

# Haier

海爾智家股份有限公司  
Haier Smart Home Co., Ltd.

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

A Shares Stock Code: 600690 D Shares Stock Code: 690D H Shares Stock Code: 6690

2024  
INTERIM REPORT



Haier Casarte Leader AQUA GE APPLIANCES CANDY FISHER & PAYKEL



## CORPORATE PROFILE

We are a leader in the global major home appliance industry. According to the data from Euromonitor, we ranked first in the major home appliance industry in the world in terms of retail volume of major home appliances for 15 consecutive years. We have a global portfolio of home appliance brands consisting of Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel and AQUA. Our Haier brand refrigeration appliances and laundry appliances also ranked first among major home appliance brands in the world in terms of retail volume for 16 and 15 consecutive years respectively. Currently, our business covered more than 160 countries and regions around the world including China, North America, Europe, South Asia and Southeast Asia, Australia and New Zealand, Japan, Middle East and Africa.

We are also a global pioneer in providing smart home solutions. Leveraging on our full-range home appliances products, according to Euromonitor, we are one of the first home appliance enterprises in the industry to launch smart home solutions, supported by the introduction of our cloud based platform that offers integrated smart home solutions covering various lifestyle scenarios. Centering on our interconnected home appliance products, and supported by Haier Smart Home App and Haier Smart Home Experiential Cloud Platform as well as our experience stores and franchised stores, we provide smart home solutions suited for various lifestyle scenarios for users to satisfy their pursuit for a better life.



## CONTENTS

CORPORATE INFORMATION	2
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	4
INTERIM CONDENSED CONSOLIDATED:	
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	7
STATEMENTS OF CHANGES IN EQUITY	9
STATEMENTS OF CASH FLOWS	11
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	14
MANAGEMENT DISCUSSION AND ANALYSIS	42
CORPORATE GOVERNANCE PRACTICES	70
DISCLOSURE OF INTERESTS	73
SHARE SCHEMES	79

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. LI Huagang (*Chairman and Chief Executive Officer*)  
Mr. GONG Wei

#### Non-executive Directors

Ms. SHAO Xinzhi (*Vice Chairman*)  
Mr. YU Hon To, David  
Ms. Eva LI Kam Fun

#### Independent Non-executive Directors

Mr. CHIEN Da-chun  
Mr. WONG Hak Kun  
Mr. LI Shipeng  
Mr. WU Qi

### SUPERVISORS

Mr. LIU Dalin  
Mr. YU Miao  
Mr. LIU Yongfei (*appointed on 20 June 2024*)  
Ms. MA Yingjie (*retired on 20 June 2024*)

### BOARD SECRETARY

Ms. LIU Xiaomei

### PRINCIPAL BOARD COMMITTEES

#### Audit Committee

Mr. WONG Hak Kun (*Committee Chairman*)  
Ms. SHAO Xinzhi  
Mr. CHIEN Da-chun  
Mr. YU Hon To, David  
Mr. WU Qi

#### Remuneration and Assessment Committee

Mr. CHIEN Da-chun (*Committee Chairman*)  
Mr. LI Huagang  
Mr. LI Shipeng

#### Nomination Committee

Mr. WU Qi (*Committee Chairman*)  
Mr. LI Huagang  
Mr. LI Shipeng

### Strategy Committee

Mr. LI Huagang (*Committee Chairman*)  
Mr. GONG Wei  
Mr. LI Shipeng  
Mr. WU Qi

### Environmental, Social and Governance Committee

Ms. Eva LI Kam Fun (*Committee Chairwoman*)  
Mr. CHIEN Da-chun  
Mr. GONG Wei

### COMPANY SECRETARY

Mr. NG Chi Yin

### LEGAL ADVISORS

#### As to PRC Law

Zhong Lun Law Firm

#### As to Hong Kong Law

Clifford Chance

### PRINCIPAL BANKER

China Construction Bank Corporation

### AUDITORS

Hexin Certified Public Accountants LLP  
HLB Hodgson Impey Cheng Limited

### FINANCIAL CALENDAR

Six-month interim period end : 30 June  
Financial year end : 31 December

### REGISTERED OFFICE AND HEADQUARTERS

Haier Industrial Park  
Laoshan District, Qingdao  
Shandong Province, the PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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**STOCK CODE**

The Shanghai Stock Exchange : 600690

The Frankfurt Stock Exchange : 690D

The Stock Exchange of Hong Kong Limited : 6690

**WEBSITE**

<http://smart-home.haier.com>



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



國衛會計師事務所有限公司  
HODGSON IMPEY CHENG LIMITED

**TO THE BOARD OF DIRECTORS OF  
HAIER SMART HOME CO., LTD.**

*(incorporated in the People's Republic of China with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Haier Smart Home Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 5 to 41, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("**HKSRE 2410**") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Yau Wai Ip**

Practising Certificate Number: P07849

Hong Kong, 27 August 2024

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

For the six months ended 30 June 2024

		For the six months ended 30 June	
	Notes	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
<b>REVENUE</b>	5	135,621	131,616
Cost of sales		(94,837)	(92,400)
<b>Gross profit</b>		40,784	39,216
Other gains, net	6	1,844	1,690
Selling and distribution expenses		(18,688)	(18,769)
Administrative expenses		(11,006)	(11,218)
Finance costs	8	(1,217)	(884)
Share of profits and losses of associates		1,022	1,079
<b>PROFIT BEFORE TAX</b>	7	12,739	11,114
Income tax expenses	9	(2,132)	(2,070)
<b>PROFIT FOR THE PERIOD</b>		10,607	9,044
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
Items that may be reclassified to profit or loss in subsequently periods:			
Share of other comprehensive income/(loss) of associates		25	(16)
Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax		(30)	(196)
Exchange differences on translating foreign operations		(202)	312
		(207)	100
Items that will not be reclassified to profit or loss in subsequent periods:			
Changes arising from re-measurement of defined benefit plans		(2)	32
Change in fair value of equity investments designated at fair value through other comprehensive income ("FVTOCI"), net of tax		(126)	4
		(128)	36
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>		(335)	136
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		10,272	9,180

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
<b>Profit for the period attributable to:</b>			
— Owners of the Company		10,420	8,963
— Non-controlling interests		187	81
		<b>10,607</b>	9,044
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		10,085	9,117
— Non-controlling interests		187	63
		<b>10,272</b>	9,180
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
— Basic (RMB per share)	11	1.13	0.96
— Diluted (RMB per share)	11	1.12	0.96

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	35,821	35,495
Investment properties		80	99
Right-of-use assets		6,728	6,273
Goodwill		24,342	24,290
Other intangible assets		8,902	9,101
Interests in associates		26,038	25,547
Equity investments designated at FVTOCI		6,282	6,404
Financial assets measured at amortised cost		14,830	9,192
Long-term prepayments		2,082	1,747
Deferred tax assets		1,782	1,806
Other non-current assets		846	805
Total non-current assets		127,733	120,759
<b>CURRENT ASSETS</b>			
Inventories	14	39,453	39,524
Trade and bills receivables	15	30,665	28,890
Contract assets		301	261
Prepayments, deposits and other receivables		6,692	6,908
Financial assets measured at fair value through profit or loss ("FVTPL")		1,067	954
Financial assets measured at amortised cost		1,547	1,530
Derivative financial instruments		87	68
Pledged deposits		369	448
Other deposits with limited use		108	61
Cash and cash equivalents		54,228	53,977
Total current assets		134,517	132,621
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	16	70,589	69,278
Other payables and accruals		33,857	27,368
Contract liabilities		3,256	7,732
Interest-bearing borrowings	17	11,898	10,408
Lease liabilities		1,072	1,040
Tax payables		2,222	1,556
Provisions		2,631	2,532
Derivative financial instruments		192	169
Total current liabilities		125,717	120,083



## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
<b>NET CURRENT ASSETS</b>		<b>8,800</b>	12,538
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>136,533</b>	133,297
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowings	17	18,169	17,988
Lease liabilities		3,725	3,287
Deferred income		925	948
Deferred tax liabilities		1,969	2,028
Provisions for pensions and similar obligations		1,055	1,085
Provisions		2,005	1,935
Other non-current liabilities		101	114
Total non-current liabilities		<b>27,949</b>	27,385
Net assets		<b>108,584</b>	105,912
<b>EQUITY</b>			
Share capital	18	9,438	9,438
Reserves		96,296	94,076
Equity attributable to owners of the Company		<b>105,734</b>	103,514
Non-controlling interests		2,850	2,398
Total equity		<b>108,584</b>	105,912

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2024 and signed on its behalf by:

**Mr. Li Huagang**  
*Chairman*

**Mr. Gong Wei**  
*Executive Director*

The accompanying notes form an integral part of these condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company											Total equity RMB' M			
	Reserves														
	Issued equity RMB' M	Capital reserve RMB' M	Share-based payments reserve RMB' M	Remeasurement of defined benefits plans reserve RMB' M	Cash flow hedges reserve RMB' M	FVOCI reserve RMB' M	Equity investments reserve RMB' M	Reserve funds RMB' M	Retained profits RMB' M	Exchange differences on translation reserve RMB' M	Other reserves RMB' M		Treasury shares reserve RMB' M	Total reserves RMB' M	Non-controlling interests RMB' M
At 1 January 2023 (Audited)	9,447	22,291	1,174	106	5	870	(241)	4,013	57,979	1,248	389	(3,858)	83,976	1,291	94,714
Effect of business combination under common control (Note 3)	—	30	—	—	—	—	—	—	6	—	—	—	36	—	36
At 1 January 2023 (Restated)	9,447	22,321	1,174	106	5	870	(241)	4,013	57,985	1,248	389	(3,858)	84,012	1,291	94,750
Profit for the period	—	—	—	—	—	—	—	—	8,963	—	—	—	8,963	81	9,044
Other comprehensive income/(loss) for the period	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
— Changes arising from re-measurement of defined benefit plans	—	—	—	32	—	—	—	—	—	—	—	—	32	—	32
— Share of other comprehensive loss of associates	—	—	—	—	—	—	(16)	—	—	—	—	—	(16)	—	(16)
— Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax	—	—	—	—	(193)	—	—	—	—	—	—	—	(193)	(3)	(196)
— Exchange differences on translating foreign operations	—	—	—	—	—	—	—	—	—	327	—	—	327	(15)	312
— Change in fair value of equity investments designated at FVOCI, net of tax	—	—	—	—	—	4	—	—	—	—	—	—	4	—	4
Total comprehensive income/(loss) for the period	—	—	—	32	(193)	4	(16)	—	8,963	327	—	—	9,117	63	9,180
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—	—	(897)	(897)	—	(897)
Share repurchased and cancelled	(9)	(173)	—	—	—	—	—	—	—	—	—	182	9	—	—
Recognition of equity settled share-based payment	—	—	391	—	—	—	—	—	—	—	—	—	391	—	391
Dividend payable to owners of the Company	—	—	—	—	—	—	—	—	(5,298)	—	—	—	(5,298)	—	(5,298)
Dividend payable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(9)	(9)
Business combination under common control	—	(70)	—	—	—	—	—	—	—	—	—	—	(70)	—	(70)
Other changes	—	(30)	—	—	—	—	—	—	12	—	—	—	(18)	(32)	(50)
At 30 June 2023 (Unaudited)	9,438	22,048	1,565	138	(188)	874	(257)	4,013	61,662	1,575	389	(4,573)	87,246	1,313	97,997

## Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company															
	Reserves												Total equity RMB'M			
	Issued equity RMB'M	Capital reserve RMB'M	Share-based payments reserve RMB'M	Remeasurement of defined benefits plans reserve RMB'M	Cash flow hedges reserve RMB'M	FVOCI reserve RMB'M	Equity method investments reserve RMB'M	Reserve funds RMB'M	Retained profits RMB'M	Exchange differences on translation reserve RMB'M	Other reserves RMB'M	Treasury shares reserve RMB'M		Total reserves RMB'M	Total RMB'M	Non-controlling interests RMB'M
At 1 January 2024 (Audited)	9,638	21,969	1,785	146	(93)	1,333	(945)	4,841	68,338	916	10	(5,834)	94,076	103,514	2,388	105,912
Profit for the period	—	—	—	—	—	—	—	—	10,420	—	—	—	10,420	10,420	187	10,607
Other comprehensive (loss)/income for the period	—	—	—	(2)	—	—	—	—	—	—	—	—	(2)	(2)	—	(2)
— Changes arising from re-measurement of defined benefit plans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
— Share of other comprehensive income of associates	—	—	—	—	—	—	24	—	—	—	—	—	24	24	1	25
— Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax	—	—	—	—	(31)	—	—	—	—	—	—	—	(31)	(31)	1	(30)
— Exchange differences on translating foreign operations	—	—	—	—	—	—	—	—	—	(200)	—	—	(200)	(200)	(2)	(202)
— Change in fair value of equity investments designated at FVOCI, net of tax	—	—	—	—	—	(126)	—	—	—	—	—	—	(126)	(126)	—	(126)
Total comprehensive (loss)/income for the period	—	—	—	(2)	(31)	(126)	24	—	10,420	(200)	—	—	10,085	10,085	187	10,272
Purchase of treasury shares	—	—	—	—	—	—	—	(467)	—	—	—	(467)	(467)	(467)	—	(467)
Recognition of equity settled share-based payment	—	—	201	—	—	—	—	—	—	—	—	—	201	201	—	201
Dividend payable to owners of the Company	—	—	—	—	—	—	—	—	(7,514)	—	—	—	(7,514)	(7,514)	—	(7,514)
Dividend payable to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(14)	(14)
Other changes	—	(57)	—	—	—	1	—	—	(28)	—	—	—	(83)	(83)	279	194
At 30 June 2024 (Unaudited)	9,638	21,912	1,986	144	(124)	1,208	(321)	4,841	71,415	726	10	(5,301)	96,296	105,734	2,850	108,584

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
<b>Cash flows from operating activities</b>			
Profit before tax		12,739	11,114
Adjustments for:			
Finance costs	8	1,217	884
Interest income	6	(943)	(645)
Share of profits and losses of associates		(1,022)	(1,079)
Loss on disposal of non-current assets, net	6	10	25
Fair value loss/(gain) on financial assets/liabilities measured at FVTPL, net	6	30	(31)
Depreciation of property, plant and equipment	7	2,376	2,166
Depreciation of right-of-use assets and investment properties	7	564	599
Amortisation of other intangible assets and other non-current assets	7	675	614
Provision for obsolete and slow-moving inventories, net	7	432	500
Allowance for expected credit losses in respect of trade and bills receivables, net	7	127	175
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	7	211	261
(Reversal of impairment loss)/impairment loss of non-current assets and contract assets, net	7	(2)	11
Equity-settled share-based expenses		201	391
Operating cash inflow before movements in working capital		16,615	14,985
(Increase)/decrease in inventories		(362)	2,061
Increase in trade and bills receivables, prepayments, deposits and other receivables and contract assets		(3,617)	(7,213)
Decrease in trade and bills payables, other payables and accruals and contract liabilities		(4,072)	(1,427)
Change in other working capital		(11)	(8)
Cash generated from operations		8,553	8,398
Interest received		798	411
Income tax paid		(1,533)	(2,019)
Net cash generated from operating activities		7,818	6,790

## Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
<b>Cash flows from investing activities</b>			
Payment for purchases of non-current assets		(3,892)	(3,728)
Proceeds from disposal of non-current assets		8	74
Dividends received from associates		394	401
Proceeds from disposal of financial assets measured at amortised cost and financial assets measured at FVTPL		9,619	5,124
Purchase of financial assets measured at amortised cost and financial assets measured at FVTPL		(13,608)	(6,297)
Interest received from financial assets measured at amortised cost and financial assets measured at FVTPL		84	66
Other investing cash flow		61	27
Net cash used in investing activities		(7,334)	(4,333)
<b>Cash flows from financing activities</b>			
Repurchase of shares		(467)	(897)
Proceeds from borrowings		5,932	11,553
Repayment of borrowings		(4,150)	(10,429)
Lease payments		(597)	(551)
Interest paid		(1,160)	(809)
Other financing cash flow		251	(136)
Net cash used in financing activities		(191)	(1,269)
<b>Net increase in cash and cash equivalents</b>		<b>293</b>	<b>1,188</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>53,977</b>	<b>53,392</b>
<b>Effect of foreign exchange rate changes, net</b>		<b>(42)</b>	<b>482</b>
<b>Cash and cash equivalents at end of the period</b>		<b>54,228</b>	<b>55,062</b>

## Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2024

Notes	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Non-pledged cash and bank balances	34,700	23,022
Time deposits	19,528	32,040
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	54,228	55,062



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION OF THE GROUP

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

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

In the opinion of the directors of the Company, the ultimate controlling parent company of the Company is Haier Group Corporation (“**Haier Group**”) incorporated in the People’s Republic of China.

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

This report has been approved for issue by the Board on 27 August 2024.

The Company is mainly engaged in research, development, production and sales of home appliances covering refrigerator/freezers, kitchen appliances, air-conditioners, laundry appliances, water appliances and other smart home business, as well as offering complete sets of smart home solutions.

### 2.1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2.2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”) and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

## 2.2 PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of amendments to IFRSs

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

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

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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

In December 2023, Zhengzhou Haier New Energy Technology Co., Ltd. ("**New Energy Technology**"), a subsidiary of the Company, entered into the equity transfer agreement of Zhengzhou Haiyongxin Enterprise Management Co., Ltd. ("**Haiyongxin Enterprise**") with Qingdao Haier Industrial Development Co., Ltd. ("**Haier Industrial**"), a subsidiary of Haier Group, pursuant to which New Energy Technology agreed to acquire and Haier Industrial agreed to sell 100% of the equity interest in Haiyongxin Enterprise at a consideration approximately of RMB25 million. As at 31 December 2023, the transaction has been completed.

Since the Company and Haiyongxin Enterprise were ultimately controlled by Haier Group both before and after the completion of the transfer agreements, the acquisition of the Haiyongxin Enterprise was accounted for using the principles of merger accounting.

The condensed consolidated statements of profit or loss and other comprehensive income, the condensed consolidated statements of changes in equity and the condensed consolidated statements of cash flows of the Group for the period ended 30 June 2023 include the results, changes in equity and cash flows of all companies then comprising the Group and Haiyongxin Enterprise, as if the corporate structure of the Group immediately after the completion of the equity transfer had been in existence throughout the period ended 30 June 2023, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period.

There are no significant adjustments made to the revenue, profit before tax, profit for the period attributable to owners of the Company, net asset, reserves and total equity previously reported by the Group as a consequence on the merger accounting for business combination involving businesses under common control.

#### 4. OPERATING SEGMENT INFORMATION

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

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

As disclosed in the last annual financial statements, the Group’s segment reports had been updated to integrate domestic and overseas businesses to reflect the Group’s management goals of globalisation as a global home appliance enterprise. The management of the Group began to review business information under the new structure, and segment reports were updated based on how the Group manages and monitors segment performance. The operating segment information for the six months ended 30 June 2023 had been reclassified accordingly.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

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

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

**(ii) Air Solutions**

- manufacturing and selling air conditioner;

**(iii) Household Laundry Management Solutions**

- manufacturing and selling washing machines and dryers;

**(iv) Household Water Solutions**

- manufacturing and selling water heaters and water purifiers; and

**(v) Other Business**

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

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

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

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

#### 4. OPERATING SEGMENT INFORMATION (continued)

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

##### For the six months ended 30 June 2024

	Household Food Storage and Cooking Solutions		Air Solutions	Household	Household	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances		Management Solutions	Water Solutions		
	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)
Segment revenue							
Segment revenue from external customers	41,023	20,228	29,075	29,602	8,011	7,682	135,621
Inter-segment revenue	105	47	160	135	95	42,584	43,126
Total	41,128	20,275	29,235	29,737	8,106	50,266	178,747
<i>Reconciliation:</i>							
Inter-segment eliminations							(43,126)
Total							135,621
Segment results	3,539	1,800	1,693	3,090	1,195	64	11,381
<i>Reconciliation:</i>							
Elimination of inter-segment results							45
Corporate and other unallocated income and gains or losses							11,426
Corporate and other unallocated expenses							1,663
Finance costs							(155)
Share of profits and losses of associates							(1,217)
Profit before tax							1,022
							12,739

## Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

**4. OPERATING SEGMENT INFORMATION** (continued)

For the six months ended 30 June 2023 (Restated)

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances		Solutions	Solutions	Solutions	
	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)	RMB'M (Unaudited)
Segment revenue							
Segment revenue from external customers	40,321	20,187	28,061	28,248	7,548	7,251	131,616
Inter-segment revenue	84	19	115	66	59	37,612	37,955
<b>Total</b>	<b>40,405</b>	<b>20,206</b>	<b>28,176</b>	<b>28,314</b>	<b>7,607</b>	<b>44,863</b>	<b>169,571</b>
<i>Reconciliation:</i>							
Inter-segment eliminations							(37,955)
<b>Total</b>							<b>131,616</b>
Segment results	2,955	1,657	1,226	2,557	1,005	40	9,440
<i>Reconciliation:</i>							
Elimination of inter-segment results							75
							9,515
Corporate and other unallocated income and gains or losses							1,499
Corporate and other unallocated expenses							(95)
Finance costs							(884)
Share of profits and losses of associates							1,079
<b>Profit before tax</b>							<b>11,114</b>

**4. OPERATING SEGMENT INFORMATION** (continued)

As at 30 June 2024

	Household Food Storage and Cooking Solutions			Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances	Air Solutions				
	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M	RMB'M
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment assets</b>	52,006	22,655	30,997	32,009	7,476	74,888	220,031
<i>Reconciliation:</i>							
Elimination of segment assets							(91,386)
Goodwill							24,342
Interests in associates							26,038
Equity investments designated at FVTOCI							6,282
Deferred tax assets							1,782
Financial assets measured at FVTPL							1,067
Financial assets measured at amortised cost							16,377
Derivative financial instruments							87
Pledged deposits							369
Other deposits with limited use							108
Cash and cash equivalents							54,228
Prepayments, deposits and other receivables							2,925
Total assets							262,250
<b>Segment liabilities</b>	69,941	13,849	25,759	17,757	5,907	68,216	201,429
<i>Reconciliation:</i>							
Elimination of segment liabilities							(91,285)
Tax payables							2,222
Other payables and accruals							8,971
Derivative financial instruments							192
Interest-bearing borrowings							30,067
Deferred tax liabilities							1,969
Other non-current liabilities							101
Total liabilities							153,666



**4. OPERATING SEGMENT INFORMATION** (continued)

As at 31 December 2023

	Household Food Storage and Cooking Solutions		Air Solutions RMB'M (Audited)	Household Laundry Management	Household Water Solutions	Other Business	Total RMB'M (Audited)
	Refrigerators/ Freezers	Kitchen Appliances		Solutions	Solutions	Business	
	RMB'M (Audited)	RMB'M (Audited)		RMB'M (Audited)	RMB'M (Audited)	RMB'M (Audited)	
<b>Segment assets</b>	46,387	21,182	23,095	31,083	6,974	72,346	201,067
<i>Reconciliation:</i>							
Elimination of segment assets							(74,984)
Goodwill							24,290
Interests in associates							25,547
Equity investments designated at FVTOCI							6,404
Deferred tax assets							1,806
Financial assets measured at FVTPL							954
Financial assets measured at amortised cost							10,722
Derivative financial instruments							68
Pledged deposits							448
Other deposits with limited use							61
Cash and cash equivalents							53,977
Prepayments, deposits and other receivables							3,020
Total assets							253,380
<b>Segment liabilities</b>	61,738	12,928	22,560	18,456	5,952	67,123	188,757
<i>Reconciliation:</i>							
Elimination of segment liabilities							(74,838)
Tax payables							1,556
Other payables and accruals							1,286
Derivative financial instruments							169
Interest-bearing borrowings							28,396
Deferred tax liabilities							2,028
Other non-current liabilities							114
Total liabilities							147,468

#### 4. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2024

	Household Food Storage and Cooking Solutions			Air Solutions RMB'M (Unaudited)	Household Laundry Management Solutions RMB'M (Unaudited)	Household Water Solutions RMB'M (Unaudited)	Other Business RMB'M (Unaudited)	Total RMB'M (Unaudited)
	Refrigerators/ Freezers RMB'M (Unaudited)	Kitchen Appliances RMB'M (Unaudited)						
<b>Other segment information:</b>								
Product warranty provisions	1,124	311	693	855	354	—	3,337	
Provision/(reversal of provision) for obsolete and slow-moving inventories, net	155	26	28	136	88	(1)	432	
Allowance for expected credit losses in respect of trade and bills receivable, net	43	22	5	27	—	30	127	
Allowance for/(reversal of) expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	142	10	(3)	22	47	(7)	211	
Loss/(gain) on disposal of non-current assets, net	2	3	2	2	2	(1)	10	
Depreciation and amortisation	960	722	397	877	166	493	3,615	

For the six months ended 30 June 2023 (Restated)

	Household Food Storage and Cooking Solutions			Air Solutions RMB'M (Unaudited)	Household Laundry Management Solutions RMB'M (Unaudited)	Household Water Solutions RMB'M (Unaudited)	Other Business RMB'M (Unaudited)	Total RMB'M (Unaudited)
	Refrigerators/ Freezers RMB'M (Unaudited)	Kitchen Appliances RMB'M (Unaudited)						
<b>Other segment information:</b>								
Product warranty provisions	1,192	264	777	898	390	—	3,521	
Provision/(reversal of provision) for obsolete and slow-moving inventories, net	179	(4)	68	145	95	17	500	
Allowance for expected credit losses in respect of trade and bills receivable, net	30	9	72	24	7	33	175	
Allowance for/(reversal of) expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	154	10	15	42	43	(3)	261	
Loss/(gain) on disposal of non-current assets, net	11	15	3	(5)	—	1	25	
Depreciation and amortisation	1,000	704	339	775	155	406	3,379	

**4. OPERATING SEGMENT INFORMATION** (continued)**Geographical information****(a) Revenue from external customers**

	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
Mainland China	64,797	63,313
North America	39,079	39,133
Europe	14,505	13,278
South Asia	6,542	5,955
Australia and New Zealand	3,225	2,950
Southeast Asia	3,492	3,107
Japan	1,827	1,947
Middle East and Africa	1,474	1,163
Other countries/regions	680	770
	<b>135,621</b>	<b>131,616</b>

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

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

**(b) Non-current assets**

	30 June	31 December
	2024 RMB'M (Unaudited)	2023 RMB'M (Audited)
Mainland China	22,971	22,368
Other countries/regions	31,488	31,152
	<b>54,459</b>	<b>53,520</b>
Interests in associates	26,038	25,547
Goodwill	24,342	24,290
Equity investments designated at FVTOCI	6,282	6,404
Financial assets measured at amortised cost	14,830	9,192
Deferred tax assets	1,782	1,806
	<b>127,733</b>	<b>120,759</b>

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

#### 4. OPERATING SEGMENT INFORMATION (continued)

##### Information about major customers

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

#### 5. REVENUE

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

	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
Sale of goods	135,566	131,520
Rendering of services	55	96
	<b>135,621</b>	<b>131,616</b>

	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
Sale of goods		
— Point in time	135,566	131,520
Rendering of services		
— Point in time	23	35
— Over time	32	61
	<b>135,621</b>	<b>131,616</b>

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

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

##### Sale of goods

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

##### Rendering of services

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

## 6. OTHER GAINS, NET

An analysis of other gains, net is as follows:

	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited)
Treasury and investment income:		
Interest income from		
Bank	893	597
Wealth management products	30	30
Others	20	18
Purchase payment discounts	62	59
	<b>1,005</b>	704
Compensation received from suppliers	24	18
Loss on disposal of non-current assets, net	(10)	(25)
Government grants (Note)	555	601
Net fair value (loss)/gain on financial assets/liabilities measured at FVTPL	(30)	31
Net foreign exchange gain	263	288
Sundry income	37	73
	<b>1,844</b>	1,690

Note:

Various government grants have been received for investments in certain regions in Mainland China in which the Company's subsidiaries operate as well as for the Group's technology advancements. There are no unfulfilled conditions or contingencies relating to these grants.

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
Cost of inventories sold	94,363	91,824
Provision for obsolete and slow-moving inventories, net (Note (a))	432	500
Cost of services	42	76
	<b>94,837</b>	92,400
Depreciation of property, plant and equipment	2,376	2,166
Depreciation of right-of-use assets and investment properties	564	599
Amortisation of other intangible assets and other non-current assets	675	614
Allowance for expected credit losses in respect of trade and bills receivables, net (Note (b))	127	175
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net (Note (b))	211	261
(Reversal of impairment loss)/impairment loss of non-current assets and contract assets, net (Note (b))	(2)	11
Research and development costs	5,089	5,026
Product warranty provisions	3,337	3,521

Notes:

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



## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
Interest on borrowings	859	606
Interest on lease liabilities	86	54
Other finance costs	272	224
	<b>1,217</b>	884

## 9. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2024	2023
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
Current tax		
Charge for the period	2,199	1,879
Deferred tax (income)/expense	(67)	191
	<b>2,132</b>	2,070

Under the Law of the Mainland China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25%. Certain subsidiaries of the Group in the Mainland of China were approved as High and New Technology Enterprise subject to a preferential corporate income tax rate of 15% during the period ended 30 June 2024 and 2023.

Overseas tax is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the respective jurisdictions.

### OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development (“**OECD**”) published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws (“**Pillar Two legislation**”) to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group fell into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

## 9. INCOME TAX EXPENSES (continued)

### OECD Pillar Two model rules (continued)

The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assessing its tax exposure. As at 30 June 2024, the Group mainly operates in the Mainland of China, in which exposures to Pillar Two income taxes might exist in the future although the legislation is not yet substantively enacted or enacted. It is estimated that the Group's income tax would not be materially different should such legislation had been in effect for six months ended 30 June 2024 and 2023. Besides, certain subsidiaries of the Company are located in jurisdictions where Pillar Two legislation had been enacted or substantively enacted, but not yet in effect. The Group has no related current tax exposure in these jurisdictions for the six months ended 30 June 2024. The Group does not recognise any current tax or deferred tax in respect of Pillar Two income taxes for the six months ended 30 June 2024 and 2023.

## 10. DIVIDENDS

At the annual general meeting on 20 June 2024, the shareholders of the Company approved the payment of a final dividend of RMB8.04 per 10 shares (further adjusted to RMB8.0131 per 10 shares as per announcement of the Company dated 5 July 2024) for the year ended 31 December 2023. The final dividend of approximately RMB7,471 million in total was paid on 16 August 2024 to shareholders whose names appeared on the register of members of the Company on 19 July 2024.

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period, as adjusted to exclude the repurchased share.

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

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

	For the six months ended 30 June	
	2024	2023
	RMB'M	RMB'M
	(Unaudited)	(Unaudited)
		(Restated)
<b>Earnings</b>		
Profit attributable to owners of the Company used in the basic earnings per share calculation	10,420	8,963

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

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

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	9,218,228,718	9,288,914,698
Effect of dilutive potential ordinary shares:		
Share award	61,431,976	58,792,857
Share options	4,998,590	719,003
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	9,284,659,284	9,348,426,558

## 12. RELATED PARTY TRANSACTIONS

(a) During the period, in addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with the Group's related parties (and their affiliates):

Relationship	Nature of transactions	For the six months ended 30 June	
		2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited)
<b>Associates</b>	Sale of goods and services	1,185	1,711
	Purchase of goods and services	9,997	7,135
	Interest income	440	354
	Service fee	4	8
<b>Haier Affiliates (Note)</b>	Sale of goods and services	764	864
	Purchase of goods and services	9,557	9,278
	Other service fee expenses	57	49

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

**12. RELATED PARTY TRANSACTIONS** (continued)**(a)** (continued)

As at 30 June 2024, included in the Group's cash and cash equivalents, financial assets measured at amortised cost, prepayments, deposits and other receivables and derivative financial instruments are balances of RMB21,057 million, RMB13,078 million, RMB622 million and RMB2 million respectively (31 December 2023: RMB26,277 million, RMB7,464 million, RMB602 million and RMB10 million) placed with Haier Group Finance Co., Ltd. which is an associate of the Group and is a financial institution approved by the People's Bank of China.

As at 30 June 2024, included in the Group's prepayments, deposits and other receivables are amounts due from Haier Affiliates approximately RMB152 million (31 December 2023: RMB146 million) and amounts due from associates approximately RMB37 million (31 December 2023: RMB23 million).

As at 30 June 2024, included in the Group's other payables and accruals are amounts due to Haier Affiliates approximately RMB1,561 million (31 December 2023: RMB1,531 million), amounts due to associates approximately RMB85 million (31 December 2023: RMB45 million) and dividend payable to controlling shareholders approximately RMB2,113 million (31 December 2023: Nil).

Note:

Haier Affiliates include Haier Group's subsidiaries.

**(b)** Compensation of key management personnel (including the directors, chief executive and supervisors of the Company) of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Short term employee benefits	<b>13,648</b>	7,934
Post-employment benefits	<b>917</b>	890
Share-based payment	<b>31,682</b>	23,109
<b>Total compensation paid to key management personnel</b>	<b>46,247</b>	31,933

**13. PROPERTY, PLANT AND EQUIPMENT**

During the six month ended 30 June 2024, the Group acquired RMB3,052 million (six months ended 30 June 2023: RMB2,845 million) of property, plant and equipment. The Group disposed of property, plant and equipment with carrying amount of RMB112 million (six months ended 30 June 2023: RMB90 million), resulting in a loss on disposal of RMB5 million (six months ended 30 June 2023: RMB34 million).

## 14. INVENTORIES

	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Raw material	5,136	5,665
Work in progress	117	48
Finished goods	34,200	33,811
	<b>39,453</b>	<b>39,524</b>

## 15. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Trade receivables	24,344	21,677
Less: Allowance for expected credit losses ("ECL")	(826)	(1,408)
Trade receivables, net	<b>23,518</b>	20,269
Bills receivables	7,152	8,626
Less: Allowance for ECL	(5)	(5)
Bills receivables, net	<b>7,147</b>	8,621
Total	<b>30,665</b>	<b>28,890</b>

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

**15. TRADE AND BILLS RECEIVABLES** (continued)

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

	<b>30 June 2024 RMB'M (Unaudited)</b>	31 December 2023 RMB'M (Audited)
1 to 3 months	21,572	17,882
3 months to 1 year	1,343	1,805
1 to 2 years	407	405
2 to 3 years	138	120
Over 3 years	58	57
	<b>23,518</b>	20,269

As at 30 June 2024, included in the Group's trade and bills receivables are amounts due from Haier Affiliates approximately RMB643 million (31 December 2023: RMB687 million) and amounts due from associates approximately RMB793 million (31 December 2023: RMB1,241 million).

As at 30 June 2024, the Group's bills receivables of approximately RMB4,346 million (31 December 2023: RMB4,357 million) were pledged to secure the Group's bills payables. The Group's bills receivables of approximately RMB Nil (31 December 2023: RMB33 million) and trade receivables of approximately RMB Nil million (31 December 2023: RMB1 million) were pledged to secure the Group's loans.



**16. TRADE AND BILLS PAYABLES**

	<b>30 June 2024 RMB'M (Unaudited)</b>	31 December 2023 RMB'M (Audited)
Trade payables	47,200	47,062
Bills payables	23,389	22,216
	<b>70,589</b>	69,278

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

	<b>30 June 2024 RMB'M (Unaudited)</b>	31 December 2023 RMB'M (Audited)
Within 1 year	69,957	68,726
1 to 2 years	269	279
2 to 3 years	160	114
Over 3 years	203	159
	<b>70,589</b>	69,278

The trade and bills payables are non-interest bearing and are normally settled on credit terms ranging from 30 to 180 days.

As at 30 June 2024, included in the Group's trade and bills payables are amounts due to Haier Affiliates of approximately RMB1,802 million (31 December 2023: RMB1,847 million) and amounts due to an associate of approximately RMB1,940 million (31 December 2023: RMB1,457 million).

As at 30 June 2024, the Group's bills payables were secured by the pledge of the Group's bank deposits amounting to approximately RMB270 million (31 December 2023: RMB407 million) and the Group's bills receivables amounting to approximately RMB4,346 million (31 December 2023: RMB4,357 million).

## 17. INTEREST-BEARING BORROWINGS

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

	<b>30 June 2024 RMB'M (Unaudited)</b>	31 December 2023 RMB'M (Audited)
<b>Current</b>		
Bank loans — unsecured	11,884	10,360
Bank loans — secured	14	48
	<b>11,898</b>	10,408
<b>Non-current</b>		
Bank loans — unsecured	18,140	17,973
Bank loans — secured	29	15
	<b>18,169</b>	17,988
	<b>30,067</b>	28,396
Unsecured	30,024	28,333
Secured	43	63
	<b>30,067</b>	28,396
Analysed into:		
Loans repayable:		
Within one year or on demand	11,898	10,408
In the second year	15,603	13,014
In the third to fifth years, inclusive	2,026	4,876
Over five years	540	98
	<b>30,067</b>	28,396

Certain of the Group's loans are secured by pledge of the Group's trade and bills receivables of approximately RMB Nil as at 30 June 2024 (31 December 2023: RMB34 million).

**18. SHARE CAPITAL**

The movements of the Company's issued share capital during the period ended 30 June 2024 and 31 December 2023 are as follows:

	H Shares 'M	D Shares 'M	A Shares 'M	Total number of shares 'M	Share capital RMB'M
As at 1 January 2023 (Audited)	2,867	271	6,309	9,447	9,447
Shares repurchased and cancelled (Note a)	(9)	—	—	(9)	(9)
As at 31 December 2023 (Audited), 1 January 2024 and 30 June 2024 (Unaudited)	<b>2,858</b>	<b>271</b>	<b>6,309</b>	<b>9,438</b>	<b>9,438</b>

Notes:

- (a) During the year ended 31 December 2023, the Company repurchased a total of 8,483,600 H shares at a consideration of approximately HKD199 million which were subsequently cancelled.
- (b) All shares issued are at par value of RMB1.

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments are as follows:

### Financial assets

As at 30 June 2024 (Unaudited)

	Financial assets measured at FVTPL RMB'M	Financial assets measured at FVTOCI RMB'M	Derivative designated as hedges RMB'M	Financial assets measured at amortised cost RMB'M	Total RMB'M
Equity investments designated at FVTOCI	—	6,282	—	—	6,282
Trade and bills receivables	—	—	—	30,665	30,665
Financial assets included in deposits and other receivables	—	—	—	4,990	4,990
Financial assets measured at FVTPL	1,067	—	—	—	1,067
Financial assets measured at amortised cost	—	—	—	16,377	16,377
Derivative financial instruments	—	—	87	—	87
Pledged deposits	—	—	—	369	369
Other deposits with limited use	—	—	—	108	108
Cash and cash equivalents	—	—	—	54,228	54,228
	1,067	6,282	87	106,737	114,173

As at 31 December 2023 (Audited)

	Financial assets measured at FVTPL RMB'M	Financial assets measured at FVTOCI RMB'M	Derivative designated as hedges RMB'M	Financial assets measured at amortised cost RMB'M	Total RMB'M
Equity investments designated at FVTOCI	—	6,404	—	—	6,404
Trade and bills receivables	—	—	—	28,890	28,890
Financial assets included in deposits and other receivables	—	—	—	4,914	4,914
Financial assets measured at FVTPL	954	—	—	—	954
Financial assets measured at amortised cost	—	—	—	10,722	10,722
Derivative financial instruments	—	—	68	—	68
Pledged deposits	—	—	—	448	448
Other deposits with limited use	—	—	—	61	61
Cash and cash equivalents	—	—	—	53,977	53,977
	954	6,404	68	99,012	106,438

**19. FINANCIAL INSTRUMENTS BY CATEGORY** (continued)**Financial liabilities****As at 30 June 2024 (Unaudited)**

	Derivative designated as hedges RMB'M	Financial liabilities measured at amortised cost RMB'M	Total RMB'M
Trade and bills payables	—	70,589	70,589
Financial liabilities included other payables and accruals	—	31,912	31,912
Derivative financial instruments	192	—	192
Interest-bearing borrowings	—	30,067	30,067
Other non-current liabilities	—	101	101
Lease liabilities	—	4,797	4,797
	<b>192</b>	<b>137,466</b>	<b>137,658</b>

As at 31 December 2023 (Audited)

	Derivative designated as hedges RMB'M	Financial liabilities measured at amortised cost RMB'M	Total RMB'M
Trade and bills payables	—	69,278	69,278
Financial liabilities included other payables and accruals	—	25,092	25,092
Derivative financial instruments	169	—	169
Interest-bearing borrowings	—	28,396	28,396
Other non-current liabilities	—	114	114
Lease liabilities	—	4,327	4,327
	<b>169</b>	<b>127,207</b>	<b>127,376</b>

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. As at each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the those charged with governance twice a year for interim and annual financial reporting.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management estimates the carrying amount financial instruments carried at amortised cost approximately its fair value.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, other deposits with limited use, certain other financial assets measured at amortised cost, trade and bills receivables, other receivables, trade and bills payables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments in which was designated at FVTOCI, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires management to determine comparable public companies (peers) based on industry and place of business, and to calculate an appropriate price multiple, such as price to earnings multiple, and EV/Sales multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period. The fair values of the remaining unlisted equity investments designated at FVTOCI are determined with reference to their respective latest available transaction prices.

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group invests in unlisted investments, which represent equity investments designated at FVTOCI and wealth management products included in financial assets measured at FVTPL issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of bills receivables and interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing borrowings was assessed to be insignificant. The carrying amount of the financial instrument reasonably approximate to fair value.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value

As at 30 June 2024 (Unaudited)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Equity investments designated at FVTOCI	21	—	6,261	6,282
Financial assets measured at FVTPL	365	606	96	1,067
Derivative financial instruments	—	87	—	87
	<b>386</b>	<b>693</b>	<b>6,357</b>	<b>7,436</b>

As at 31 December 2023 (Audited)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Equity investments designated at FVTOCI	20	—	6,384	6,404
Financial assets measured at FVTPL	370	488	96	954
Derivative financial instruments	—	68	—	68
	<b>390</b>	<b>556</b>	<b>6,480</b>	<b>7,426</b>



## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

### Liabilities measured at fair value

As at 30 June 2024 (Unaudited)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Derivative financial instruments	—	192	—	192

As at 31 December 2023 (Audited)

	Level 1 RMB'M	Level 2 RMB'M	Level 3 RMB'M	Total RMB'M
Derivative financial instruments	—	169	—	169

Financial assets	Fair value as at 30 June 2024 (Unaudited)	Fair value as at 31 December 2023 (Audited)	Fair value hierarchy	Valuation technique	Range	Significant unobservable input(s)	Sensitivity of fair value
Equity Investment designated at FVTOCI — Sinopec Fuel Oil Sales Corporation Limited	RMB1,861 million	RMB1,986 million	Level 3	Market approach	30 June 2024: 38.24-39.01 31 December 2023: 37.38-38.14	Average P/E multiple of peers	1% increase (decrease) in average P/E multiple of the comparable companies would result in increase (decrease) in fair value by 30 June 2024: RMB18.6 million (RMB18.6 million) 31 December 2023: RMB19.9 million (RMB19.9 million)
					30 June 2024: 24.55%-26.55% 31 December 2023: 25.23%-27.23%	Discount for lack of marketability	1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by 30 June 2024: RMB25 million (RMB25 million) 31 December 2023: RMB26.9 million (RMB26.9 million)
Equity Investment designated at FVTOCI — Haier COSMO IOT Ecosystem Technology Co., Ltd.	RMB2,817 million	RMB2,817 million	Level 3	Market approach	30 June 2024: 2.93-2.99 31 December 2023: 2.93-2.99	EV/Sales multiple of peers	1% increase (decrease) in EV/Sales multiple of the comparable companies would result in increase (decrease) in fair value by 30 June 2024: RMB21.3 million (RMB21.3 million) 31 December 2023: RMB21.3 million (RMB21.3 million)
					30 June 2024: 27.46%-29.46% 31 December 2023: 27.46%-29.46%	Discount for lack of marketability	1% increase (decrease) in the lack of marketability would result in decrease (increase) in fair value by 30 June 2024: RMB29.4 million (RMB29.4 million) 31 December 2023: RMB29.4 million (RMB29.4 million)

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value Financial assets/ Financial liabilities	Fair value as at 30 June 2024 (Unaudited)	Fair value as at 31 December 2023 (Audited)	Value hierarchy	Valuation technique
Financial assets measured at FVTPL — Wealth management products	Assets — RMB606 million	Assets — RMB488 million	Level 2	Discounted cash flow
Derivative financial Instruments — Foreign currency forward contracts	Assets — RMB79 million and Liabilities — RMB192 million	Assets — RMB68 million and Liabilities — RMB167 million	Level 2	Discounted cash flow
Derivative financial Instruments — Forwards commodity contract	Assets — RMB8 million	Liabilities — RMB2 million	Level 2	Discounted cash flow

### Reconciliation of Level 3 fair value measurements

	Equity investments designated at FVTOCI RMB'M	Financial assets measured at FVTPL RMB'M	Derivative financial instruments RMB'M	Total RMB'M
At 1 January 2023	4,808	109	(17)	4,900
Total gains or losses:				
— in profit or loss	—	(12)	—	(12)
— in other comprehensive income	547	—	—	547
Transfers into level 3	1,028	—	—	1,028
Additions	24	—	—	24
Disposal	(23)	(1)	17	(7)
At 31 December 2023 and 1 January 2024 (Audited)	<b>6,384</b>	<b>96</b>	<b>—</b>	<b>6,480</b>
Total losses:				
— in other comprehensive loss	<b>(141)</b>	<b>—</b>	<b>—</b>	<b>(141)</b>
Additions	<b>18</b>	<b>—</b>	<b>—</b>	<b>18</b>
At 30 June 2024 (Unaudited)	<b>6,261</b>	<b>96</b>	<b>—</b>	<b>6,357</b>

There were no transfers between Level 1 and 2 during the period ended 30 June 2024.

## 21. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2024 RMB'M (Unaudited)</b>	31 December 2023 RMB'M (Audited)
<b>Contracted, but not provided for:</b>		
Property, plant and equipment	<b>4,143</b>	3,225

## 22. EVENT AFTER THE REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW DISCUSSION AND ANALYSIS ON OVERALL OPERATIONS

During the reporting period, in response to changing environment, the Company advanced end-to-end digital transformation, improved user experience and operational efficiency, to improve profitability.

In the first half of 2024, the Company recorded sales revenue of RMB135.621 billion, a 3.0% increase compared to the same period in 2023. The following factors are contributing to revenue changes.

In domestic markets, despite weak momentum in the white goods sector, particularly against a 14.5% drop in air conditioner retail sales, the Company managed to grow revenue by 2.3% in the first half this year, leveraging multi-brand product lineup and innovative new media marketing strategies.

The Company's revenue from overseas markets grew by 3.7% in the first half of the year. In developed markets like the U.S. and Europe, where inflation suppressed demand, the Company increased market share by launching high-end products, optimizing supply chain, and improving operational efficiency. In rapidly growing South Asia, Southeast Asia, and the Middle East & Africa, the Company strengthened supply chain and distribution network, enhanced high-end product lineup and increased price indices to achieve 9.9% revenues growth in South Asia, 12.4% in Southeast Asia and 26.8% in Middle East & Africa in the first half this year.

In the first half of 2024, the net profit attributable to the shareholders of the parent company was RMB10.42 billion, representing a 16.3% increase from the same period in 2023.

In the first half of 2024, the Company's gross profit margin was 30.1%, up 0.3 percentage points compared to the same period in 2023, leveraging digitalizing procurement, R&D, and manufacturing to coordinate production and sales management systems in domestic market; while we improved cost competitiveness with digital procurement platform and enhanced utilization through global supply chain collaboration.

The selling and distribution expense ratio in the first half of 2024 was 13.8%, an improvement of 0.5 percentage points compared to the same period in 2023, leveraging digitally enhanced efficiency in marketing resource allocation, logistics network and warehouse management.

The administrative expense ratio in the first half of 2024 was 8.1%, an improvement of 0.4 percentage points compared to the same period in 2023, leveraging streamlining business processes, and enhancing organizational efficiency.

The Company's net cash flow from operating activities in the first half of 2024 was RMB7.818 billion, an increase of RMB1.028 billion year-on-year, achieved from increased operating profit and enhanced operational efficiency during the period.

## I. Household Food Storage and Cooking Solutions

### (I) Refrigeration business

In the first half of 2024, the Company maintained technological leadership and accelerated overseas high-end brand transformation to improve product competitiveness and market share. During the reporting period, the Company's global refrigerator revenue reached RMB41.128 billion, a year-on-year increase of 1.8%.

According to Gfk, the Company consolidated leadership with offline retail share of 44.1%, and an online retail share of 39% in China; the Company's retail volume share also went up by 0.4 percentage points reaching 22.9% overseas.

#### *R&D*

The Company leveraged global technology platforms to accelerate development in integrated appliances & furniture solutions, freshness preservation, and ice-making. MSA oxygen control preservation was also made available on more products, to offer user better value for their purchase. In response to users' needs for integrated home appliances and furnishings Casarte launched built-in Ultra-realm (致境) 600/601 refrigerator which contributed 98% growth in sales volume of seamless built-in units during the first half of the year.

#### *Domestic market*

The Company focused on creating optimal user experiences by leveraging multi-brand portfolio of Haier, Casarte and Leader, catering to specific user needs with distinct value propositions. Haier refrigerators concentrated on full-space freshness preservation technology and smart features, introduced the world's first full-space smart preservation compartment. This innovation combined freshness preservation technology with smart interaction for superior food storage and management. Casarte refrigerators pioneered high-end integration of home appliances and furnishings by expanding its built-in range. Leader attracted trendy users through performance and aesthetic design, new launches in the first half including Little European style (小歐包) series, featuring light green colour, rounded exterior and drawer-style door design.

#### *Overseas markets*

The Company remained committed to premium building by introducing high-end products tailored to local demands overseas. In Western European market, the Company strengthened leading position in multi-door, large-capacity units and while making breakthrough in side-by-side refrigerators, helping Haier brand price index increase to 147. In South Asian market, the Company tailored high-end products to meet local needs, achieving a year-on-year volume growth of 50%. In the Australia, Fisher & Paykel concentrated on ultra-high-end home appliances integrated with home furnishings, with a brand price index reaching 200, while Haier brand targeted mid to high-end mainstream market, to maintain leadership while elevating its price index to 108.

**(II) Kitchen appliance business**

In the first half of 2024, the kitchen appliance business focused on iterating product platforms, expanding product lineup, and enhancing presence in home improvement channels to achieve a global revenue of RMB20.275 billion, a year-on-year increase of 0.3%.

According to Gfk, in China, the Company's ranked the third in the offline market with 8.6% retail share, up 0.2 percentage points year-on-year while online retail share went up by 0.7 percentage reaching 5.1%. Casarte ovens ranked first in the price segment above RMB11,000. In the North America, built-in and microwave products continued to gain market share against headwind. In Europe, Haier continued to grow and ranked amongst Top 4 despite industry downturn.

***Domestic market***

The Company further expanded the kitchen appliance lineup and upgraded product competitiveness: Casarte launched a seamless built-in smart lift range hood, an ultra-thin built-in gas stove, and a steam oven featuring waterless fresh steam and moisture-control roasting technology, all of which contributed to the brand's 0.8 percentage points share gain in high-end market.

The Company enhanced presence in home improvement channels by developing partnerships with cabinet manufacturers and interior designing firms. The Company managed to grow domestic revenue despite challenging market environment by promoting content marketing and highlighting local renovations projects to stimulate replacement demand and capture opportunities from kitchen remodelling projects.

***Overseas markets***

In North American market, the Company successfully launched a new generation of dishwashers featuring stainless steel interiors, which ensured durability, high efficiency, with excellent cleaning and drainage performance. Café's new-generation stainless steel dishwasher earned the "2024 Great Design Awards" by the renowned Architectural Digest for its exceptional flexibility and customization options. The Company launched a new model of freestanding ovens and committed USD118 million to upgrade production line of new SKUs.

**II. Household Laundry Solutions**

In the first half of 2024, the washing machine business implemented innovation R&D, omni-channel marketing, and overall cost optimization to achieve a global revenue of RMB29.737 billion, representing a 5.0% increase year-on-year. According to Gfk, in China the Company continued to lead the industry with 46.5% offline retail share and 38.1% online retail share. The Company remained dominant in the high-end market, with a share of 83% in the price segment above RMB10,000. According to Euromonitor, the Company achieved top market share in 10 countries, including Australia, New Zealand, and Vietnam.

***Domestic market***

The Company consistently delivered high-quality laundry experiences to consumers. The Company solidify market leadership by introducing leading products such as the Casarte Ultra-realm (致境) series Utilizing advanced technologies like 3D drying assessment, wet cleaning, and quadruple filtration. The Company also increased average ticket price by offering integrated laundry solutions while improving user engagement leveraging air wash and wet cleaning in-store demonstration.

In response to changing consumption trends, the Company adjusted Leader brand strategy, launching products that resonated with younger users to achieve rapid growth; in addition to enhancing retail capabilities offline, the Company also bolstered marketing efforts on new media including Douyin and Xiaohongshu to amplify brand influence and create a comprehensive user service experience, successfully captured young consumers, enhanced brand awareness and improved user recognition.

### ***Overseas markets***

The Company launched highly differentiated and competitive products, with effective retail channel management strategies, resulting in continued market share growth. In the North American market, heat pump COMBO washer-dryers remained best-sellers and increased high-end share. In Europe, the Company launched the X11 Fresh Air series washing machines, which could replace the air inside the drum every two minutes, effectively preventing bacterial growth. Their energy efficiency also surpassed the European A-class energy rating by 50%. In India, the Company maintained high-end product strategy, actively expanded into premium distribution channels and improved retail traffic conversion to achieve over 30% revenue growth.

## **III. Air Solutions**

During the reporting period, the Company's air solution business realized revenue of RMB29.235 billion, up 3.8% year-on-year.

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

In the first half of 2024, the home air conditioner business actively expanded new HVAC product lines while enhancing competitiveness in products, marketing and supply chains, to achieve global revenue growth.

According to Gfk, the Company's offline and online retail share of standing and wall-mounted units reached 17.95% and 10.4% respectively in China and ranked first in Pakistan and Malaysia.

#### ***R&D***

The Company expanded ducted air conditioners, fresh air systems, and residential central air conditioners, while increasing investment in energy-saving air conditioning systems and smart IoT technologies. The Company also enhanced product quality and cost competitiveness leveraging digital transformation and product platform strategies. In the first half of the year, average individual model output increased by 10%, and component standardization improved by 5%. At the same time, the Company accelerated vertical supply chain integration by commencing production at Zhengzhou compressor joint venture in April this year as well as increasing in-house component production in Hefei to improve efficiency and cost competitiveness.

#### ***Domestic market***

The Company accelerated retail transformation by integrating online and offline channels, strengthening franchised stores and improving network coverage in rural areas. The Company implemented omnichannel marketing strategy to enhance user acquisition and conversion by promoting in-store product demonstration and creating bestsellers online. In addition, revenue from Leader brand grew over 40% in the first half of the year by accelerating development online to capture younger users.



*Overseas markets*

Benefited from long-term strategic investments in product iteration, professional channel development, and localized supply chains across South Asia and Southeast Asia, the Company seized opportunities from growing emerging countries and product upgrade demand in developed markets. In the first half of the year, overseas revenue maintained rapid growth. During the reporting period, the Company strengthened presence in the Middle East, Africa, and Japan by upgrading variable frequency portable systems, RV air conditioners, and Japanese split units.

**(II) Smart building business**

The smart building business gained share in both domestic and export market by advancing core compressor technologies, maintaining a leading edge in air and magnetic levitation, boosting in-house manufacturing of key components, and strengthening professional solutions and services. According to China IOL, the Company's domestic market share increased by 1.2 percentage points year-on-year to 10.5%, while export market share rose by 2.8 percentage points year-on-year to 12.5%.

*R&D*

The Company continuously iterated product platform through technology breakthroughs, leading the industry in energy saving, carbon reduction, and smart control trends. We developed a 500–1,200 cooling ton air-suspended, oil-free centrifugal chiller, which completed large-capacity chiller lineup and enhanced market competitiveness. Breakthroughs in scroll compressors and large standard centrifugal compressors strengthened cost-competitiveness. Our new-generation IoT multi-split system provided energy-efficient and smart solutions throughout its lifecycle, the increased domestic share of multi-split products in the first half of the year has boosted profitability. In the European market, the Company addressed demand for energy-efficient buildings with heat pump products using eco-friendly refrigerant R290, which featured a heating COP of up to 5.5 with multiple anti-freezing functions.

*Domestic market*

The Company unlocked growth opportunities by strengthening county-level presence, eliminated coverage gaps and expanding network coverage. Targeting diverse application scenarios, such as real estate and underground transportation systems, we categorized strategic user groups to improve client acquisition, scenario-based solution implementation, and maintenance services, facilitating a shift from standalone HVAC products to integrated building solutions. During the reporting period, the Company secured a RMB200 million contract with Shanghai Metro, positioning us as a leader in the rail transit industry.

*Overseas markets*

The Company capitalized on our leading position in wireless multi-split and air & magnetic levitation products. By offering comprehensive solutions featuring our light commercial, multi-split, water chiller, point-of-use, heat pump, and smart control series, we catered to diverse regional, and scenario needs while establishing a professional brand image in overseas markets. We advanced the development of integrated sales centres that combined user experience, product display, employee training, and sales operations to enhance our professional capabilities in design, installation, and services, and boost our industry reputation. In the rapidly growing global data centre sector, the Company won a data centre project in Malaysia with a scale exceeding 12,000 refrigeration tons, providing professional air-cooled magnetic levitation solutions for the facility.

#### IV. Household Water Solutions

During the reporting period, the household water solution business achieved a global revenue of RMB8.106 billion, up 6.6% year-on-year.

In China, the Company launched innovative products including Casarte crystal tank series with skin-care features; while 20,000 units of brand new dual-tank heaters have been sold strengthening Casarte's market leadership in water heater unit priced RMB5,000- 8,000. Haier Little Magic box with filtration, anti-bacteria, lime scale and chlorine reduction functions helped the Company become number one in units priced over RMB3,000.

Product upgrade also contributed to over 20% overseas revenue growth. In Malaysia, over 10,000 units of instant hot water units were sold, almost five times the volume sold last year. In Europe, introduction of dual-tank electrical water heaters addressed the weakness in the heat pump market. The Company also made breakthrough in developing new markets in Algeria.

On 17 July 2024, the Company entered the transaction with Electrolux Group in Sweden to acquire 100% equity interest in Electrolux South Africa Proprietary Limited ("**ESA**"), its subsidiary engaging in water heater business in South Africa. The acquisition is a crucial step in the strategic development in African market. Leveraging Kwikot's extensive HVAC channel and service coverage, Haier will realize synergies in product and supply chain management to expand water heater lineups and unlock potentials in solar water heaters and water purifiers.

#### V. China Operation

During the reporting period, the Company capitalized on growth opportunities among young consumers, replacement buyers, and pre-installation customers through continuous innovation in China.

##### ***Network Expansion offline***

###### *Enhancing competitiveness in offline channels*

By strengthening San Yi Niao's capability in scenario planning, integrated cabinet and appliance design, and scenario implementation, the Company improved "scenario → design → delivery → service" experience, meeting the growing demand for kitchen and bathroom renovations.

The Company enhanced presence in shopping malls to create hubs for brand promotion, image showcase, solution experience, member engagement, ecosystem co-creation, and traffic monetization, effectively improving user traffic acquisition and conversion.

The Company also made use of digital mapping tools to identify network gaps, enhanced coverage and retail competitiveness by empowering local micro enterprises, optimizing resource allocation and accelerating mechanism reforms.

###### *Model innovation online*

By implementing strategies POP store cloud-based warehouse integration and lean user management, the Company was able to expand product portfolio, facilitate inventory sharing, enhance warehouse and logistics capabilities and promote precise user marketing to improve efficiency in user management and product turnover, all of which contributed to 17% GMV growth online during 618 Festival with retail share reaching 22.3%, up 1.8 percentage points year-on-year.

### **Multi-Brand Strategy**

The Company accelerated iterations of original technologies to expand Casarte's leading advantages and achieve revenue growth against the headwind. By enhancing product suite offerings and spearheading the integration of home appliances with furnishings leveraging Nebula (星雲) and Ultra-realm (致境) series, the Company increased user value and brand recognition while suite sales revenue surged 145% year-on-year in the first half of 2024. The Company also launched product series online featuring natural aesthetics in appearance and industrial design, to attract younger users and expand brand recognition.

The Company addressed the needs of young consumers and achieved a retail sales growth of 31% from Leader brand in the first half of the year by launching popular products such as the Vitality (元氣) air conditioner and Cloud (雲朵) washing machine. The Company also introduced "fun small appliances" for trendy travel and camping experiences. On the other hand, the Company renovated marketing strategies to enhance presence on Douyin and Kuaishou integrated in-store livestreaming to achieve a growth of 402%. Additionally, the Company strengthened partnership with JD and Tmall Campus channel to target young audiences and expand user base.

## **VI. Overseas markets**

In the first half of 2024, the Company's overseas revenue amounted to RMB70.824 billion, up 3.7% compared to the same period in 2023.

The revenue growth stemmed from commitment to strategic positioning, leveraging global R&D resources and maintaining technological leadership. In response to diverse market demands, the Company expanded product lineup by enriching mid-range and entry-level offerings alongside high-end products. Building on strengths in traditional categories, the Company enhanced HVAC and small appliance offerings. Meanwhile, the Company expedited network coverage in emerging markets, enhanced brand image in mainstream channels, improved conversion rates, strengthened localized social media presence to increase brand awareness, implemented organizational reform and accelerated supply chain deployment in Belt and Road countries to capitalize on growth opportunities.

### **1. North America**

In the first half of 2024, despite weakness in the U.S. home appliance market, the Company achieved revenue of RMB39.079 billion, and outperformed the U.S. home appliance market with core appliance market share growing across all product categories.

The Company continued to enhance leadership in high-end products, successfully launching a new generation of oven range series with easy-to-clean baking trays, Café/Profile's new stainless-steel interior dishwasher series, and innovative products such as the Profile 2.0 chewable ice maker. Profile's smart indoor smoker, the industry's first and only indoor smoker appliance, offered consumers a novel and convenient way to experience smoked cooking and earned the Best of CES Award in 2024.

The Company continued to expand into new channels and invest in accelerating new industry development. At the 2024 AHR Expo, our Air and Water Solutions introduced the new RealMAX gas water heater and the new-generation dual heat pump, dual heat recovery system VRF MRV-5H, providing high efficiency and superior comfort for multi-room commercial spaces.

During the reporting period, we maintained leading position in construction channels. Despite weak consumer momentum and competitive pressures, the Company outperformed the industry by capitalizing on key sales events and became the top performer at the BrandSource and Nationwide spring sales exhibitions.

For the 6th consecutive year, the Company was named “Smart Appliance Company of the Year” by IoT Breakthrough. The Company innovatively launched the Eco Balance smart energy management solution, jointly developed with multiple ecosystem partners, providing optimal whole-house energy management solutions for net-zero homes in the U.S. The Company received the Great Place to Work certification for the third time, indicating our position among top-tier enterprises in providing an excellent work environment for employees.

## **2. Europe**

In Europe, the Company recorded revenue of RMB14.505 billion, up 9.2% year-on-year, and market share increased by 0.1 percentage points.

During the reporting period, the Company continued to accelerate strategic upgrade and launched several new product platforms that are expected to contribute to long term growth. Almost 150 new products covering Haier, New Candy and Hoover brands are planned for the premium kitchen appliance platform to provide comprehensive kitchen solutions. The first batch of new products have been launched in over 150 stores in Spain, France, Italy, and Poland. The Company also introduced 905 French Door refrigerator series with class A energy efficiency and New Candy series were launched in 489 stores.

Industry leading front-loading washing machine entered the entire Darty store network in France, significantly contributing to profit growth. High-end OLED series, mini M95/C900 series were also launched in Spain to capture specific demand for playing games and watching sports programmes.

On the manufacturing front, the new kitchen appliances factory in Turkey continued to ramp up its production capacity leveraging coordinated R&D, production platforms and order management.

## **3. Australia & New Zealand**

In Australia and New Zealand, the Company recorded revenue of RMB3.225 billion, up 9.3% year-on-year. Connected products grew by 76% and led the market with 2.8 percentage points volume share gain and 2.9 percentage points revenue share gain in Australia. In New Zealand, Haier and Fisher & Paykel brand outperformed the industry with 0.6 percentage points market share gain.

The Company remained dedicated to meeting consumer demand with cutting-edge technology and innovative products such as Haier’s 8-star energy efficiency refrigerator, which directly contributed to 7.4 percentage points market share gain in bottom-mounted refrigerators; Haier’s ultra-thin tumble dryer integrated heat pump technology to achieve 7-star energy efficiency; Fisher & Paykel also introduced self-cleansing 48-inch oven and induction cooktop, as well as series 7 and 9 dishwasher with leading energy efficiency performance.

On the other hand, the Company enhanced presence in mainstream channels such as Winnings with Fisher & Paykel’s popular built-in refrigerator range and made effort to improve in-store display of Haier’s kitchen appliances in New Zealand.

#### **4. South Asia**

During the period, revenue from South Asian market grew 9.9% year-on-year to RMB6.542 billion.

In India, sales revenue grew by over 25% year-on-year, attributable to long-term investment across the value chain, including products, distribution channels, and after-sales that successfully built a highly localized operational platform with well-established brand recognition.

The Company leveraged global-leading R&D capabilities and local insights to launch innovative products such as the side-by-side refrigerator with seamless welding technology, significantly improved product lifespan and gained popularity with local consumers, capturing over 20% market share. Meanwhile, Haier enhanced cost competitiveness by increasing in-house production of injection moulding parts.

The Company adhered to value-sharing with channel partners, focusing on expanding network and refining retail operations to ensure strong brand visibility online and offline. Haier's physical retail network covered 61% of premium areas and successfully expanded into 52% of towns and villages. The Company also expanded presence online to capture growth opportunities.

Haier recognized the importance of serin enhancing user experience and ensuring product quality. Currently, Haier has established an after-sales service team of over 5,000 employees in India, ensuring exceptional customer support and boosting the brand's reputation.

In Pakistan, the Company maintained growth momentum by enhancing distribution channels, expanding local manufacturing, upgrading franchised store network while developing partnerships with Coca-Cola and Unilever. The Company also focused on building local supply chain, the second phase of the refrigerator factory is expected to approaching complete soon with 300,000 units annual capacity. Kitchen appliance production was also localized with an annual capacity of 100,000 units.

#### **5. Southeast Asia**

During the period, the Company realized revenue of RMB3.492 billion in Southeast Asia, up 12.4% year-on-year.

In Southeast Asia, the Company increased market share through product mix upgrade, improved offline channel efficiency, social media brand promotion, and local supply chain deployment. In Thailand, we upgraded the self-cleaning feature of air conditioners with UV sterilization technology, addressing the market demand for healthy living and achieving a 28% growth in air conditioner sales. In Vietnam, we launched AQUA refrigerators featuring ABT dynamic sterilization and HCS moisture lock compartments. The Company also introduced smart Color AI washing machines driving AQUA's market share reach 20%.



Regarding distribution channels, The Company effectively improved retail ticket prices and competitiveness leveraging store development and product upgrade. We established 86 new AQUA store in Indonesia and secured prime space in CANDI Bali, Indonesia's second largest retail channel to enhance premium brand image. The Company implemented a user-centric approach to enhance experience using measures including promoting online/offline integration, providing personalized marketing and establishing a presence on local search engines and content platforms in Vietnam. The Company also strengthened local supply chain deployment. Construction of a new air conditioner factory commenced in Thailand in April, refrigerator factory in Vietnam has been upgraded to secure production capacity for both local and neighbouring markets.

## **6. Japan**

During the period, revenue amounted to RMB1.827 billion in Japan, down 6.2% year-on-year, a growth of 2.4% in local currency.

In Japan, the Company implemented a dual-brand strategy with AQUA and Haier, enhancing retail competitiveness through product upgrades, channel expansion, and marketing innovation. The Company captured demands for high-efficiency and smart appliances with AQUA's compact, large-capacity heat pump front-load series and the upgraded TX multi-door/TZ ultra-thin large refrigerator to achieve over 30% year-on-year growth in AQUA's 500L+ extra-large refrigerators and a 125% growth in heat pump front-load washers. Haier's ultra-slim three-door refrigerators and variable-frequency washers both grew over 30%. The Company entered air conditioner sector and accelerated online expansion in response to user trends, creating new growth opportunities. Through innovative activities and omni-channel promotion, the Company increased visibility and user conversion rates, maintaining leading market share for refrigerator and freezer products in Japan.

## **7. Middle East & Africa**

During the period, revenue from the Middle East and Africa grew 26.7% year-on-year to RMB1.474 billion.

During the reporting period, the Company drove rapid growth through localized manufacturing, operation upgrades and business acquisitions. During the reporting period, the first phase of Egypt eco-park in Egypt commenced production, localizing the manufacturing of air conditioners and washing machines, reducing operational costs, to accelerate development in Egypt and surrounding markets. The Company strengthened operation and retail capabilities by focusing on brand and product mix upgrades to improve user experience across different countries and promote mid-to-high-end products. The Company announced the acquisition of Electrolux's water heater business in South Africa. This acquisition will support the development of solar water heaters and water purifiers in local market, while leveraging Kwikot's channel advantages to promote Haier's refrigerators, washing machines amongst others in South Africa and surrounding markets.

## VII. Digital transformation

During the reporting period, the Company continued to advance digital transformation along the entire value chain, enhancing competitiveness in user management, R&D, cost management and order fulfilment. In the first half of the year, the Company's selling and distribution and administrative expense ratio optimized by 0.9 percentage points.

### ***Enhancing User Management Competitiveness***

The Company adopted AI-generated content (AIGC) to improve the quality and efficiency of marketing content, while utilizing digital platforms to manage media placement costs and improved effectiveness through data-driven strategy optimization. During the reporting period, traffic acquisition costs in the domestic market were optimized by 28%.

The Company carried out digital upgrade of marketing strategies through operating a matrix of new media accounts and integrating Douyin platform resources to improve traffic acquisition and conversion. In the first half of the year, the proportion of digital retail increased by 25.7%.

### ***Improving Product R&D and Cost Competitiveness***

The Company focused on full product lifecycle management, enhancing capabilities in user insights, product launch and exit strategies, R&D engineering, and cross-functional integration, effectively shortened R&D cycles and enhanced user experience. In the first half of the year, average model output in the domestic market increased by 7%.

The Company also integrated AI and OCR technologies to automatically identify cost factors and build cost models, enabling one-click procurement price comparisons. Cost comparison models have been established for over 100 types of materials while common component ratio increased by 13%.

The Company achieved precise pre-production planning and efficient in-process operations through smart management of labour, machinery, materials, methods, and environment, to improve order execution accuracy. In the first half of the year, manufacturing (manufacturing and logistics in factories) cost was optimized by 0.3%, and production efficiency increased by 8%.

### ***Increasing Order Fulfilment Efficiency***

The Company achieved real-time responsiveness to customer needs through data sharing in sales, supply, production, and logistics, expediting lead time by 12% in the domestic market.

Furthermore, the Company upgraded smart order platform to optimize allocation based on cost efficiency and reduce cost.

## REVIEW OF THE INDUSTRY WHERE THE COMPANY OPERATES DURING THE REPORTING PERIOD

### Industry overview for the first half of 2024

#### 1. Domestic market

In the first half of 2024, sluggish real estate sector and weak consumer confidence suppressed demand and put pressure on the white goods sector. According to AVC, retail sales of white goods and kitchen & bathroom products fell 6.2% year-on-year to RMB290.5 billion in the first half of 2024, while retail volume decreased 2.4% to 113.93 million units. The performance of major sub-sectors was as follows:

##### (1) Home air conditioning industry

In the first half of 2024, persistent rainfall in eastern and southern China dampened market demand. The industry's earlier shipment in the first quarter of 2024, coupled with pressure on end-user demand, led to elevated inventory levels and intensified competition. According to AVC, in the first half of 2024, the air conditioner market's total sales volume dropped 11.0% year-on-year to 33.15 million units across all channels, while sales revenue decreased 14.5% year-on-year to RMB111.4 billion. The proportion of low-priced models increased: according to AVC, online sales of 1.5 HP wall-mounted units priced below RMB2,000 accounted for 22.8% of total sales volume, a year-on-year increase of 6.1 percentage points; whereas the offline product mix ratio of 1.5 HP wall-mounted units priced above RMB3,500 dropped from 49.6% to 41.9% year-on-year.

As consumers' increasing attention to air quality and preference towards integration of home appliances and furnishings is driving structural upgrades as the industry shifts from standing and wall-mounted products to integrated HVAC solutions.

##### (2) Refrigerator industry

Overall market remained replacement-driven. According to AVC, in the first half of 2024, China's refrigerator market achieved a total retail value of RMB65.2 billion across all channels, a year-on-year increase of 0.4%, while retail volume reached 19.36 million units, up 0.8% year-on-year. Consumers' increasing focus on healthy diet and home aesthetics, are driving the industry towards food freshness preservation and integration of appliances with furnishings. Built-in refrigerators continued to outperform in the first half of 2024 with online retail volume accounting for 12.4%, a year-on-year increase of 7.1%, while offline retail volume accounted for 37.8%, a rise of 19.5% year-on-year.

##### (3) Washing machine industry

As living standards continue to rise, washer-dryer combos have become industry growth driver. According to AVC, in the first half of 2024, the washing machine industry achieved retail sales of RMB49.4 billion, a year-on-year increase of 3.6%, and retail volume reached 20.29 million units, up 6.2% year-on-year. Online retail sales of washer-dryer combos totalled RMB4.34 billion, a year-on-year increase of 43.6%, and retail volume amounted to 541,000 units, up 64.1% year-on-year. As home appliances and furnishings become more integrated, washing machines are gradually upgrading to ultra-thin models to create enhanced home aesthetic experience.



(4) *Kitchen appliance industry*

Traditional kitchen appliances such as range hoods and stoves remained stable, dishwashers continued to grow and integrated stoves experienced a decline. According to AVC, in the first half of 2024, range hood retail sales decreased 0.2% year-on-year to RMB14.9 billion; retail volume dropped 3.3% year-on-year to 8.68 million units. Gas stove retail sales rose 2.7% year-on-year to RMB8.4 billion, and retail volume increased 4.8% to 10.47 million units. Dishwasher retail sales reached RMB5.8 billion in the first half of 2024, up 5.0% year-on-year. Retail volume reached 990,000 units, a 3.4% year-on-year increase. Retail sales of integrated stoves totalled RMB11.1 billion, a year-on-year decline of 18.20%, and retail volume decreased 15.2% to 1.14 million units. As consumers increasingly pursue high-quality lifestyles, their demands for quality and design in kitchen appliances continue to rise. The industry is trending towards appliance-furnishing integration, smart features, energy saving, and healthy cooking.

(5) *Water heater industry*

Industry demand has stabilized. According to AVC, in the first half of 2024, electric water heaters recorded retail sales of RMB10.7 billion, down 0.8% year-on-year; retail volume stood at 8.26 million units, up 1.6% year-on-year. Gas water heaters recorded retail sales of RMB12.8 billion, down 1.0% year-on-year; retail volume totalled 6 million units, up 1.2% year-on-year. Consumer focus has shifted from safety considerations to design, rapid heating and comfort, thus popular models include ultra-thin electric water heaters with dual-tank, rapid heating and smart constant-temperature gas units.

(6) *Water purifier industry*

The water purification industry maintained steady growth as consumer awareness of healthy drinking water continued to grow. According to AVC, in the first half of 2024, retail sales of household water appliances increased 2.3% year-on-year to RMB12.6 billion; retail volume grew 4.3% year-on-year to 10.1 million units.

Currently, anticipated reduction in income has led to more cautious purchasing decisions. Value for money has become key considerations in home appliance consumption. Unlike their parents, consumers in their 20s and 30s utilize new media to gather product information when making purchasing decisions, which requires appliance manufacturers to continually adapt their branding, marketing, and product development strategies to capture growth opportunities.

The white goods industry has become primarily upgrades and replacement-driven. The proportion of first-time buyers is gradually declining, while demand for replacements due to home renovations is on the rise. Consumers are increasingly seeking to enhance their quality of life through kitchen and bathroom upgrades. As a result, comprehensive capabilities in scenario design, installation, and maintenance services have become crucial for acquiring uses.

In the first half of 2024, there was a significant price increase in copper, aluminium, and refrigerants, which had a significant impact on the profitability of the industry, particularly in the air conditioner sector.

## 2. Overseas markets

In the first half of 2024, overseas market demand exhibited mixed trends. Core home appliance markets in developed regions (Europe, U.S., Japan) remained under macroeconomic pressure. However, emerging markets, including Southeast Asia, South Asia, the Middle East, and Africa, maintained robust growth.

In the U.S., industry demand declined due to a downturn in both existing and new home sales. According to AHAM, core appliance shipments in the first half of 2024 decreased by 2% in volume and 6% in value year-on-year while competition remained fierce.

In Europe, persistent high inflation and interest rates continued to dampen consumer sentiment; the home appliance industry remained sluggish. Demand was shifting towards value-for-money products. Gfk data reported a 0.3% decline in sales volume and a 1.3% decrease in sales value for white goods across 21 European countries. However, green and low-carbon trends, as well as energy price pressure created increasing demand for energy-efficient products and unlock opportunities in HVAC sector with ongoing consolidation across the industry.

Benefiting from macroeconomic growth in India, the home appliance industry grew by 7–8%. The refrigerator and washing machine sector increased by 5–6%, while the air conditioner sector, boosted by hot temperatures in the north, saw over 30% retail growth. Driven by economic growth and rising per capita income in Pakistan, the home appliance industry sustained growth in the first half of the year.

According to Gfk, Thailand's market grew by approximately 3%, driven by recoveries in foreign investment and tourism. Air conditioner sales volume surged over 20% due to hot temperatures. Vietnam experienced double-digit growth in the home appliance sector, bolstered by increased foreign investment. Indonesia's stable political and economic environment, coupled with rising household disposable income, contributed to a 6% growth in the home appliance industry.

Due to high interest rates and inflation, consumers increasingly sought value-for-money products in Australia and New Zealand. According to data from major Australian home appliance retail channels, sales volume grew by 4.6% year-on-year in the first half of 2024, while sales value increased by 1.7%.

The refrigerator, freezer, and washing machine sectors declines in volume, price, and revenue in Japan because of inflation, currency depreciation, declining disposable income, longer replacement cycles and ongoing price competition. Consumers have become more interested in seeking added-value in products with large capacity, compact size, energy efficiency, and smart features.

## Industry Outlook for 2H2024

### **Domestic market**

The Chinese home appliance industry has entered replacements and upgrades phase. According to China Household Electric Appliance Research Institute, the penetration of air conditioners, refrigerators, and washing machines across the country in 2022 amounted to 780 million, 580 million, and 550 million units respectively. A massive replacement market has already emerged.

The industry showed a clear trend towards lower-end products because of cautious income growth expectations and weakened consumer confidence. On 15 July 2024, the National Development and Reform Commission and the Ministry of Finance jointly issued “Measures to Support Large-scale Equipment Renewal and Trade-in of Consumer Goods”. The implementation of these measures is expected to stimulate consumer demand for upgrades, boost consumer confidence, and promote industry development.

### **Overseas markets**

In the second half of 2024, interest rate cut is expected in the developed countries, where pent-up demand can be released to gradually revitalize the real estate market. Price competition is expected to ease due to home appliance manufacturers’ focus on operational quality and high commodity prices.

The industry is poised for steady growth in the emerging markets where continued urbanization is expected to drive appliance penetration and home appliance manufacturers are also accelerating the localization of their supply chains.

## DEVELOPMENT PLAN FOR THE SECOND HALF OF THE YEAR

In the second half of 2024, amid dynamic changes in demand and an increasingly competitive environment, the Company will continue to focus on iteratively optimizing user experience and improving operational efficiency. We aim to enhance profitability by leveraging advantages in technology, scale and service, while accelerating innovation and transformation to achieve long-term sustainable growth.

### **Product Innovation**

We will continue to uphold our value-oriented approach by integrating global R&D and planning resources, accelerating technology sharing, and promoting the rapid implementation of leading technologies and innovations across a wider range of products, to better meet the ever-changing needs of our users.

### **Domestic market**

In the second half of 2024, we will align with the national trade-in policy and achieve sustainable growth through innovative marketing and channel strategies. We will leverage the Company’s advantages in product lineup, scenario-based solutions, and franchised store network to capitalize on trade-in subsidy opportunities, meeting users’ upgrade needs and driving retail growth. We will adapt our marketing content and communication strategies to changing consumer decision-making processes while adding on to brand value by improving go-to-market strategy and increase conversion efficiency through new media. We will deepen our user-centric transformation by establishing efficient systems for order forecasting, distribution and response, thereby enhancing user experience and customer satisfaction.

### Overseas markets

We will focus on improving profitability by expanding value chain through continuous product upgrades, accelerating supply chain localization, implementing end-to-end digital transformation and deepening global collaborations, to enhance profitability and achieve growth targets.

In the U.S., Australia, and New Zealand, we will strengthen profitability by improving supply chain efficiency and iterating product platforms. In Europe, we will enhance competitiveness by optimizing organizational structure, streamlining business processes, and promoting brand transformation. We will continue localization along the Belt and Road Initiative in South Asia, Southeast Asia, Middle East and Africa, to capitalize on population growth and penetration increases, thus become a leading brand in these regions.

### Platform transformation

We will advance the digital transformation in production, procurement, and quality systems to enhance lean management capabilities across design, procurement, and production stages, while optimizing end-to-end cost competitiveness.

## POTENTIAL RISKS OF THE COMPANY

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods as durable consumer appliances are subject to users' income levels and their expectations of future income growth which will have a certain impact on their willingness to purchase products. A slowdown in macroeconomic growth causing a decline in users' purchasing power will have a negative impact on industry growth. In addition, a slowdown in real estate market will also have a negative impact on market demand, which will indirectly affect end-user demand for home appliances.
2. Risk of price war caused by intensified industry competitions. The white goods industry is highly competitive with a high degree of product homogeneity, and the industry concentration has continued to increase in recent years. However, the increase in industry inventory capacity in individual sub-sectors due to the demand-supply imbalance may lead to risks such as price wars. Furthermore, rapid technological advancements, scarce talents in the industry, shortened product life cycles and ease of imitation are making it increasingly difficult to profit. Although new products, services and technologies are often associated with higher selling prices, it has become necessary for the Company to invest more in R&D. The Company will actively invest in R&D to attract more users through continuous innovation in products and services, to build a lasting brand awareness.
3. Risk of fluctuations in raw material prices. The Company's products and core components use metal raw materials such as steel, aluminium, and copper, as well as commodities such as plastics and foam. If the prices of raw materials continue to surge, it will put certain pressure on the Company's production and operations. In addition, the Company relies on third party manufacturers and suppliers for key raw materials, components, and manufacturing equipment, as well as OEM suppliers, and any disruption in supply or significant price increases by these suppliers will have a negative impact on the Company's business. As a leader in the industry, the Company will take measures including volume & price adjustment mechanism as well as hedging to reduce the risk of raw material fluctuations on its operations.

4. Operational risks in overseas business. The Company has steadily developed its global business and has established production bases, R&D centres, and marketing centres in many parts of the world, with the proportion of overseas revenue increasing year by year. Overseas markets are subject to local political and economic situations (including events such as military conflicts and wars), legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose certain risks to the Company's local operations in these markets. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the impact on the overall cost of sales, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect its people and assets.
5. Risk of exchange rate fluctuations. As the Company expands its global footprint, the import and export of the Company's products involve the exchange of foreign currencies such as the U.S. dollar, the Euro, and the Japanese yen. If the exchange rates of the relevant currencies fluctuate, it will have a certain impact on the Company's financial position and increase its financial costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while the financial statements of its subsidiaries are measured and reported in the currency of their primary economic environment in which the entity operates and are therefore subject to currency exchange risk. In this regard, the Company uses hedging instruments to reduce its exposure to exchange rate fluctuations.
6. Risk of policy changes. The home appliance industry is closely related to the consumer market and the real estate market. Changes in macroeconomic policies, consumption investment policies, real estate policies and relevant laws and regulations will affect product demand from distributors, which in turn will affect product sales of the Company. The Company will closely monitor changes in the relevant policies, laws, and regulations, and make forecasts of market changes, to ensure further development of the Company.
7. Credit risk. There is possibility that the Company will be unable to collect all trade receivables from its distributors, or distributors are not able to settle the Company's trade receivables in a timely manner, in which the Company's business, financial status, and operation performance may be affected. In relation to this risk, the Company will maintain flexibility by offering credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.
8. Inventory risk. Excess inventory might occur as the Company cannot always accurately predict trends and events and maintain appropriate inventory levels; thus, the Company may be forced to offer discounts or promotions to manage the slow-moving inventory. On the other hand, a shortage of inventory may lead to loss of sales opportunities for the Company. However, the Company will manage its inventory and adjust according to market situation and will conduct regular impairment assessment of its inventory.

## FINANCIAL REVIEW

In the first half of 2024, the Group's revenue amounted to approximately RMB135,621 million, representing an increase of 3.0% from RMB131,616 million (restated) in the first half of 2023.

Profit attributable to owners of the Company amounted to RMB10,420 million, representing an increase of 16.3% from approximately RMB8,963 million (restated) in the first half of 2023.

### 1. Analysis of Revenue and Profit

Items	For the six months ended		Change %
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)	
<b>Revenue</b>			
Household Food Storage and Cooking Solutions			
— Refrigerators/ Freezers	41,128	40,405	1.8
— Kitchen Appliances	20,275	20,206	0.3
Air Solutions	29,235	28,176	3.8
Household Laundry Management Solutions	29,737	28,314	5.0
Household Water Solutions	8,106	7,607	6.6
Other Business	50,266	44,863	12.0
Inter-segment elimination	(43,126)	(37,955)	13.6
Consolidated revenue	135,621	131,616	3.0
Adjusted operating profit*	11,375	9,577	18.8
Profit attributable to owners of the Company	10,420	8,963	16.3
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
— For profit for the period	RMB1.13	RMB0.96	17.7
Diluted			
— For profit for the period	RMB1.12	RMB0.96	16.7

\* Adjusted operating profit is defined as profit before tax, net of bank interest income, foreign exchange gains and losses, return on investments in other financial assets, government grants, finance costs and share of profits and losses of associates.



The following table summarises our revenue by geographical location (after taking into account the revenue from other business and inter-segment elimination) for the periods indicated:

	For the six months ended		Change %
	2024 RMB'M (Unaudited)	30 June 2023 RMB'M (Unaudited) (Restated)	
China	64,797	63,313	2.3
Other countries/ regions	70,824	68,303	3.7
<b>Total</b>	<b>135,621</b>	<b>131,616</b>	<b>3.0</b>

As at 30 June 2024, the Group's foreign assets amounted to RMB124,138 million, representing 47.3% of the total assets. In the first half of 2024, the Group's revenue and operating profit from foreign assets amounted to RMB70,824 million and RMB4,081 million respectively.

In the first half of 2024, the Group's revenue amounted to RMB135,621 million, representing an increase of 3.0% from approximately RMB131,616 million (restated) in the first half of 2023. (1) Domestic Market: Despite weakening consumer confidence and a downturn in the white goods sector, particularly a 14.5% drop in air conditioner retail sales, the Group navigated the challenges by strengthening our multi-brand product lineup and implementing innovative new media marketing strategies. Domestic revenue grew by 2.3% against headwind. (2) Overseas Markets: The Group's revenue from overseas markets grew by 3.7% in the first half of the year. ① In developed markets like the U.S. and Europe, where inflation suppressed demand, we increased market share by launching high-end products, optimizing supply chain layout, and improving operational efficiency through organizational reforms. ② In rapidly growing regions such as South Asia, Southeast Asia, and the Middle East & Africa, we strengthened our supply chain and network presence. By enhancing our high-end product lineup and increasing price indices, significant growth was achieved. Revenues in South Asia, Southeast Asia and Middle East & Africa in the first half of the year grew 9.9%, 12.4% and 26.8% respectively.

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

Revenue from refrigerators/freezers increased by 1.8% from approximately RMB40,405 million (restated) in the first half of 2023 to approximately RMB41,128 million in the first half of 2024. The Group's refrigerator and freezer business continued to maintain technological leadership while accelerating its high-end brand transformation in overseas markets, which enhanced product competitiveness and increased market share.

Revenue from kitchen appliances increased by 0.3% from approximately RMB20,206 million (restated) in the first half of 2023 to approximately RMB20,275 million in the first half of 2024. The kitchen appliance business achieved market share growth through iterating product platforms, expanding product suite lineup, and enhancing the breadth and depth of home improvement channels.

**(2) Air Solutions**

Revenue from air-conditioners increased by 3.8% from approximately RMB28,176 million (restated) in the first half of 2023 to approximately RMB29,235 million in the first half of 2024. Specifically, the home air conditioner business actively expanded new product lines in the global HVAC sector, continuing to enhance its global competitiveness in products, markets, and supply chains, resulting in steady global revenue growth. The smart building business achieved growth in both domestic and export market shares by advancing its core compressor technologies and maintaining a leading edge in air and magnetic levitation, boosting in-house manufacturing of key components, and strengthening capabilities in professional solutions and services.

**(3) Household Laundry Management Solutions**

Revenue from washing machine increased by 5.0% from approximately RMB28,314 million (restated) in the first half of 2023 to approximately RMB29,737 million in the first half of 2024. The washing machine business increased market share by advancing its three core strategies: innovation-driven technology, omni-channel marketing, and overall cost optimization.

**(4) Household Water Solutions**

Revenue from water appliances increased by 6.6% from approximately RMB7,607 million (restated) in the first half of 2023 to approximately RMB8,106 million in the first half of 2024. In the Chinese market, we introduced innovative products such as the Casarte Crystal Tank series with skincare features, 20,000 units of the new dual-tank water heaters have been sold, solidifying Casarte's market leadership in the segment for water heaters priced between RMB5,000–8,000. The Haier Little Magic box series, equipped with filtration, anti-bacteria, lime scale and chlorine reduction functions, helped the Group become number one in units priced over RMB3,000.

**Profit Attributable to Owners of the Company**

In the first half of 2024, the profit attributable to owners of the Company was approximately RMB10,420 million, representing an increase of 16.3% from approximately RMB8,963 million (restated) in the first half of 2023.

**Adjusted Operating Profit**

Adjusted operating profit is defined as profit before tax, net of bank interest income, foreign exchange gains and losses, return on investments in other financial assets, government grants, loss on disposal of subsidiaries, finance costs and share of profits and losses of associates.

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

In the first half of 2024, the adjusted operating profit of the Group amounted to RMB11,375 million, representing an increase of 18.8% as compared to RMB9,577 million (restated) in the first half of 2023. The increase in adjusted operating profit was driven by the profit growth in the Group's business segments in the global market.



The following table sets forth the reconciliation between the Group's adjusted operating profit and profit before tax prepared in accordance with IFRS for the six months ended 30 June 2024 and 2023:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'M</b>	RMB'M
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Profit before tax	<b>12,739</b>	11,114
Adjustment:		
Bank interest income	<b>(893)</b>	(597)
Foreign exchange gains	<b>(263)</b>	(288)
Government grants	<b>(374)</b>	(409)
Return on investments in other financial assets	<b>(33)</b>	(48)
Loss on disposal of subsidiaries	<b>4</b>	—
Finance costs	<b>1,217</b>	884
Share of profits and losses of associates	<b>(1,022)</b>	(1,079)
Adjusted operating profit	<b>11,375</b>	9,577

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

The Group's gross profit margin was 30.1% in the first half of 2024, representing an increase of 0.3 percentage points compared to the same period. In the domestic market, we continued to advance digital transformation in procurement, R&D, and manufacturing, while building a digital production and sales coordination system, resulting in a year-on-year increase in gross profit margin. In overseas markets, we improved cost competitiveness by establishing a digital procurement platform and enhanced capacity utilization through global supply chain collaboration, leading to a year-on-year increase in gross profit margin.

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

The Group's selling and distribution expenses accounted for 13.8% of the revenue, representing an improvement of 0.5 percentage points compared to the same period of 2023. The domestic and overseas selling and distribution expenses ratios improved due to the implementation of digitalization by the Group, leading to efficiency enhancement in marketing resource allocation, logistics distribution and warehousing operations.

### ***Administrative Expenses***

The Group's administrative expenses accounted for 8.1% of the revenue, representing an improvement of 0.4 percentage points year-on-year. The domestic and overseas administrative expense ratios improved due to the implementation of digital tools, which streamlined business processes, and enhanced organizational efficiency.

## 2. Financial Position

Items	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Non-current assets	127,733	120,759
Current assets	134,517	132,621
Current liabilities	125,717	120,083
Non-current liabilities	27,949	27,385
Net assets	108,584	105,912

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

As at 30 June 2024, the Group's total balance of cash and cash equivalents and wealth management products from other financial assets increased by 0.7% from RMB55,995 million as at 31 December 2023 to RMB56,381 million as at 30 June 2024.

Items	30 June 2024 RMB'M (Unaudited)	31 December 2023 RMB'M (Audited)
Cash and cash equivalents	54,228	53,977
Wealth management products from other financial assets — Current portion	2,153	2,018
Total	56,381	55,995

### ***Net Assets***

The Group's net assets increased by 2.5% from RMB105,912 million as at 31 December 2023 to RMB108,584 million as at 30 June 2024.

### ***Working Capital***

#### *Trade and Bills Receivables Turnover Days*

The trade and bills receivables turnover days of the Group was 41 days in the first half of 2024, representing an increase of 3 days as compared to that as of the end of 2023, which was due to increased income from sales.

#### *Inventory Turnover Days*

The Group's inventory turnover days at the first half of 2024 was 79 days, representing an improvement of 3 days as compared to the end of 2023. The improvement in inventory turnover days was due to efficient stock management and optimisation of inventory.

*Trade and Bills Payable Turnover Days*

The Group's trade and bills payables turnover days in the first half of 2024 was 139 days, representing an increase of 1 day as compared to that as of the end of 2023.

**3. Cash Flow Analysis**

Items	Notes	For the six months ended 30 June	
		2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited) (Restated)
Cash and cash equivalents as stated in the statement of cash flows at the beginning of the period		53,977	53,392
Net cash flow from operating activities	(a)	7,818	6,790
Net cash flow from investing activities	(b)	(7,334)	(4,333)
Net cash flow from financing activities	(c)	(191)	(1,269)
Effect of foreign exchange rate changes, net		(42)	482
Cash and cash equivalents as stated in the statement of cash flows at the end of the period		54,228	55,062

- (a) In the first half of 2024, the Group's net cash inflow from operating activities was RMB7,818 million, representing an increase of RMB1,028 million compared to the same period of 2023, which was mainly due to the increase in operating profit and the improvement in operating efficiency during the period.
- (b) Net cash outflow from investing activities in the first half of 2024 amounted to RMB7,334 million, with the details as follows:

Items	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited)
Payment for purchases of non-current assets	(3,892)	(3,728)
Purchase of wealth management products	(3,989)	(1,173)
Cash from disposal of fixed assets and leasehold land	8	74
Dividend received from associates	394	401
Interest received from wealth management products	84	66
Net cash inflow from other investing activities	61	27
Net cash flow from investing activities	(7,334)	(4,333)

- (c) Net cash outflow from financing activities in the first half of 2024 amounted to RMB191 million, as compared to the net cash outflow of RMB1,269 million for the same period of last year, with details as follows:

Items	For the six months ended 30 June	
	2024 RMB'M (Unaudited)	2023 RMB'M (Unaudited)
Proceeds from borrowings	5,932	11,553
Repayment of borrowings	(4,150)	(10,429)
Repurchase of shares	(467)	(897)
Interest paid	(1,160)	(809)
Lease payment	(597)	(551)
Net cash inflow/(outflow) from other financing activities	251	(136)
Net cash flow from financing activities	(191)	(1,269)

## LIQUIDITY AND FINANCIAL RESOURCES

The Group pays great attention to cash flow management and has been able to maintain a healthy financial and liquidity position. As at 30 June 2024, the Group had a current ratio of 1.07 (31 December 2023: 1.10).

Items	30 June	31 December
	2024 RMB'M (Unaudited)	2023 RMB'M (Audited)
Cash and cash equivalents	54,228	53,977
Wealth management products from other financial assets	2,153	2,018
	56,381	55,995
Less:		
Interest-bearing borrowings	(30,067)	(28,396)
Net balance of cash and cash equivalents and wealth management products from other financial assets	26,314	27,599

As at 30 June 2024, wealth management products from other financial assets amounted to RMB2,153 million (31 December 2023: RMB2,018 million), representing an increase of 6.7% as compared to that as of the end of 2023.

As at 30 June 2024, approximately 70% of the cash and cash equivalents and the wealth management products from other financial assets balance was denominated in Renminbi, while the remaining 30% was denominated in Euro, Hong Kong dollars, U.S. dollars, New Zealand Dollars, Indian ruble and other currencies.

As at 30 June 2024, approximately 40% and 23% of the interest-bearing borrowings balance was denominated in U.S. dollars and Euro respectively, and the remaining 37% was denominated in Renminbi and other currencies. The variable rate and fixed rate interest-bearing borrowings were RMB28,425 million and RMB1,642 million respectively.

As at 30 June 2024, the Group's net balance of cash and cash equivalents and wealth management products from other financial assets amounted to RMB56,381 million (31 December 2023: RMB55,995 million), representing an increase of 0.7% as compared to that as of the end of 2023.

In the first half of 2024, the financial return of cash and cash equivalents and the return on wealth management products from other financial assets amounted to RMB923 million, representing an increase of 47.2% as compared to RMB627 million in the first half of 2023.

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

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As of 30 June 2024, the Group has not entered into any agreement with respect to material investments or capital assets, nor does it have any other plans with respect to material investments or capital assets. Nonetheless, if any potential investment opportunities arise in the future, the Company will conduct a feasibility study and prepare an implementation plan to consider whether it is beneficial to the Company and shareholders as a whole. Investment funds will be provided through the Company's own or external funds and debt financing.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES DURING THE REPORTING PERIOD**

As of 30 June 2024, the Group did not hold any significant investments. The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

### **USE OF PROCEEDS FROM PLACEMENT OF SHARES**

On 11 January 2022, the Company entered into a placing agreement with a placing agent for a placing of new H Shares of the Company under the general mandate. The Company intends to further strengthen its financial position through placing and utilising the net proceeds, mainly to support overseas business expansion and investment in ESG related areas. On 21 January 2022, the placing of shares had been completed. A total of 41,413,600 H Shares with a nominal value of RMB1.00 each have been placed to five placees, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons. The placing price is HK\$28.00 per H Share (whilst the closing price per H Share was HK\$32.70 on 11 January 2022). The net price, based on estimated expense, is HK\$27.77 per H Share.

The gross proceeds and net proceeds from the placing amounted to approximately HK\$1,159.58 million and approximately HK\$1,149.98 million respectively. The net proceeds of the placing will be used as to (i) 70% for production capacity expansion of overseas industrial parks; (ii) 15% for investment in ESG (Environmental, Social, Governance) related areas; (iii) 10% for digitalization and upgrade of overseas industrial parks; and (iv) 5% for overseas channel expansion and promotion. The above use was consistent with the intended use of proceeds previously disclosed by the Company.

Reference is made to the announcement of the Company dated 27 August 2024. In order to meet the ESG requirements and expectations of stakeholders for the Group as a responsible enterprise, and to better reflect the Group's value on its business, the Group's ESG-related work is in the internal upgrade stage of combining the Company's strategy and operation management, and the relevant ESG projects are in the preparation and initiation stage. In view of the above considerations, the expected timeline of the unutilized net proceeds was extended to 31 December 2026, and the actual use of funds will depend on the specific implementation progress of the projects.

Detailed breakdown and description of the net proceeds utilized during the six months ended 30 June 2024 are set out below:

	Unutilized net proceeds as at 1 January 2024 HK\$'M	Amount of net proceeds utilized during the six months ended 30 June 2024 HK\$'M	Unutilized net proceeds as at 30 June 2024 HK\$'M
Capacity building of overseas industrial parks	—	—	—
Investments in ESG (Environmental, Social and Governance) related areas	172.50	—	172.50
Information technology upgrading of overseas industrial parks	—	—	—
Overseas channel building and promotion	—	—	—
	172.5	—	172.50

## CAPITAL EXPENDITURE

The Company assesses its capital expenditure and investments in each business segment of the Group from time to time. The capital expenditure during the reporting period was RMB3,892 million (the first half of 2023: RMB3,728 million), in which RMB2,063 million and RMB1,829 million were mainly used in China and overseas, respectively, and primarily for the construction of plant and equipment, property rental expenses and investments of information infrastructure, etc.

## GEARING RATIO

As at 30 June 2024, the Group's gearing ratio (defined as total borrowings (including interest bearing borrowings and lease liabilities) divided by net assets of the Group) was 32.1% (31 December 2023: 30.9%), representing an increase of 1.2 percentage points mainly due to the utilization of more preferential loans during the reporting period.



## TREASURY POLICIES

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

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

The transactional effects of exchange rate fluctuations arise when one of the Group's subsidiaries enters into a sale or purchase transaction in a currency other than its functional currency. We conduct most of our overseas businesses through localised procurement, manufacturing and sales, which gives us the advantage to match costs and revenues along the value chain in the local markets in the same currency, creating a natural hedge for some of the transactional risks. The Group also uses forward foreign exchange contracts to mitigate its transactional exchange rate exposure.

## CAPITAL COMMITMENT

The Group's capital commitments contracted but not yet provided for amounted to RMB4,143 million as at 30 June 2024 (31 December 2023: RMB3,225 million), which were mainly related to the Group's domestic and overseas factory construction projects.

## CHARGE OF ASSETS

As at 30 June 2024, the Group did not pledge any trade and bills receivables to secure certain bank loans granted to the Group (31 December 2023: RMB34 million).

In addition, as at 30 June 2024, certain of the Group's bills payable were secured by the pledge of the Group's bank deposits amounting to RMB270 million (31 December 2023: RMB407 million) and the Group's bills receivable amounting to RMB4,346 million (31 December 2023: RMB4,357 million).

## CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

## RELATIONSHIP WITH EMPLOYEES AND REMUNERATION POLICY

The Group understands that employees are valuable assets and ensures that the remuneration packages for its employees remain competitive. Its employees are generally remunerated with fixed monthly salaries, which are reviewed annually, along with discretionary performance bonuses, share options and share award schemes. In addition, the Group has a thorough employee training and promotion mechanism that enables employees to continuously develop themselves.

The total number of employees of the Group decreased by 2.3% to 109,925 as at 30 June 2024 from 112,458 as at 31 December 2023.

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

### Repurchase of A-Shares

During the six months ended 30 June 2024, the Company repurchased certain of its ordinary A-Shares on the Shanghai Stock Exchange. The summary details of those transactions are as follows:

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

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

As of 30 June 2024, the Company held a total of 145,238,037 A-share treasury shares. In July 2024, 31,266,608 A-share treasury shares had been transferred to the 2024 A-Share Core Employee Stock Ownership Plan of the Company. The remaining 54,051,559 A-share treasury shares will be cancelled in accordance with a resolution of 2023 annual general meeting of the Company and 59,919,870 A-share treasury shares will be used in other share incentive plans.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

### DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).



## CORPORATE GOVERNANCE PRACTICES

### COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the code provisions of the Corporate Governance Code (the “**Code**”) as set out in part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the period from 1 January 2024 to 30 June 2024, except for the following deviation:

#### Chairman and Chief Executive Officer (“**CEO**”)

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

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

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct for securities transactions by Directors and Supervisors on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model code**”) as set out in Appendix C3 to the Listing Rules. Upon specific enquiry by the Company, all Directors and Supervisors of the Company had confirmed that they had complied with the required standard as set out in the Model Code throughout the period for the six months ended 30 June 2024.

## CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND CEO UNDER RULE 13.51B(1) OF THE LISTING RULES

Reference is made to the Company's circular dated 29 May 2024 and the Company's announcement dated 29 April 2024 regarding the proposed election of the supervisor of the Company ("**Supervisor**"). With effect from the conclusion of the 2023 annual general meeting ("**2023 AGM**") of the Company held on 20 June 2024, Ms. Ma Yingjie retired as Supervisor and Mr. Liu Yongfei was appointed as Supervisor.

Reference is also made to the Company's circular dated 29 May 2024. As authorized by the shareholders of the Company at the 2023 AGM, the Board adjusted the allowances of the Non-executive Directors from RMB320,000 per year before tax to the following:

The remuneration of non-executive Directors consists of three components: fixed remuneration, service compensation and floating allowances:

- i) Fixed remuneration: RMB360,000 per year before tax.
- ii) Service compensation: depending on the non-executive Directors' positions on the relevant special committees, the allowance before tax for chairman of the relevant special committees is RMB30,000 each year, the allowance before tax for member of the relevant special committees is RMB20,000 each year, if he/she serves as the chairman/chairlady or member of more than one committee, the allowance amount can be calculated cumulatively and paid based on the annual performance assessment.
- iii) Floating allowance: Allowances for non-executive Directors' on-site participations in the general meetings, the Board meetings, relevant special committee meetings, researches are standardized at RMB5,000/person/day. In addition, the travel expenses for attending Board meetings and general meetings and fees incurred reasonably in the performance of their duties under the articles of the associations of the Company by non-executive Directors are reimbursed as expensed.

The non-executive Directors who have labor contractual relationships with Haier Group Corporation and its subsidiaries do not receive Directors' remuneration from the Company.

Saved as disclosed above, there was no change of information of Directors, Supervisors and CEO required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the reporting period and up to the date of this report.

## AUDIT COMMITTEE

The Company has established an audit committee comprising two non-executive Directors and three independent non-executive Directors of the Company. The audit committee had reviewed, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024, and discussed with internal audit department on internal audit and controls, and risk management.

## APPRECIATION

I would like to take this opportunity to thank all my fellow Directors and staff members for their dedicated services, contributions and supports during the period.

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

Qingdao, the PRC  
27 August 2024

## DISCLOSURE OF INTERESTS

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CEO IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests and short positions of the Directors, Supervisors and CEO in the share capital and underlying shares (“**Share(s)**”) of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

#### Long positions in shares of the Company:

Names	Positions	Class of Shares held	Number of Shares held	Nature of interest	Approximate percentage* of shareholding interest in the relevant class of Shares	Approximate percentage* of shareholding interest in the total share capital of the Company
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	A Share	919,710	Beneficial owner	0.0146%	0.0097%
		H Share	812,145	Beneficial owner	0.0284%	0.0086%
Mr. GONG Wei	Executive Director, Vice President and Chief Financial Officer	A Share	2,004,724	Beneficial owner	0.0318%	0.0212%
Ms. SHAO Xinzhi	Vice Chairman of the Board, Non-executive Director	H Share	1,045,056	Beneficial owner	0.0366%	0.0111%
Mr. YU Hon To, David	Non-executive Director	H Share	810,000	Beneficial owner	0.0283%	0.0086%
Ms. Eva LI Kam Fun	Non-executive Director	H Share	355,200	Beneficial owner	0.0124%	0.0038%
Mr. LIU Dalin	Chairman of the Board of Supervisors	A Share	36,676	Beneficial owner	0.0006%	0.0004%
		H Share	21,355	Beneficial owner	0.0007%	0.0002%
Mr. Yu Miao	Supervisor	A Share	6,436	Beneficial owner	0.0001%	0.0001%

\* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2024 totalling 9,438,114,893 comprise 6,308,552,654 A Shares, 271,013,973 D Shares and 2,858,548,266 H Shares, representing approximately 66.84%, 2.87% and 30.29% of the total share capital of the Company, respectively.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CEO IN SHARES AND UNDERLYING SHARES (continued)

### Long positions in shares of the Company: (continued)

Apart from above, the following Directors, Supervisors and CEO are also the grantees of the A Share ESOP and H Share ESOP of the Company:

Names	Positions	Class of Shares	Number of outstanding shares of ESOP (Year of granted)	Approximate percentage* of shareholding interest in the relevant class of Shares	Approximate percentage* of shareholding interest in the total share capital of the Company
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	A Share	125,104 (2022)	0.0020%	0.0013%
			212,811 (2023)	0.0034%	0.0023%
		H Share	140,292 (2022)	0.0049%	0.0015%
			219,537 (2023)	0.0077%	0.0023%
			181,121 (vested)	0.0063%	0.0019%
Mr. GONG Wei	Executive Director, Vice President and Chief Financial Officer	A Share	67,193 (2022)	0.0011%	0.0007%
			104,907 (2023)	0.0017%	0.0011%
		H Share	75,351 (2022)	0.0026%	0.0008%
			108,223 (2023)	0.0038%	0.0011%
			106,712 (vested)	0.0037%	0.0011%
Ms. SHAO Xinzhi	Vice Chairman of the Board, Non-executive Director	A Share	104,907 (2023)	0.0017%	0.0011%
		H Share	108,223 (2023)	0.0038%	0.0011%
Mr. LIU Dalin	Chairman of the Board of Supervisors	A Share	29,634 (2022)	0.0005%	0.0003%
			49,956 (2023)	0.0008%	0.0005%
Mr. YU Miao	Supervisor	A Share	5,032 (2022)	0.0001%	0.0001%
			16,652 (2023)	0.0003%	0.0002%

\* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2024 totalling 9,438,114,893 comprise 6,308,552,654 A Shares, 271,013,973 D Shares and 2,858,548,266 H Shares, representing approximately 66.84%, 2.87% and 30.29% of the total share capital of the Company, respectively.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CEO IN SHARES AND UNDERLYING SHARES (continued)

### Long positions in shares of the Company: (continued)

On 11 January 2022, the Company entered into a placing agreement with a placing agent for a placing of new H Shares of the Company under general mandate. A total of 41,413,600 H Shares have been placed to five placees, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons. The placing price is HK\$28.00 per H Share. The following directors and supervisor of the Company have invested indirectly in the structured notes issued by Golden Sunflower, one of the placees, through the trusts and asset management schemes. The details of their capital contribution remaining as at 30 June 2024 are as follows:

Name	Positions	Amount contributed (In HK\$ million)	Relevant number of placing H shares	Approximate percentage* of shareholding interest in the relevant class of Shares	Approximate percentage* of shareholding interest in the total share capital of the Company
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	7.34	262,122	0.0092%	0.0028%
Mr. GONG Wei	Executive Director, Vice President and Chief Financial Officer	3.67	131,061	0.0046%	0.0014%
Ms. SHAO Xinzhi	Vice Chairman of the Board, Non-executive Director	7.34	262,122	0.0092%	0.0028%
Mr. LIU Dalin	Supervisor	2.44	87,314	0.0031%	0.0009%

\* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2024 totalling 9,438,114,893 comprise 6,308,552,654 A Shares, 271,013,973 D Shares and 2,858,548,266 H Shares, representing approximately 66.84%, 2.87% and 30.29% of the total share capital of the Company, respectively.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CEO IN SHARES AND UNDERLYING SHARES (continued)

### Long positions in underlying shares of the Company pursuant to share options:

Names	Positions	Class of Shares	Number of share options granted and not yet exercised	Approximate percentage* of shareholding interest in the relevant class of Shares upon exercise of share options	Approximate percentage* of shareholding interest in the total share capital of the Company upon exercise of share options
Mr. LI Huagang	Chairman of the Board, Executive Director and CEO	A Share	365,576	0.0058%	0.0039%
Mr. GONG Wei	Executive Director, Vice President and Chief Financial Officer	A Share	182,788	0.0029%	0.0019%

Note: The exercise price of each of the above A Share options is RMB25.63 for subscription of one share. The exercisable period is from 15 September 2022 to 15 September 2027.

\* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2024 totalling 9,438,114,893 comprise 6,308,552,654 A Shares, 271,013,973 D Shares and 2,858,548,266 H Shares, representing approximately 66.84%, 2.87% and 30.29% of the total share capital of the Company, respectively.

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors and CEO had any interests or short positions in the shares or underlying shares of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following shareholders who have interest in 5% or more of the issued share capital of the Company were recorded in the register of substantial shareholders as required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions:

Name of Shareholder	Class of Shares held	Number of Shares held	Nature of interest	Approximate percentage* of shareholding in the relevant class of Shares	Approximate percentage* of shareholding in the total share capital of the Company
Haier Group Corporation <sup>Notes 1 to 4</sup>	A Share	2,637,339,206	Beneficial owner Interest in controlled corporation Interest through voting rights entrustment arrangement	41.81%	27.94%
	H Share	538,560,000	Interest in controlled corporation	18.84%	5.71%
	D Share	58,135,194	Interest in controlled corporation	21.45%	0.62%
Haier COSMO Co., Ltd. <sup>Notes 1 and 2</sup>	A Share	1,258,684,824	Beneficial owner	19.95%	13.34%
HCH (HK) Investment Management Co., Limited <sup>Note 3</sup>	H Share	538,560,000	Beneficial owner	18.84%	5.71%
Haier International Co., Limited <sup>Note 4</sup>	D Share	58,135,194	Beneficial owner	21.45%	0.62%
Other H Class Shareholders <sup>Note 5</sup>					
Other D Class Shareholders <sup>Note 6</sup>					

\* The percentage is calculated on the basis that the share capital of the Company as at 30 June 2024 totalling 9,438,114,893 comprise 6,308,552,654 A Shares, 271,013,973 D Shares and 2,858,548,266 H Shares, representing approximately 66.84%, 2.87% and 30.29% of the total share capital of the Company, respectively.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

### Long positions: (continued)

Notes:

1. Haier Group Corporation holds directly 1,072,610,764 A Shares. In addition, Haier Group Corporation indirectly owns or controls (i) 1,258,684,824 A Shares through Haier COSMO Co., Ltd. (海爾卡奧斯股份有限公司) (formerly Haier Electric Appliances International Co., Ltd.), one of its subsidiaries, (ii) 172,252,560 A Shares through Qingdao Haier Venture & Investment Information Co., Ltd., one of its subsidiaries and (iii) 133,791,058 A Shares through Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership), a party acting in concert with Haier Group Corporation.
2. Haier Group Corporation holds 51.20% of the issued shares in Haier COSMO Co. Ltd. (海爾卡奧斯股份有限公司) (formerly Haier Electric Appliances International Co., Ltd.), and is also entitled to exercise the remaining 48.80% voting rights in Haier COSMO Co., Ltd. through an irrevocable voting rights entrustment arrangement.
3. HCH (HK) Investment Management Co., Limited ("HCH (HK)") holds 538,560,000 H Shares. Haier Group Corporation controls 100% voting rights in HCH (HK), thus is deemed to be interested in the 538,560,000 H Shares held by HCH (HK).
4. Haier International Co., Limited is a wholly-owned subsidiary of Haier Group Corporation. Therefore, Haier Group Corporation is deemed to be interested in the 58,135,194 D Shares held by Haier International Co., Limited.
5. JPMorgan Chase & Co. held 242,716,349 H Shares, representing approximately 8.49% of the total number of H Shares. BlackRock, Inc. held 163,549,891 H Shares, representing approximately 5.72% of the total number of H Shares.
6. Silk Road Fund Co., Ltd. held 54,007,663 D Shares, representing approximately 19.93% of the total number of D Shares.

### Short positions and Lending pools:

JPMorgan Chase & Co. had a short position of 15,827,285 H Shares, representing approximately 0.55% of the total number of H Shares; and had a lending pool of 36,366,390 H Shares, representing approximately 1.27% of the total number of H Shares. BlackRock, Inc. had a short position of 284,800 H Shares, representing approximately 0.01% of the total number of H Shares.

Save as disclosed above, as at 30 June 2024, no person, other than the Directors, Supervisors and CEO of the Company, whose interests are set out in the section "Interests and short positions of Directors, Supervisors and CEO in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

## SHARE SCHEMES

### SHARE AWARD SCHEMES

#### Introduction of the new phase of A-Share and H-Share ESOPs, and H-Share restricted shares award scheme

The Company adopted the A Share Core Employee Stock Ownership Plan (ESOP) (2021–2025), the H Share Core Employee Stock Ownership Plan (ESOP) (2021–2025) and the H Share Restricted Share Unit Scheme (RSU) at the 2020 annual general meeting held on 25 June 2021 (“**2020 AGM**”).

It is expected that relevant employees of the Group ordinarily reside within Mainland China will mainly be covered by the A Share ESOP and H Share ESOP, while relevant employees of the Group ordinarily reside outside Mainland China will mainly be covered by the RSU Scheme. The scheme shares for A Share and H Share ESOPs and RSU Scheme are funded by existing shares of the Company.

The A Share and H Share ESOP and RSU Scheme are designed to provide incentive to middle and senior management and core employees with the Company’s two to three-year profit target, and business unit and individual performance target as the main appraisal benchmarks. There is no consideration to be paid by the participants for the shares awarded under the A Share and H Share ESOP and RSU Scheme, which aligns with the purpose of the share aware scheme to attract and retain the services of directors and employees.

Pursuant to the authorisation sought at the 2020 AGM, the Board has the sole discretion of determining the list of employees entitled to participate in the A Share ESOP and H Share ESOP and the allocation for subsequent phases. The decision would be based on the rules of the A Share ESOP and H Share ESOP, changes in the workforce and performance assessment results, and are authorized to make adjustments. Also, the Board or its delegatee may, from time to time, select any eligible person to be a selected participant in accordance with the RSU Scheme Rules.

#### ***A Share ESOP and H Share ESOP***

The purposes of the ESOP are to drive employees’ entrepreneurship and innovation with “Rendanheyi”; to enhance corporate governance mechanism and create shareholders’ value; and to attract talents and innovate the remuneration management system of the Company.

Participants of the ESOP shall be the directors (except for independent directors), supervisors and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries.

With the authorization of the shareholders' meeting, the board of directors shall have the right to decide on the establishment of an independent ESOP for each year from 2021 to 2025 based on the actual needs. The duration of each ESOP shall not exceed five years, calculated from the time when the Company announces that the underlying shares obtained in the last time for each year are recorded to the ESOP for that year. After the expiration of the duration, the ESOP shall be terminated, or may be extended after being approved by the board of directors with the authorization of the shareholders' meeting.

The ESOP for each year shall be independent of each other, but the total number of shares held by each established and existing ESOP (including A Share ESOP and H Share ESOP) shall not exceed 10% of the total share capital of the Company, and the total number of shares corresponding to a single employee's share in the existing ESOPs shall not exceed 1% of the total amount of the Company's share capital.

During the period, in order to improve the corporate governance mechanism, create value for shareholders and promote the full implementation of the Company's IoT smart home brand strategy, the Company introduced the A Share Core Employee Stock Ownership Plan (2024) and the H Share Core Employees Ownership Plan (2024) upon the approval at the 10th Meeting of the 11th session of the Board of Directors of the Company convened on 29 April 2024, with the subsequent authorization at the 2023 AGM of the Company.

### ***A Share ESOP (2022)***

There were no more than 2,250 employees participating in the 2022 ESOP. The total amount of funds used to participate in the 2022 ESOP was RMB680 million. There are 11 persons including directors, supervisors and senior officers, with a total holding of RMB21.96 million, accounting for 3.2% of the 2022 ESOP. There are 2,239 core technical (business) personnel of the Company and its subsidiaries, with a total holding of RMB658.04 million, accounting for 96.8% of the 2022 ESOP.

The source of shares of the 2022 ESOP were the repurchased A shares of the Company. The 2022 ESOP established a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.

On 21 July 2022, 26,814,055 Shares (average purchase cost was RMB25.33 per share) held in the "repurchase special account of Haier Smart Home Co., Ltd." were transferred to the designated account of "Haier Smart Home Co., Ltd. — A Share Core Employee Stock Ownership Plan (2022)" through non-trading transfer. The lock-up period is from 22 July 2022 to 21 July 2023.

After the end of the lock-up period, the participants shall be appraised according to the performance appraisal system of the Company. The appraisal period is two years, and upon the expiration of the lock-up period of the 2022 ESOP, 40% and 60% of the corresponding underlying shares shall be vested to the participants in two phases. The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period.

**A Share ESOP (2023)**

There were no more than 2,400 employees participating in the 2023 ESOP. The total amount of funds used to participate in the 2023 ESOP was RMB565.50 million. There are 14 directors, supervisors and senior officers with a total holding of RMB31.42 million, accounting for 5.6% of the ESOP. There are 2,386 core technical (business) personnel of the Company and its subsidiaries, with a total holding of RMB534.08 million, accounting for 94.4% of the ESOP.

The source of shares for the ESOP were the repurchased shares of the Company in the repurchase special account. The 2023 ESOP established a lock-up period of 12 months from the date of disclosure of the announcement on completion of transfer of the repurchased shares of the Company from the repurchase special account.

On 17 July 2023, 25,117,000 Shares (average purchase cost was RMB22.49 per share) held in the “repurchase special account of Haier Smart Home Co., Ltd.” were transferred to the designated account of “Haier Smart Home Co., Ltd. — A Share Core Employee Stock Ownership Plan (2023)” through non-trading transfer. The lock-up period is from 19 July 2023 to 18 July 2024.

After the end of the lock-up period of the 2023 ESOP, the corresponding underlying shares shall be vested to the participants in two phases (40% and 60% respectively). The specific vesting time shall be determined by the Management Committee after the end of the lock-up period.

## Share Schemes

The following table discloses movements in the A Share ESOPs during the period:

Name or category of Participants	On 1 January 2024	Granted during the period	Vested during the period (Note)	Cancelled during the period	Lapsed during the period	On 30 June 2024	Date of grant of A Share ESOP	Vesting period for A Share ESOP
<b>Directors</b>								
Mr. LI Huagang	30,037	—	—	30,037	—	—	30/07/2021	30/07/2021–30/07/2023
	125,104	—	—	—	—	125,104	10/08/2022	10/08/2022–30/07/2024
	212,811	—	—	—	—	212,811	28/07/2023	28/07/2023–30/07/2025
	367,952	—	—	30,037	—	337,915		
Mr. GONG Wei	18,195	—	—	18,195	—	—	30/07/2021	30/07/2021–30/07/2023
	67,193	—	—	—	—	67,193	10/08/2022	10/08/2022–30/07/2024
	104,907	—	—	—	—	104,907	28/07/2023	28/07/2023–30/07/2025
	190,295	—	—	18,195	—	172,100		
Ms. SHAO Xinzhi	104,907	—	—	—	—	104,907	28/07/2023	28/07/2023–30/07/2025
Subtotal	663,154	—	—	48,232	—	614,922		
<b>Supervisors</b>								
Mr. LIU Dalin	6,500	—	—	6,500	—	—	30/07/2021	30/07/2021–30/07/2023
	29,634	—	—	—	—	29,634	10/08/2022	10/08/2022–30/07/2024
	49,956	—	—	—	—	49,956	28/07/2023	28/07/2023–30/07/2025
	86,090	—	—	6,500	—	79,590		
Ms. MA Yingjie	1,468	—	—	1,468	—	—	30/07/2021	30/07/2021–30/07/2023
	6,278	—	—	—	—	6,278	10/08/2022	10/08/2022–30/07/2024
	12,655	—	—	—	—	12,655	28/07/2023	28/07/2023–30/07/2025
	20,401	—	—	1,468	—	18,933		
Mr. YU Miao	1,461	—	—	1,461	—	—	30/07/2021	30/07/2021–30/07/2023
	5,032	—	—	—	—	5,032	10/08/2022	10/08/2022–30/07/2024
	16,652	—	—	—	—	16,652	28/07/2023	28/07/2023–30/07/2025
	23,145	—	—	1,461	—	21,684		
Subtotal	129,636	—	—	9,429	—	120,207		
<b>Other employees</b>								
In aggregate	20,299,368	—	—	—	—	20,299,368	10/08/2022	10/08/2022–30/07/2024
	24,615,112	—	—	—	—	24,615,112	28/07/2023	28/07/2023–30/07/2025
	44,914,480	—	—	—	—	44,914,480		
Total	45,707,270	—	—	57,661	—	45,649,609		

The purchase price of the above cancelled shares is RMB27.79 per share.

The granting mandate of each of the A Share ESOPs is only valid and effective for that particular year, and therefore there is no remaining life for such A Share ESOPs as at the date of this interim report. As at 1 January 2024 and 30 June 2024, the number of share awards available for grant under the A Share ESOPs (from 2021 to 2023) was nil.

The particulars regarding dilution effect of the A Share ESOP are set out in note 11 to the financial statements.

Notes:

1. The assessment criteria under the A Share and H Share ESOP (2022) (“**2022 ESOP**”) are as follows:
  - a. Where the participants under the 2022 ESOP are the Chairman, President and corporate platform staff of the Company, the assessment indicators and vesting conditions shall be as follows: If the results of the Management Committee’s assessment of such participants in 2022 are up to the standard, and the audited net profit attributable to the parent company of the Company in 2022 is increased by more than 15% (inclusive) compared with the pro forma net profit attributable to parent company in 2021, 40% of the interests of the underlying shares in the 2022 ESOP shall be vested to the participants. If the said net profit is increased by 12% (inclusive) to 15%, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Assessment Committee for approval; if the said net profit is increased by less than 12% (exclusive), the corresponding part of assessment in 2022 will not be vested. If the results of the Management Committee’s assessment of such participants in 2023 are up to the standard, and the audited net profit attributable to the parent company of the Company in 2023 is increased by more than 15% (inclusive) compared with the pro forma net profit attributable to parent company in 2021 on a CAGR basis, 60% of the interests of the underlying shares under the 2022 ESOP shall be vested to the participants. If the said net profit is increased by 12% (inclusive) to 15% on a CAGR basis, vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Assessment Committee for approval; if the said net profit is increased by less than 12% (exclusive), the corresponding part of assessment in 2023 will not be vested. The “net profit attributable to the parent company”: (1) the net profit attributable to the parent company during the 2021 represents audit data for 2021 Audit Report, amounting to RMB13.067 billion; (2) the other net profit attributable to the parent company during the 2022 and 2023 represents audited net profit attributable to the parent company after excluding the one-off impact on profit or loss arising from any material asset disposal/acquisition (if any) for the year. (In this regard, with reference to relevant requirements in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, material asset disposals and acquisitions are defined as: (1) material asset disposals and acquisitions with an individual transaction amount representing over 5% (inclusive) of the latest audited net asset attributable to the parent company of the listed company, or (2) individual transaction with asset creating a net profit or net profit of acquisition target representing over 5% of the latest audited net profit attributable to the parent company of the listed company.)
  - b. Where the participants under the 2022 ESOP are the persons other than those mentioned in item a above, 40% and 60% of the interests of the underlying shares under the 2022 ESOP shall be vested respectively if the results of the Management Committee’s assessment in 2022 and 2023 are up to the standard.

2. The assessment indicators under the A Share and H Share ESOP (2023) (“**2023 ESOP**”) are as follows:

- a. Where the participants under the 2023 ESOP are the directors, president, supervisors and platform personnel of the Company, the appraisal rules for 2023 and 2024 are based on a weighted average of the completion rate of the compound growth rate of net profit attributable to the parent company after non-recurring items and the completion rate of return on equity (hereinafter “**Comprehensive Completion Rate**”). The specific appraisal objectives and rules are as follows:

	<b>Net profit attributable to the parent company after non-recurring items</b>	<b>Return on equity (Note)</b>
<b>Performance appraisal indicators for 2023</b>	Growth rate of audited net profit attributable to the parent company after non-recurring items for 2023 over net profit attributable to the parent company after non-recurring items for 2022 not less than 15% (inclusive)	Audited return on equity (ROE) for 2023 not less than 16.8% (inclusive)
<b>Performance appraisal indicators for 2024</b>	Compound growth rate of audited net profit attributable to the parent company after non-recurring items for 2024 over net profit attributable to the parent company after non-recurring items for 2022 not less than 15% (inclusive)	Audited return on equity (ROE) for 2024 not less than 16.8% (inclusive)
<b>Appraisal weighting</b>	50%	50%

Note: Return on equity (ROE) refers to the weighted average return on equity. If the Company raises fund through capital market such as a public offering or issuance of shares to specific targets during the term of the 2023 ESOP that may have an impact on the Company’s net assets and ROE, the impact of such actions shall be excluded from the calculation of ROE attributable to shareholders of the listed company for each appraisal year, and the appraisal indicators in relation to ROE in each year’s appraisal criteria shall be adjusted accordingly. The details of the adjustment plan will be considered by the Remuneration and Appraisal Committee and submitted to the board of directors for approval before implementation.

**Comprehensive Completion Rate** = 50%\*completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items + 50%\*completion rate of return on equity

Of which:

**Completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items** = compound growth rate of audited net profit attributable to the parent company after non-recurring items for the year over net profit attributable to the parent company after non-recurring items for 2022/15%

**Completion rate of return on equity** = audited return on equity for the year/16.8%



(1) Appraisal indicators and vesting for 2023

If the results of the Management Committee's appraisal of such Participants in 2023 are up to the standard, and the Comprehensive Completion Rate in 2023 is more than 1 (inclusive), 40% of the interests of the Underlying Shares under the ESOP shall be vested to the Participants.

If the Comprehensive Completion Rate is between 0.8 (inclusive) to 1: ① for the completion rates of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity exceeding 0.8 (inclusive), vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; ② for any of the completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity below 0.8 (exclusive), vesting shall be made after the proportion of vesting is determined by the Remuneration and Appraisal Committee and submitted to the board of directors for approval.

If the Comprehensive Completion Rate is less than 0.8 (exclusive), 40% of the Underlying Shares under the ESOP will not be vested.

(2) Appraisal indicators and vesting for 2024

If the results of the Management Committee's appraisal of such Participants in 2024 are up to the standard, and the Comprehensive Completion Rate in 2024 is more than 1 (inclusive), 60% of the interests of the Underlying Shares under the ESOP shall be vested to the Participants.

If the Comprehensive Completion Rate is between 0.8 (inclusive) to 1: ① for the completion rates of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity exceeding 0.8 (inclusive), vesting shall be made after the proportion of vesting is determined by the Management Committee and submitted to the Remuneration and Appraisal Committee for approval; ② for any of the completion rate of compound growth rate of net profit attributable to the parent company after non-recurring items and return on equity below 0.8 (exclusive), vesting shall be made after the proportion of vesting is determined by the Remuneration and Appraisal Committee and submitted to the board of directors for approval.

If the Comprehensive Completion Rate is less than 0.8 (exclusive), 60% of the Underlying Shares under the ESOP will not be vested.

- b. Where the participants under the 2023 ESOP are the persons other than those mentioned in item a above, 40% and 60% of the interests of the underlying shares under the 2023 ESOP shall be vested respectively if the results of the Management Committee's assessment in 2023 and 2024 are up to the standard.

***H Share ESOP (2022)***

Participants of the 2022 ESOP include the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries, totaling 33 persons. The total amount of funds used to participate in the 2022 ESOP was RMB60 million. There are 8 persons including directors, and senior officers, with a total holding of RMB20.53 million, accounting for 34.2% of the 2022 ESOP. There are 25 other core management personnel of the Company, with a total holding of RMB39.47 million, accounting for 65.8% of the 2022 ESOP.

The source of shares of the 2022 ESOP were the H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect. The Company entrusted an asset management company to purchase a total of 2,653,200 H Shares of the Company in the secondary market through the Hong Kong Stock Connect, with an average transaction price of HKD25.663 per share and a transaction amount of approximately HK\$68 million. The lock-up period shall be 12 months, calculated from the date when the Company announces that the underlying shares purchased in the last time are recorded in the 2022 ESOP.

After the end of the lock-up period, the participants of the 2022 ESOP shall be appraised according to the performance appraisal system of the Company. The appraisal period is two years, and upon the appraisal, 40% and 60% of the shares of the plan shall be vested to the participants in two phases.

The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period. Upon the vesting of the H Shares, the vested H Shares will be sold by the asset management company on due course for the cash settlement to the participants.

***H Share ESOP (2023)***

Participants of the 2023 ESOP include the directors (except for independent directors) and senior officers of the Company, and core technical (business) personnel of the Company and its subsidiaries, totaling 34 persons. There are 11 directors and senior officers, with a total holding of RMB33.19 million, accounting for 47.1% of the 2023 ESOP. There are 23 other core management personnel of the Company, with a total holding of RMB37.31 million, accounting for 52.9% of the 2023 ESOP.

The source of funds of the 2023 ESOP were the incentive funds withdrawn by the Company in the amount of RMB70.50 million. The source of shares of the 2023 ESOP were H shares of the Company purchased from the secondary market through the Shanghai-Hong Kong Stock Connect.

The lock-up period is 12 months, calculated from the date when the Company announces that the last of underlying shares purchased are recorded in the 2023 ESOP.

The Company entrusted an asset management company to purchase a total of 3,230,400 H Shares of the Company in the secondary market through the Hong Kong Stock Connect, with an average transaction price of HKD23.62 per share and a transaction amount of approximately HK\$76.3 million. The lock-up period is from 26 July 2023 to 25 July 2024.

The assessment period is for two years, and upon the expiration of the lock-up period of the 2023 ESOP, 40% and 60% of the corresponding underlying shares shall be vested to the participants in two phases. The specific vesting time shall be determined by the Management Committee upon the expiration of the lock-up period.

Upon the vesting of the H Shares, the participants entrust the Management Committee to sell the underlying shares of the 2023 ESOP during the duration of the ESOP for cash settlement.

The following table discloses movements in the H Share ESOPs during the period:

Name or category of Participants	On 1 January 2024	Granted during the period	Vested during the period (Note)	Cancelled during the period	Lapsed during the period	On 30 June 2024	Date of grant of H Share ESOP	Vesting period for H Share ESOP
<b>Directors</b>								
Mr. LI Huagang	32,554	—	—	32,554	—	—	30/07/2021	30/07/2021–30/07/2023
	140,292	—	—	—	—	140,292	10/08/2022	10/08/2022–30/07/2024
	219,537	—	—	—	—	219,537	28/07/2023	28/07/2023–30/07/2025
	392,383	—	—	32,554	—	359,829		
Mr. GONG Wei	21,136	—	—	21,136	—	—	30/07/2021	30/07/2021–30/07/2023
	75,351	—	—	—	—	75,351	10/08/2022	10/08/2022–30/07/2024
	108,223	—	—	—	—	108,223	28/07/2023	28/07/2023–30/07/2025
	204,710	—	—	21,136	—	183,574		
Ms. SHAO Xinzhi	108,223	—	—	—	—	108,223	28/07/2023	28/07/2023–30/07/2025
Subtotal	705,316	—	—	53,690	—	651,626		
<b>Other employees</b>								
In aggregate	1,802,441	—	—	—	—	1,802,441	10/08/2022	10/08/2022–30/07/2024
	2,794,417	—	—	—	—	2,794,417	28/07/2023	28/07/2023–30/07/2025
	4,596,858	—	—	—	—	4,596,858		
Total	5,302,174	—	—	53,690	—	5,248,484		

The purchase price of the above cancelled shares is HK\$28.268 per share.

The granting mandate of each of the H Share ESOPs is only valid and effective for that particular year, and therefore there is no remaining life for such H Share ESOPs as at the date of this interim report. As at 1 January 2024 and 30 June 2024, the number of share awards available for grant under the H Share ESOPs (from 2021 to 2023) was nil.

The particulars regarding dilution effect of the H Share ESOP are set out in note 11 to the financial statements.

Note:

The assessment criteria for H Share ESOPs are the same as for A Share ESOPs. Refer to the note to the table disclosing movements in the A Share ESOPs above.

***H Share Restricted Share Unit Scheme (2021, 2022, 2023 and 2024)***

The purposes of the RSU Scheme are to stimulate the pro-activeness of the eligible persons, encourage their innovation to create value, enhance profit, achieve competitive goals, and ultimately maximise return for the shareholders; to promote the strategic development and realize the goals of the Company; to optimise the remuneration structure of the Group's employees; to attract, motivate and retain core capable talents of the Group for the future business development and expansion of the Group.

Eligible Person who may participate in the RSU Scheme include any individual, being an employee, director, supervisor, senior management, key operating team member of any member of the Group who the Board or its delegatee considers, in their sole discretion, to have significantly contributed or will significantly contribute to the development of the Group.

Subject to the RSU Scheme Rules, the Company and/or the delegatee may from time to time instruct the trustee in writing to subscribe or acquire H Shares on the Stock Exchange and to hold them on trust for the benefit of the selected participants on and subject to the terms and conditions of the RSU Scheme Rules and the Trust Deed.

The Board or the delegatee may grant awards to selected participants during the award period conditional upon fulfilment of terms and conditions of the awards and performance targets as the Board or the delegatee determines from time to time.

The Board shall not make any further grant which will result in the aggregate number of H Shares granted to exceed one per cent (1%) of the total number of issued H Shares as at the relevant grant date. The total number of RSU granted but remain unvested to a selected participant under the RSU Scheme shall not exceed zero point one per cent (0.1%) of the total number of issued H Shares as at the relevant grant date.

The vesting of the Award granted under the RSU Scheme is subject to the conditions of the relevant business unit(s) and personal performance targets of the relevant selected participant and any other applicable vesting conditions as set out in the award letter.

The appraisal period is generally two years (40% and 60% of the corresponding underlying shares to be vested to the participants in two phases) or three years (100% of corresponding underlying shares to be vested to the participants in one phase) upon the expiration of the vesting period of the RSU Scheme. The specific vesting time shall be determined by the Management Committee upon the expiration of the vesting period.

Pursuant to the arrangement of the H Share Restricted Share Unit Scheme (2021), the Company entrusted an independent trust agency to purchase a total of 4,538,400 H Shares of the Company in the secondary market, with an average price of HK\$27.32 and a total transaction amount of approximately HK\$124 million.

In year 2021, a total of 4,438,027 H Share RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive and supervisors of the Company) who play an important role in the overall performance and development of the Company.

Pursuant to the arrangement of the H Share Restricted Share Unit Scheme (2022), the Company entrusted an independent trust agency to purchase a total of 5,783,600 H Shares of the Company in the secondary market, with an average price of HK\$26.63 and a total transaction amount of approximately HK\$154 million.

During the year 2022, a total of 5,636,959 H Share RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive and supervisors of the Company) who play an important role in the overall performance and development of the Company.

Pursuant to the arrangement of the H Share Restricted Share Unit Scheme (2023), the Company entrusted an independent trust agency to purchase a total of 5,456,000 H Shares of the Company in the secondary market, with an average price of HK\$23.70 and a total transaction amount of approximately HK\$129 million.

During the year 2023, a total of 6,158,959 H Share RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive and supervisors of the Company) who play an important role in the overall performance and development of the Company.

During the reporting period, a total of 4,258,615 H Share RSU of the Company were granted to and accepted by staff members of the Company (who are not directors, chief executive and supervisors of the Company) who play an important role in the overall performance and development of the Company.

The following table discloses movements in the Company's H Share RSU during the period:

Name or category of Participants	Number of H Share RSU						On 30 June 2024	Date of grant of RSU	Vesting period for RSU
	On 1 January 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period				
<b>Non-director employees</b>									
In aggregate	3,129,861	—	1,909,432	486,329	262,296	471,804	30/7/2021, 1/9/2021, 15/12/2021	30/7/2021–1/8/2024, 1/9/2021–1/8/2024, 15/12/2021–1/8/2024	
In aggregate	4,864,026	—	49,626	12,640	470,974	4,330,786	25/5/2022, 23/6/2022, 9/9/2022	25/5/2022–15/3/2024, 23/6/2022–1/7/2025, 9/9/2022–1/7/2025	
In aggregate	6,091,662	—	—	—	524,162	5,567,500	23/06/2023, 1/11/2023	23/6/2023–1/7/2026, 1/11/2023–1/7/2026	
In aggregate	—	4,258,615	—	—	—	4,258,615	24/6/2024	24/6/2024–1/7/2027	
	14,085,549	4,258,615	1,959,058	498,969	1,257,432	14,628,705			

The closing price of the Company's H Share immediately before the grant date of the RSU (24 June 2024) was HK\$27.55 per share. The fair value of the RSU granted on 24 June 2024 was HK\$119 million.

The weighted average closing price of the shares immediately before the vesting dates of the H Share RSU was HK\$24.55 per share.

The purchase prices of the above cancelled shares were HK\$27.32 and HK\$26.63 per share, respectively.

The granting mandate of each of the H Share RSU schemes is only valid and effective for that particular year, and therefore there is no remaining life for H Share RSU schemes as at the date of this interim report. As at 1 January 2024 and 30 June 2024, the number of share awards available for grant under the H Share RSU schemes was nil.

The particulars regarding dilution effect of the H Share RSU are set out in note 11 to the financial statements.

## A-SHARE OPTION SCHEME

The participants under the A Share Option Incentive Schemes exclude the Company's independent directors, supervisors, the shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children.

The total number shares of the Company to be granted under the A Share Option Incentive schemes within the validity period to any participants will not exceed 1% of the total number of shares of the Company. The total underlying shares of the Company involved under fully effective share option incentive schemes shall not exceed 10% of the total number of shares of the Company as at the date of the proposal of the incentive scheme at the shareholders' meetings for approval. The source of the scheme share for A Share Option Incentive Scheme are from the issuance of new shares.

### 2021 A Share Option Incentive Scheme

The Company adopted a 2021 A Share Option Incentive Scheme (the "**2021 A Share Option Incentive Scheme**") at the extraordinary general meeting held on 15 September 2021. This scheme is an additional measure that builds on the Company's A Share and H Share Employee Stock Ownership Schemes and Restricted Share Unit Scheme to further enhance employee incentives.

To drive the achievement of the Company's longer term target, further enhance the development of high-end scenario-based brand and smart household business, the Company introduced the A Share Option Incentive Scheme to provide incentive to the core management members with five or six-year appraisal period and higher profit targets than those under the A Share and H Share ESOP.

The participants of the A Share Option Incentive Scheme are core management staff that have made significant contribution to the Company's overall performance and long-term development, specifically including Directors and senior management of the Company, the general manager and department manager of business divisions of the Company.

For the 2021 A Share Option Incentive Scheme, the Company had resolved to grant 51,000,000 Share Options to the Participants. Among which, first 46,000,000 to be granted and 5,000,000 to be reserved.

In year 2021, on 15 September 2021, the Company firstly granted 46,000,000 A Share options to 400 participants (included directors of the Company). On 15 December 2021, the Company granted 4,525,214 reserved share options to 18 participants under the 2021 A Share Option Incentive Scheme. The remaining reserved share options under the A Share Option Incentive Scheme will not be further granted.



### 2022 A Share Option Incentive Scheme

The Company adopted a 2022 A Share Option Incentive Scheme (the “2022 A Share Option Incentive Scheme”) at the annual general meeting held on 28 June 2022.

As the Company is leading the effort to upgrade its Internet of Things from “high-end brands” to “scenario brands”, and to “ecological brands”, the Company needs to have long-term planning to ensure the achievement of its strategic results and also improve its long-term incentive scheme in line with the above objectives. As such, the incentive scheme encourages core technology talents and business team to venture and innovate continuously, as well as significantly boosts and promotes participants’ initiative through the formulation of long-term performance growth indicators and inspires them to provide users with the best experience and achieve business development across the industry cycle.

The incentive model serves as a benchmark for the development in the coming 4 years as a cycle, which expedites participant’s alignment with the Company’s strategic objectives of long-term development, and further promotes the synergistic consolidation of businesses, boosts operation efficiency and achieves industry leading.

The participants are core staff that includes business director, core technical staff and business backbone staff of the Company (excluding current Directors and senior management of the Company) and have made significant contributions to the Company’s overall performance and long-term development.

For the 2022 A Share Option Incentive Scheme, the Company had resolved to grant 104,756,896 A Share options to the Participants. On 28 June 2022, the Company had granted 104,756,896 A Share options to 1,834 participants.

The following table discloses movements in the Company’s A Share options outstanding during the period:

Name or category of Participants	Number of A-Share options						Date of grant of share options (note 1)	Exercise period of share options	Exercise price of share options per share (note 2) RMB
	On 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period (note 3)	Lapsed during the period	On 30 June 2024			
<b>Executive directors</b>									
Mr. Li Huagang	548,364	—	—	182,788	—	365,576	15/09/2021	15/09/2022 to 15/09/2027	25.63
Mr. GONG Wei	274,182	—	—	91,394	—	182,788	15/09/2021	15/09/2022 to 15/09/2027	25.63
<b>Other employees</b>									
In aggregate	26,318,610	—	—	8,161,578	1,833,876	16,323,156	15/09/2021	15/09/2022 to 15/09/2027	25.63
In aggregate	2,084,955	—	—	594,985	300,000	1,189,970	15/12/2021	15/12/2022 to 15/12/2027	25.63
In aggregate	76,821,909	—	—	24,405,183	3,606,360	48,810,366	28/06/2022	28/06/2023 to 28/06/2027	23.86
	106,048,020	—	—	33,435,928	5,740,236	66,871,856			



## Share Schemes

There is no consideration payable on application or acceptance of the share options by the participants under the A Share option scheme. The granting mandate of each of the A Share option schemes is only valid and effective for that particular year, and therefore there is no remaining life for such A Share option schemes as at the date of this interim report. As at 1 January 2024 and 30 June 2024, the number of share options available for grant under the A Share option schemes was nil.

Exercise arrangement for the share options granted in 2021:

Exercise arrangement	Vesting periods	Proportion of exercisable share options to granted share options	Exercise periods	Performance appraisal target
1st exercise	From the date of grant to the expiry of 12 months from the date of grant	20%	From the first trading day upon the expiry of 12 months from the date of grant to the last trading day upon the expiry of 24 months from the date of grant	The growth rate of the Company's net profit attributable to the parent company in 2021 over adjusted net profit attributable to the parent company in 2020 reaches or exceeds 30%
2nd exercise	From the date of grant to the expiry of 24 months from the date of grant	20%	From the first trading day upon the expiry of 24 months from the date of grant to the last trading day upon the expiry of 36 months from the date of grant	The growth rate of the Company's net profit attributable to the parent company in 2022 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
3rd exercise	From the date of grant to the expiry of 36 months from the date of grant	20%	From the first trading day upon the expiry of 36 months from the date of grant to the last trading day upon the expiry of 48 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2023 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
4th exercise	From the date of grant to the expiry of 48 months from the date of grant	20%	From the first trading day upon the expiry of 48 months from the date of grant to the last trading day upon the expiry of 60 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2024 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
5th exercise	From the date of grant to the expiry of 60 months from the date of grant	20%	From the first trading day upon the expiry of 60 months from the date of grant to the last trading day upon the expiry of 72 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2025 over net profit attributable to the parent company in 2021 reaches or exceeds 15%

Exercise arrangement for the share options granted in 2022:

Exercise arrangement	Vesting periods	Proportion of exercisable share options to granted share options	Exercise periods	Performance appraisal target
1st exercise	From the date of grant to the expiry of 12 months from the date of grant	25%	From the first trading day upon the expiry of 12 months from the date of grant to the last trading day upon the expiry of 24 months from the date of grant	The growth rate of the Company's net profit attributable to the parent company in 2022 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
2nd exercise	From the date of grant to the expiry of 24 months from the date of grant	25%	From the first trading day upon the expiry of 24 months from the date of grant to the last trading day upon the expiry of 36 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2023 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
3rd exercise	From the date of grant to the expiry of 36 months from the date of grant	25%	From the first trading day upon the expiry of 36 months from the date of grant to the last trading day upon the expiry of 48 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2024 over net profit attributable to the parent company in 2021 reaches or exceeds 15%
4th exercise	From the date of grant to the expiry of 48 months from the date of grant	25%	From the first trading day upon the expiry of 48 months from the date of grant to the last trading day upon the expiry of 60 months from the date of grant	The compound annual growth rate of the Company's net profit attributable to the parent company in 2025 over net profit attributable to the parent company in 2021 reaches or exceeds 15%

Notes:

1. The share options granted in 2021 will be valid for a maximum period of 72 months commencing from the grant date to the date of full exercise or cancellation of all share options granted to the participants. Upon the expiry of the 12-month period from the grant date of share options granted under the Incentive Scheme, and subject to the satisfaction of the Exercise Conditions, the participants may exercise the options in five yearly phases of 20% of the granted options each. The vesting period of the share options is from the date of grant until the respective vesting dates.

The share options granted in 2022 will be valid for a maximum period of 60 months commencing from the grant date to the date of full exercise or cancellation of all share options granted to the participants. Upon the expiry of the 12-month period from the grant date of share options granted under the Incentive Scheme, and subject to the satisfaction of the Exercise Conditions, the participants may exercise the options in four yearly phases of 25% of the granted options each. The vesting period of the share options is from the date of grant until the respective vesting dates.

2. The exercise price of the share options granted is not lower than the carrying amount of the shares, nor lower than the higher of the followings: (1) the average trading price of the A Shares on the trading day preceding the announcement of the A Share Option Incentive Scheme, and (2) the average trading price of the A Shares for the last 20 trading days preceding the announcement of the A Share Option Incentive Scheme. The number and exercise price of the share options is subject to adjustment(s) in the event of any distribution of dividends, capitalisation issue, bonus issue, sub-division or consolidation of shares and rights issue in accordance with the provisions of the A Share Option Incentive Scheme.
3. All the options forfeited before expiry of the relevant schemes will be treated as lapsed options which will not be added back to the number of shares available to be issued under the relevant schemes. The exercise prices of the cancelled share options are RMB25.63 and RMB23.86.

## Share Schemes

The number of A shares that may be issued in respect of A Share options and awards granted under all schemes of the Company during the six months ended 30 June 2024 represented 0% of the weighted average number of shares of the A Shares in issue (excluding treasury shares) during the period.

The particulars regarding dilution effect of the share options are set out in note 11 to the financial statements.