 31 December 2025 and 2024:

| Name of the related party                               | Relationship with the Group                                                                        |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Orinko Advanced Plastics Co., Ltd. and its subsidiaries | Controlled by immediate family members of the Company's ultimate controlling shareholder           |
| Midea Real Estate Holding Limited and its subsidiaries  | Controlled by the Company's ultimate controlling shareholder                                       |
| Carrier Global Corporation and its subsidiaries         | Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries |

For the years ended 31 December 2025 and 2024, The following transactions and balances were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the consolidated financial statements, the Group has the following transactions with related parties:



**45. RELATED PARTY TRANSACTIONS (Continued)****(iii) Transactions with related parties**

|                                                                                                    | Year ended 31 December |                 |
|----------------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                                    | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>Purchases of goods and services:</b>                                                            |                        |                 |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | 1,481,009              | 1,473,644       |
| Associates and joint ventures of the Group                                                         | 1,017,396              | 966,554         |
| Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries | 616,114                | 518,398         |
| Controlled by the Company's ultimate controlling shareholder                                       | 72,662                 | 47,922          |
|                                                                                                    | <b>3,187,181</b>       | 3,006,518       |
| <b>Sales of goods and rendering of services:</b>                                                   |                        |                 |
| Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries | 4,996,510              | 4,722,250       |
| Associates and joint ventures of the Group                                                         | 1,406,136              | 1,157,649       |
| Controlled by the Company's ultimate controlling shareholder                                       | 153,331                | 326,659         |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | 184,729                | 121,851         |
|                                                                                                    | <b>6,740,706</b>       | 6,328,409       |
| <b>Interest income:</b>                                                                            |                        |                 |
| Associates and joint ventures of the Group                                                         | 220,599                | 301,244         |
| <b>Dividend income:</b>                                                                            |                        |                 |
| Associates and joint ventures of the Group (Note 13)                                               | 709,350                | 594,950         |

**45. RELATED PARTY TRANSACTIONS (Continued)****(iv) Balance with related parties**

|                                                                                                    | <b>As at 31 December</b> |           |
|----------------------------------------------------------------------------------------------------|--------------------------|-----------|
|                                                                                                    | <b>2025</b>              | 2024      |
|                                                                                                    | <b>RMB'000</b>           | RMB'000   |
| <b>Cash and cash equivalents</b>                                                                   |                          |           |
| Associates and joint ventures of the Group                                                         | <b>627,929</b>           | 548,290   |
| <b>Other financial assets at amortized cost</b>                                                    |                          |           |
| Associates and joint ventures of the Group                                                         | <b>6,294,127</b>         | 6,096,927 |
| <b>Trade and note receivables at amortized cost</b>                                                |                          |           |
| Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries | <b>329,555</b>           | 269,365   |
| Associates and joint ventures of the Group                                                         | <b>347,652</b>           | 386,550   |
| Controlled by the Company's ultimate controlling shareholder                                       | <b>34,767</b>            | 81,989    |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | <b>5,977</b>             | 17,220    |
|                                                                                                    | <b>717,951</b>           | 755,124   |
| <b>Trade and note payables</b>                                                                     |                          |           |
| Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries | <b>151,294</b>           | 98,256    |
| Associates and joint ventures of the Group                                                         | <b>260,941</b>           | 259,534   |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | <b>163,517</b>           | 99,327    |
| Controlled by the Company's ultimate controlling shareholder                                       | <b>2,483</b>             | 3,091     |
|                                                                                                    | <b>578,235</b>           | 460,208   |
| <b>Contract liabilities</b>                                                                        |                          |           |
| Controlled by the Company's ultimate controlling shareholder                                       | <b>3,936</b>             | 10,871    |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | <b>7,969</b>             | 5,229     |
| Associates and joint ventures of the Group                                                         | <b>40,298</b>            | 30,159    |
| Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries | <b>86,982</b>            | –         |
|                                                                                                    | <b>139,185</b>           | 46,259    |

**45. RELATED PARTY TRANSACTIONS (Continued)****(iv) Balance with related parties (Continued)**

|                                                                                                    | <b>As at 31 December</b> |         |
|----------------------------------------------------------------------------------------------------|--------------------------|---------|
|                                                                                                    | <b>2025</b>              | 2024    |
|                                                                                                    | <b>RMB'000</b>           | RMB'000 |
| <b>Prepayments, other receivables and other assets</b>                                             |                          |         |
| Controlled by the Company's ultimate controlling shareholder                                       | <b>2,180</b>             | 2,229   |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | <b>2,304</b>             | 1,759   |
| Associates and joint ventures of the Group                                                         | <b>2,923</b>             | 1,391   |
| Holding company of a principal subsidiary's substantial shareholder together with its subsidiaries | <b>205</b>               | –       |
|                                                                                                    | <b>7,612</b>             | 5,379   |
| <b>Other payables and accruals</b>                                                                 |                          |         |
| Controlled by the Company's ultimate controlling shareholder                                       | <b>5,073</b>             | 4,663   |
| Controlled by immediate family members of the Company's ultimate controlling shareholder           | <b>1,905</b>             | 1,769   |
| Associates and joint ventures of the Group                                                         | <b>5,719</b>             | 4,675   |
|                                                                                                    | <b>12,697</b>            | 11,107  |

As at 31 December 2025 and 2024, customers deposits are from the associates and joint ventures of the Group. Other financial assets at amortized cost and other financial assets at FVOCI were non-trade in nature. Trade and note receivables at amortized cost, trade and note payables, contract liabilities, prepayments, other receivables and other assets and other payables and accruals were trade in nature.

The non-trade in nature balances as at 31 December 2025 are other financial assets at amortized cost, which will be mature until July 2026 according to the agreements.

## 45. RELATED PARTY TRANSACTIONS (Continued)

### (v) Key management compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's Directors as disclosed in Note 9, was as follows:

|                                                                                             | Year ended 31 December |                 |
|---------------------------------------------------------------------------------------------|------------------------|-----------------|
|                                                                                             | 2025<br>RMB'000        | 2024<br>RMB'000 |
| Fee                                                                                         | 1,800                  | 1,800           |
| Salaries, wages, bonuses and benefits in kind<br>(including contributions to pension plans) | 119,390                | 132,523         |
| Share-based compensation expenses                                                           | 197,546                | 182,241         |
|                                                                                             | 318,736                | 316,564         |

As at 31 December 2025 and 2024, the short-term benefits disclosed above include RMB67,488,000 and RMB83,205,000 of bonuses payable under a short-term incentive scheme which were unpaid as at year end and are included in other payables and accruals. The share-based payments provided to key management personnel consist of stock option incentive plans, restricted share incentive schemes and stock ownership schemes which are equity-settled, see note 40.

## 46. COMMITMENTS

### Capital Commitments

|                                                                               | As at 31 December |                 |
|-------------------------------------------------------------------------------|-------------------|-----------------|
|                                                                               | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Contracted, but not provided for purchase of property,<br>plant and equipment | 3,913,097         | 4,595,387       |
| Investment commitments                                                        | 2,213             | 6,750,740       |
|                                                                               | 3,915,310         | 11,346,127      |

## 47. CONTINGENCIES

As at 31 December 2025, the amounts of the maximum potential loss in tax disputes involving Brazilian subsidiary with 51% interests held by the Company were approximately BRL547 million (equivalent to approximately RMB699 million). Some of these cases have been ongoing for more than 10 years. The above amounts included the principal, penalties, related interest, etc. According to the agreement signed between the Company and the original shareholders of the Brazilian subsidiary prior to the acquisition (the “Original Shareholders”), the Original Shareholders have committed to compensating the Company according to verdict results of the above tax disputes. As at 31 December 2025, the maximum remaining compensation commitment of the Original Shareholders is approximately BRL131 million (equivalent to approximately RMB168 million). As at the date of this report, the relevant cases were still ongoing. Upon consulting the Group’s external legal counsel, management believes that the probability of losing the lawsuits is low. Accordingly, management has made necessary provision based on its best estimate.

## 48. SUBSEQUENT EVENTS

Except for the above events as disclosed elsewhere in this report, there are no other significant events that occurred subsequent to 31 December 2025.



## 49. NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|                                                                         |      | As at 31 December  |                 |
|-------------------------------------------------------------------------|------|--------------------|-----------------|
|                                                                         | Note | 2025<br>RMB'000    | 2024<br>RMB'000 |
| <b>ASSETS</b>                                                           |      |                    |                 |
| <b>Non-current assets</b>                                               |      |                    |                 |
| Property, plant and equipment                                           |      | 2,518,308          | 2,575,284       |
| Right-of-use assets                                                     |      | 1,186,939          | 607,948         |
| Investment properties                                                   |      | 330,871            | 369,455         |
| Deferred tax assets                                                     |      | 450,418            | 156,359         |
| Prepayments, other receivables and other assets                         |      | 148,620            | 23,532,003      |
| Investments in associates and joint ventures                            |      | 3,379,061          | 3,768,525       |
| Investments in subsidiaries                                             |      | 117,919,902        | 104,566,516     |
| Other financial assets at amortized cost                                |      | 41,987,573         | 64,882,760      |
| Other financial assets at fair value through profit or loss             |      | 250,821            | 299,348         |
| <b>Total non-current assets</b>                                         |      | <b>168,172,513</b> | 200,758,198     |
| <b>Current assets</b>                                                   |      |                    |                 |
| Prepayments, other receivables and other assets                         |      | 32,112,949         | 26,689,025      |
| Derivative financial instruments                                        |      | 2,688              | 208,243         |
| Other financial assets at amortized cost                                |      | 65,974,527         | 46,088,446      |
| Other financial assets at fair value through other comprehensive income |      | 6,002,259          | 3,441,614       |
| Other financial assets at fair value through profit or loss             |      | 1,609              | 4,524,109       |
| Term deposits and restricted cash                                       |      | 4,323,468          | 11,559,130      |
| Cash and cash equivalents                                               |      | 18,854,608         | 6,882,690       |
| <b>Total current assets</b>                                             |      | <b>127,272,108</b> | 99,393,257      |
| <b>Total assets</b>                                                     |      | <b>295,444,621</b> | 300,151,455     |

## 49. NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

|                               |     | As at 31 December |                 |
|-------------------------------|-----|-------------------|-----------------|
|                               |     | 2025<br>RMB'000   | 2024<br>RMB'000 |
| Note                          |     |                   |                 |
|                               |     |                   |                 |
| LIABILITIES                   |     |                   |                 |
| Non-current liabilities       |     |                   |                 |
| Borrowings                    |     | 9,592,200         | 7,599,900       |
| Lease liabilities             |     | 3,206             | 1,523           |
| Deferred income               |     | 267,856           | 204,289         |
|                               |     |                   |                 |
| Total non-current liabilities |     | 9,863,262         | 7,805,712       |
|                               |     |                   |                 |
| Current liabilities           |     |                   |                 |
| Borrowings                    |     | 13,995,900        | 10,849,700      |
| Lease liabilities             |     | 2,342             | 1,453           |
| Other payables and accruals   |     | 173,530,447       | 174,989,564     |
|                               |     |                   |                 |
| Total current liabilities     |     | 187,528,689       | 185,840,717     |
|                               |     |                   |                 |
| Total liabilities             |     | 197,391,951       | 193,646,429     |
|                               |     |                   |                 |
| EQUITY                        |     |                   |                 |
| Share capital                 |     | 7,597,145         | 7,655,956       |
| Treasury shares               |     | (8,151,117)       | (5,728,446)     |
| Reserves                      | (a) | 64,026,633        | 68,923,698      |
| Retained earnings             | (b) | 34,580,009        | 35,653,818      |
|                               |     |                   |                 |
| Total equity                  |     | 98,052,670        | 106,505,026     |
|                               |     |                   |                 |
| Total equity and liabilities  |     | 295,444,621       | 300,151,455     |

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2026 and were signed on its behalf.

**Fang Hongbo**  
Chairman

**Wang Jianguo**  
Director

## 49. NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### (a) Reserves

|                                                                          | Share-based<br>payments<br>reserves<br>RMB'000 | Share<br>premium<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Other<br>reserves<br>RMB'000 | Total<br>RMB'000  |
|--------------------------------------------------------------------------|------------------------------------------------|-----------------------------|----------------------------------|------------------------------|-------------------|
| <b>At 1 January 2025</b>                                                 | <b>2,373,364</b>                               | <b>55,287,530</b>           | <b>10,702,928</b>                | <b>559,876</b>               | <b>68,923,698</b> |
| Cancellation of shares                                                   | –                                              | (7,751,419)                 | –                                | –                            | (7,751,419)       |
| Share-based payment:                                                     |                                                |                             |                                  |                              |                   |
| – Share-based compensation expenses                                      | 847,845                                        | –                           | –                                | –                            | 847,845           |
| – Exercise of the stock option                                           | (759,600)                                      | 3,661,477                   | –                                | –                            | 2,901,877         |
| – Exercise or lapse of other share schemes                               | (505,439)                                      | (442,317)                   | –                                | –                            | (947,756)         |
| Share of OCI of investments in associates and joint ventures, net of tax | –                                              | –                           | –                                | (20,893)                     | (20,893)          |
| Others                                                                   | –                                              | 4,823                       | –                                | 68,458                       | 73,281            |
| <b>At 31 December 2025</b>                                               | <b>1,956,170</b>                               | <b>50,760,094</b>           | <b>10,702,928</b>                | <b>607,441</b>               | <b>64,026,633</b> |
| <b>At 1 January 2024</b>                                                 | <b>2,706,105</b>                               | <b>26,324,507</b>           | <b>10,702,928</b>                | <b>441,929</b>               | <b>40,175,469</b> |
| Issuance of H share IPO                                                  | –                                              | 31,495,383                  | –                                | –                            | 31,495,383        |
| Cancellation of shares                                                   | –                                              | (5,089,600)                 | –                                | –                            | (5,089,600)       |
| Share-based payment:                                                     |                                                |                             |                                  |                              |                   |
| – Share-based compensation expenses                                      | 1,187,519                                      | –                           | –                                | –                            | 1,187,519         |
| – Exercise of the stock option                                           | (692,840)                                      | 3,082,210                   | –                                | –                            | 2,389,370         |
| – Exercise or lapse of other share schemes                               | (827,420)                                      | (524,970)                   | –                                | –                            | (1,352,390)       |
| Share of OCI of investments in associates and joint ventures, net of tax | –                                              | –                           | –                                | 30,077                       | 30,077            |
| Others                                                                   | –                                              | –                           | –                                | 87,870                       | 87,870            |
| <b>At 31 December 2024</b>                                               | <b>2,373,364</b>                               | <b>55,287,530</b>           | <b>10,702,928</b>                | <b>559,876</b>               | <b>68,923,698</b> |

## 49. NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### (b) Retained earnings

|                                     | Year ended 31 December |                 |
|-------------------------------------|------------------------|-----------------|
|                                     | 2025<br>RMB'000        | 2024<br>RMB'000 |
| <b>At the beginning of the year</b> | <b>35,653,818</b>      | 27,901,530      |
| Net profit                          | <b>29,415,131</b>      | 28,517,064      |
| Dividends (Note 39)                 | <b>(30,476,852)</b>    | (20,764,776)    |
| Others                              | <b>(12,088)</b>        | —               |
| <b>At the end of the year</b>       | <b>34,580,009</b>      | 35,653,818      |

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES

### 50.1 Principles of consolidation and equity accounting

#### (a) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

On the situation that the Group holds no more than 50% of the voting rights, the Group comprehensively evaluates whether it has de-facto control over the invested entity based on factors such as laws and regulations, agreements among shareholders, the dispersion of equity held by other shareholders, the historical decision-making process and outcomes, and the degree of business synergy with the invested entity.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 50.2).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.1 Principles of consolidation and equity accounting (Continued)

**(a) Subsidiaries (Continued)**

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

**(b) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognized at cost.

**(c) Joint ventures**

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognized at cost in the consolidated statement of financial position.

**(d) Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee, and the Group's share of movements in other comprehensive income of the investee. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 50.9.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.1 Principles of consolidation and equity accounting (Continued)

#### (e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.2 Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Where the acquisition accounting is incomplete at the acquisition date, the fair values of acquired assets and liabilities have been estimated provisionally pending the outcome of independent valuations. These provisional estimates may be revised within one year after the acquisition date, and any such revisions will be accounted for as if they had been recognised at the acquisition date.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

### 50.4 Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is also the Company's functional and the Group's presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.4 Foreign currency translation

#### (iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.5 Leases

#### (i) The Group as the lessee:

The Group's accounting policy for leases is explained in Note 15.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.5 Leases (Continued)

#### (i) The Group as the lessee: (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The Group also has interests in leasehold land and land use rights for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateables value set by the relevant government authorities. These payments are stated at cost and are amortized over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

#### (ii) The Group as the lessor:

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.6 Property, plant and equipment

The Group's accounting policy for property, plant and equipment is explained in Note 14. All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the periods in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 50.9).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

Construction in progress mainly represents property, plant and equipment under construction and is stated at cost less impairment losses. It will be reclassified to the relevant property, plant and equipment category upon completion and available for use.

### 50.7 Investment properties

Investment properties of the Group are interests in land and buildings held to earn rental income, including properties under construction for such purpose, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

|                 |                |
|-----------------|----------------|
| Buildings       | 20 to 40 years |
| Land use rights | 30 to 50 years |

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.7 Investment properties (Continued)

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. As at 31 December 2025 and 2024, the fair values are not materially different from their original cost.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

### 50.8 Intangible assets

The Group's accounting policy for intangible assets is explained in Note 16.

#### **Research and development**

All research costs are charged to the statement of profit or loss as incurred.

Development costs are capitalised only when all the following conditions are met:

- the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; and
- its intention to complete and its ability to use or sell the asset; and
- how the asset will generate economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such); and
- the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset; and
- the ability to measure reliably the expenditure during the development.

Self-developed systems and software, when the development is done and ready for use, are stated at cost less any impairment losses. The development costs are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding ten years.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.9 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 50.10 Financial assets

#### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when one of the following criteria is met: (i) the contractual rights to receive cash flows from the financial asset have expired, (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, or (iii) the financial asset has been transferred to the transferee and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.10 Financial assets (Continued)

#### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### ***Debt instruments***

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net, and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.10 Financial assets (Continued)

#### (iii) Measurement (Continued)

##### ***Equity instruments***

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in 'other (losses)/gains, net' in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### (iv) Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### ***General approach***

ECLs are recognized in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.10 Financial assets (Continued)

#### (iv) Impairment of financial assets (Continued)

##### ***General approach (Continued)***

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVOCI and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### ***Simplified approach***

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.11 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 24. Movements in the hedging reserve in shareholders' equity are shown in Note 38.

#### (i) Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other gains/(losses), net.

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI in the costs of hedging reserve within equity.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.11 Derivative financial instruments and hedging activities (Continued)

#### (i) Cash flow hedge that quantity for hedge accounting (Continued)

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

#### (ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains/(losses), net.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.12 Financial liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

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

### 50.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method when issued. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Assigning costs to inventories

The costs of individual items of inventory are determined using first-in-first-out method.

### 50.14 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Restricted and pledged bank deposits are not included in cash and cash equivalents.

### 50.16 Share capital and capital reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

### 50.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 50.18 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.18 Borrowings (Continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has right with substance to defer settlement of the liability for at least 12 months after the reporting period.

### 50.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

### 50.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.20 Provisions (Continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

### 50.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### (i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### (ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future (Note 17).

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.21 Current and deferred income tax (Continued)

#### (iii) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 50.22 Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

#### (ii) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

#### (iii) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are TLSC Group and KUKA Group, etc. provide supplemental retirement benefits beyond the national regulatory insurance system.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.22 Employee benefits (Continued)

#### (iii) Post-employment benefits (Continued)

##### ***Basic pensions***

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the social basic pensions are made by the Group according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

##### ***Supplementary retirement benefits***

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligations less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method at the interest rate of treasury bonds with similar obligation term and currency. The charges related to supplementary retirement benefits (including current service costs, historical service costs and gains or losses on settlement) and net interest are recognized in profit or loss for the current period or included in the cost of an asset, and the changes arising from remeasurement in net liabilities or net assets of defined benefit plans are recognized in other comprehensive income.

#### (iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.



## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.23 Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. The fair value of equity instruments is determined using the binomial option pricing model. For details see Note 40. Share-based payment.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

### 50.24 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.25 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 7 below. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

### 50.26 Dividend income

Dividend income is recognized when the right to receive dividend payment is established.

### 50.27 Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (excluding treasury shares).

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.27 Earnings per share (Continued)

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 50.28 Government grants

Government grants relating to income are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 50.29 Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control of the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

## 50. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

### 50.29 Related party (Continued)

- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate of the other entity (or a associate of a member of a group of which the other entity is a member).
  - (iii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (iv) The entity is controlled or jointly controlled by a person identified in (a).
  - (v) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (vi) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.



The Midea logo is centered in the image. It features a white circular icon on the left, which contains a stylized, curved shape resembling a fan or a partial circle. To the right of this icon, the word "Midea" is written in a clean, white, sans-serif typeface. The entire logo is set against a background of a vast, undulating desert landscape with orange-brown sand dunes under a clear blue sky.

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