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HISENSE HOME APPLIANCES GROUP CO., LTD.

海信家電集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00921)

2021 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of Hisense Home Appliances Group Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2020. The unaudited interim results for the Reporting Period have been reviewed by the eleventh session of the audit committee of the Company.

FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

(Unless otherwise specified, all amounts are denominated in RMB)

Consolidated Balance Sheet

Item	Note	30 June 2021 (Unaudited)	31 December 2020
Current assets:			
Cash at bank and on hand		9,808,602,981.34	7,110,772,454.16
Balancing with clearing companies			
Lending capital			
Transactional financial assets		3,470,435,337.11	2,620,898,474.73
Derivative financial assets			
Notes receivable		619,853,652.84	548,498,540.36
Accounts receivable	5	9,966,573,265.79	6,594,103,859.23
Factoring of accounts receivables		5,550,302,213.39	4,241,240,626.01
Prepayments		283,744,669.56	224,425,215.31

Insurance premium receivable			
Receivables from reinsurers			
Reserves for reinsurance contract receivable			
Others receivables		583,935,673.45	398,205,694.16
Including: Interest receivable			
Dividend receivable			
Financial assets purchased under agreements to resell			
Inventories		6,277,019,977.94	4,295,262,485.11
Contract assets			
Assets held for sale			
Non-current assets due within one year		1,008,310,000.00	
Other current assets		2,906,846,543.20	4,198,014,186.53
Total current assets		40,475,624,314.62	30,231,421,535.60
Non-current assets:			
Disbursement of loans and advances			
Bond investments			
Other bond investments			
Long-term receivables			
Long-term equity investments		1,579,955,822.57	523,754,399.78
Other equity instrument investments		41,741,119.76	
Other non-current financial assets			
Investment properties		273,382,761.03	36,648,535.29
Fixed assets		5,117,228,375.21	3,879,403,505.69
Construction in progress		607,394,754.34	228,887,385.20
Productive biological assets			
Oil and gas assets			
Right-of-use assets		182,498,670.16	68,097,563.78
Intangible assets		1,679,164,755.95	1,745,045,423.43
Development expenditure			
Goodwill		206,775,658.90	132,571,746.36
Long-term prepaid expenses		28,024,359.66	33,335,296.27
Deferred tax assets		710,437,871.80	704,014,028.34
Other non-current assets		4,484,989,045.54	4,228,456,393.79
Total non-current assets		14,911,593,194.92	11,580,214,277.93
Total assets		55,387,217,509.54	41,811,635,813.53
Current liabilities:			
Short-term borrowings		2,475,084,884.96	22,026,317.50

Borrowings from central bank			
Loans from other banks			
Transactional financial liabilities		201,311.05	201,236.00
Derivative financial liabilities			
Notes payable	6	12,328,193,902.15	10,775,376,397.87
Accounts payable	7	10,395,702,117.93	7,291,829,266.10
Advances from customers			
Contract liabilities		1,289,360,928.92	1,100,531,262.91
Proceeds from disposal of financial assets under agreements to repurchase			
Receipt of deposits and deposits from other banks			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee remunerations payable		675,501,070.33	649,954,046.76
Taxes payable		561,345,952.98	498,918,207.73
Other payables		4,062,240,807.62	2,011,559,493.31
Including: Interests payable			
Dividends payable		778,865,703.39	
Handling fees and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		204,048,351.40	29,562,279.68
Other current liabilities		6,835,650,597.52	4,339,380,802.73
Total current liabilities		38,827,329,924.86	26,719,339,310.59
Non-current liabilities:			
Reserves for reinsurance contract			
Long-term borrowings		80,813,627.73	
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		437,952,417.73	28,356,873.04
Long-term payables			
Long-term employee remunerations payable		144,464,997.80	
Provisions		905,870,384.25	483,878,615.22
Deferred income		103,742,598.61	99,076,794.22
Deferred tax liabilities		194,033,731.46	74,465,181.93
Other non-current liabilities		181,466,677.43	

Total non-current liabilities		2,048,344,435.01	685,777,464.41
Total liabilities		40,875,674,359.87	27,405,116,775.00
Shareholders' equity:			
Share capital		1,362,725,370.00	1,362,725,370.00
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		2,061,712,990.12	2,061,712,990.12
Less: Treasury shares			
Other comprehensive income		48,873,948.41	37,578,293.42
Special reserves			
Surplus reserves		692,802,893.38	692,802,893.38
General risk provisions			
Retained profits		5,766,805,421.92	5,624,296,033.51
Total equity attributable to shareholders of the Company		9,932,920,623.83	9,779,115,580.43
Minority interests		4,578,622,525.84	4,627,403,458.10
Total shareholders' equity		14,511,543,149.67	14,406,519,038.53
Total liabilities and shareholders' equity		55,387,217,509.54	41,811,635,813.53

Consolidated Income Statement

Item	Note	January to June 2021 (Unaudited)	January to June 2020 (Unaudited)
I. Total operating revenue		32,423,814,710.47	21,086,699,809.27
Including: Operating revenue	8	32,423,814,710.47	21,086,699,809.27
Interest income			
Insurance premium earned			
Income from handling fees and commission			
II. Total operating costs		31,219,117,116.89	20,119,898,070.03
Including: Operating costs	8	25,634,737,092.01	16,242,231,290.38
Interest expenses			
Handling fees and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net amount of insurance reserves provided			
Policyholder dividend expenses			
Reinsurance premium expenses			
Taxes and surcharges		185,706,476.73	134,121,265.76

Sales expenses		4,146,338,659.12	2,929,008,342.00
Management expenses		460,341,123.45	314,893,289.04
Research and development expenses		836,068,530.36	570,088,355.30
Financial expenses	9	-44,074,764.78	-70,444,472.45
Including: Interest expenses	9	16,366,968.89	8,420,709.44
Interest income	9	139,206,806.04	98,650,603.42
Add: Other income		262,342,661.61	95,262,312.10
Investment income (Loss denoted by “-”)	10	137,230,534.75	52,520,463.97
Including: Share of profit of associates and joint ventures	10	58,004,642.77	9,967,112.37
Income from derecognition of financial assets and amortised cost			
Foreign exchange gains (Loss denoted by “-”)			
Gain net exposure to hedging (Loss denoted by “-”)			
Gains from changes in fair value (Loss denoted by “-”)		4,774,776.32	-807,677.00
Impairment losses on credit (Loss denoted by “-”)		5,416,776.16	-8,391,291.91
Impairment losses on assets (Loss denoted by “-”)		-10,833,909.24	-910,060.85
Gains on disposal of assets (Loss denoted by “-”)		3,498,168.18	966,689.46
III. Operating profits (Loss denoted by “-”)		1,607,126,601.36	1,105,442,175.01
Add: Non-operating income		69,982,142.57	103,853,562.74
Less: Non-operating expenses		-1,068,597.40	6,358,114.25
IV. Total profits (Total loss denoted by “-”)		1,678,177,341.33	1,202,937,623.50
Less: Income tax expenses	11	346,915,709.76	261,703,838.42
V. Net profits (Net loss denoted by “-”)		1,331,261,631.57	941,233,785.08
(I) Classified on a going concern basis			
1. Net profit from continuing operations (Net loss denoted by “-”)		1,331,261,631.57	941,233,785.08
2. Net profit from discontinued operations (Net loss denoted by “-”)			
(II) Classified by ownership of equity			
1. Net profit attributable to owners of the Company		615,375,746.91	503,307,515.41
2. Profit and loss of minority interests		715,885,884.66	437,926,269.67
VI. Other comprehensive income after tax, net		11,538,639.00	454,327.61
Other comprehensive income after tax attributable to shareholders of the Company, net		11,295,654.99	397,491.65
(I) Items not to be reclassified into profit or loss			
1. Changes arising from remeasurement of defined benefit plans			
2. Other comprehensive income not to be reclassified into profit or loss under the equity method			

3. Change in fair value of other equity instrument investments			
4. Changes in fair value of the Company's own credit risk			
5. Others			
(II) Items to be reclassified into profit or loss		11,295,654.99	397,491.65
1. Other comprehensive income to be reclassified into profit or loss under the equity method		-2,161,509.07	-300,622.23
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income			
4. Credit impairment provision for other debt instruments			1,896,824.06
5. Reserve for cash flow hedging			
6. Differences on translation of foreign currency financial statements		13,457,164.06	-1,198,710.18
7. Others			
Other comprehensive income after tax attributable to minority interests, net		242,984.01	56,835.96
VII. Total comprehensive income		1,342,800,270.57	941,688,112.69
Total comprehensive income attributable to shareholders of the Company		626,670,746.79	503,705,007.06
Total comprehensive income attributable to minority interests		716,129,523.78	437,983,105.63
VIII. Earnings per share:			
(I) Basic earnings per share	12	0.45	0.37
(II) Diluted earnings per share		0.45	0.37

Notes:

1. General information

The Company is a joint stock limited company incorporated in the People's Republic of China (the "PRC") on 16 December 1992. The Company's overseas listed public shares (the "H Shares") were listed on the Hong Kong Stock Exchange on 23 July 1996, whereas the Company's domestic shares (the "A Shares") were listed on the Shenzhen Stock Exchange on 13 July 1999.

On 29 January 2007, a share reform scheme was set up by the Company for converting the non-freely transferable domestic legal person shares into freely transferable A Shares. The scheme was approved by the holder of the A Shares at a general meeting, and further approved by the Ministry of Commerce of the PRC on 22 March 2007.

On 31 August 2009, the Company constituted a major asset reorganisation and entered into a conditional sale and purchase agreement regarding the acquisition of the white goods assets and business of Hisense Air-Conditioning. The acquisition was approved by the CSRC (China Securities Regulatory Commission) on 23 March 2010. On 10 June

2010, the Company allotted and issued 362,048,187 A Shares to Hisense Air-Conditioning in consideration of the acquisition.

On 18 June 2013, 612,221,909 restricted A Shares held by Hisense Air-Conditioning were no longer subject to selling moratorium and were listed for trading.

On 23 May 2014, the exercise conditions were satisfied for the Company's first exercise period of the first phase of its stock option incentive plan. China Securities Depository and Clearing Corporation Limited Shenzhen branch has approved the registration and the listing of the 4,440,810 new stocks which would be issued upon the exercise of the stock options.

On 19 June 2015, the exercise conditions were satisfied for the Company's second exercise period of the first phase of its stock option incentive plan. China Securities Depository and Clearing Corporation Limited Shenzhen branch has approved the registration and the listing of the 4,229,810 new stocks which would be issued upon the exercise of the stock options.

As of 30 June 2021, the total number of issued shares of the Company was 1,362,725,370 and the registered capital of the Company was RMB1,362,725,370, of which Hisense Air-Conditioning held 516,758,670 shares, representing approximately 37.92% of the Company's total issued share capital. Hisense Air-Conditioning continues to be the immediate controlling shareholder of the Company.

In the opinion of the Directors, as at 30 June 2021, Hisense Group, a company incorporated in the PRC with limited liability, is regarded as the indirect controlling shareholder of the Company.

The Group is principally engaged in the research and development, manufacturing and marketing of electrical products such as refrigerators, household air-conditioners, central air-conditioners, freezers, washing machines, kitchen appliances, etc.

The address of the registered office and principal place of business of the Company is No. 8 Ronggang Road, Ronggui Street, Shunde District, Foshan City, Guangdong Province, the PRC.

2. Basis of preparation of financial statements

The financial statements are prepared based on going-concern assumption and actual transactions and events according to the Accounting Standards for Business Enterprises – Basic Standard (the Ministry of Finance Order No. 33 Issue, the Ministry of Finance Order No. 76 Amendment) issued by the Ministry of Finance, and 41 specific accounting standards, application guidelines for Accounting Standards for Business Enterprises,

explanation of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as “**Accounting Standards For Business Enterprises**”) issued and revised on 15 February 2006 or later, and the Information Disclosure Regulations for Companies Publicly Issuing Securities No. 15 – General Provisions for Financial Statements (Revised 2014) issued by China Securities Regulatory Commission.

According to the relevant provisions of Accounting Standards for Business Enterprises, the Company’s financial accounting is conducted on accrual basis. Except for certain financial instruments, the financial statements take the historical cost as the accounting basis. If an asset is impaired, the provision for impairment shall be accrued in accordance with the relevant provisions.

The Company is listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. Besides the relevant regulations as mentioned above, the financial statements of the Company also comply with the applicable disclosure requirements under the Rules Governing Listing of Shares on Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

3. Significant changes in accounting policies

There were no significant changes in accounting policies during the Reporting Period.

4. Segment information

The Group manages its business by divisions which are organised by a mixture of both business lines and geographical areas.

(1) Segment information as at and for the Reporting Period is as follows:

Unit: RMB

Amount for current period	HVAC	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	16,129,562,897.28	11,128,016,621.13	1,785,215,835.42		29,042,795,353.83
2. Revenue from inter-segment transactions			1,206,586,233.07	-1,206,586,233.07	
3. Gain from investment in associates and joint ventures	2,291,067.69	2,291,067.69	53,422,507.39		58,004,642.77
4. Depreciation and amortisation	277,249,861.13	202,366,113.94	143,089,852.72		622,705,827.79
5. Gain from changes in fair value		1,044,547.94	3,730,228.38		4,774,776.32
6. Impairment losses on assets (Including credit impairment loss)	-8,858,574.62	994,474.52	2,446,967.02		-5,417,133.08
7. Total profit (Total loss)	1,390,993,868.30	242,149,435.38	45,034,037.66		1,678,177,341.33
8. Total assets	32,090,078,989.73	25,568,380,536.35	14,087,630,645.01	-16,358,872,661.55	55,387,217,509.54

9. Total liabilities	19,860,233,558.78	17,824,981,599.49	11,963,824,318.03	-8,773,365,116.43	40,875,674,359.87
10. Additions to other non-current assets other than long-term equity investments	-66,388,310.91	71,006,707.09	2,228,817,978.26		2,233,436,374.44

Segment information as at and for the corresponding period last year is as follows:

Unit: RMB

Amount for corresponding period last year	HVAC	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	11,207,575,905.80	7,266,745,240.35	699,644,627.65		19,173,965,773.80
2. Revenue from inter-segment transactions			839,649,473.68	-839,649,473.68	
3. Gain from investment in associates and joint ventures	704,926.75	704,926.75	8,557,258.87		9,967,112.37
4. Depreciation and amortisation	261,932,795.34	196,973,117.78	62,375,619.07		521,281,532.19
5. Gain from changes in fair value			-807,677.00		-807,677.00
6. Impairment losses on assets (Including credit impairment loss)	-8,375,233.92	780,085.52	-1,706,204.36		-9,301,352.76
7. Total profit (Total loss)	882,605,931.37	241,853,311.21	97,364,487.22	-18,886,106.30	1,202,937,623.50
8. Total assets	28,251,373,712.82	21,674,418,473.22	3,421,755,908.99	-16,667,978,139.47	36,679,569,955.56
9. Total liabilities	17,695,577,299.94	15,167,918,382.34	1,842,350,523.95	-10,486,089,671.18	24,219,756,535.05
10. Additions to other non-current assets other than long-term equity investments	614,594,752.03	-28,167,638.79	-81,639,253.30		504,787,859.94

(2) Geographical information

Unit: RMB

Region	January to June 2021	January to June 2020
Revenue from domestic transactions	18,400,504,662.25	12,491,456,155.12
Revenue from overseas transactions	10,642,290,691.58	6,682,509,618.68
Total	29,042,795,353.83	19,173,965,773.80
Region	30 June 2021	31 December 2020
Non-current assets - Domestic	11,548,295,506.70	11,464,768,117.14
Non-current assets - Overseas	3,363,297,688.22	115,446,160.79
Total	14,911,593,194.92	11,580,214,277.93

The business of the Company is mainly operated in Mainland China, and the majority of the non-current assets of the Company are held in the PRC and Janpan. As such, it is not necessary to present more detailed regional information.

5. Accounts receivable

The credit period granted by the Company to its customers is generally 60 days. For large-scale and reputable customers with small sales volume, the Company will give a credit period of no more than one year. In general, for small-scale customers, sales are settled by these customers in cash at the time of shipment made by the Company. Accounts receivable are not interest-bearing.

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	30 June 2021	31 December 2020
Within three months	9,002,322,825.12	5,914,907,293.47
Over three months but within six months	411,237,955.68	379,329,357.17
Over six months but within one year	466,114,598.40	152,580,320.08
Over one year	293,522,575.69	357,966,032.55
Total	10,173,197,954.89	6,804,783,003.27
Less: Provision for bad debts	206,624,689.10	210,679,144.04
Book value	9,966,573,265.79	6,594,103,859.23

6. Notes payable

Unit: RMB

Item	30 June 2021	31 December 2020
Bank's acceptance bill	8,906,162,930.86	8,275,444,382.48
Trade acceptance draft	3,422,030,971.29	2,499,932,015.39
Total	12,328,193,902.15	10,775,376,397.87

7. Accounts payable

The aging of accounts payable is analysed as follows:

Unit: RMB

Item	30 June 2021	31 December 2020
Within one year	10,334,967,545.59	7,214,872,681.32
Over one year	60,734,572.34	76,956,584.78
Total	10,395,702,117.93	7,291,829,266.10

8. Operating revenues and costs

Unit: RMB

Item	January to June 2021	January to June 2020
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Revenue from principal operations	29,042,795,353.83	19,173,965,773.80
Revenue from other operations	3,381,019,356.64	1,912,734,035.47
Total	32,423,814,710.47	21,086,699,809.27
Item	January to June 2021	January to June 2020
Cost of principal operations	22,425,255,381.23	14,447,911,708.69
Cost of other operations	3,209,481,710.78	1,794,319,581.69
Total	25,634,737,092.01	16,242,231,290.38

9. Financial expenses

Unit: RMB

Item	January to June 2021	January to June 2020
Interest expenses	16,366,968.89	8,420,709.44
Less: interest income	139,206,806.04	98,650,603.42
Gain/(loss) on foreign exchange	65,273,086.61	-4,792,692.15
Others	13,491,985.76	24,578,113.68
Total	-44,074,764.78	-70,444,472.45

10. Investment income

(1) Particulars of investment gain

Unit: RMB

Item	January to June 2021	January to June 2020
Gain from long-term equity investment under the equity method	58,004,642.77	9,967,112.37
Investment gain from disposal of transactional financial assets	78,910,716.04	42,553,351.60
Others	315,175.94	
Total	137,230,534.75	52,520,463.97

(2) Gain from long-term equity investment under the equity method

Unit: RMB

Investee	January to June 2021	January to June 2020
Hisense Financial Holdings	-3,393,195.66	8,600,468.40
Hisense Marketing Management	4,582,135.38	1,409,853.49
Hisense International	46,635,241.13	-43,209.52
Sanden Holdings associated company	10,180,461.92	
Total	58,004,642.77	9,967,112.37

11. Income tax expenses

Unit: RMB

Item	January to June 2021	January to June 2020
Current income tax expenses	365,942,619.57	255,290,893.98
Including: PRC enterprise income taxes	362,992,335.92	255,290,893.98
Hong Kong profit taxes		
Deferred tax expenses	-19,026,909.81	6,412,944.44
Total	346,915,709.76	261,703,838.42

The reconciliation from income tax calculated based on the applicable tax rates and total profits to the income tax expenses is as follows:

Unit: RMB

Item	January to June 2021
Total profits	1,678,177,341.33
Income tax expenses calculated at statutory (or applicable) tax rates	836,661,655.27
Tax effects of different tax rates applicable to certain subsidiaries	-184,896,461.75
Adjustments of income tax in previous period	
Effects of non-taxable incomes	-272,517,505.77
Effects of non-deductible costs, expenses and losses	13,317,908.07
Effects of deductible losses not recognised as deferred tax assets in previous period	-22,365,637.99
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	6,904,021.66
Change in balance of deferred tax assets/ liability at the beginning of the period due to tax rate adjustment	
Effects of additional deduction relating to costs of research and development	-30,188,269.73
Others	
Income tax expenses	346,915,709.76

Certain subsidiaries of the Company are either recognised as “high technology” companies, or in other cases in accordance with other local laws and regulations, and are entitled to a preferential tax rate of 15% or 20% (2020: 15% or 20%).

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits.

Except as disclosed above, other subsidiaries of the Company which are established and operated in the PRC are subject to enterprise income tax at a standard rate of 25% (2020: 25%).

12. Earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated net profit attributable to ordinary shareholders of the Company divided by the weighted average number of issued ordinary shares of the Company:

Unit: RMB		
Item	January to June 2021	January to June 2020
Consolidated net profit attributable to ordinary shareholders of the Company	615,375,091.80	503,307,515.41
Weighted average number of issued ordinary shares of the Company	1,362,725,370.00	1,362,725,370.00
Basic earnings per share	0.45	0.37

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated net profit attributable to ordinary shareholders of the Company adjusted for dilutive potential ordinary shares divided by the adjusted weighted average number of ordinary shares of the Company in issue. The Company has no dilutive potential ordinary shares, and therefore the diluted earnings per share were same as the basic earnings per share.

13. Interim dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021. No interim dividend was paid for the corresponding period last year.

Management Discussion and Analysis

I. Industry Overview

Heating, ventilation and air-conditioner (“HVAC”) Industry:

During the Reporting Period, the volume of domestic central air-conditioner market achieved a high growth. According to the statistics by www.aicon.com.cn, the overall capacity of the domestic central air-conditioner market increased by over 35% year-on-year in the first half of 2021, while the engineering projects led by new infrastructure projects continued to grow; the home furnished retail market also achieved a high growth benefited by the increasing penetration of property fitting-out furnished apartment with central air conditioners. As the most popular product type which captured the largest market share, multi-connected central air-conditioner achieved an increase of 46.3% year-on-year during the Reporting Period. The domestic residential air-conditioner market was affected by the saturation of the domestic primary and secondary markets and the impact of the gradual increase in the residential central air-conditioner on the domestic residential air-conditioner market, growth remained sluggish. According to the AVC inferential statistics, online plus offline retail volume in the domestic residential

air-conditioner market decreased by 5.7% year-on-year in the first half of 2021, while retail sales increased by 3.3% year-on-year. Regarding products and technologies, high efficiency and power-saving, green and healthy and intelligence are the trends of the HVAC industry, with development in the direction of comfortable, power-saving, healthy and intelligent. Users are considered as the core, and products transform from temperature adjustment to comprehensive comfort control for intelligent air conditioning of the entire environment.

Refrigerator Industry:

According to the AVC inferential statistics, although the accumulated sales volume of domestic refrigerator industry increased by 5.9% year-on-year in the first half of 2021 and accumulated sales increased by 20.4% year-on-year, the scale of growth still remained weak. Coupled with the impact of rising raw material prices and export shipping, enterprises thus faced severe challenges. Regarding products and technologies, the high-end market was obviously on the rise. According to the offline monitoring statistics of AVC, the market share of sales of domestic refrigerator with a selling price of above RMB10,000 category increased by 6.5% year-on-year in the first half of 2021. In addition, built-in refrigerators with large capacity, energy saving and intelligent was still the trend of market development.

Automotive Air Conditioner Compressor and Integrated Thermal Management Industry:

The total cumulative production volume of the global automotive industry increased by 36% year-on-year in the first half of 2021, including the rapid development of new energy vehicles, and the global production of new energy vehicles in the first half of 2021 increased by more than 90% year-on-year. The rapid development of the vehicle market led to the continued growth of automotive air conditioning compressor and integrated thermal management market. In terms of products and technologies, the trend of electrification of automotive compressors and development of automotive air conditioners towards integrated thermal management systems remain unchanged.

II. Analysis of The Company's Operation

During the Reporting Period, in the face of adverse factors such as the significant rise in raw material prices, the Company focused on its operations and capacity building to achieve stable production scale and profitability. The Company achieved operating revenue of RMB32.424 billion, representing a year-on-year increase of 53.76%. In terms of products, the HVAC business achieved principal operating revenue of RMB16.130 billion, representing a year-on-year increase of 43.92%; and the refrigerator and washing machine business achieved principal operating revenue of RMB11.128 billion, representing a year-on-year increase of 53.14%. In terms of domestic and overseas revenues, principal operating revenue of domestic sales business and export sales business amounted to RMB18.401 billion and RMB10.642 billion respectively, representing

year-on-year increases of 47.30% and 59.26% respectively. Net profits attributable to shareholders of the Company amounted to RMB615 million, representing a year-on-year increase of 22.27%.

The major performance of each business is as follows:

HVAC Business

During the Reporting Period, the Company upheld the development strategy of grasping solidly the fundamental technology and technological innovation to ride on the new opportunities brought by the national “dual carbon strategies”, and continuously enriched the high-efficiency and energy-saving, green, healthy and intelligent product lines. With its innovative design and outstanding performance in energy saving, comfort, intelligent and purification, the Hitachi SET-FREE series launched by the Company won the “Innovative Product Award” at the 2021 China Heat Pump Cogeneration Summit. At the same time, taking the opportunity of Hisense Group becoming the UEFA EURO 2020 global top-class official sponsor, the Company launched a series of sport marketing activities, which raised the brand recognition and reputation of Hisense Central Air-conditioner to a new high, becoming the representative of the “new national product”. In addition, the Company focused on channels construction, the central air-conditioner steadily increased in secondary and tertiary market size fuelling growth. Regarding residential air-conditioning, the Company insisted to adopt the “user-oriented” strategy and continued to innovate and upgrade in the technical direction towards “comfortable and healthy, green and dual carbon, intelligent and power-saving”. Based on the research and development and application of air supply, health care, oxygenation, comfort and other technical achievements, the Company created the industry’s first soft air and purification combined fresh air conditioner—Hisense Fresh Air Air-Conditioner Spring Wind Series. The user experience of Fresh Air Air-Conditioner was further enhanced as in the AWE2021, Hisense Fresh Air Air-Conditioner Spring Wind Series won the AWE Award - Best Product Award for its outstanding performance in soft air purification.

Refrigerator and Washing Machine Business

During the Reporting Period, the Company adhered to the differentiated multi-brand operation strategy to meet different consumers' needs with high quality products, and realised the synergistic development and joint improvement of Hisense and Rongshen dual brands. For example, Hisense refrigerator implemented vacuum ecological strategy, explored in-depth users' expectations and advancement in “vacuum” technology for refrigerators, launched Hisense full metal liner fridge, with high-quality freshness storage experience, to further enhance consumer appeal. In the China Refrigerator Industry Symposium 2021, Hisense vacuum refrigerator won the “Leading Products In Vacuum Freshness-Preservation of 2021 China Refrigerator Industry” award. Rongshen refrigerator “Keep in the fridge, continue to grow for seven days” continue to launch WILL full metal series products, WILL intelligent health management refrigerator and other high-end products, solidified the “Rongshen refrigerator, freshness experts” market

status. At the 2021 China Refrigerator Industry Summit Forum, Rongshen WILL refrigerator won the award of “Leading Product with Freshness-Preservation of 2021 China Refrigerator Industry”. The Company continued to focus on improving its sales structure, strengthening the promotion of its products and brands, and increasing the market share of mid- to high-end products. According to the statistics of AVC weekly report, the market share of online and offline high-end retail sales of refrigerator products increased by 2.4 percentage points year-on-year during the Reporting Period. In addition, the Company continued to pay effort in sports marketing, with the brand awareness and reputation of Hisense brand reaching a new high, helping the Company’s export sales to break new grounds. As for washing machines, the Company was committed to providing consumers with a better laundry experience by improving our washing/drying set and enriching the healthy washing and caring process. Taking the technology of “steaming, ironing and washing” as the focus, the Company launched the S60 product series encompassing “wrinkle free, bacteria free, dust removal, odour removal and oxygen protection” multiple functions in the all in one “ion steaming, ironing and streaming” washing machine. At the same time, the Company conducted a comprehensive upgrade of the drying system, and launched Hisense G30 heat pump dryer, with “high wind dry fast, low temperature does not hurt the lint” core performance to meet the growing demand of consumers for healthy laundry work.

Automobile Air Conditioner Compressor and Integrated Thermal Management Business

During the Reporting Period, Sanden Holdings upheld its technology-leading development strategy, focused on the “electrification, intelligence, networking and sharing” of automobiles, and actively developed a series of high-voltage new energy products to meet the needs of the fast-developing new energy vehicle industry. It also continued to deepen its comprehensive thermal management core component deployment and to invest in the research and development of ultra-high voltage compressors and next-generation thermal management systems, laying the foundation for its subsequent development. Sanden Holdings has reorganised its global customer map by region and formulated customer development strategies accordingly. In addition, through resources integration, technology sharing and collaboration with the Company, Sanden Holdings focuses on new energy series products and integrates thermal management systems to enhance product competitiveness and provides new impetus to its development.

III. ANALYSIS TO PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD

(I) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Did the Company need to make retrospective adjustment to or restatement of the accounting data of prior years?

☐ Yes ☒ No

Unit: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)
Operating revenue (RMB)	32,423,814,710.47	21,086,699,809.27	53.76
Net profits attributable to shareholders of the Company (RMB)	615,375,091.80	503,307,515.41	22.27
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	454,784,440.78	331,261,366.70	37.29
Net cash flow from operating activities (RMB)	2,084,626,939.89	2,540,816,943.34	-17.95
Basic earnings per share (RMB/share)	0.45	0.37	21.62
Diluted earnings per share (RMB/share)	0.45	0.37	21.62
Weighted average rate of return on net assets (%)	6.15	5.67	0.48 percentage points
Item	At the end of the Reporting Period	At the end of 2020	Increase or decrease as compared to last year (%)
Total assets (RMB)	55,387,217,509.54	41,811,635,813.53	32.47
Net assets attributable to shareholders of the Company (RMB)	9,932,920,623.83	9,779,115,580.43	1.57

Note: On May 31, 2021, the Company completed the approval procedures and the equity payment for the acquisition of Sanden Holdings, and Sanden Holdings was included in the Company's consolidated financial statements. As of the end of the Reporting Period, the settlement audit of Sanden Holdings has not been completed. In accordance with Article 16 of ASBE 20 "Business Combination", the unaudited statement data of Sanden Holdings was used as the fair value as of the closing date for the reporting period for the time being and will be adjusted upon the issuance of the closing audit and evaluation report. The balance sheet at the end of this Reporting Period included the balance sheet data of Sanden Holdings, and the income statement and cash flow statement for this Reporting Period included the statement data of Sanden Holdings for the current month of June 2021. Excluding the effect of consolidation of Sanden Holdings, the Company achieved operating revenue of RMB31.628 billion for the Reporting Period, representing a year-on-year increase of 49.99%, and net profit attributable to shareholders of the listed company was RMB672 million, representing a year-on-year increase of 33.53%.

(II) NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: RMB

Item	Amount	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	4,785,532.17	
Government grants recognised in the profits or losses (excluding government grants closely related to the Company's business and are received with fixed amounts or with fixed percentage based on unified standards promulgated by government)	190,399,407.23	
Profit and losses from assets which entrust others to invest or manage	46,272,447.53	

Except for effective hedging operations related to the Company's normal business operations, gain or loss from changes in fair values of transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment gain from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other investments in debt	5,605,882.21	
Other non-operating income and expenses other than the aforementioned items	23,245,219.68	
Other profit or loss items within the meaning of non-recurring profit or loss	-51,787,489.79	
Less: Effect of income tax	39,102,153.12	
Effect of minority interests (after tax)	18,828,194.89	
Total	160,590,651.02	

(III) ANALYSIS OF PRINCIPAL BUSINESS

1. Changes of major financial information as compared to corresponding period in previous year

Unit: RMB

Item	Closing balance at the end of the Reporting Period	Opening balance at the beginning of the Reporting Period	Increase or decrease at the end of the Reporting Period compared with the beginning of the period (%)	Reasons of change
Cash at bank and on hand	9,808,602,981.34	7,110,772,454.16	37.94	Mainly due to the Company's operating improvement money sedimentary
Transactional financial assets	3,470,435,337.11	2,620,898,474.73	32.41	Mainly due to the increase in outstanding financial products at the end of the Reporting Period
Accounts receivable	9,966,573,265.79	6,594,103,859.23	51.14	Mainly due to the growth in size of the Company and the consolidation of Sanden Holdings during the Reporting Period
Factoring of accounts receivables	5,550,302,213.39	4,241,240,626.01	30.87	Mainly due to the growth of the Company's scale during the Reporting Period
Other receivables	583,935,673.45	398,205,694.16	46.64	Mainly due to the consolidation of Sanden Holdings
Inventories	6,277,019,977.94	4,295,262,485.11	46.14	Mainly due to the consolidation of Sanden Holdings
Non-current assets due within one year	1,008,310,000.00		N/A	Mainly due to the increase in time deposits maturing within one year
Other current asset	2,906,846,543.20	4,198,014,186.53	-30.76	Mainly due to the decrease in time deposits at the end of the Reporting Period
Long-term equity investments	1,579,955,822.57	523,754,399.78	201.66	Mainly due to the consolidation of Sanden Holdings
Investment properties	273,382,761.03	36,648,535.29	645.96	Mainly due to the consolidation of Sanden Holdings
Fixed assets	5,117,228,375.21	3,879,403,505.69	31.91	Mainly due to the consolidation of Sanden Holdings
Construction in progress	607,394,754.34	228,887,385.20	165.37	Mainly due to the consolidation of Sanden Holdings and the increase in investment in technological reform
Right-of-use assets	182,498,670.16	68,097,563.78	168	Mainly due to the consolidation of Sanden Holdings
Goodwill	206,775,658.90	132,571,746.36	55.97	Mainly due to the consolidation of Sanden Holdings
Short-term borrowings	2,475,084,884.96	22,026,317.50	11,136.94	Mainly due to the consolidation of Sanden Holdings
Accounts payable	10,395,702,117.93	7,291,829,266.10	42.57	Mainly due to the growth of the Company's

				scale during the Reporting Period, the increase in purchases in line with the growth in scale and the consolidation of Sanden Holdings
Other payables	4,062,240,807.62	2,011,559,493.31	101.94	Mainly due to the increase in dividends payable at the end of the Reporting Period and the consolidation of Sanden Holdings
Non-current liabilities due within one year	204,048,351.40	29,562,279.68	590.23	Mainly due to the consolidation of Sanden Holdings
Other current liabilities	6,835,650,597.52	4,339,380,802.73	57.53	Mainly due to the growth of the Company's scale and the consolidation of Sanden during the Reporting Period
Long-term borrowings	80,813,627.73		N/A	Mainly due to the consolidation of Sanden Holdings
Lease liabilities	437,952,417.73	28,356,873.04	1,444.43	Mainly due to the consolidation of Sanden Holdings
Long-term employee remunerations payable	144,464,997.80		N/A	Mainly due to the consolidation of Sanden Holdings
Provisions	905,870,384.25	483,878,615.22	87.21	Mainly due to the consolidation of Sanden Holdings
Deferred tax liabilities	194,033,731.46	74,465,181.93	160.57	Mainly due to the consolidation of Sanden Holdings
Other non-current liabilities	181,466,677.43		N/A	Mainly due to the consolidation of Sanden Holdings
Other comprehensive income	48,873,948.41	37,578,293.42	30.06	Mainly due to the consolidation of Sanden Holdings
Item	Amount for the Reporting Period	Amount for the corresponding period last year	Increase or decrease as compared to corresponding period last year (%)	Reasons of change
Operating revenue	32,423,814,710.47	21,086,699,809.27	53.76	Mainly due to the growth in sales volume of each of the Company's products during the Reporting Period
Operating costs	25,634,737,092.01	16,242,231,290.38	57.83	Mainly due to the increase in costs in line with revenue growth
Taxes and surcharges	185,706,476.73	134,121,265.76	38.46	Mainly due to the increase in taxes paid in line with the growth in revenue
Sales expenses	4,146,338,659.12	2,929,008,342.00	41.56	Mainly due to the increase in input costs in line with revenue growth
Management expenses	460,341,123.45	314,893,289.04	46.19	Mainly due to the consolidation of Sanden Holdings
Research and development expenses	836,068,530.36	570,088,355.30	46.66	Mainly due to increased investment in research and development
Financial expenses	-44,074,764.78	-70,444,472.45	N/A	Mainly due to the consolidation of Sanden Holdings
Other income	262,342,661.61	95,262,312.10	175.39	Mainly due to the increase in government grants received during the Reporting Period
Investment gain	137,230,534.75	52,520,463.97	161.29	Mainly attributable to the increase in income from long-term equity investments accounted for under the equity method
Non-operating incomes	69,982,142.57	103,853,562.74	-32.61	Mainly due to the decrease in government grants received during the Reporting Period
Income tax expenses	346,915,709.76	261,703,838.42	32.56	Mainly due to the increase in total profit for the Reporting Period
Cash received from sales of goods and	23,863,474,028.95	17,833,168,508.85	33.82	Mainly due to the growth of the Company's scale during the Reporting Period

rendering of services				
Tax rebates received	1,172,643,631.19	578,309,749.71	102.77	Mainly due to the increase in tax refunds received in the Reporting Period
Other cash received concerning operating activities	510,878,273.02	343,591,513.58	48.69	Mainly due to the growth of the Company's scale during the Reporting Period
Cash paid for purchases of commodities and receipt of services	16,549,959,237.11	11,105,370,886.09	49.03	Mainly due to the growth of the Company's scale during the Reporting Period
Cash paid to and for employees	2,778,765,511.65	2,095,786,639.33	32.59	Mainly due to the growth of the Company's scale during the Reporting Period
Cash paid for taxes and surcharges	1,285,083,743.94	912,166,726.27	40.88	Mainly due to the growth of the Company's scale during the Reporting Period
Cash paid for other operating activities	2,848,560,500.57	2,100,928,577.11	35.59	Mainly due to the growth of the Company's scale during the Reporting Period
Net cash flows from operating activities	2,084,626,939.89	2,540,816,943.34	-17.95	No significant changes
Cash received from recovery of investments	9,321,663,655.69	5,339,490,186.08	74.58	Mainly due to the increase in maturity recovery of wealth management and time deposits and the consolidation of Sanden Holdings during the Reporting Period
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	432,274,612.81	176,306,048.83	145.18	Mainly due to the increase in investment in technological improvement
Cash paid relating to other investing activities	8,394,862,538.33	6,352,500,000.00	32.15	Mainly due to the increase in wealth management purchases and new time deposits during the Reporting Period
Net cash flows from investing activities	541,119,116.10	-1,117,975,720.54	N/A	
Cash received from borrowings	2,311,192,725.02	270,000,000.00	756	Mainly due to the consolidation of Sanden Holdings
Cash received relating to other financing activities	646,338,288.47		N/A	Mainly due to the consolidation of Sanden Holdings
Cash paid for repayment of borrowings	1,972,094,694.40	370,000,000.00	433	Mainly due to the consolidation of Sanden Holdings
Cash paid for distribution of dividends, profit or payment	859,913,978.97	432,813,844.46	98.68	Mainly due to the increase in dividends from subsidiaries in the Reporting Period
Cash paid relating to other financing activities	536,561,240.18	882,048,678.44	-39.17	Mainly due to the change in the guarantee of the notes during the Reporting Period
Net cash flows from financing activities	-411,038,900.06	-1,414,862,522.90	N/A	

2. Analysis of principal business segments and gross profit margin

Unit: RMB

Item	Principal operating revenue	Principal operating costs	Gross profit margin (%)	Increase or decrease in principal operating revenue as compared to corresponding	Increase or decrease in principal operating costs as compared to corresponding	Increase or decrease in gross profit margin as compared to corresponding period last year
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				period last year (%)	period last year (%)	(percentage point)
By industry						
Home appliances manufacturing industry	29,042,795,353.83	22,425,255,381.23	22.79	51.47	55.21	-1.86
By product						
Air-conditioners	16,129,562,897.28	11,864,612,899.62	26.44	43.92	44.31	-0.2
Refrigerators and washing machines	11,128,016,621.13	9,013,324,336.98	19.00	53.14	59.06	-3.02
Others	1,785,215,835.42	1,547,318,144.63	13.33	155.16	176.66	-6.73
By region						
Mainland	18,400,504,662.25	12,513,276,690.83	31.99	47.30	49.24	-0.89
Overseas	10,642,290,691.58	9,911,978,690.40	6.86	59.26	63.47	-2.4

Mainly due to the growth in sales volume of each of the Company's products and the consolidation of Sanden Holdings during the Reporting Period.

(IV) PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

Unit: RMB ten thousand

Product type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 30 June 2021	Amount of undue principal and return as at 30 June 2021	Overdue balance return as at 30 June 2021
Wealth management products of banks	Own funds	426,500.00	343,500.00	
Total		426,500.00	343,500.00	

During the Reporting Period, the Company did not have high-risk entrusted wealth management the individual amount of which was significant, and the Company was not aware of any circumstances indicating the possibility that the principal of the entrusted wealth management could not be recovered or other circumstances that might lead to impairment of the Group's entrusted wealth management.

(V) MAJOR SUBSIDIARIES AND COMPANIES IN WHICH THE COMPANY HAS EQUITY INTEREST

Unit: RMB ten thousand

Name of company	Company type	Major product or service	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hisense Hitachi	A subsidiary of the Company	Production and sale of commercial air-conditioners	US\$150 million	1,711,063.99	625,617.95	878,738.84	158,725.19	123,685.72

IV. THE RISKS FACED BY THE GROUP AND OUTLOOK

The major risks faced by the Group are as follows:

- (1) Macroeconomic cyclical fluctuation risk: If the macroeconomic growth trend slows down, domestic consumption may be insufficient to support the industry, which will affect the consumer demand for household appliances.
- (2) Increasing costs risk: If the price of raw materials increases significantly, it will affect the Company's product costs. In addition, the rising cost of labour and installation services may adversely affect the Company's profitability.
- (3) Market risks brought about by trade barriers which may continue to increase: In order to protect their own economic interests, some countries and regions have imposed higher tariffs and compulsory certification, resulting in increased operating costs.
- (4) Exchange rate fluctuation risk: If the RMB exchange rate fluctuates sharply, it will directly affect the cost competitiveness of the Company's export products, thereby affecting the profitability of its export business.

In the face of business risks, the Company will actively respond to the challenge by improving efficiency and reducing costs, optimising sales structure, strengthening cost control and other ways to ease the pressure of rising costs caused by rising raw material prices, etc.; by strengthening capital risk control, optimising account period management, reducing abnormal capital occupation and improving capital turnover efficiency; by firmly implementing the strategy of high-quality good products, focusing on long-term capacity building, building product power and market power, etc., to build up the Company's sustainable growth capacity and ensure the Company's sustainable, healthy and stable development.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND ANY RELATED HEDGE

Since part of the purchase and overseas sales of the Group during the Reporting Period were denominated in foreign currency, the Group is exposed to certain risk of exchange rate fluctuation. The Group has used financial instruments such as import/export documentary bills and forward contracts for exchange rate hedging purposes.

AUDIT COMMITTEE

The eleventh session of the audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2021.

GEARING RATIO

As at 30 June 2021, the Group's gearing ratio (calculated according to the formula: total liabilities divided by total assets) was 73.8 % (as at 30 June 2020: 66.03%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Hong Kong Listing

Rules as its code for securities transaction by Directors. After having made specific enquiries to the Directors, all Directors confirmed that they had acted in full compliance with the Model Code during their term of office in the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PARTICULAR OF CONNECTED TRANSACTIONS IN RELATION TO ORDINARY BUSINESS OCCURRED DURING THE REPORTING PERIOD

Connected party	Type of connected transaction	Particulars of connected transaction	Pricing principle of connected transaction	Connected transaction amount (RMB ten thousand)	Percentage of total amount of similar transactions (%)
Hisense Group	Purchase	Finished goods	Agreed price	151.23	0.01
Hisense Visual Technology	Purchase	Finished goods	Agreed price	16.39	-
Hisense International	Purchase	Finished goods	Agreed price	7,168.82	0.28
Johnson Hitachi	Purchase	Finished goods	Agreed price	61.13	-
Hisense Group	Purchase	Materials	Agreed price	21,897.73	0.85
Hisense Visual Technology	Purchase	Materials	Agreed price	2,009.48	0.08
Hisense International	Purchase	Materials	Agreed price	311.04	0.01
Johnson Hitachi	Purchase	Materials	Agreed price	34,886.70	1.36
Hisense Group	Receipt of services	Receipt of services	Agreed price	34,639.41	1.35
Hisense Visual Technology	Receipt of services	Receipt of services	Agreed price	1,377.11	0.05
Hisense International	Receipt of services	Receipt of services	Agreed price	293.60	0.01
Hisense Marketing Management	Receipt of services	Receipt of services	Agreed price	10,940.60	0.43
Johnson Hitachi	Receipt of services	Receipt of services	Agreed price	1,277.73	0.05
Hisense Hong Kong	Agency Financing	Agency Financing	Agreed price	36,919.59	1.44
Hisense Group	Sale	Finished goods	Agreed price	11,605.71	0.36
Hisense Visual Technology	Sale	Finished goods	Agreed price	60.49	-
Hisense International	Sale	Finished goods	Agreed price	894,090.26	27.58
Hisense Marketing Management	Sale	Finished goods	Agreed price	25,624.25	0.79
Johnson Hitachi	Sale	Finished goods	Agreed price	11,518.14	0.36
Hisense Group	Sale	Materials	Agreed price	11,264.56	0.35

Connected party	Type of connected transaction	Particulars of connected transaction	Pricing principle of connected transaction	Connected transaction amount (RMB ten thousand)	Percentage of total amount of similar transactions (%)
Hisense Visual Technology	Sale	Materials	Agreed price	0.22	-
Hisense International	Sale	Materials	Agreed price	5,170.31	0.16
Johnson Hitachi	Sale	Materials	Agreed price	252.25	0.01
Hisense Group	Sale	Moulds	Market price	0.03	-
Hisense Visual Technology	Sale	Moulds	Market price	2,861.53	0.09
Hisense International	Sale	Moulds	Market price	886.16	0.03
Hisense Group	Provision of services	Provision of services	Agreed price	711.97	0.02
Hisense Visual Technology	Provision of services	Provision of services	Agreed price	247.71	0.01
Hisense International	Provision of services	Provision of services	Agreed price	146.55	-

As at the end of the Reporting Period, the Company had the balance of deposit of approximately RMB14.861 billion, recognised interest income of approximately RMB80.9583 million, the actual balance of loan of RMB0.5 billion with loan interest recognised of RMB8.3515 million, the balance of electronic bank acceptance bill of approximately RMB9.08 billion, and the handling fee for opening accounts for electronic bank acceptance bill of approximately RMB4.7796 million with Hisense Finance. For the Reporting Period, the actual amount of discounted interest for the provision of draft discount services was approximately RMB0.4503 million, the actual amount involved for the provision of settlement and sale of foreign exchange services was approximately RMB0.216 billion and the actual service fee paid for the provision of agency services such as settlement services for receipt and payment of funds was approximately RMB0.589 million. As at the end of the Reporting Period, the balance of recourse factoring services at Hisense Financial Holdings was RMB nil, the balance of non-recourse factoring services was RMB nil, the balance of financial leasing services was RMB nil, the actual loan amount was RMB0.646 billion, and the interest recognized on the loan was RMB1.3717 million.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Duty	Date	Reasons for change
Duan Yue Bin ^(Note1)	Chairman and president	25 June 2021	Elected as an executive director from 2020 annual general meeting, elected as the chairman and president from the first extraordinary meeting of the eleventh session of the Board
Jia Shao Qian	Executive director	25 June 2021	Elected as an executive director from 2020 annual general meeting
Lin Lan	Executive director	25 June 2021	Elected as an executive director from 2020 annual general meeting
Dai Hui Zhong	Executive director	25 June 2021	Elected as an executive director from 2020 annual general meeting

Fei Li Cheng ^(Note2)	Executive director	25 June 2021	Elected as an executive director from 2020 annual general meeting
Xia Zhang Zhua ^(Note3)	Executive director	25 June 2021	Elected as an executive director from 2020 annual general meeting
Ma Jin Quan	Independent non-executive director	25 June 2021	Elected as an independent non-executive director from 2020 annual general meeting
Zhong Geng Sheng	Independent non-executive director	25 June 2021	Elected as an independent non-executive director from 2020 annual general meeting
Cheung Sai Kit	Independent non-executive director	25 June 2021	Elected as an independent non-executive director from 2020 annual general meeting
Liu Zhen Shun	Chairman of the Supervisory Committee	25 June 2021	Elected as a shareholder representative supervisor from 2020 annual general meeting, and elected as the chairman of the supervisory committee from the first extraordinary meeting of the eleventh session of the supervisory committee
Sun Jia Hui	Supervisor	25 June 2021	Elected as a shareholder representative supervisor from 2020 annual general meeting
Yin Zhi Xin ^(Note4)	Supervisor	25 June 2021	Elected as the employee representative supervisor from employee representatives congress
Gao Yu Lin	Chief financial officer and chief accountant	25 June 2021	Served as the chief financial officer and chief accountant of the Company from the first extraordinary meeting of the eleventh session of the Board
Huang Qian Mei	Secretary of the Board	25 June 2021	Served as the secretary of the Board of the Company from the first extraordinary meeting of the eleventh session of the Board
Wong Tak Fong	Company secretary	25 June 2021	Served as the company secretary of the Company from the first extraordinary meeting of the eleventh session of the Board
Tang Ye Guo	Former chairman	25 June 2021	No longer serve as the Company's executive director and Chairman due to the work adjustment
Gao Yu Lin	Former supervisor	25 June 2021	No longer serve as the Company's shareholder representative supervisor due to the work adjustment
Fan Wei	Former supervisor	25 June 2021	No longer serve as the Company's employee representative supervisor due to the work adjustment
Liang Hong Tao	Former chief financial officer	25 June 2021	No longer serve as the Company's chief financial officer due to the work adjustment

Notes:

1. The Company has entered into a service contract with Mr. Duan for his appointment as an executive Director for a term commencing from 25 June 2021, being the date of the 2020 annual general meeting (the “2020 AGM”) and ending on the date of the eleventh session of the Board (that is, 24 June 2024). In accordance with his service contract, Mr. Duan will not receive any remuneration as a Director. Mr. Duan receives a basic annual remuneration of RMB2,400,000 (before taxation) in his capacity as the president of the Company, as determined by the Board with reference to the business scale of the Company and the market level of remuneration of similar position. In addition, according to the Company's remuneration policy, Mr. Duan is also entitled to the risk annual salary, the amount of which will be determined primarily based on the Company's annual results.

2. The Company has entered into a service contract with Mr. Fei for his appointment as an executive Director for a term commencing from 25 June 2021, being the date of the 2020 AGM and ending on the date of the eleventh session of the Board (that is, 24 June 2024). In accordance with his service contract, Mr. Fei will not be entitled to any remuneration as a Director. Mr. Fei is also the general manager of Hisense Hitachi, a subsidiary of the Company, and he is entitled to receive a basic annual remuneration of RMB2,050,000 (before taxation) based on the responsibility of the operational work under his supervision, the main scope of the position held, the risk, the pressure and the contribution to the Company, as well as the remuneration level of the relevant positions in the peer group. In addition, according to the Company's remuneration policy, Mr. Fei is also entitled to the risk annual salary, the amount of which will be determined primarily based on the Company's annual results.

3. The Company has entered into a service contract with Mr. Xia for his appointment as an executive Director for a term commencing from 25 June 2021, being the date of the 2020 AGM and ending on the date of the eleventh session of the Board (that is, 24 June 2024). In accordance with his service contract, Mr. Xia will not be entitled to any remuneration as a Director. Mr. Xia is also the general manager for appliance research and development centre (家電研發中心) of the

Company, and he is entitled to receive a basic annual remuneration of RMB1,120,000 (before taxation) based on the responsibility of the operational work under his supervision, the main scope of the position held, the risk, the pressure and the contribution to the Company, as well as the remuneration level of the relevant positions in the peer group. In addition, according to the Company's remuneration policy, Mr. Xia is also entitled to the risk annual salary, the amount of which will be determined primarily based on the Company's annual results.

4. The Company has entered into a service contract with Mr. Yin for his appointment as the employee representative supervisor for a term commencing from 25 June 2021 and ending on the date of the eleventh session of the supervisory of the Company (that is, 24 June 2024). In accordance with his service contract, Mr. Yin will not be entitled to any remuneration as a supervisor. Mr. Yin is also the head of the president's office of the Company, and he is entitled to receive a basic annual remuneration of RMB537,240 (before taxation) based on the responsibility of the operational work under his supervision, the main scope of the position held, the risk, the pressure and the contribution to the Company, as well as the remuneration level of the relevant positions in the peer group. In addition, according to the Company's remuneration policy, Mr. Yin is also entitled to the risk annual salary, the amount of which will be determined primarily based on the Company's annual results.

Save as disclosed above, there were no substantial changes to the information of the directors, supervisors and senior management of the Company required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Hong Kong Listing Rules.

CORPORATE GOVERNANCE CODE

To the best knowledge and information of the Company, during the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The 2021 interim report of the Company will be despatched to the shareholders of the Company and will be made available on the websites of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://hxjd.hisense.cn>) in due course.

This announcement is published in both English and Chinese. If there is any conflict between the English and the Chinese versions, the Chinese version shall prevail.

DEFINITIONS

In the announcement, unless the context requires otherwise, the following terms or expressions shall have the following meanings:

“Company”	Hisense Home Appliances Group Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the main board of the Shenzhen Stock Exchange
“Director(s)”	the directors of the Company
“Hisense Air-Conditioning”	Qingdao Hisense Air-Conditioning Company Limited* (青島海信空調有限公司), a company incorporated in the PRC with limited liability and indirectly controlled

	by Hisense Group, and holds approximately 37.92% of the issued shares of the Company as at the date of this announcement
“Hisense Finance”	Hisense Finance Co., Ltd.* (海信集團財務有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group
“Hisense Financial Holdings”	Qingdao Hisense Financial Holdings Co., Ltd.* (青島海信金融控股有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group
“Hisense Group”	Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability
“Hisense Hitachi”	Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd. (青島海信日立空調系統有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Hisense Hong Kong”	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hisense Group, and holds approximately 9.13% of the issued shares of the Company as at the date of this announcement
“Hisense International”	Hisense International Co., Ltd. (青島海信國際營銷股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group
“Hisense Marketing Management”	Hisense Marketing Management Co., Ltd.* (海信營銷管理有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
“Hisense Visual Technology”	Hisense Visual Technology Co., Ltd. (海信視像科技股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Group, and whose shares are listed on the Shanghai Stock Exchange
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Johnson Hitachi”	Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd.
“RMB”	Renminbi, the lawful currency of the PRC
“Sanden Holdings”	Sanden Holdings Corporation, a joint stock corporation organised under the laws of Japan, whose shares are listed on the First Section of the Tokyo Stock Exchange

** For identification purposes only*

By order of the Board of
Hisense Home Appliances Group Co., Ltd.
Duan Yue Bin
Chairman

Foshan City, Guangdong, the PRC, 30 August 2021

As at the date of this announcement, the Company’s executive directors are Mr. Duan Yue Bin, Mr. Jia Shao Qian, Mr. Lin Lan, Mr. Dai Hui Zhong, Mr. Fei Li Cheng and Mr. Xia Zhang Zhua and the Company’s independent non-executive directors are Mr. Ma Jin Quan, Mr. Zhong Geng Shen and Mr. Cheung Sai Kit.