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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)

2024 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 2024 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2023. The unaudited interim results for the Reporting Period have been reviewed by the twelfth session of the audit committee of the Board (the “**Audit Committee**”).

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 2024 <i>(Unaudited)</i>	1 January 2024 <i>(audited)</i>
Current assets:			
Cash at bank and on hand		5,219,471,325.15	4,939,273,198.62
Balancing with clearing companies			
Lending capital			
Transactional financial assets		13,933,909,217.25	13,192,025,535.87
Derivative financial assets			
Notes receivable		568,011,867.25	741,622,573.50
Accounts receivable	5	11,309,189,054.02	9,225,321,882.07
Factoring of accounts receivables		7,803,580,984.75	4,643,427,583.77
Prepayments		373,539,317.78	389,066,274.16
Insurance premium receivable			
Receivables from reinsurers			

Reserves for reinsurance contract receivable			
Others receivables		153,261,651.26	145,804,125.45
Including: Interest receivable			
Dividend receivable			89,630.21
Financial assets purchased under agreements to resell			
Inventories		6,651,353,361.18	6,774,603,438.00
Including: Data resources			
Contract assets		35,587,091.49	35,878,308.82
Assets held for sale			
Non-current assets due within one year		2,932,812,972.23	3,641,708,361.11
Other current assets		944,564,884.01	1,411,188,199.90
Total current assets		49,925,281,726.37	45,139,919,481.27
Non-current assets:			
Disbursement of loans and advances			
Bond investments			
Other bond investments			
Long-term receivables			
Long-term equity investments		1,874,427,715.29	1,671,365,117.46
Other equity instrument investments		42,241,420.23	40,244,766.96
Other non-current financial assets		21,783,603.25	27,197,809.69
Investment properties		255,894,853.52	177,982,723.30
Fixed assets		5,483,408,231.10	5,662,912,502.03
Construction in progress		475,282,487.05	443,523,694.21
Productive biological assets			
Oil and gas assets			
Right-of-use assets		185,583,126.58	169,378,820.87
Intangible assets		1,307,439,921.13	1,341,855,927.15
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill		226,408,877.76	226,408,877.76
Long-term prepaid expenses		38,208,337.25	40,734,232.78
Deferred tax assets		1,138,063,576.09	1,125,596,510.74
Other non-current assets		9,747,680,680.19	9,879,375,091.45
Total non-current assets		20,796,422,829.44	20,806,576,074.40
Total assets		70,721,704,555.81	65,946,495,555.67
Current liabilities:			

Short-term borrowings		2,308,121,777.48	2,502,318,314.58
Borrowings from central bank			
Loans from other banks			
Transactional financial liabilities		29,957,785.68	54,355,584.93
Derivative financial liabilities			
Notes payable	6	17,490,283,741.47	14,608,429,378.74
Accounts payable	7	12,240,835,365.94	12,049,877,232.20
Advances from customers		3,170,588.32	3,833,256.75
Contract liabilities		1,330,234,950.50	1,440,254,499.57
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		1,095,355,676.00	1,373,816,151.59
Taxes payable		529,475,260.43	774,372,089.67
Other payables		6,253,733,970.04	4,670,674,014.20
Including: Interests payable			
Dividends payable		1,404,749,348.52	70,574,497.68
Handling fees and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year		114,887,076.33	121,677,937.29
Other current liabilities		7,873,839,126.85	6,442,483,786.34
Total current liabilities		49,269,895,319.04	44,042,092,245.86
Non-current liabilities:			
Reserves for reinsurance contract			
Long-term borrowings		38,147,438.08	42,956,652.46
Bonds payable			
Including: Preference shares			
Perpetual bond			
Lease liabilities		179,233,775.57	208,946,083.77
Long-term payables			
Long-term employee remunerations payable		104,309,750.48	105,961,766.83
Provisions		1,203,478,155.64	1,229,967,589.74
Deferred income		150,321,276.96	149,189,343.53
Deferred tax liabilities		171,043,556.12	158,435,374.83

Other non-current liabilities		592,628,428.95	612,887,372.01
Total non-current liabilities		2,439,162,381.80	2,508,344,183.17
Total liabilities		51,709,057,700.84	46,550,436,429.03
Shareholders' equity:			
Share capital		1,387,167,370.00	1,387,935,370.00
Other equity instruments			
Including: Preference shares			
Perpetual bond			
Capital reserves		2,048,439,817.38	2,115,407,718.05
Less: Treasury shares		260,855,550.60	236,626,482.61
Other comprehensive income		282,431,575.05	226,997,819.74
Special reserves		13,261,241.79	6,319,636.53
Surplus reserves		724,682,309.99	724,682,309.99
General risk provisions			
Retained profits		9,966,540,148.87	9,355,458,114.25
Total equity attributable to shareholders of the Company		14,161,666,912.48	13,580,174,485.95
Minority interests		4,850,979,942.49	5,815,884,640.69
Total shareholders' equity		19,012,646,854.97	19,396,059,126.64
Total liabilities and shareholders' equity		70,721,704,555.81	65,946,495,555.67

Consolidated Income Statement

Item	Note	1 January to 30 June 2024 (Unaudited)	1 January to 30 June 2023 (Unaudited)
I. Total operating revenue		48,641,673,374.79	42,943,975,619.38
Including: Operating revenue	8	48,641,673,374.79	42,943,975,619.38
Interest income			
Insurance premium earned			
Income from handling fees and commission			
II. Total operating costs		46,206,400,614.00	40,473,806,340.24
Including: Operating costs	8	38,291,675,401.05	33,698,115,348.34
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		216,873,476.03	298,912,983.78

Sales expenses		4,959,752,440.46	4,492,848,251.67
Management expenses		1,199,136,901.69	1,024,738,874.90
Research and development expenses		1,643,979,097.19	1,244,057,032.04
Financial expenses	9	-105,016,702.42	-284,866,150.49
Including: Interest expenses	9	69,061,921.52	75,243,787.91
Interest income	9	33,471,921.44	27,834,239.17
Add: Other income		318,536,900.93	197,948,250.99
Investment income (Loss denoted by “-”)	10	418,984,235.75	411,026,049.40
Including: Share of profit of associates and joint ventures	10	193,121,101.07	186,177,825.35
Income from derecognition of financial assets and amortised cost		-470,289.12	5,915,437.05
Foreign exchange gains (Loss denoted by “-”)			
Gain net exposure to hedging (Loss denoted by “-”)			
Gains from changes in fair value (Loss denoted by “-”)		170,272,953.38	-195,729,875.25
Impairment losses on credit (Loss denoted by “-”)		32,676,076.37	-24,090,206.27
Impairment losses on assets (Loss denoted by “-”)		-17,846,374.49	-87,590,895.34
Gains on disposal of assets (Loss denoted by “-”)		857,010.80	5,350,381.51
III. Operating profits (Loss denoted by “-”)		3,358,753,563.53	2,777,082,984.18
Add: Non-operating income		154,188,740.82	199,368,441.95
Less: Non-operating expenses		13,592,692.61	17,782,900.83
IV. Total profits (Total loss denoted by “-”)		3,499,349,611.74	2,958,668,525.30
Less: Income tax expenses	11	469,196,871.14	472,191,163.40
V. Net profits (Net loss denoted by “-”)		3,030,152,740.60	2,486,477,361.90
(I) Classified on a going concern basis			
1. Net profit from continuing operations (Net loss denoted by “-”)		3,030,152,740.60	2,486,477,361.90
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		2,015,831,383.14	1,497,562,724.59
2. Profit and loss of minority interests		1,014,321,357.46	988,914,637.31
VI. Other comprehensive income after tax, net		74,765,838.10	64,434,240.60
Other comprehensive income after tax attributable to shareholders of the Company, net		55,433,755.31	77,006,788.64
(I) Items not to be reclassified into profit or loss		1,199,128.63	
1. Changes arising from remeasurement of defined benefit plans		-207,776.74	
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		1,406,905.37	
4. Changes in fair value of the Company's own credit risk			
5. Others			
(II) Items to be reclassified into profit or loss		54,234,626.68	77,006,788.64
1. Other comprehensive income to be reclassified into profit or loss under the equity method		-11,876,110.06	3,979,861.04
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			
5. Reserve for cash flow hedging			
6. Differences on translation of foreign currency financial statements		66,110,736.74	70,623,250.51
7. Others			2,403,677.09
Other comprehensive income after tax attributable to minority interests, net		19,332,082.79	-12,572,548.04
VII. Total comprehensive income		3,104,918,578.70	2,550,911,602.50
Total comprehensive income attributable to shareholders of the Company		2,071,265,138.45	1,574,569,513.23
Total comprehensive income attributable to minority interests		1,033,653,440.25	976,342,089.27
VIII. Earnings per share:			
(I) Basic earnings per share	12	1.48	1.09
(II) Diluted earnings per share	12	1.48	1.09

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 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 a 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 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 approved the registration and the listing of the 4,229,810 new stocks which would be issued upon the exercise of the stock options.

On 23 May 2023, the Company directed restricted stock issuance to the incentive targets under the 2022 Restricted A Share Incentive Scheme. China Securities Depository and Clearing Corporation Limited Shenzhen branch has approved the registration and the listing of the 25,422,000 new stocks that would be issued.

As of 30 June 2024, the total number of issued shares of the Company was 1,387,167,370 and the registered capital of the Company was RMB1,387,167,370.00, of which Hisense Air-Conditioning held 516,758,670 shares, representing approximately 37.25% 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 2024, Hisense Group, a company incorporated in the PRC with limited liability, is regarded as an indirect controlling shareholder of the Company.

The Group is principally engaged in research and development (R&D), manufacturing, marketing and servicing of heating, ventilation and air-conditioners, refrigerators, freezers, washing machines, kitchen appliances, automotive air-conditioner compressors integrated automotive thermal management systems, etc., and provision of whole-scenario smart home solutions.

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, application guidelines, explanation and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "Accounting Standards For Business Enterprises") and the Information Disclosure Regulations for Companies Publicly Issuing Securities No. 15 - General Provisions for Financial Statements (Revised 2023) and relevant regulations 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's A Shares are listed on the Shenzhen Stock Exchange while the H Shares are listed on 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 Hong Kong Stock Exchange (the "Hong Kong Listing Rules") and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

3. Significant changes in accounting policies

The accounting policies and methods of computation used in the consolidated financial statements for the six months 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023. 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 the Reporting Period	HVAC	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	22,767,026,154.35	14,692,881,715.23	6,073,543,391.54		43,533,451,261.12
2. Revenue from inter-segment transactions	193,504.41	13,004,095.96	1,769,758,421.25	-1,782,956,021.62	
3. Gain from investment in associates and joint ventures	3,958,717.11	3,958,717.11	185,203,666.85		193,121,101.07
4. Depreciation and amortisation	237,791,517.26	160,789,230.00	211,199,219.95		609,779,967.21
5. Gain from changes in fair value	13,052,908.28	82,229,386.18	74,990,658.92		170,272,953.38
6. Impairment losses on credit and assets	-2,888,857.17	-2,917,190.98	20,635,750.03		14,829,701.88
7. Total profit (Total loss)	2,977,933,739.18	492,984,027.31	28,431,845.25		3,499,349,611.74
8. Total assets	45,165,383,637.71	50,443,490,241.26	15,894,819,637.51	-40,781,988,960.67	70,721,704,555.81
9. Total liabilities	29,423,311,157.53	40,168,420,871.26	11,353,809,230.87	-29,236,483,558.82	51,709,057,700.84
10. Additions to other non-current assets other than long-term equity investments	-186,465,840.53	-4,597,587.19	-22,152,415.07		-213,215,842.79

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	21,160,441,372.37	11,586,519,085.22	5,956,146,418.22		38,703,106,875.81
2. Revenue from inter-segment transactions	97,548.68	5,806,128.29	1,448,667,404.15	-1,454,571,081.12	
3. Gain from investment in associates and joint ventures	3,019,376.84	3,019,376.84	180,139,071.67		186,177,825.35
4. Depreciation and amortisation	245,865,896.35	171,793,222.13	208,931,342.39		626,590,460.87
5. Gain from changes in fair value	-117,439.59	29,692,409.18	-225,304,844.84		-195,729,875.25
6. Impairment losses on credit and assets	-33,380,608.40	-7,139,811.20	-71,160,682.01		-111,681,101.61
7. Total profit (Total loss)	2,539,543,248.77	400,129,695.46	18,995,581.07		2,958,668,525.30
8. Total assets	40,417,588,553.10	33,853,598,305.57	15,953,974,664.30	-26,310,598,173.86	63,914,563,349.11
9. Total liabilities	27,285,453,453.73	23,034,742,422.57	11,808,128,692.40	-15,229,017,555.93	46,899,307,012.77
10. Additions to other non-current assets other than long-term equity investments	24,802,259.21	14,268,316.65	90,642,584.36		129,713,160.22

(2) Geographical information

Unit: RMB

Region	1 January to 30 June 2024	1 January to 30 June 2023
Revenue from domestic transactions	25,328,122,655.20	24,466,006,890.61
Revenue from overseas transactions	18,205,328,605.92	14,237,099,985.20
Total	43,533,451,261.12	38,703,106,875.81
Region	30 June 2024	1 January 2024
Non-current assets - Domestic	16,876,415,138.64	16,928,683,438.39
Non-current assets - Overseas	3,920,007,690.80	3,877,892,636.01
Total	20,796,422,829.44	20,806,576,074.40

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. As such, it is not necessary to present more detailed regional information.

5. Account receivables

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	30 June 2024	1 January 2024
Within three months	10,491,965,313.38	8,330,628,047.85
Over three months but within six months	367,968,183.05	433,307,441.27

Over six months but within one year	244,840,364.36	246,354,515.38
Over one year	517,264,432.51	527,815,292.00
Total	11,622,038,293.30	9,538,105,296.50
Less: Provision for bad debts	312,849,239.28	312,783,414.43
Book value	11,309,189,054.02	9,225,321,882.07

6. Notes payables

Unit: RMB

Item	30 June 2024	1 January 2024
Bank's acceptance bill	11,224,490,932.57	9,101,350,361.29
Trade acceptance draft	6,265,792,808.90	5,507,079,017.45
Total	17,490,283,741.47	14,608,429,378.74

7. Accounts payable

The aging of accounts payable is analysed as follows:

Unit: RMB

Item	30 June 2024	1 January 2024
Within one year	12,202,968,998.18	12,007,211,767.15
Over one year	37,866,367.76	42,665,465.05
Total	12,240,835,365.94	12,049,877,232.20

8. Operating revenue and costs

Unit: RMB

Item	1 January to 30 June 2024	1 January to 30 June 2023
Revenue from principal operations	43,533,451,261.12	38,703,106,875.81
Revenue from other operations	5,108,222,113.67	4,240,868,743.57
Total	48,641,673,374.79	42,943,975,619.38
Item	1 January to 30 June 2024	1 January to 30 June 2023
Cost of principal operations	33,423,079,419.82	29,688,988,010.28
Cost of other operations	4,868,595,981.23	4,009,127,338.06
Total	38,291,675,401.05	33,698,115,348.34

9. Financial expenses

Unit: RMB

Item	1 January to 30 June 2024	1 January to 30 June 2023
Interest expenses	69,061,921.52	75,243,787.91

Less: interest income	33,471,921.44	27,834,239.17
Add: loss on foreign exchange	-147,627,102.88	-339,059,620.75
Other expenses	7,020,400.38	6,783,921.52
Total	-105,016,702.42	-284,866,150.49

10. Investment income

(1) Particulars of investment gain

Unit: RMB

Item	1 January to 30 June 2024	1 January to 30 June 2023
Gain from long-term equity investment under the equity method	193,121,101.07	186,177,825.35
Investment gain from disposal of transactional financial assets	50,168,458.36	84,368,124.31
Interest income from time deposits	175,521,060.15	139,858,586.05
Others	173,616.17	621,513.69
Total	418,984,235.75	411,026,049.40

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

Unit: RMB

Investee	1 January to 30 June 2024	1 January to 30 June 2023
Hisense Financial Holdings	8,961,872.90	9,068,096.27
Hisense Marketing Management	7,917,434.22	6,038,753.68
Hisense International	54,505,100.11	45,071,171.84
Hisense Global Asia Holding	-1,817,799.54	
Intelligent Electronic	304,210.56	
Associates of Sanden Company	123,250,282.82	125,999,803.56
Total	193,121,101.07	186,177,825.35

Note: The gains from equity investment under the equity method of the Company for the current period were all generated from non-listed investments.

11. Income tax expenses

Unit: RMB

Item	1 January to 30 June 2024	1 January to 30 June 2023
Current income tax expenses	455,348,121.56	473,636,708.09
Including: PRC enterprise income taxes	414,684,537.71	448,544,068.44
Hong Kong profit taxes		
Deferred tax expenses	13,848,749.58	-1,445,544.69

Total	469,196,871.14	472,191,163.40
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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	1 January to 30 June 2024
Total profits	3,499,349,611.74
Income tax expenses calculated at statutory (or applicable) tax rates	874,837,402.94
Tax effects of different tax rates applicable to certain subsidiaries	-222,210,271.15
Adjustments of income tax in previous period	2,063,761.27
Effects of non-taxable incomes	-17,467,704.56
Effects of non-deductible costs, expenses and losses	20,519,857.53
Effects of deductible losses not recognised as deferred tax assets in previous period	-148,526,269.61
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	65,612,509.41
Effects of additional deduction relating to costs of research and development	-122,542,472.21
Others	16,910,057.52
Income tax expenses	469,196,871.14

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% (2023: 15% or 20%).

Hong Kong profits tax is calculated at the rate of 8.25% on the estimated assessable profits up to HK\$2,000,000 and 16.5% on the excess of HK\$2,000,000 on the estimated assessable profits (2023: 8.25% and 16.5%).

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% (2023: 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 less expected future unlockable restricted stock cash dividends divided by the weighted average number of issued ordinary shares of the Company:

Unit: RMB

Item	1 January to 30 June 2024	1 January to 30 June 2023
Consolidated net profit attributable to ordinary shareholders of the Company	2,015,831,383.14	1,497,562,724.59
Weighted average number of issued ordinary	1,340,098,389.50	1,355,416,658.00

shares of the Company		
Basic earnings per share	1.48	1.09

(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 the same as the basic earnings per share.

13. Dividends

The declaration and payment of a final dividend of RMB10.13 per 10 shares (inclusive of tax) was approved at the annual general meeting of the Company held on 24 June 2024 for the year ended 31 December 2023. The final dividend of approximately RMB1.4 billion in total had been paid to the Shareholders of the Company as of the date of this announcement.

The Board does not recommend the payment of an interim dividend for the Reporting Period. No interim dividend was paid for the corresponding period last year.

Management Discussion and Analysis

I. STATUS OF THE INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

1. Overview of the Domestic Heating, Ventilation and Air-conditioner (“HVAC”) Market

(1) Central air-conditioner market

According to the statistics from AICON (www.aicon.com.cn), the overall market capacity of the central air-conditioner industry decreased by 5% year-on-year in the first half of 2024. Under the cooling market conditions, the concentration of brands became more prominent. Multi-connected units, which are the weighted products in the central air-conditioner market, accounted for nearly 50% of the industry, gradually shifting from incremental expansion to a renewal era of stock improvement.

Traditional industrial and public construction sectors maintained relatively stable demand, while previously hot new market segment cooled down. However, industries such as specialty hotels, bed and breakfasts, and catering continued to show strong momentum. With the release and gradual implementation of the National Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-ins (《推動大規模設備更新和消費品以舊換新的行動方案》), the engineering sector focusing on energy-saving renovation projects will become a new development opportunity for central air-conditioners in the future.

The home fit-out retail market was affected by the weak real estate market and weakened demands, resulting in a year-on-year decline of 8.5% in scale. However, under the trend of consumer segmentation, the demand in the improvement market remained strong and continued to upgrade iteratively towards “Health, Comfort, Energy saving and Intelligence.” The two-connected supplies have become the fastest-growing products in the industry, with a growth rate of 4%, thereby driving the industry’s transformation and upgrade from central air-conditioners to integrated system solutions for air conditioning, floor heating, purification and fresh air.

(2) Household air-conditioner market

According to the omnichannel general data from AVC (奧維雲網), the retail volume decreased by 10.8% year-on-year, and the retail sales decreased by 13.7% year-on-year in the air-conditioner market in the first half of 2024.

Under the overall downturn of the air-conditioning market, household air-conditioner products made continuous breakthroughs in product upgrades and technological innovation, focusing on the diversification and refinement of consumer demand, and which resulted in positive growth in this market segment. Given the significant increase in consumer demand for indoor air freshness and oxygen aeration, the fresh-air air-conditioner market achieved growth despite the overall downturn trend. According to the monitoring data from AVC, the offline retail sales penetration rate of fresh-air air-conditioners reached 8.6%, indicating a year-on-year increase of 0.6%.

2. Overview of the Domestic Refrigerator, Washing Machine and Kitchen Appliances Market

(1) Domestic refrigerator market

According to the omnichannel general data from AVC, the retail volume increased by 0.8% year-on-year, and the retail sales increased by 0.4% year-on-year in the domestic refrigerator market in the first half of 2024.

From an overall trend perspective, the major refrigerator market tightened month by month, demand was under pressure, and the growth rate slowed down. User demand in large-capacity segments declined, and high-value-for-money products across all channels were more favoured by consumers. Driven by rejuvenation scenarios, the demand for embedded refrigerators continued to rise, with the penetration rate of offline retail sales increasing from 9.5% in 2021 to 37.8% in 2024. From a channel perspective, online new channels for refrigerators are currently in a period of rapid growth, with the retail sales of refrigerators through the TikTok e-commerce platform increasing by 52.5% year-on-year. The trends in the online and offline markets further diverged, and platforms are focusing on developing new marketing methods to achieve traffic acquisition and conversion. There is still room for further integration and development of dual-line channels.

(2) Domestic washing machine market

According to the omnichannel general data from AVC, the retail volume increased by

6.2% year-on-year, and the retail sales increased by 3.8% year-on-year in the washing machine market in the first half of 2024.

In the first half of 2024, the recovery speed of the washing machine industry was higher than other home appliance categories, with rapid development in the online market, making it the main driver behind the scale growth of the washing machine industry. As for clothes dryers, the online and offline markets both continued to maintain steady growth, showing a more optimistic trend.

(3) Domestic kitchen appliance market

According to the omnichannel general data from AVC, the retail volume increased by 0.5% year-on-year, and the retail sales slipped down by 2.3% year-on-year in the large kitchen and bathroom market in the first half of 2024.

Rigid-demand kitchen and bathroom categories (hoods, cookers, electric water heaters, gas water heaters) performed weakly due to the impact of the real estate industry, while the quality-life-demand categories (dishwashers, disinfection cabinets, water purifiers) showed an overall stable growth trend, with dishwashers leading the growth of quality-life-demand products, with retail sales increased by 5.0% year-on-year. As the penetration rate of kitchen and bathroom products gradually approaches that of white goods, product innovation and technological upgrades have become the trend in kitchen and bathroom competition. Well-known home appliance brands are expected to leverage their comprehensive resources and advantages in the white goods product segment to rapidly develop synergistic efforts in the kitchen and bathroom sector.

3. Overview of the Automotive Air Conditioner Compressor and Integrated Thermal Management System Market

According to the data from the China Passenger Vehicle Information Committee, in the first half of 2024, global automobile sales reached 43.9 million units, a year-on-year increase of 3.46%, of which the sales of new energy passenger vehicles were 7.17 million units, a year-on-year increase of 21%. During the Reporting Period, the sales of new energy passenger vehicles in China increased by 33% year-on-year, supporting the continued strong development trend of the global new energy vehicle market.

The rapid growth of the new energy vehicle market has driven the industry to accelerate its transformation towards electrification, intelligence, networking, and sharing. The market space in thermal management sectors such as high-voltage fast charging, battery thermal safety, temperature control management of electric motors and electric controls, and winter range retention improvement has quickly opened up. Under the backdrop of increasingly stringent global environmental protection policies, the demand for components such as integrated thermal management systems and compressors equipped with more environmentally friendly and higher efficiency refrigerants has grown rapidly.

4. Overview of Smart Home Market

New technologies such as big data and artificial intelligence continued to give rise to new

consumption scenarios. The intelligent upgrade of home appliances is expected to become a new growth point in the home appliance consumption market, bringing vitality to the smart home appliance segments. According to GfK's retail monitoring data, in the first half of 2024, the retail sales of smart large home appliances, smart large kitchen and bathroom appliances, and smart environmental appliances increased by 5.3%, 4.8%, and 15.7% year-on-year, respectively. The share of smart home appliances in major market segments has increased compared to the same period last year, with smart products in the large home appliances category accounting for over 50%. With the increasing consumer demand for energy conservation, environmental protection, safety, health, and intelligent control, the market space for smart homes is expected to continue to expand.

5. Overview of Overseas Markets for Home Appliances

According to the data from Industrial Online, the export volume of the refrigerator industry increased by 23% year-on-year, the export volume of the washing machine industry increased by 22% year-on-year, and the export volume of the air-conditioner industry increased by 30% year-on-year in the first half of 2024. The demand for home appliance product trade-ins and high-end upgrades continues to rise in developed European and American markets. Emerging markets such as Latin America and ASEAN have large populations and significant economic development potential, leading to increased penetration rates and market demand for home appliances. Under the stacked influence of factors such as recovering demand and a low base for the same period, the overseas performance of various home appliance categories was notable in the first half of the year. Although geopolitical risks and rising shipping costs brought uncertainty to the overseas expansion of the home appliance industry, the steady demand in developed markets and the continuous increase in penetration rates in emerging economies continued to drive the growth of home appliance exports and accelerate globalisation.

II. PRIMARY BUSINESS IN WHICH THE COMPANY WAS ENGAGED DURING THE REPORTING PERIOD

1. HVAC Business

(1) Central air-conditioner business

The Company closely followed the national “dual carbon” strategic direction, focusing on user demands and continuously introducing market-leading products through ongoing technological innovation, which led to the development of the central air-conditioner business in the green transformation and development of the home fit-out and commercial fit-out markets as well as emerging industries. During the Reporting Period, the central air-conditioner business achieved a year-on-year increase of over 10% in net profit, maintaining a leading position in the multi-connected market with a share of over 20%.

① In terms of home fit-out business, the Company is deeply engaged in the fields of “health, intelligence, energy saving”, providing high-quality air experience solutions for users.

During the Reporting Period, the Company adhered to a user-centered approach, precisely understanding user demands for health, intelligence, energy saving, and scenario-based

products, and continuously promoting product upgrades and innovation. The Company enriched its 5G smart central air-conditioner product lineup, achieving double-digit growth in sales of the 5G series products. In the consumer survey of smart 5G household central air-conditioners by AICON, Hisense central air-conditioners ranked first among domestic brands with a 22.03% market share. Meanwhile, the Company continuously innovated its two-connected supply product categories, deeply integrating central air-conditioning with central hot water systems, launching high-end products combining freon and water functionalities. Hitachi launched a new Zhixiang series of all-in-one freon heat water product, satisfying the dual needs of families for home cooling/heating and hot water and providing high-quality air solutions for users. York VRF made overall advancements in high-end breakthroughs, exerted more efforts in sinking channels markets, and launched the YES-will series products with upgraded performance and functionality, providing consumers with high-quality and cost-effective cooling/heating solutions. The overall scale of York VRF home fit-out increased by more than 20%.

The Company promoted the deep integration of home appliance channels and the overall sharing of traffic resources, successfully entering over 400 all-category specialty stores in China, achieving an income share of over 10%. Facing the competition in the saturated market and favourable trade-in policies, the Company swiftly responded by launching the “Trade-in for Mega Offer” marketing campaign, achieving sales breakthroughs in regions like East China and Central China. In the real estate brokerage sector, the Company has been actively breaking new ground and piloting initiatives to expand information channels for the stock users and achieve a breakthrough from 0 to 10 million co-operation contracts for the group stock users. Furthermore, the Company has been leading the charge in marketing innovation, focusing on the design community of the decoration sector. Hisense designer IP initiative, the Dunhuang “Carbon” Dreamer (敦煌「碳」夢者), has fostered deeper collaboration with designers across over 200 cities, driving significant advancements in the design sector.

The Company also closely followed industry dynamics, leading the industry towards a new era of integrated system solutions combining air-conditioning, floor heating, purification, and fresh air. Given the growing consumer demand for set solutions and one-stop services, the Company took the lead in launching China’s first integrated 5G top-freon and floor-water product, innovatively integrating air-conditioning, floor heating, fresh air, and humidification systems, creating the Thinkair all-in-one active management system, achieving comprehensive upgrades to the home environment. In the preheating stage of the new product, over 100 users placed preorders in a single month.

② In terms of the engineering business, the Company has seized the opportunity of dual-carbon development and led the industry in the deployment of cutting-edge technologies.

The new generation of the commercial multi-connected M3 series of the Company piloted the IPMS launch process, achieving pre-sale breakthroughs in scenarios such as cool storage, power distribution rooms, and deep dehumidification processes, thanks to its wide-range ambient operation.

In active response to the national carbon neutrality policy, the Company’s photosynthesis series and full-effect direct drive series commercial multi-connected systems were

implemented in demonstration projects such as Guangzhou University Town, Panyu Sewage Treatment Plant, and Greater Bay Area Energy Storage Industrial Park. Hitachi's new generation of water source multi-connected systems, leading the industry in up to 10.1 IPLV(C) and variable water flow control, achieved international leadership in three core technologies, and held over 50% market share in the water source multi-connected market. The upgraded anti-corrosion and purification AHU products and four-tube heating and cooling recovery multi-connected products expanded into industrial sectors such as industrial plants, pharmaceutical drying, and new energy workshops, significantly promoting growth in industrial and agricultural production fields. York's new generation aqua+ water source multi-connected systems innovatively utilized three core technologies: intelligent variable flow, top-freon and floor-water dual supply, and 100% condensing heat recovery, widely applied in ultra-high-rise buildings, data centres, factories, and water heater renovation markets, achieving a certain size of pre-sales before the launch.

In line with the development of the renovation market, the Company provided a one-stop renovation solution by combining high-efficiency equipment, system optimization, low-carbon consultation, and ongoing operation, characterized by comprehensive facility renovation. By optimizing demand, improving efficiency, reducing energy waste, and enhancing management to build a one-stop renovation solution, the Company signed over 350 renovation projects in the first half of the year. For customers replacing outdoor units of different brands while retaining indoor units, the Company launched control boxes and valve boxes, reducing indoor construction difficulty and customer renovation costs, achieving building energy saving and carbon reduction, and helping customers reduce costs and increase efficiency.

③ In terms of new industries, the Company's energy-saving and low-carbon overall solutions contributed to the rapid growth of the second curve.

The Company's ECO-B smart building and energy management system won the "Innovative Product" award at the 2024 China Refrigeration Exhibition. Its HVAC energy-saving algorithm could achieve energy savings of over 30%, and the efficient engine room COP could reach over 5.0. In the field of home energy management, the Company launched the Hi-Power series energy products, forming a refined system integrating heat pumps and home appliances, showing significant advantages in energy saving, installation, and maintenance convenience. Hisense smart building also formed strategic partnerships with leading intelligent building company to further consolidate and expand its business in the smart building sector.

In the water heater segment, Hisense launched a new generation of magnetic suspension oil-free variable frequency centrifugal chillers, expanding single unit capacity to 2300RT. With outstanding full-load efficient operation performance, wide-range cooling capabilities, intelligent operation strategies, and convenient oil-free maintenance, the chillers have served hundreds of customers in fields such as industrial plants, industrial parks, government-owned public buildings, and data centres.

In the heat pump fresh air segment, the Company fully expanded the household water market with the launch of the Red Flame dual-efficiency products, featuring strong low-temperature heating and double-first-grade energy efficiency for cooling and heating,

achieving nearly double growth in the household water segment. The Company launched Hitachi Whole House All Sense Smart Air Custom System 2.0 and the Wisdom Villa All Sense Smart Air Custom Water System, continuously meeting the demands of users for consumption upgrades, achieving nearly 20% growth in the first half of the year. York VRF continued to optimize its product matrix, striving to build the industry's most comprehensive lineup and most competitive heat pump products in the dual-supply and triple-supply of freon and water, achieving growth of over 10% in the first half of the year. Meanwhile, York VRF launched the YES-fairy series of dual-DC full heat exchange fresh air ventilators and high-efficiency central humidification modules, with fresh air product shipments increased by 90% year-on-year.

(2) Household air-conditioner business

The household air-conditioner business upheld the new mission of “building air conditioner as the central indoor air housekeeper, improving the living environment and benefiting hundreds of millions of families”, and focused on upgrading the technologies and products of Hisense and Kelon. According to the monitoring data from AVC, the retail sales of household air-conditioners increased by 0.3% year-on-year in the first half of 2024, which was 14 percentage points higher than the general retail sales of the industry.

① Hisense Air Conditioner integrates intelligent, healthy, and comfortable technologies, continually delving into sports marketing to provide users with all-scenario proactive intelligent air solutions.

In the first half of 2024, Hisense Air Conditioner, under the main theme of “Hisense, A Leader in Fresh Air Conditioning”, deeply integrated intelligent, healthy, and comfortable technologies, focusing on core functions such as the five-dimensional air housekeeper and fresh air oxygenation and building an 24/7 all-space intelligent air central housekeeper to provide users with all-scenario proactive intelligent air solutions. Hisense Air Conditioner continued to deepen its engagement in the fresh air category, conducting sports marketing and e-sports marketing with the theme of “Hisense, the Champion”. Events, such as European Football Championship Offer Activation, Olympic Chen Meng Offer Activation, and KPL Wolves Championship Offer Activation, were held to create the champion product Tresor C3 and hold the AWE champion product release, raising the industry's awareness of the fresh air category. According to the monitoring data from AVC, Tresor C310 topped the fresh air cabinet segment, ranking TOP1. Moreover, Hisense Air Conditioner occupied 7 seats in the TOP10 bestsellers in the offline new air conditioner market, including best-selling models such as Tresor C320, Tresor C310, Little Oxygen Bar X5, X600, and X628. During the Reporting Period, the offline market share of Hisense Fresh Air Conditioner increased to 45.3%, continuously leading the industry, fully demonstrating Hisense Air Conditioner's strong strength in the fresh airfield and user recognition.

② Kelon Air Conditioner builds an Internet air conditioner brand that rejuvenates the vitality of changes and realizes a double breakthrough in brand reputation and sales volume.

Kelon Air Conditioner keeps up with the home living needs of young users for comfort and convenience, dedicated to building a youthful high-value brand. It successively launched bedroom air-conditioner products such as Little Ear LZ, a 16-decibel quiet sleep air conditioner, and AI high-efficiency energy-saving LT, upgrading technologies in aspects such as quietness, light sensitivity, energy saving, cooling, heating, temperature sensation, and wind sensation, creating a more comfortable sleep environment for users. Additionally, Kelon Air Conditioner achieved high brand exposure by leveraging the IP of the New Youth Music Festival and focusing on platforms such as TikTok, increasing brand voice by 71.66% year-on-year and interaction by 339.6% year-on-year in the first half of 2024.

2. Refrigerator, Washing Machine and Kitchen Appliance Business

(1) Refrigerator Business

The Company continually innovates technology to bring product experiences that meet the needs of users for life quality. In the first half of 2024, according to the omni-channel monitoring data from AVC, refrigerator retail sales increased by 3.6% year-on-year, and market share increased by 0.4 percentage points.

① Ronshen Refrigerator have upgraded their freshness technology, setting a new trend for integrated home living and continuing to safeguard users' quality and healthy lifestyles.

In the trend of users seeking more integrated home appliances, Ronshen WILL high-end series made another strong effort, launching the 560WILL Freshness Embedded Refrigerator, upgrading the WILL Natural Freshness System to create a garden for the growth of fruit and vegetable. With its ultra-slim 60cm depth and stylish, elegant, and premium design, the 560WILL refrigerator has quickly climbed to the TOP4 in the industry within just 3 weeks of its launch, expanding Ronshen's representation among the TOP10 offline best sellers to 3. With its 60cm ultra-slim depth and intelligent dual-purification system, the 506 Dual Pure Pro embedded refrigerator has continued to gain high market recognition, winning the 2024 AWE Gold Word of Mouth Award. It maintained its leading position as the number one offline refrigerator best seller in the first half of 2024, extending its dominance from the second half of 2023. Ronshen Refrigerator carried out new product launch tours for the 560WILL Freshness Refrigerator and 517IDP Dual Pure Refrigerator, allowing users to immerse themselves in the product quality and freshness capabilities firsthand, thus sustaining the momentum of the new products. According to the data from AVC, in the first half of 2024, the market share of Ronshen's mid-to-high-end and high-end refrigerator products was 10.7%, a year-on-year increase of 1.1 percentage points. As a pioneer in setting industry standards for freshness, health, and embedded refrigerators, Ronshen has been driving the refrigeration industry towards new heights and horizons.

② Hisense Refrigerator connects quality through vacuum technology, creating unique spatial art and a complete set of villa wisdom living for users.

Starting with Hisense Tresor Vacuum Refrigerator, Hisense Refrigerator set the "Vacuum

Freshness Preservation” standard and constructed a complete set of intelligent cooking scenarios. The vacuum cube PRO carried by the Tresor 509 Vacuum Refrigerator achieves dynamic vacuum partition storage, offering users a refined storage experience. In the 4th week after its launch, it ranked first in the industry. The Tresor 600 Vacuum Refrigerator achieves zero-distance door opening, truly achieving a 60CM pure flat fully-embedded design, and won the 2024 AWE Excellent Product Award. The Tresor 503 Vacuum Refrigerator uses vacuum ice temperature technology to effectively slow down ingredient oxidation, applying active ion sterilization and deodorization throughout the entire space, achieving 99.9% sterilization efficiency in just 3 minutes and rapid deodorization in 15 minutes. During the European Football Championship, Hisense Refrigerator launched a billboard campaign featuring the slogan “Hisense Vacuum Refrigerator: True Freshness Lies in Vacuum Technology,” promoting its champion products Tresor 600 Vacuum Refrigerator and Hisense 500 Vacuum Refrigerator around sports marketing events such as the European Football Championship to enhance awareness of Hisense Vacuum Refrigerators and continuously boost the popularity of the products. According to AVC data, in the first half of 2024, the market share of Hisense’s high-end refrigerator products increased by 0.2 percentage points year-on-year, with revenue from the Tresor series for the offline market increased by 81% year-on-year.

③ Enabling a New Retail Paradigm with Emerging Channels

In the refrigerator segment, the Company focused on expanding new business areas and sales channels, innovating and reforming the product mix and marketing model for online and offline markets through new platforms. While actively expanding the reach of the brand’s self-operated matrix accounts and innovating live streaming contents, the Company integrated online traffic with offline store retail through TikTok local life, boosting store traffic and product sales around users’ daily lives and various consumption service scenarios, and achieving a 338% increase in sales through TikTok local life in the second quarter.

(2) Washing Machine Business

The washing machine business continuously innovated washing technology and product experience, achieving a growth of 49.8% in main business revenue in the first half of 2024.

During the Reporting Period, the washing machine business focused on running water washing technology, continuously upgrading in the field of healthy washing care, optimizing product mix, and enhancing user experience. The running water washing star product L3 ranked TOP2 in the domestic industry.

Hisense washing machine innovatively launched the new generation of washer-dryer Piano Master H8, which achieves 99.99% sterilization against fungi, bacteria and viruses, and reaches an ultra-high washing ratio of 1.259. It meets users’ needs for cleaner and healthier clothes washing. Moreover, in clothes care and drying, the Piano Master H8 innovatively applies dryer care principles to the washer-dryer, restoring the softness and fluffiness of clothes in as fast as 15 minutes, providing high-quality clothes care for users. Additionally, Hisense washing machine continuously upgraded in the field of clothes care

and led the drafting of the national standard “Clothes Care Evaluation Technical Specification (衣物護理評價技術規範).” Designed with the younger generation in mind, Hisense’s “Roman Holiday” visually appealing washing machine series has been honoured with the “2024 AWE Design Award” at the 2024 China Home Appliances and Consumer Electronics Expo. The series' visually appealing design has earned it widespread acclaim from industry professionals and consumers alike.

(3) Kitchen Appliance Business

The kitchen appliances business defined a dual-channel development strategy, upgrading product quality and technology to meet users' one-stop home decoration needs.

Despite a sluggish industry growth environment, the Company has maintained robust growth in its kitchen appliance business by leveraging its strong self-owned channel network. Adopting a coordinated development strategy between professional and appliance channels, and focusing on product quality and network efficiency, the Company has upgraded product quality and technology, achieving a year-on-year increase of 40% in online revenue and a year-on-year increase of 85% in overall revenue. Concurrently, the Company continuously refined the structure of mid-to-high-end products, fully integrating the technology from the European company Gorenje into its product development process, launching multiple Tresor series products such as C3 and W8 to meet users’ one-stop home decoration needs, with online revenue from mid-to-high-end products increasing to 50%.

3. Automotive Air Conditioner Compressor and Integrated Thermal Management System Business

Sanden Company actively promoted the transition from a compressor-based component supplier to a supplier of integrated thermal management systems for new energy vehicles. The Company continuously achieved new breakthroughs in product R&D, and its business condition kept improving.

(1) In terms of product strength, the Company has been aligning with the trend of energy conservation and emission reduction, and has continuously made breakthroughs and upgrades in thermal management systems and core components.

Sanden Company concentrated efforts to break through the new generation of natural refrigerant CO₂ direct and R290 indirect integrated thermal management systems, achieving leadership in the next-generation thermal management system. Applying heat pump technology, secondary circulation waterway, and waste heat recovery technology, these systems provide balanced temperature management for the cabin, battery, motor, and electronic control of electric vehicles, effectively improving driving comfort and extending winter endurance mileage. Simultaneously, the indirect thermal management system was designed to meet different customers' needs, achieving a highly integrated, miniaturized, universal, and serialized design of the refrigeration circuit, effectively reducing costs and quickly meeting the customization requirements of different customers.

Using high-efficiency scroll lines, adaptive backpressure adjustment, and other technologies, Sanden Company developed a new generation of electric compressor platforms compatible with various refrigerants such as R1234yf, CO₂, and R290. These platforms lead the industry in high pressure, miniaturization, low vibration and noise, and high energy efficiency, reducing the refrigerant charge in vehicle heat pump air conditioning systems and adhering more closely to principles of lightweight and compactness.

Innovatively using technologies such as membrane heating, Sanden Company expanded the ECH product line to adapt to different working temperature thresholds. At the same time, Sanden Company has strong technical advantages in lightweight and low fluid resistance, effectively ensuring the normal working state of batteries in ultra-low temperature environments and providing a comfortable experience for drivers and passengers. Expanding the use of split double-layer flow HVAC, Sanden Company improved user comfort and reduced emission energy consumption loss.

(2) Internally, Sanden Company has implemented a series of initiatives to enhance efficiency throughout the entire value chain, from procurement to manufacturing and management.

During the Reporting Period, Sanden Company has been strengthening its strategic partnerships with upstream and downstream players to enhance the efficiency of its external supply chain. Sanden Company has deepened the management of its manufacturing efficiency system, improving both manufacturing efficiency and labour productivity. In the first half of the year, the absolute value of man-hour loss improved by 2.3% year-on-year, UPPH improved by 5.3% year-on-year, and the manufacturing cost per unit improved by 4.4% year-on-year. In the first half of the year, by strictly managing funds and improving fund utilization efficiency, accounts receivable turnover improved by 10%, and inventory turnover improved by 12%. Profitability continuously improved, with gross profit margin increased by 2.5 points year-on-year in the first half of the year.

4. Tresor High-End Business

Hisense Tresor series adheres to the pursuit of ultimate quality, catering to the upgraded needs of high-end users, from aesthetics to intelligent experiences. Inheriting Eastern aesthetics and innovating human-centric technologies, it creates a full-category, all-scenario, and fully intelligent home appliance suite. The Hisense Tresor premium product series saw a revenue growth of 48% year-on-year in the first half of 2024. The Company established 383 new scenario-based experience zones and introduced the Tresor series into Hisense Hitachi retail outlets. With continuous expansion and iteration of our product line, the Tresor C310 fresh air cabinet steadily ranked TOP1 in its market segment, and the Tresor 509 refrigerator clinched the top spot in its category upon its initial launch. From artistic and intelligent homes to user-centric home scenarios, the Company offers a full range of high-end smart home appliance solutions to meet the needs of our users.

5. Smart Home Business

As the smart centre of Hisense's smart home business, the Hisense AiHome platform

offers comprehensive smart control for all devices, full-space scene interaction, and end-to-end home appliance services, centring around users' entire home journey. It innovatively launched air solutions, health preservation solutions, smart washing and care solutions, creating a one-stop high-quality smart living experience for users.

In terms of air solutions, centered around users' home movement, the Company upgraded five major scenarios: formaldehyde removal, home living, sleep, kids and pets. The formaldehyde removal rate in drying rooms increased by 99%, and the Bama air sterilization rate reached 99%. In terms of health preservation, around users' cooking movement, the Company upgraded storage, pre-processing, cooking, and cleaning scenario solutions, providing storage solutions for thousands of ingredients, smart recipes, and cloud recipes. In terms of smart washing and care, around family differentiation needs, the Company innovated private custom scenarios, covering 9 high-frequency washing needs of users, and can intelligently generate hundreds of exclusive program solutions. In terms of user services, the Company covered the entire process from purchase to logistics and installation, and build a tiered and classified message notification system, to continually improve customer satisfaction and loyalty. Thanks to the continuous upgrades of scenario solutions and the improvement of home appliance intelligence, the monthly active users of the Hisense AiHome platform increased by 65% year-on-year in the first half of the year, and the NPS of home appliance intelligent experience increased by 14% year-on-year.

6. Overseas Markets for Home Appliances Business

During the Reporting Period, in the face of challenging and complex macroeconomic conditions, the Company actively built five regional engines overseas, deepened localization efforts, and capitalized on sports marketing. As a result, overseas self-owned brands have gained significant traction, driving a growth of 36.91% year-on-year in overseas white goods business revenue to RMB14.78 billion in the first half of 2024.

(1) Europe Region

During the Reporting Period, the European Division fully leveraged the opportunity of the European Football Championship, driving rapid revenue growth through brand communication, product marketing, and e-commerce user operations across multiple fields: through proactive product planning and targeted marketing campaigns, the European Division secured prime positions in retail chain channels. A series of online and offline integrated marketing activities were executed to drive growth across all product categories; The European Division organized media events, so as to leverage the broad influence of the media for endorsing the Hisense brand and products, planning a series of rich KOL cooperation contents to enhance brand and product visibility; Additionally, with the e-commerce team's user operation, the European Division effectively enhanced brand exposure and promoted sales growth.

In addition, leveraging its full product range advantage, the European Division successfully drove revenue growth of 14% year-on-year in the first half the year. With refrigerators as the lead product, the division promoted sales of washing machines and dishwashers through series products. Specifically, refrigerator sales experienced a growth

of 16.9% year-on-year, with market share increased by 1.4 points, and commercial refrigeration sales nearly tripled; Household air-conditioner business launched the European R&D centre to quickly capture market changes, with revenue increased by 26.8% year-on-year, and light commercial appliance revenue increased by 17.8% year-on-year; washing machine revenue increased by 21.3% year-on-year; Central air conditioner revenue increased by 9.4% year-on-year, with revenue growth in the Spanish market exceeding 65%.

(2) Americas Region

During the Reporting Period, the American Division leveraged the geographical advantage of the Monterrey factory in Mexico, supplemented the American product lineup, and focused on the Central and South American markets, accelerating channel expansion. In the first half of 2024, the American Division achieved a year-on-year revenue growth of 40%. Among them, refrigerator revenue increased by 97.3% year-on-year, freezer revenue increased by 92% year-on-year, and commercial refrigeration revenue grew nearly sixfold; Household air-conditioner business focused on developing professional channels, successfully promoting the North America's switch to 454B and R32 refrigerant projects, with the light commercial appliance revenue of the American Division increased by 161% year-on-year; Washing machine revenue increased by 97% year-on-year; Central air conditioner business launched 575V/60Hz commercial multi-connection products with AHRI industry recognised certification for the American market, and effectively met the needs of the North American market with its strong low-temperature heating performance, doubling the scale of the US office.

(3) Middle East and Africa (MEA) Region

The MEA Division shaped brand appeal through sports sponsorship, capturing user mindshare, focusing on top-end stores, and creating offline brand strongholds to drive sales traction. In the first half of 2024, the MEA Division's revenue increased by 27% year-on-year. Among them, refrigerator revenue increased by 22.6% year-on-year, with market share increased by 0.9 points, and freezer revenue increased by 46.8% year-on-year; Household air-conditioner revenue increased by 20.9% year-on-year, and light commercial appliance revenue increased by 31.5% year-on-year; Washing machine revenue increased by 39% year-on-year; Central air conditioner revenue increased by 89% year-on-year.

(4) Asia-Pacific Region

During the Reporting Period, the Asia-Pacific Division continuously upgraded brand and product structure, actively expanding air conditioning, washing machine, and kitchen appliance categories in the Australian market while capturing growth opportunities in markets such as New Zealand, India, Bangladesh and Pakistan. In the first half of 2024, the Asia-Pacific Division's revenue increased by 18.9% year-on-year. Among them, household air-conditioner and light commercial appliance revenue increased by 27% year-on-year, and Japan's household air-conditioner revenue increased by 22.6% year-on-year; Washing machine revenue increased by 18.37% year-on-year.

(5) ASEAN Region

During the Reporting Period, the ASEAN Division focused on addressing local user pain points, building key category lineups, rapidly expanding chain channels, and continuously improving retail efficiency. In the first half of 2024, the ASEAN Division's revenue increased by 39.46% year-on-year, with its self-owned brand revenue increasing by 64.37% year-on-year, and its own brand revenue accounting for 74.31%, an increase of 11.26 points. The refrigerator business focused on creating the "Total Space Purification" series of products, increasing the series' revenue share from zero to 22%, with overall revenue increasing by 32% year-on-year. The market share of refrigerators in Malaysia increased by 2.9 points year-on-year, and the market share of refrigerators in Thailand increased by 1.4 points year-on-year; The washing machine business focused on promoting the running water washing series, increasing the revenue share from 17% to 34%, and achieving an overall revenue growth of 78% year-on-year; The household air-conditioner business deeply cultivated professional and traditional channels, with air conditioner revenue increased by 60.28% year-on-year, and own brand business accounting for 78.7%, an increase of 7 points; The central air conditioner business revenue increased by 194% year-on-year.

7. Channel and Service System Development

(1) Continuously optimize the channel distribution and fully utilize the advantages of multi-category integration.

In the first half of 2024, the Company accelerated the rollout of exclusive stores through its own channels, rapidly advancing multi-category integration. Hisense exclusive stores introduced central air conditioners, included the category of Ronshen Refrigerator, and increased kitchen appliance coverage. The scale of exclusive stores achieved a growth of 18% year-on-year in the first half of the year. The Company accelerated the construction of a cooperation matrix for pre-emptive channels, deeply exploring the expansion of channels such as decoration and custom cabinet businesses, achieving a growth of 306% in revenue year-on-year in the first half of 2024, with the number of pre-emptive touchpoints increased by 73% year-on-year. Sinking channels continued to be expanded for low-tier channels, with 3,408 new outlets added in the first half of the year, and revenue from the Tmall Premium channel increased by 20.1% year-on-year. Combining products and sales, the Company vigorously built talent assets for emerging channels, and the revenue from the TikTok channel increased by 27.9% year-on-year in the first half of 2024.

(2) Deepen digital transformation and explore the space for improvement in refined operations.

Focusing on core customer acquisition scenarios, the Company strengthened our user operation capabilities and enhanced the efficiency of the entire operation chain with the help of digital tools. The Company continuously focused on "new customer acquisition - member activation - lead conversion" to increase volume, and built a private domain user operation methodology to achieve a double increase in user volume and quality. In the first half of 2024, member sales increased by 7% year-on-year.

8. Building a Global Smart Supply Chain, Data-Driven Empowerment of Lean Manufacturing Systems

The Company continuously consolidated supply chain management, and facilitated internal resource sharing, with the proportion of shared suppliers increased to 28.9%; and promoted the integration and centralized procurement of common categories, completing the integration of 9 categories in the first half of the year, and continuously enhanced the cost competitiveness of those common categories; and encouraged domestic suppliers to go overseas and provide support and promoted the localization process of imported materials, achieving a 5.6% reduction in the delivery cycle of all categories and effectively improving supply efficiency.

The Company continuously advanced the construction of a lean system, practicing advanced manufacturing powered by intelligence, with UPPH increased by 12.3% year-on-year in the first half of the year. By piloting new technologies and promoting mature technologies, the Company reduced operating costs and replaced more than 1,700 people with automation in the first half of the year. By connecting all links in the value chain, the average labour cost per unit has been improved by 11.0% year-on-year. In terms of intelligent manufacturing, Hisense Hitachi Huangdao factory took the lead in planning and building a lighthouse factory, creating more than 40 industry-leading scenarios such as welding automation and aerial logistics, with over 20 industry-first technologies. Additionally, the Company added 6 national Level III certified intelligent manufacturing factories in the first half of the year, rapidly enhancing the level of intelligent manufacturing.

9. Capital Safety Management

The Company adhered to the philosophy of “Long-termism” and “Prudent Operations”, always putting capital safety on top priority, consistently focusing on capital management, and pursuing healthy and efficient development.

Under the current increasingly severe economic situation, intensified market competition and increased demand uncertainty have posed great challenges to the efficiency of the entire supply chain. Taking digital transformation as an opportunity, the Company insisted on taking “efficiency” as the driving force, continuously optimizes the synergy of production, supply and sales, and refines the safe inventory control standards according to, among others, categories and series; At the same time, the Company established a chain-wide inventory monitoring system to determine the inventory coverage days standard by segment and by channel and dynamically adjust the production scheduling, so as to avoid severe channel inventory backlog. In the first half of 2024, the inventory turnover days of the Company improved by 6.5% year-on-year.

In the context of increasing credit risk among domestic and foreign customers, on one hand, the Company tightened internal credit management standards, conducting credit management by customer categorisation and dynamically monitoring customer credit status; On the other hand, insurance means are actively utilized to expand insurance coverage and avoid and transfer risks.

10. OUTLOOK

The Company will adhere to long-termism, remain customer- and user-cantered, focus on efficiency improvement and structural enhancement, and continuously improve operational quality through the following initiatives:

(1) Perfecting the Construction of Five Overseas Regions and Fully Developing Overseas Markets: Building a global talent supply chain, promoting the integrated construction of overseas R&D centres, production bases, and local business centres, enhancing overseas product strength and order delivery capabilities, and achieving rapid growth in overseas business;

(2) Focusing on Structural Improvement and Persisting in Long-term Capability Building: Streamlining the entire product life cycle process from R&D to marketing, strengthening user thinking, increasing the proportion of high-end product planning and product competitiveness in the product planning and R&D stages, enhancing brand influence through marketing and terminal scenarios in the marketing stage, and investing more resources in high-end categories like Tresor to achieve continuous improvement in sales structure;

(3) Leveraging Cross-category Resources and Consolidating R&D Capabilities: Establishing a cross-category product simulation platform system, promoting modular product development, platform-based design, and integrated platforms for products sold in both domestic and foreign markets, thereby improving R&D efficiency;

(4) Strengthening Supply Chain Management and Deeply Exploring Procurement Efficiency: Continuing to promote the standardization of materials across product lines, achieving centralized procurement of common materials across various production lines to reduce costs, integrating and optimizing suppliers, and enhancing supply chain quality and cost competitiveness;

(5) Promoting Multi-category Channel Synergy and Enhancing Marketing Capabilities: Advancing the integration of various marketing channels, leveraging the information advantage of Hisense Hitachi central air conditioners on channel traffic in the pre-installation markets, such as real estate and decoration businesses, to drive rapid growth in categories like refrigerators, washing machines, and kitchen appliances. Additionally, introducing categories like central air conditioners and refrigeration products into the Company's own channels, accelerating the construction of full-category exclusive stores, and improving marketing efficiency;

(6) Practicing Advanced Manufacturing Strategy and Perfecting Lean Production System: Focusing on digitalization, intelligence, and informatization transformation, constructing a lean manufacturing system, and enhancing the lean capability maturity of each factory. Benchmarking against industry leaders to improve manufacturing automation levels, promoting equipment networking, realizing data-driven operations, and improving manufacturing efficiency;

(7) Strengthening ESG Capacity Building and Further Enhancing Sustainable

Development: Publishing the dual carbon planning white paper and internal ESG management standards manual of the home appliance group, perfecting the risk management mechanism, and implementing carbon reduction projects such as energy-saving manufacturing, green product design, and green supply chain.

III. ANALYSIS OF 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)	48,641,673,374.79	42,943,975,619.38	13.27
Net profits attributable to shareholders of the Company (RMB)	2,015,831,383.14	1,497,562,724.59	34.61
Net profits after deducting non-recurring profit and loss attributable to shareholders of the Company (RMB)	1,703,110,186.47	1,263,227,367.15	34.82
Net cash flow from operating activities (RMB)	2,099,973,482.47	3,812,044,169.34	-44.91
Basic earnings per share (RMB/share)	1.48	1.09	35.78
Diluted earnings per share (RMB/share)	1.48	1.09	35.78
Weighted average rate of return on net assets (%)	14.00	12.28	Increase of 1.72 percentage points
Item	At the end of the Reporting Period	At the end of 2023	Increase or decrease as compared to last year (%)
Total assets (RMB)	70,721,704,555.81	65,946,495,555.67	7.24
Net assets attributable to shareholders of the Company (RMB)	14,161,666,912.48	13,580,174,485.95	4.28

(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)	-188,908.54	
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)	114,199,094.86	
Profit and losses from assets which entrust others to invest or manage	147,523,809.07	
Gain or loss on debt restructuring	6,522,207.73	
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	67,039,300.20	

liabilities and other investments in debt		
Other non-operating income and expenses other than the aforementioned items	62,164,212.50	
Less: Effect of income tax	38,550,258.11	
Effect of minority interests (after tax)	45,988,261.04	
Total	312,721,196.67	

(III) ANALYSIS OF PRINCIPAL BUSINESS

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

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 (%)	Reasons of change
Operating revenue	48,641,673,374.79	42,943,975,619.38	13.27	No significant changes
Operating costs	38,291,675,401.05	33,698,115,348.34	13.63	No significant changes
Sales expense	4,959,752,440.46	4,492,848,251.67	10.39	No significant changes
Management expense	1,199,136,901.69	1,024,738,874.90	17.02	No significant changes
Finance expense	-105,016,702.42	-284,866,150.49	N/A	Mainly due to the decrease in foreign exchange gains on foreign exchange evaluations
Income tax expenses	469,196,871.14	472,191,163.40	-0.63	No significant changes
Research and Development expenses	1,643,979,097.19	1,244,057,032.04	32.15	Mainly due to the increase in investment in research and development
Net cash flow from operating activities	2,099,973,482.47	3,812,044,169.34	-44.91	Mainly due to the increase in balanced production reserves and the increase in performance bonuses paid
Net cash flows from investing activities	493,052,678.68	-4,588,662,285.55	N/A	Mainly due to the increase in maturity of wealth management products
Net cash flows from financing activities	-2,612,982,815.10	944,935,699.25	-376.52	Mainly due to the repayment of loans by subsidiaries, the repurchase of shares and the increase in dividend payments
Net increase in cash and cash equivalents	-127,424,266.33	138,885,445.53	-191.75	Mainly due to the decrease in net cash flows from operating activities and financing activities

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 period last year (%)	Increase or decrease in principal operating costs as compared to corresponding period last year (%)	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage point)
By industry						
manufacturing industry	43,533,451,261.12	33,423,079,419.82	23.22	12.48	12.58	-0.07
By product						

HVAC	22,767,026,154.35	16,144,839,288.88	29.09	7.59	7.48	0.08
Refrigerators and washing machines	14,692,881,715.23	12,138,574,879.46	17.38	26.81	27.91	-0.71
Other main business	6,073,543,391.54	5,139,665,251.48	15.38	1.97	-0.73	2.31
By region						
Mainland	25,328,122,655.20	17,243,837,527.05	31.92	3.52	2.34	0.79
Overseas	18,205,328,605.92	16,179,241,892.77	11.13	27.87	26.01	1.32

Reasons for changes of more than 30% in relevant data year on year

Applicable Not Applicable

(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 2024	Amount of undue principal and return as at 30 June 2024	Overdue balance return as at 30 June 2024
Wealth management products of banks	Own funds	1,392,361.77	1,376,728.02	0.00
Total		1,392,361.77	1,376,728.02	0.00

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 central air-conditioners	US\$150 million	2,331,935.64	812,212.49	1,133,786.76	230,487.01	195,725.19

IV. THE RISKS FACED BY THE GROUP AND OUTLOOK

Risks faced by the Group include:

1. Risk of macroeconomic fluctuations: If the macroeconomic growth slows down, the momentum of consumption may weaken, thereby affecting the consumer demand for home appliances.
2. Risk of cost increase: If the prices of raw materials continue to fluctuate, the Company's product costs will be adversely affected. Any increase labour and service costs, shipping

costs and installation and maintenance service costs may adversely affect the Company's profitability.

3. Market risks brought about by trade protectionism: if some countries and regions protect their own economic interests by raising tariffs, mandatory certification and other means, which will lead to an increase in the Company's operating costs, affecting the competitiveness and profitability of its export business.

4. Exchange rate fluctuation risk: If the exchange rate fluctuates sharply, it will affect the profitability of the Company's overseas business.

In the face of business risks, the Company will actively respond to the challenges and further improve the quality of its business operations through insight into user needs, strengthening R&D capabilities, cost reduction and efficiency improvement, and focusing on long-term construction. ① The Company is user-centered, investigates the concern needs and solves user pain points. ② The Company has strengthened its R&D capabilities and key technology research, and enhanced its technological innovation capabilities. ③ The Company has optimized its sales structure and strengthened cost control to alleviate the pressure of rising costs. ④ The Company has strengthened the credit risk management of customers, accelerated the turnover of inventory funds, and enhanced the efficiency of capital operation. ⑤ The company has practiced advanced manufacturing, focused on long-term capacity building, and constructed the enterprise's sustainable growth capability to ensure the company's healthy, stable and sustainable 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 risks 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 Audit Committee has reviewed, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control, risk management system and financial reporting matters, including the unaudited interim results of the Group for the Reporting Period.

GEARING RATIO

As at 30 June 2024, the Group's gearing ratio (calculated according to the formula: total liabilities divided by total assets) was 73.12% (as at 30 June 2023: 73.38%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules as its code for securities transaction by the Directors and the Supervisors of the Company. After having made specific enquiries to the Directors and the Supervisors, all

Directors and Supervisors have confirmed that they had acted in full compliance with the Model Code during their term of office throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company disclosed the announcement regarding the completion of the repurchase of the Company's A Shares and changes in Shares on 24 July 2024. During the period from 17 January 2024 to 23 July 2024, the Company repurchased 13,915,968 A Shares of the Company, representing 1.00% of the total share capital of the Company as at 24 July 2024, through centralized bidding transactions via a dedicated securities account for share repurchases. The highest transaction price was RMB27.00 per share, the lowest transaction price was RMB23.33 per share, and the total transaction amount was RMB 343,418,332.75 (excluding transaction costs).

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

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 by reference to market price	18,543.58	0.40
Hisense Group	Purchase	Materials	Agreed price by reference to market price	114,689.63	2.48
Hisense Group	Receipt of services	Receipt of services	Agreed price by reference to market price	85,523.48	1.85
Hisense Group	Sale	Finished goods	Agreed price by reference to market price	1,443,073.03	29.67
Hisense Group	Sale	Materials	Agreed price by reference to market price	68,949.54	1.42
Hisense Group	Sale	Moulds	Market price	2,721.07	0.06
Hisense Group	Provision of services	Provision of services	Agreed price by reference to market price	4,317.87	0.09
Johnson Hitachi	Purchase	Products	Agreed price by reference to market price	56,435.97	1.22
HASCO Sanden	Purchase	Products	Agreed price	20,446.55	0.44

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 (%)
			by reference to market price		
Johnson Hitachi	Sale	Products	Agreed price by reference to market price	19,054.3	0.39
HASCO Sanden	Sale	Products	Agreed price by reference to market price	51,833.97	1.07

As at the end of the Reporting Period, the Company had the balance of deposit of approximately RMB14.175 billion, recognised interest income of approximately RMB0.186 billion, the actual balance of loan of RMB20 million with loan interest recognised of RMB0.4670 million, the balance of electronic finance company acceptance bill of approximately RMB1.847 billion, and the handling fee for opening accounts for electronic finance company acceptance bill of approximately RMB0.8448 million. The actual amount of discounted interest for the provision of draft discount services of approximately RMB0.0684 million, the actual amount involved for the provision of settlement and sale of foreign exchange services was approximately US\$8.5163 million and the actual service fee paid for the provision of agency services such as settlement services for receipt and payment of funds was approximately RMB0.2279 million.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Method of appointment	Appointment Date	Reasons for change
Zhu Dan	Executive Director	Elected	24 June 2024	Elected as an executive Director at the 2023 annual general meeting
Bao Yi	Employee representative Supervisor	Elected	24 June 2024	Elected as the employee representative Supervisor at the ninth meeting of the sixth employee representative
Tsoi Wing Sing	Independent non-executive Director	Elected	24 June 2024	Elected as an independent non-executive Director at the 2023 annual general meeting
Xia Zhang Zhua	Executive Director	Withdrawal on expiry of term	24 June 2024	No longer serve as an executive Director due to the job rearrangement
Zhong Geng Shen	Independent non-executive Director	Withdrawal on expiry of term	24 June 2024	No longer serve as an independent non-executive Director due to the expiry of six years as an independent non-executive Director
Yin Zhi Xin	Employee representative	Withdrawal on expiry of	24 June 2024	No longer serve as the employee representative Supervisor due to the job

	Supervisor	term		rearrangement
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Notes:

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.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, amendments have been made to the Articles of Association of the Company pursuant to the special resolution passed at the 2023 annual general meeting held on 24 June 2024. For details of the amendments to the Articles of Association, please refer to the announcement and the circular of the Company dated 3 June 2024. The full text of the amended Articles of Association can be downloaded on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://hxjd.hisense.cn>).

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 Part 2 of Appendix C1 to the Hong Kong Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event took place subsequent to the end of the Reporting Period.

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

This announcement is published on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://hxjd.hisense.cn>). The interim report of the Company for the Reporting Period containing all the information required by the Hong Kong Listing Rules will be despatched to the shareholders of the Company and will be made available on the respective websites of the Hong Kong Stock Exchange and the Company 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:

“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“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 Holdings, and holds approximately 37.28% 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 Holdings
“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 Holdings
“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 Global Asia Holding	Qingdao Hisense Global Asia Holding Co., Ltd. (青島海信環亞控股有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
“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 Hong Kong”	Hisense (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hisense Holdings, and holds approximately 8.98% 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 Holdings

“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 Holdings, 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
“HASCO Sanden”	Sanden HASCO Automotive Air-Conditioning Co., Ltd.
“Intelligent Electronic”	Qingdao Hisense Intelligent Electronic Technology Co., Ltd* (青島海信智能電子科技有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of Hisense Visual
“Johnson Hitachi”	Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd.
“RMB”	Renminbi, the lawful currency of the PRC
“Sanden company”	Sanden Holdings Corporation
“Supervisors”	the supervisors of the Company

** For identification purposes only*

By order of the Board of
Hisense Home Appliances Group Co., Ltd.
Dai Hui Zhong
Chairman

Foshan City, Guangdong, the PRC, 30 August 2024

As at the date of this announcement, the Company’s executive directors are Mr. Dai Hui Zhong, Mr. Jia Shao Qian, Mr. Yu Zhi Tao, Mr. Hu Jian Yong, Ms. Gao Yu Ling and Mr.

Zhu Dan; and the Company's independent non-executive directors are Mr. Li Zhi Gang, Mr. Tsoi Wing Sing and Mr. Xu Guo Jun.