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HISENSE HOME APPLIANCES GROUP CO., LTD.

海信家電集團股份有限公司

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

(Stock Code: 00921)

ANNOUNCEMENT OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the **“Board”**) of Hisense Home Appliances Group Co., Ltd. (the **“Company”**) hereby announces the audited financial results of the Company and its subsidiaries (collectively the **“Group”**) for the year ended 31 December 2024 (the **“Reporting Period”**), together with the 2023 comparative figures in accordance with China Accounting Standards for Business Enterprises. The following financial information is prepared in accordance with China Accounting Standards for Business Enterprises:

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

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

Audited Consolidated Balance Sheet

Item	Note	31 December 2024	1 January 2024
Assets			
Current assets			
Cash at bank and on hand		4,397,693,443.73	4,939,273,198.62
Including: Deposited with finance company		1,549,900,310.18	1,947,864,398.82
Transactional financial assets		16,209,276,762.85	13,192,025,535.87
Derivative financial assets			
Notes receivable		459,013,499.65	741,622,573.50
Accounts receivable	5	10,480,609,898.16	9,225,321,882.07
Factoring of accounts receivable		6,000,519,893.99	4,643,427,583.77
Prepayments		524,090,978.17	389,066,274.16
Other receivables		242,816,255.92	145,804,125.45
Including: Interest receivable			

Dividends receivable			89,630.21
Inventories		7,566,932,954.39	6,774,603,438.00
Contract assets		56,210,047.88	35,878,308.82
Assets held for sale			
Non-current assets due within one year		4,883,695,277.78	3,641,708,361.11
Other current assets		1,687,051,443.98	1,411,188,199.90
Total current assets		52,507,910,456.50	45,139,919,481.27
Non-current assets			
Investments in debt			
Other investments in debt			
Long-term receivables			
Long-term equity investments		1,764,936,952.09	1,671,365,117.46
Other equity investment		42,364,813.88	40,244,766.96
Other non-current financial assets		21,332,417.54	27,197,809.69
Investment properties		253,998,555.64	177,982,723.30
Fixed assets		5,648,643,079.56	5,662,912,502.03
Construction in progress		674,456,905.57	443,523,694.21
Productive biological assets			
Oil and gas assets			
Right-of-use assets		163,180,643.61	169,378,820.87
Intangible assets		1,406,841,869.56	1,341,855,927.15
Development costs			
Goodwill		226,408,877.76	226,408,877.76
Long-term prepaid expenses		44,778,274.65	40,734,232.78
Deferred tax assets		1,087,501,760.54	1,125,596,510.74
Other non-current assets		5,859,585,210.43	9,879,375,091.45
Total non-current assets		17,194,029,360.83	20,806,576,074.40
Total assets		69,701,939,817.33	65,946,495,555.67
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings		2,708,715,351.46	2,502,318,314.58
Transactional financial liabilities		3,552,841.18	54,355,584.93
Derivative financial liabilities			
Notes payable	6	16,132,766,497.33	14,608,429,378.74
Accounts payable	7	12,848,289,233.62	12,049,877,232.20

Advances from customers		2,745,211.29	3,833,256.75
Contract liabilities		1,838,591,086.05	1,440,254,499.57
Employee remunerations payable		1,441,919,470.92	1,373,816,151.59
Taxes payable		537,713,772.43	774,372,089.67
Other payables		5,389,842,305.97	4,670,674,014.20
Including: Interest payable			
Dividends payable		89,718,011.42	70,574,497.68
Liabilities held for sale			
Non-current liabilities due within one year		101,928,336.06	121,677,937.29
Other current liabilities		6,913,302,837.03	6,442,483,786.34
Total current liabilities		47,919,366,943.34	44,042,092,245.86
Non-current liabilities			
Long-term borrowings		49,371,196.64	42,956,652.46
Bonds payable			
Including: Preferred shares			
Perpetual debts			
Lease liabilities		161,471,272.87	208,946,083.77
Long-term payables			
Long-term employee remunerations payable		77,923,347.90	105,961,766.83
Provisions		1,102,337,190.50	1,229,967,589.74
Deferred income		334,592,888.16	149,189,343.53
Deferred tax liabilities		148,942,326.29	158,435,374.83
Other non-current liabilities		533,409,940.50	612,887,372.01
Total non-current liabilities		2,408,048,162.86	2,508,344,183.17
Total liabilities		50,327,415,106.20	46,550,436,429.03
Shareholders' equity			
Share capital		1,386,010,405.00	1,387,935,370.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserves		2,099,080,199.65	2,115,407,718.05
Less : Treasury shares		264,243,096.35	236,626,482.61
Other comprehensive income		200,747,044.66	226,997,819.74
Special reserves		9,282,792.01	6,319,636.53
Surplus reserves		724,682,309.99	724,682,309.99

General risk provisions			
Undistributed profits		11,300,066,951.67	9,355,458,114.25
Total equity attributable to shareholders of the parent		15,455,626,606.63	13,580,174,485.95
Minority interests		3,918,898,104.50	5,815,884,640.69
Total shareholders' equity		19,374,524,711.13	19,396,059,126.64
Total liabilities and shareholders' equity		69,701,939,817.33	65,946,495,555.67

Audited Consolidated Income Statement

Item	Note	2024	2023
1. Total operating revenue		92,745,611,109.52	85,600,189,224.06
Operating revenue	8	92,745,611,109.52	85,600,189,224.06
2. Total operating costs		88,811,666,955.56	81,457,336,033.74
Including : Operating costs	8	73,476,062,734.50	67,451,367,706.02
Taxes and surcharges		424,352,075.52	579,207,000.98
Sales expenses		9,001,915,472.95	8,555,775,713.18
Management expenses		2,499,492,962.69	2,296,063,851.05
Research and development expenses		3,446,746,374.31	2,779,508,194.39
Financial expenses	9	-36,902,664.41	-204,586,431.88
Including: Interest expense	9	149,842,418.36	144,388,196.47
Interest income	9	64,767,054.70	56,918,785.34
Add: Other income		718,383,267.87	598,955,858.57
Investment gain (loss expressed with "-")	10	905,644,417.61	719,432,575.42
Including: Share of profit of associates and joint ventures	10	319,799,112.07	343,907,407.14
Income from derecognition of financial assets at amortised cost		-1,505,664.12	-1,048,232.87
Gain from changes in fair values (loss expressed with "-")		253,160,531.67	14,926,269.81
Impairment losses on credit (loss expressed with "-")		44,200,668.57	-43,203,421.13
Impairment losses on assets (loss expressed with "-")		-180,162,809.58	-190,783,091.93
Gains on disposal of asset (loss expressed with "-")		3,972,039.23	5,835,013.43
3. Operating profits (loss expressed with "-")		5,679,142,269.33	5,248,016,394.49
Add: Non-operating income		348,947,831.46	498,281,308.38
Less: Non-operating expenses		61,701,076.90	61,740,282.05

4. Total profits (loss expressed with “-”)		5,966,389,023.89	5,684,557,420.82
Less: Income tax expenses	11	840,236,049.65	893,067,496.90
5. Net profits (loss expressed with “-”)		5,126,152,974.24	4,791,489,923.92
(1) Classified on a going concern basis			
1) Net profit from continuing operations (loss expressed with “-”)		5,126,152,974.24	4,791,489,923.92
2) Net profit from discontinued operations (loss expressed with “-”)			
(2) Classification by ownership of equity			
1) Net profit attributable to shareholders of the parent		3,347,881,773.89	2,837,322,754.58
2) Profit and loss of minority interests		1,778,271,200.35	1,954,167,169.34
6. Other comprehensive income after tax, net		-10,567,861.70	107,901,029.90
Other comprehensive income after tax attributable to owners of the parent, net		-26,250,775.08	105,730,374.24
(1) Items not to be reclassified into profit or loss		23,649,623.70	-3,821,920.55
1) Changes arising from remeasurement of defined benefit plan		23,068,284.31	-6,252,650.20
2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3) Changes in fair value of other equity instruments investment		581,339.39	2,430,729.65
4) Changes in the fair value of the Company’s own credit risk			
5) Others			
(2) Items to be reclassified into profit or loss		-49,900,398.78	109,552,294.79
1) Other comprehensive income that is convertible gains and losses under the equity method		-31,695,535.18	3,579,459.96
2) Changes in fair value of other investments in debt			
3) Amount of financial assets reclassified into other comprehensive income			
4) Credit impairment provisions for other debt investment			
5) Cash flow hedge reserve (effective portion of cash flow hedge profit and loss)			
6) Translation differences on foreign currency financial statements		-18,204,863.60	105,972,834.83
7) Others			

Other comprehensive income after tax attributable to minority interests, net		15,682,913.38	2,170,655.66
7. Total comprehensive income		5,115,585,112.54	4,899,390,953.82
Total comprehensive income attributable to shareholders of the parent		3,321,630,998.81	2,943,053,128.82
Total comprehensive income attributable to minority interests		1,793,954,113.73	1,956,337,825.00
8. Earnings per share :			
(1) Basic earnings per share	12	2.46	2.08
(2) Diluted earnings per share	12	2.46	2.08

Notes:

1. General information

The Company was incorporated in the PRC on 16 December 1992. The Company's overseas public shares (the "**H Shares**") were listed on the Hong Kong Stock Exchange on 23 July 1996, whereas the Company's domestic shares (the "**A Shares**") were listed on the Shenzhen Stock Exchange on 13 July 1999.

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

On 31 August 2009, the Company's major asset restructuring and the issuance of shares to Hisense Air Conditioning for the acquisition of its white goods assets and business were approved by the shareholders' meeting. The acquisition was approved by the CSRC (China Securities Regulatory Commission) on 23 March 2010. On 10 June 2010, the Company allotted and issued 362,048,187 A Shares to Hisense Air-Conditioning in consideration of the acquisition.

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

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

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

As at 31 December 2024, the total number of issued shares of the Company was 1,386,010,405 and the registered capital of the Company was RMB1,386,010,405.00, of which Hisense Air-Conditioning held 516,758,670 Shares, representing approximately 37.28% of the Company's

total issued share capital.

The Group is principally engaged in research and development, manufacturing and marketing of electrical products such as refrigerators, household air-conditioners, central air-conditioners, freezers, washing machines, kitchen appliances, etc and moulds, automotive air conditioner compressor and integrated thermal management system.

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

2. Basis of preparation

The financial statements are prepared based on going-concern assumption and actual transactions and events according to the Accounting Standards for Business Enterprises - Basic Standard, application guidelines, explanation and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as “**Accounting Standards For Business Enterprises**”) and the Information Disclosure Regulations for Companies Publicly Issuing Securities No. 15 - General Provisions for Financial Statements (Revised 2023) and relevant regulations issued by China Securities Regulatory Commission.

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

The Company’s A Shares are listed on the Shenzhen Stock Exchange while the H Shares are listed and the Hong Kong Stock Exchange. Besides the relevant regulations as mentioned above, the financial statements of the Company also comply with the applicable disclosure requirements under the Rules Governing Listing of Shares on Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”) and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

3. Changes in significant accounting policies

(1) The Ministry of Finance issued the “Interpretation No. 17 of Accounting Standards for Enterprises” (the “**Interpretation No. 17**”) on 25 October 2023. The contents of “regarding the classification of current liabilities and non-current liabilities”, “regarding the disclosure of supplier financing arrangements”, and “regarding the accounting treatment of sale and leaseback transactions” shall come into effect as of 1 January 2024. In accordance with the relevant requirements, the Group has made corresponding changes to the accounting policies. This change in accounting policies has not had a significant impact on the Group’s financial indicators such as total assets, total liabilities, net assets, and net profit.

(2) The Ministry of Finance issued the “Interpretation No. 18 of Accounting Standards for Enterprises” on 6 December 2024. It stipulates that for the estimated liabilities arising from guarantee-type quality guarantees that are not single performance obligations, the determined

amounts should be recorded in the “main operating costs” and “other operating costs”, and should no longer be recorded in the “sales expense”. In accordance with the provisions of the above accounting interpretation, our group has made corresponding changes to the original accounting policies and made retrospective adjustments to the statement items such as “operating costs” and “sales expense”.

i. The impacts of the above changes in accounting policies on each item of the income statement for the year 2024 are summarized as follows:

Item	Increased or decreased in the amount of the statement item after adopting the changed accounting policies
Operating costs	544,399,170.47
Sales expense	-544,399,170.47

ii. The impacts of the above changes in accounting policies on each item of the income statement for the year 2023 are summarized as follows:

Item	Before adjustment	Adjustment	After adjustment
Operating costs	66,696,116,231.21	755,251,474.81	67,451,367,706.02
Sales expense	9,311,027,187.99	-755,251,474.81	8,555,775,713.18

4. Segment information

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

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

Unit: RMB

Amount for current period	Air-conditioner	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	40,283,913,190.36	30,839,154,917.48	12,500,151,564.25		83,623,219,672.09
2. Revenue from inter-segment sales	525,205.36	25,260,176.63	3,164,256,687.51	-3,190,042,069.50	
3. Gain from investment in associates and joint ventures	-1,539,737.79	-1,539,737.79	322,878,587.64		319,799,112.07
4. Depreciation and amortisation	473,886,018.20	296,051,172.01	395,628,520.27		1,165,565,710.48
5. Gain from changes in fair value	44,063,734.23	104,661,137.52	104,435,659.92		253,160,531.67
6. Impairment losses on credit and assets	-6,726,813.15	-89,376,474.43	-39,858,853.43		-135,962,141.01
7. Total profit (Total loss)	4,895,050,717.65	1,118,961,336.57	-47,623,030.33		5,966,389,023.89
8. Total assets	39,117,340,985.04	38,085,702,479.99	16,072,863,567.48	-23,573,967,215.18	69,701,939,817.33

9. Total liabilities	27,005,227,803.09	25,367,727,048.87	11,518,074,101.79	-13,563,613,847.55	50,327,415,106.20
10. Additions to other non-current assets other than long-term equity investments	-3,845,197,375.25	36,594,271.23	102,484,555.82		-3,706,118,548.20

Segment information as at and for the year ended 31 December 2023 is as follows:

Unit: RMB

Amount for last period	Air-conditioner	Refrigerators and washing machines	Others	Elimination	Total
1. Revenue from external sales	38,652,244,832.54	26,070,166,905.77	12,236,779,534.11		76,959,191,272.42
2. Revenue from inter-segment sales	715,130.91	18,525,397.50	2,923,068,294.16	-2,942,308,822.57	
3. Gain from investment in associates and joint ventures	-1,014,446.97	-1,014,446.97	345,936,301.08		343,907,407.14
4. Depreciation and amortisation	492,716,306.72	348,074,753.86	385,417,780.51		1,226,208,841.09
5. Gain from changes in fair value	14,287,476.99	68,782,493.59	-68,143,700.77		14,926,269.81
6. Impairment losses on credit and assets	-64,147,315.49	-34,316,884.06	-135,522,313.51		-233,986,513.06
7. Total profit (Total loss)	4,894,033,212.74	967,687,795.47	-177,163,587.39		5,684,557,420.82
8. Total assets	37,150,119,357.79	43,212,073,454.51	15,618,116,396.53	-30,033,813,653.16	65,946,495,555.67
9. Total liabilities	24,473,385,908.89	32,006,871,299.96	11,096,684,769.39	-21,026,505,549.21	46,550,436,429.03
10. Additions to other non-current assets other than long-term equity investments	1,669,601,574.03	-22,436,407.92	259,707,741.15		1,906,872,907.26

(2) Geographic information

Unit: RMB

Category	2024	2023
Revenues from domestic customers	47,993,733,054.87	49,035,166,343.99
Revenues from overseas customers	35,629,486,617.22	27,924,024,928.43
Total	83,623,219,672.09	76,959,191,272.42
Domestic non-current assets	13,130,098,726.61	16,928,683,438.39
Overseas non-current assets	4,063,930,634.22	3,877,892,636.01
Total	17,194,029,360.83	20,806,576,074.40

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

5. Accounts receivable

The ageing of accounts receivable is analysed as follows:

Unit: RMB

Item	31 December 2024	1 January 2024
Within three months	9,636,006,962.35	8,330,628,047.85
Over three months but within six months	439,426,145.09	433,307,441.27
Over six months but within one year	160,377,425.51	246,354,515.38
Over one year	554,775,266.31	527,815,292.00
Total	10,790,585,799.26	9,538,105,296.50
Less: provision for bad debts	309,975,901.10	312,783,414.43
Book value	10,480,609,898.16	9,225,321,882.07

6. Notes payable

Unit: RMB

Item	31 December 2024	1 January 2024
Bank acceptance notes	10,364,589,342.06	9,101,350,361.29
Commercial acceptance notes	5,768,177,155.27	5,507,079,017.45
Total	16,132,766,497.33	14,608,429,378.74

7. Accounts payable

The ageing of accounts payable is analysed as follows:

Unit: RMB

Item	31 December 2024	1 January 2024
Within one year	12,809,375,585.21	12,007,211,767.15
Over one year	38,913,648.41	42,665,465.05
Total	12,848,289,233.62	12,049,877,232.20

8. Operating revenues and costs

Unit: RMB

Item	2024	2023
Revenue from principal operations	83,623,219,672.09	76,959,191,272.42
Revenue from other operations	9,122,391,437.43	8,640,997,951.64
Total	92,745,611,109.52	85,600,189,224.06
Item	2024	2023
Cost of principal operations	64,819,490,898.10	59,221,076,872.75
Cost of other operations	8,656,571,836.40	8,230,290,833.27
Total	73,476,062,734.50	67,451,367,706.02

9. Financial expenses

Unit: RMB

Item	2024	2023
Interest expenses	149,842,418.36	144,388,196.47
Less: interest income	64,767,054.70	56,918,785.34
Loss on foreign exchange	-135,907,347.90	-304,993,741.48
others	13,929,319.83	12,937,898.47
Total	-36,902,664.41	-204,586,431.88

10. Investment gain

(1) Details of investment gain

Unit: RMB

Item	2024	2023
Gain from long-term equity investment by the equity method	319,799,112.07	343,907,407.14
Investment gains from disposal of transactional financial assets	198,067,369.02	-49,009,326.89
Interest income from time deposits	332,556,270.62	304,935,738.87
Others	55,221,665.90	119,598,756.30
Total	905,644,417.61	719,432,575.42

(2) Gain from long-term equity investments by the equity method

Unit: RMB

Investee	2024	2023
Hisense Jinlong Holding	22,080,932.20	15,082,906.79
Hisense Marketing Management	588,945.89	-2,028,893.94
Hisense Global Asia Holding	-3,668,421.46	-194,362.50
Hisense International	76,798,355.23	110,193,668.98
Hisense Intelligent Electronic	950,944.26	
Associated companies of Sanden Company	223,048,355.95	220,854,087.81
Total	319,799,112.07	343,907,407.14

Note: All the investment income calculated by equity method of the Company in this period is generated by non-listed equity investment.

11. Income tax expenses

Unit: RMB

Item	2024	2023
Current income tax expenses	789,083,862.05	1,030,925,303.34
Including: PRC enterprise income taxes	735,335,554.93	1,031,179,157.46
Hong Kong profit taxes	151,998.67	784,538.52
Deferred tax expenses	51,152,187.60	-137,857,806.44
Total	840,236,049.65	893,067,496.90

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

Unit: RMB

Item	2024
Total profits	5,966,389,023.89
Income tax expenses calculated at statutory (or applicable) tax rates	1,491,597,255.97
Tax effects of different tax rates applicable to certain subsidiaries	-517,633,944.90
Adjustments of income tax in previous period	50,133,270.92
Effects of non-taxable incomes	-32,131,986.85
Effects of non-deductible costs, expenses and losses	109,475,003.31
Effects of deductible losses not recognised as deferred tax assets in previous period	-187,770,141.76
Effects of deductible temporary differences or deductible losses not recognised as deferred tax assets in current period	242,506,835.37
Effects of additional deduction relating to costs of research and development	-267,129,889.46
Impact of tax and accounting differences on equity-settled share-based payments	-43,783,172.40
Others	-5,027,180.55
Income tax expenses	840,236,049.65

Certain subsidiaries have been either recognised as “high technology” companies, or in other cases in accordance with other local laws and regulations, and are entitled to a preferential tax rate of 15% or 20% (2023: 15% or 20%).

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

Except as disclosed above, other subsidiaries of the Company which are established and operated in the PRC are subject to enterprise income tax at a standard rate of 25% (2023: 25%).

12. Earnings per share

(1) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated net profit attributable to ordinary shareholders of the Company, less expected future unlockable restricted stock cash dividends divided by the weighted average number of issued ordinary shares of the Company:

Unit: RMB

Item	2024	2023
Consolidated net profit attributable to ordinary shareholders of the Company	3,347,881,773.89	2,837,322,754.58
Weighted average number of issued ordinary shares of the Company	1,346,335,298.33	1,353,221,019.50
Basic earnings per share	2.46	2.08

(2) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated net profit attributable to ordinary shareholders of the Company adjusted for dilutive potential ordinary shares divided by the adjusted weighted average number of ordinary shares of the Company in issue. The diluted earnings per share were the same as the basic earnings per share.

13. Dividends

The Board proposes to distribute a cash dividend of RMB12.30 (tax inclusive) for every 10 shares to all shareholders on the basis of the total share capital of the Company of 1,385,264,498 shares which represents the total share capital of 1,386,010,405 shares deducting the repurchased shares from the repurchase account as at the date of this announcement (as at the date of this announcement, the Company has repurchased 745,907 shares in total), without bonus issue and issue of shares by way of conversion of capital reserve. (For the year ended 31 December 2023, a cash dividend of RMB10.13 (tax inclusive) per 10 shares was paid to all shareholders on the basis of the total share capital of 1,385,264,498 shares of the Company actually participating in the distribution)

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(1) Central air-conditioning market

According to the statistics from AICON (www.aicon.com.cn), the overall market size of the central air-conditioning industry decreased by 12.5% year-on-year in 2024. In the context of a cooling market, the concentration of brands has increased, with multi-split systems remaining dominant products in the central air-conditioning market.

The engineering market has experienced a downturn due to the decline in the property fitting-out furnishing market, the reduction of large-scale public construction projects, and other factors. The demand for previously high-demand new niche markets has weakened; however, high-end property fitting-out furnishing support projects and industrial projects were still resilient. Driven by national policies such as the “Dual Carbon Goals” and the “National Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-ins” (《推動大規模設備更新和消費品以舊換新的行動方案》), the market of existing stock, such as industrial retrofitting, may leave room for future growth in the central air-conditioning.

The home fit-out retail market was affected by the sluggish real estate sector, thus experiencing a year-on-year decline of 17% in scale. Amidst the trend of consumer segmentation, the demand for the improvement market remained robust. The market share for high-end offerings targeting large residential units and villas, such as dual-supply systems and multi-constant power systems, witnessed an increase. Additionally, energy-saving and intelligent air-conditioning products were increasingly preferred.

(2) Household air-conditioning market

In 2024, the air-conditioning market exhibited a trend of “cooling first and warming afterward.” According to the omni-channel aggregated data from AVC (奧維雲網), the annual retail volume of the domestic air-conditioner market fell by 1.7% year-on-year, while retail sales fell by 2.1% year-on-year.

In the second half of 2024, driven by national subsidy policies, the demand from the air-conditioner market was effectively stimulated, revealing an improving structural trend. Among them, the fresh air conditioner market grew rapidly, with the market share of fresh air conditioners in online and offline retail sales increasing by 5.1 and 8.6 percentage points year-on-year, respectively, according to monitoring data from AVC. The national subsidy policies have accelerated the popularization of high-efficiency products, thereby unleashing demand in lower-tier markets. Product categories featuring fresh air, integrated, and AI-driven smart products have emerged as new trends for market growth.

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

(1) Domestic refrigerator and freezer market

According to the omni-channel aggregated data from AVC, the retail volume of the domestic refrigerator market increased by 4.9% year-on-year in 2024 and the retail sales increased by 7.6% year-on-year. Driven by national subsidy policies, the refrigerator industry experienced growth in both volume and sales, while steadily advancing towards the high-end segment. Concurrently, with the deepening trend of integration in home appliances and home furnishings, the demand for large capacity, health and freshness-preserving features, and built-in models continues to rise.

According to the omni-channel aggregated data from AVC, the retail volume of the domestic freezer market in 2024 declined by 2.1% year-on-year, while the retail sales declined by 5.1% year-on-year. During the period, the demand for household freezer declined, experiencing three consecutive quarters of contraction. However, with the implementation of national subsidy policies, the freezer market gradually recovered in the fourth quarter, achieving a growth of 2.5%.

(2) Domestic washing machine market

According to the omni-channel aggregated data from AVC, the retail volume of washing machines increased by 7.3% year-on-year in 2024. Drum washing machines continued to lead the market, while dryers and washer-dryer sets emerged as core growth engines. The washing machine market is gradually shifting to technology-driven development of high-end, health and home integration.

(3) Domestic kitchen appliance market

According to the omni-channel aggregated data from AVC, the retail volume of large kitchen and bathroom appliance increased by 5.7% year-on-year in 2024.

Driven by the national subsidy policy and replacement demand, the kitchen appliance industry has entered a new cycle of structural adjustment. Rigid demand categories (hoods, stoves, electric water

heaters and gas water heaters) returned to the core of the industry and demonstrated certain growth resilience; quality-life-demand categories (dishwashers, disinfection cabinets, built-in microwave combi ovens and water purifiers) entered a fast-growth track, with retail sales increasing by 16.4% year-on-year. Among them, dishwashers upgraded significantly in structure, leading the market with a growth rate of 17.2%. Driven by policies, the kitchen appliances industry is accelerating its development towards large capacity, integration and intelligence, and the increment in the lower-tier markets is particularly remarkable.

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

According to the data from relevant think-tanks, the global automobile sales reached 89 million units in 2024, reflecting a year-on-year increase of 2.1%. Sales of new energy vehicles totalled 18.24 million units, representing a year-on-year growth of 24.4%. Among them, the sales of new energy vehicles in China reached 12.866 million units, with a penetration rate of approximately 40.9%, representing a year-on-year increase of 35.5%. The Chinese market remained to serve as a strong driving force underpinning the robust development of new energy vehicles globally. In the context of increasingly stringent global environmental policies, the demand for compressors equipped with more environmentally friendly and energy-efficient refrigerants, as well as integrated thermal management systems, grew rapidly. The industry will accelerate its transformation towards integration, electrification, intelligence, networking, and sharing.

4. Overview of the Smart Home Market

According to the data from AVC, the penetration rate of smart home appliances in the domestic market continued to grow in 2024. In terms of the share in the offline market, smart air conditioners accounted for 94.3% (+4.2%), while smart refrigerators accounted for 57.6% (+10.5%). In terms of the share in the online market, smart air conditioners accounted for 84.9% (+9.8%), and smart refrigerators accounted for 54.2% (+12.0%). The significant year-on-year increases in intelligence rates across major appliances categories reflects growing consumer demand for energy efficiency, environmental protection, health management, and deep intelligence. Meanwhile, the smart home market is poised to experience the dual drivers from technological innovation and consumer upgrades in 2025. The rise of AI models, such as DeepSeek, is rapidly reshaping the smart home appliance ecosystem, driving a transition from “passive connectivity” to “active recognition.” The innovative paradigm of “foundational models plus vertical scenarios” propels smart home appliances from individual functionality optimization to holistic household cognition synergy. Backed by policies backing and technological breakthroughs, the smart home market is expected to accelerate towards a larger industrial scale.

5. Overview of Overseas Home Appliance Market

According to the data from the Industry Online, in 2024, the export volume of refrigerators and freezers rose by 20% year-on-year, and the export volume of air conditioner industry rose by 28%

Note: According to the data from AVC, smart air conditioners and smart refrigerators refer to products with wifi connectivity.

year-on-year, with that of washing machine industry rising by 17% year-on-year. In 2024, the sudden onset of the Red Sea crisis, coupled with intensified trade protectionism and escalating of geopolitical competition, have led to greater uncertainty in the home appliance sector's overseas expansion. On the other hand, the economic recovery in emerging markets, the release of demographic dividends and the increase in penetration rate of the home appliance industry have also driven industry's rapid growth. At the same time, mature markets in Europe and the U.S. are gradually deepening scenario-driven and intelligent trends, continuously upgrading the industry structure.

In terms of categories, the overall demand for air-conditioning products in overseas markets improved significantly and maintained a growth trend. This growth was mainly driven by the increase in demand brought about by global climate change and the higher overall competitiveness of China's air-conditioning industry in the global market. With relatively low air-conditioner penetration in emerging countries, there is still significant potential for future growth. Refrigerators and freezers have demonstrated particularly impressive performance in the South American market, while the African market has also achieved double-digit year-on-year growth due to favorable demand.

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

1. HVAC Business

In 2024, amidst the dual challenge posed by persistent downturn of the real estate market and the contraction of public construction projects, the central air-conditioner business, guided by China's "Dual Carbon Goals" and urban renewal policies, achieved steady sales growth through technological innovation. Its market share in the domestic multi-split systems market exceeded 20%, continually leading the way forward in the industry.

(1) Central air-conditioner business

i. Smart home solutions, technology tailored to life

The Hisense brand has carried out innovation with focusing on users' "worry-free life" and launched the 5G + Honor Home series of central air conditioners. In response to the demand for removing formaldehyde in newly decorated houses, the Hisense 5G+ Glory Home features a proprietary, high-speed Internet of Things module specifically designed for central air conditioning, equipped with its own 5G network. This ensures that even new users without Wi-Fi can remotely control their air conditioning anytime, anywhere, with a one-touch solution for removing formaldehyde in newly decorated houses. Meanwhile, by incorporating an active comprehensive air management system that automatically links multiple air devices throughout the home, it facilitates self-awareness and self-regulation, thereby achieving active intelligent control of air quality through AI. For instance, in the presence of children or pets, the air conditioning system will actively sense variations in indoor temperature, humidity, and air quality, and then autonomously adjust to ensure a fresh atmosphere. Meanwhile, the Company's newly launched fresh air indoor unit has

revolutionized conventional fresh air technology and performance standards, incorporating all three of air purification, cleanliness, and oxygen enrichment. It boasts advanced features such as temperature and humidity regulation, efficient ventilation, and integrated control with air conditioning. According to the report from AICON, Hisense maintained its leading position in the domestic smart central air-conditioner market in 2024.

The Hitachi brand, anchored in the principles of intelligent foresight and comfort-oriented control, has created the “home that breathes intelligently” for its users. The top-freon and floor-water (天氟地水) Smart Enjoy series offered a comprehensive intelligent multi-connected system, delivering an integrated solution for both heating and cooling that efficiently meets the core demands of users in East and Central China for optimal heating in winter and year-round comfort from temperature control. In 2024, its sales volume increased by nearly 20%. The household smart air customization system has been upgraded to the home-feel 2.0 version, which deeply integrates three core modules of air conditioning, underfloor heating, and fresh air circulation, and automatically optimizes the operation of the equipment based on the big data of global users. Users can effortlessly enjoy intelligently coordinated adjustments of temperature, humidity, and fresh air volume without complex operations, resulting in a responsiveness improvement of 5 to 10 minutes compared to manual modes. Furthermore, with an energy-saving performance of 8%, this innovative achievement has successfully secured the Aipulan “Smart Technology Award” at AWE 2024.

York’s VRF brand meticulously customizes and innovatively develops two-connected supply products, crafting an experience of “seamless luxury care” for its users. The newly launched product features an innovative design that integrates top-freon and floor-water with top-freon and hot water, offering an ecosystem-level solution for discerning clients seeking a comprehensive underfloor heating and hot water experience. In 2024, its market share in the segmented field of top-freon and floor-water exceeded 20%, maintaining its leadership in the industry.

ii. Full-scene engineering solutions, using innovative technologies to address intricate demands

The Hisense brand focuses on the application of extreme environmental scenarios and robustly introduces the M3 series of comprehensive scene solutions. With its first-of-class all-around operational capability ranging from -30 to 58°C, the M3 series transcends the limits of extreme cold and intense heat. It has been validated to withstand category 17 typhoons and magnitude 9 earthquakes, making it adaptable to the complex conditions of high-altitude cold regions, coastal typhoons, and seismic belts, ensuring round-the-clock stable performance for commercial complexes and research institutions.

The Hitachi brand focuses on the renewal market with energy-saving technologies, providing full lifecycle support from diagnosis of the current situation, customization of solutions and recycling of old equipment. The latest generation of water-source multi-connected systems has broken the efficiency ceiling of multi-connected units and earns it the title of Innovative Product at the China Refrigeration. In 2024, it captured over 40% of the market share in water-source multi-connected

systems. The IoT multi-connected unit, SET-FREE AIII, utilized intelligent control algorithms to achieve performance breakthroughs under harsh conditions, while providing smart air solutions for upscale commercial spaces. Throughout the year, the Hitachi brand maintained its leading position in the property fitting-out furnishing market with a market share exceeding 20%.

iii. Future ecological construction system, supporting urban transformation with hardcore technologies

The company consistently prioritized the needs of space users, transforming technological innovation into tangible comfort benefits. In the field of smart buildings, the focus was centered on the integration of “HVAC + energy + specialized scenarios” through the introduction of the Hisense ECO-B smart building solution. This initiative facilitated the intelligent interconnection of equipment such as water machines, multi-connected machines, and lighting within building spaces, significantly enhancing the energy efficiency and intelligent capabilities of the buildings. Within the campus of 230,000 square meters of Jinjiang Intelligent Manufacturing College, the ECO-B Smart Building Management System provides an integrated solution for creating the immersive reading environment in the library and the personalized temperature control adjustment in the dormitories. The 22.5% growth in the smart building business fully demonstrates Hisense Central Air Conditioning’s ability to replace manual control with intelligent algorithms, transforming buildings into thinking living organisms.

In the field of water chiller business, the Company has globally launched the first-of-class positive pressure, liquid floating, variable frequency, oil-free centrifugal compressor series and its complete units, which were awarded the Gold Award at China Refrigeration Exhibition. Meanwhile, the Company continues to strengthen its presence in the heat pump fresh air business. The Hitachi brand has launched ultra-energy-efficient total heat exchangers for buildings and high static pressure DC fresh air indoor units, meeting users’ demands for ultra energy efficiency and high static pressure fresh air.

iv. The innovative channel integration, using high-quality services to shorten the distance between technology and users

During the Reporting Period, the Company promoted product suite marketing by integrating multiple product line technologies. Throughout the year, the deep integration of 924 channels led to a 14% growth in the scale of the terminal market. Services constitute the ultimate “closed loop” in achieving quality experiences. In terms of after-sales support, the Company has established a comprehensive one-stop service process. Currently, the Company operates 139 self-owned installation service centres and over 700 installation service units across the country, with more than 100 detailed standards of meticulous installation, alongside a ten-year warranty for complete units.

(2) Household air-conditioner business

The household air-conditioner business upheld the mission of “building air conditioner as the central indoor air housekeeper, improving the living environment and benefiting hundreds of millions of families,” while focusing on upgrading the technologies and products of Hisense and

Kelon. According to the omni-channel monitoring data from AVC, the online and offline retail sales of household air-conditioners increased by 10.8% and 21.2%, respectively in 2024, which is 0.1 points and 6.0 points higher than the industry growth rate, respectively, representing a growth against the trend.

i. Hisense Air Conditioner, let your home breathe freely

Hisense Air Conditioner understands the unique demands of every family for air quality and has launched fresh air conditioner family products such as the Tresor C3 series, the Spring Breeze X6, and the Little Oxygen Bar X7. Regardless of the changing seasons, these products can automatically adjust to provide the most suitable temperature, humidity, cleanliness, and freshness. Empowered by AI, technology becomes more human-centric. Hisense Air Conditioners has transformed the “AI Air Housekeeper” of the Tresor C3 series into users’ personal air consultant, with the ability to automatically sense environmental changes. Upon detecting a rise in indoor PM2.5 levels, it promptly activates its purification mode. When the air is detected to be dry, the humidifying function activates automatically. Through the Hisense AiHome App, users can customize their unique air formulas with one tap: the “Bama Wellness Mode” for morning exercises, the “Powerful Formaldehyde Removal Mode” for moving into a new residence, the “Energy-Saving Mode” for the sweltering heat, and even the “Drying Mode” during the rainy season, truly putting technology at the service of daily life. According to monitoring data from AVC, Hisense’s fresh air air-conditioners were set to lead the industry in terms of both sales volume and revenue in 2024, with the Tresor 72C310 model reigning supreme in the fresh air cabinet market segment. In the offline sales rankings for fresh air air-conditioners, six out of ten best-selling models are Hisense products, reflecting users’ genuine feedback on the stability and effectiveness of Hisense’s fresh air technology.

ii. Kelon Air Conditioners, defining good air for youngsters

Kelon Air Conditioner forges a close connection with younger users, focusing on two incremental markets of sleep economy and healthy home, while continuing to strengthen the brand’s youthful image. In 2024, Kelon Air Conditioner made technology more humanistic through three major upgrades of “technology that can understand users’ needs, changes that can be seen in effects, and interactive experiences that users can engage in with ease”, establishing an emotional resonance with users. The sleep quiet technology minimized operational noise to a mere 16 decibels, while the AI energy-saving algorithm automatically optimized household energy consumption. Additionally, the retro-designed units were frequently featured in home decoration showcases on Xiaohongshu. The LT product series has been equipped with National Level 1 Energy Efficiency Standard technology, utilizing adaptive frequency conversion to achieve a harmonious balance of energy conservation and quiet operation, fully catering to the year-round needs of households. The LF product series has been specifically designed for families with infants and has received certification from the China Household Electrical Appliance Research Institute as a “baby-friendly room air conditioner,” which proved its effectiveness in filtering allergens such as pollen and dust mites. These endeavors have earned Kelon Air Conditioner the “2024 China Air Conditioning Industry

Innovation Brand Award” and established it as a “trusted healthy air conditioning brand among consumers.”

iii. Implementing national policies to develop a low-carbon future

Hisense Air Conditioner consistently adheres to the principle of “transforming national policies into the welfare of the people.” In response to the national appliance renewal subsidy policies, all seven series of products have successfully achieved green product certification. Among these, six products, including the Tresor C300, simultaneously earned three-star carbon label certification, allowing consumers to enjoy an additional benefit from the Company’s replacement subsidy upon purchase. Through the combined subsidy efforts of government and enterprises, the market share of mid-to-high-end air conditioning products increased by 0.6 percentage points. In response to the renewal demands in lower-tier markets, the Company has established a nationwide old appliance recycling network, continually advancing its green transformation and digital service upgrades.

2. Refrigerator, Washing Machine and Kitchen Appliance Business

(1) Refrigerator and Freezer Business

In 2024, the Company’s refrigerator and freezer business, grounded in the dual-brand strategy of Ronshen and Hisense, focused on the core tenets of health preservation and vacuum technology. Supported by “national subsidies” policies for home appliances, the Company aimed to achieve a simultaneous enhancement in both quality and quantity. According to the omni-channel monitoring data from AVC, in 2024, retail sales of Hisense-branded refrigerators increased by 21% year-on-year, boosting its market share by 0.8 percentage points and ranking second in the industry, while retail sales in the mid-to-high-end segment grew by 19.8% year-on-year. Additionally, the market share of the freezer business increased by 1.1 percentage points.

i. Ronshen refrigerator, revolutionizing the household preservation experience with nature-inspired freshness technology

Ronshen Refrigerator has continuously deepened its focus on three major technological directions: “fresh preservation, health, and embedded design,” propelling industry advancements through product innovation and standards setting. The 560WILL Fresh Preservation Embedded Refrigerator, developed based on the WILL Natural Fresh Preservation System, pioneeringly simulated a natural ecological storage environment, ensuring that fruits and vegetables maintain a “freshly picked” quality even after seven days of storage. This product rapidly ascended to the industry’s bestseller list after its launch, breaking into the top four within three weeks and ultimately securing a place among the top ten for the year. The highly sought-after 506 Dual Clean Pro Embedded Refrigerator, through the collaborative innovation of the Smart Sensing Dual Clean System and IDP Active Sterilization Technology, precisely tackled the challenge of odor permeation, repeatedly ranking as the top product in the offline market and earning the 2024 Aipulan Golden Reputation Award.

According to monitoring data from AVC, the overall market share of Ronshen refrigerators increased by 0.7 percentage points in 2024, with a year-on-year rise of 1 percentage point in the

offline mid-to-high-end and high-end segments. The Company proactively responded to national policies aimed at upgrading consumption by innovatively launching a dual-subsidy model of “government energy efficiency subsidies + enterprise bulk purchase discounts,” reducing the renewal cost for users by over 25%. As a key architect of the embedded appliance standards within the industry, Ronshen refrigerators spearheaded the establishment of a standardized system of installation for embedded appliances, thereby facilitating industrial upgrades in the context of increasing integration in home living.

ii. Hisense refrigerator, pioneering a high-end fresh-storage revolution with vacuum technology

Hisense Refrigerator has achieved a significant technological breakthrough in the field of vacuum preservation. The innovative vacuum magnetic field preservation technology developed in 2024 established a constant temperature, low-pressure, low-oxygen environment, coupled with the orderly arrangement of water molecules induced by a magnetic field. This enabled beef steaks to retain cellular vitality even after seven days of refrigeration, thus pioneering a dual preservation mechanism of “vacuum oxidation prevention + magnetic field enzyme activity suppression.” Such advancement fervently propelled the innovation and upgrading of vacuum preservation technologies. In the third quarter of 2024, the flagship 565 vacuum refrigerator equipped with this technology and priced at the level of RMB10,000, was set to launch, thereby enhancing the brand's share in the high-end market by 1.6 percentage points.

As a leader in the industry standards for vacuum preservation chambers, Hisense Refrigerator has developed an intelligent storage and preservation solution that caters to complete user experience. The Tresor Series features one-touch vacuum segregation and an active sterilization and deodorization system, which create a safe preservation environment with a 99.99% antibacterial efficacy. In 2024, the Tresor 600 vacuum refrigerator received the AWE Excellent Product Award. With its innovative flat-integrated and zero-distance opening design, Hisense Refrigerator embodied the concept of an artistic kitchen, while addressing the aesthetic needs of users' living spaces. During the national subsidy period, the Company reduced the trade-in cost for consumers through a combination of government energy efficiency subsidies + corporate bulk purchase discounts, while simultaneously launching the after-sales service policy with a “three-year full warranty for refrigerators and a twelve-year warranty for compressors and vacuum pumps,” which significantly enhanced the quality renewal experience for users.

iii. Freezer business, driving the upgrade of freshness preservation experience with scenario-based innovation

The freezer business concentrates on frost-free air cooling and deep-freezing technologies, while fostering differentiated competitive advantages through innovative scenario applications. According to monitoring data from AVC, Hisense's overall market share in freezers increased by 1.1 percentage points year-on-year in 2024, with its high-end market share rising by 1.6 percentage points year-on-year.

Ronshen Freezer launched fresh cube series, integrating -40°C deep freeze rapid freezing with dynamic sterilization technology. Its modular design achieves a remarkable 30% enhancement in space utilization, with four online models securing their places in the industry's top 20. Hisense Freezer, backed by years of foresight in air cooling technology, has surmounted the traditional challenges of frost formation with its fourth-generation advancements. The 165L freezer features an elevated design and 360° circulating airflow, striking a balance in experience between “three-second freezing” and “frost-free cooling.”

In response to the storage requirements for premium ingredients, the Hisense ice bars series innovatively developed a five-zone independent temperature control system, providing a precise storage environment for items such as red wine and cigars. The technology of deep freezing reduces cellular damage to below 5%. In 2024, the overall market share of Hisense ice bars series increased by 0.5 percentage points year-on-year.

(2) Washing Machine Business

Continuously deepening technological innovation and achieving breakthroughs in health-oriented washing and care, the washing machine business has attained the third position in terms of global shipment volumes within China, while securing the top growth rate among the world's top 10 brands.

Based on precise insights into consumer trends, Hisense washing machines have continuously innovated and upgraded their cleaning technology to meet user demands. For the washing machines, the Company has developed patented technology of running water washing technology, which enhances cleaning power by over 22% by invigorating the water, thereby achieving a cleanliness ratio of 1.25 and setting an industry benchmark. Such technology softens water, while eliminating over 93% of scale, preventing laundry from yellowing or hardening. It safeguards user health in real-time, achieving a fungal elimination rate of 99.99%, ensuring deep cleanliness while filtering and expelling lint throughout the washing process. This meticulous attention to hygiene offers a healthy and caring washing experience for pet owners, families with children, and individuals with allergies. Currently, products equipped with Hisense's running water washing technology are widely acclaimed by consumers. According to the data from AVC, the Hisense Piano Master i3 washing machine has successfully claimed the weekly top on the national bestseller list.

Furthermore, leveraging its industry-leading garment care technology to meet the ever-evolving drying and care demands of consumers, Hisense has launched the Marshmallow series washing and drying set. Equipped with skin-care grade clothes care technology, efficient drying technology, and 6D precise drying detection technology, this series has gained immense popularity among consumers since its launch, driving a more than threefold increase in Hisense's dryer sales.

In the realm of consumption among youngsters, Hisense washing machine seamlessly merges vintage aesthetic design with modern technology, while transcending the conventional boundaries of washing machines. It has launched the Roman Holiday series, inspired by romance and freedom, featuring a body with soft and rounded edges, a Roman green color scheme, and a Morandi gradient

glaze technique, which brings young users a dual satisfaction of emotional value and laundry experience. The Roman Holiday series has garnered prestigious accolades, including the 2024 International CMF Design Gold Award, the 2025 CES Innovation Award, and the AWE Design Gold Award, greatly endearing itself to consumers.

(3) Kitchen appliances

Hisense kitchen appliances always place user needs at the heart of product and service refinement. While continuously deepening technological innovation, it optimizes the layout of consumer experiences, resulting in a 72% year-on-year growth in the kitchen appliance business scale, providing more households with kitchen and bathroom solutions that seamlessly blend functionality and aesthetic appeal.

From its aesthetic design to functional details, Hisense kitchen and bathroom attentively listens to the authentic needs of users in real-world scenarios. During the year, it launched 34 models of new mid-to-high-end products iteratively, including combinations of hoods and stoves, dishwashers, as well as electric and gas heating appliances. The W8 and C3 Tresor Series, catering to the health-conscious requirements of modern households, witnessed a remarkable 110% year-on-year increase in the sales of high-end series, thanks to their minimalist aesthetic design and user-friendly interactive experience. Furthermore, the online platform has leveraged favorable national subsidy policies to optimize its structure, resulting in an increase in the sales proportion of mid-to-high-end products to 50%. Meanwhile, the dishwasher category has achieved exponential growth by leveraging eight core technologies such as UV waterway sterilization and intelligent dispensing. The annual sales have witnessed a year-on-year increase by 152%, topping the industry in terms of growth rate, which truly make the liberation of hands an integral part of daily life for countless households.

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

Amid the global energy reform and the intelligent transformation of the automobile industry, Sanden Company has proactively advanced its transition from a compressor-centric parts supplier to a comprehensive thermal management system provider for new energy vehicles. It consistently delivers efficient, energy-saving, intelligent and reliable thermal management solutions to automobile manufacturers worldwide.

(1) Achieving a comprehensive breakthrough in thermal management systems and core components by advancing the efficacy of green technology

Sanden Company focuses on the core demands from users of new energy vehicles for safety, efficiency, and comfort. Through innovative green technology, it has revolutionized thermal management systems and core components, thereby continually optimizing travel experiences. In response to concerns regarding the reduction in the battery life in winter, Sanden Company has independently developed the new generation of natural refrigerant integrated units (CRU), which improve the battery life in winter by 25%. Furthermore, the introduction of the innovative

fifth-generation electric compressor, designed with a modular architecture, boasts a 20% reduction in operational noise compared to the industry average, fulfilling users' aspirations for a high-quality driving experience characterized by both "efficiency and tranquility". In the face of the challenge posed by extremely low temperatures, the advanced thick film heating technology enables simultaneous rapid warming of both the battery pack and the cabin in conditions as frigid as -30°C. This innovation not only ensures stable battery life in winter but also liberates users from the vexing difficulty of warming the interior of vehicles in severe cold. Addressing the space constraints typical of compact vehicles, Sanden Company has pioneered a split-type dual-layer air conditioning technology. Through the lightweight design of external fan housing, it has succeeded in reclaiming up to 12% more interior space, thereby offering urban users an unparalleled driving experience.

(2) Being firmly centered on "customer needs" for global layout to foster mutually beneficial ecosystems

Focusing on the new trends of "electrification, intelligence, connectivity, and sharing" in the automotive industry, Sanden Company has meticulously restructured and outlined clientele maps along with clientele strategies, along with differentiated and customized market planning. In addressing strategic clients, Sanden Company has established a tripartite mechanism encompassing "headquarters-region-possession" collaboration, which deploys engineering teams to deeply integrate within clients' research and development cycles, thereby facilitating joint development of thermal management technologies and forward-looking preassessment of demands. In addressing the high-potential clients in the Chinese market, Sanden Company leverages localized research and development centre alongside flexible production lines to deliver customized solutions such as heat pump air conditioning systems, intelligent water heaters and others, which achieved a 20.8% year-on-year increase in supporting order amounts within the Chinese region in 2024. Through our global layout, which encompassed four major manufacturing bases and R&D centers in Japan, China, Europe, and the United States, Sanden Company has established an integrated mechanism of research, production and sales for customers' proximity to supply and services, allowing for swift responses to empower our partners in seizing market opportunities.

4.Tresor High-End Business

The Hisense Tresor series steadfastly upholds the utmost quality, while merging the aesthetics of Eastern design with technology that embodies humanistic care. It is specifically crafted to provide high-end Chinese households with an aesthetically pleasing, tranquil, and harmonious lifestyle imbued with Eastern elegance. The Tresor series creates a comprehensive smart living ecosystem that breaks down the barriers between isolated spaces, establishing seamless connections among home appliances, home living, and family members. In 2024, the scale of the Tresor premium series witnessed a 52% year-on-year growth. Fueled by the trade-in policy, the Tresor premium series achieved a 120% year-on-year growth, contributing significantly to the escalating penetration of high-end home appliances within the industry. In terms of channel construction, the Tresor series continues to strengthen its connection with central air-conditioning specialty stores, driving a breakthrough in the size of the pre-installation market. From artists and smart homes to user-centric

living environments, the Tresor series has emerged as a leader for the high-end lifestyle.

5.Smart Home Business

Currently, the Company has integrated a proprietary Xinghai large model with DeepSeek, while launching the Hisense appliance-specific intelligent agent to create a comprehensive “Hisense all-scenario AI home appliance solution” from the users’ perspective. By merging the large model with our self-developed industry-leading expert database, the Hisense intelligent agent can deeply understand user needs, proactively think and reason, deliver professional solutions, and execute with precision, thus achieving truly holistic and continuous management.

In the realm of air solutions, Hisense AI air housekeeper can achieve “optimal air quality with automatic regulation.” For instance, in a sports viewing scenario, a fan might say, “Hello HALI, a penalty kick is about to occur, and it feels a bit warm here.” The Hisense AI air housekeeper can conduct an in-depth deductive analysis based on the external environment and viewing context, and then activate a fan-exclusive mode that lowers the temperature to a comfortable 24°C and initiates fresh air circulation to alleviate any tension. The Hisense AI air housekeeper can also implement human-sensing wind control; when users approach the air conditioner, it automatically switches to a gentle breeze to prevent discomfort. Moreover, when no occupants are detected, it automatically transitions into energy-saving mode. In addition, the Hisense AI air housekeeper can even continuously monitor the room’s air quality, and should it detect a significant deterioration, it promptly activates the fresh air mode and autonomously adjusts the fresh air volume to purify the air.

In the realm of intelligent laundry care, Hisense’s AI laundry housekeeper embodies the principle of “instant response, tailored laundry.” When faced with the pet-hair dilemma, one needs only lament, “The sofa cover hasn’t been washed in two weeks, and it’s entirely covered in cat hair,” and the Hisense AI laundry expert will promptly adjust to the most powerful water flow, activating the disinfection and mite-removal mode. When the morning rush calls for a suit to be wrinkle-free, a simple request, “Hasten the care for this suit, need it ready in half an hour,” will prompt the AI laundry expert to initiate steam smoothing, maintain a constantly cool air cycle for dust removal, and automatically shorten the drying time, thereby ensuring the attire is impeccably maintained.

In the realm of health preservation, Hisense’s AI culinary housekeeper allows for a clear overview of food within the refrigerator, while intelligently sensing ingredients and providing optimal preservation solutions. For instance, the built-in camera can recognize the marinade on the surface of lamb chops, understand the user’s need for rapid marination, and consequently adjust temperature and vacuum levels to achieve the optimal marinating process. As the marination approaches completion, it automatically awakens the oven for preheating. Meanwhile, the AI culinary housekeeper “not only perceives freshness but also unlocks new approach,” thus transforming itself into an intelligent nutritionist.

The AI-powered home appliance full-scenario technological solution not only embodies Hisense’s advocacy of “integrating human-centric technology into daily life, and allowing people to enjoy

every moment of wellness,” but also presents the ultimate answer for AI home appliances: simplifying the complex, entrusting technology with intricacies, and restoring simplicity to living.

6. Overseas Markets for Home Appliances Business

During the Reporting Period, the Company proactively developed five key engines in overseas regions, deepened localization efforts, and intensified its sports marketing initiatives, leading to a continuous increase in the influence of its self-owned overseas brands. In 2024, overseas revenue increased by 36% year-on-year with improving sales structure and increasing profitability.

(1) Europe Region

During the period, Hisense’s Europe region capitalized on the opportunity presented by Euro 2024, while engaging in multifaceted interactions through brand promotion, product marketing, and e-commerce user operations. The region intensified investments in expanding into key markets and top channels, while continuously promoting the mid-to-high-end product matrix, which led to a rapid increase in home appliance revenue, with market shares across all categories experiencing a certain extent of growth. In 2024, the annual revenue from Hisense’s European white goods business increased by 35% year-on-year. Among these, the sales of refrigerators experienced a 23% year-on-year growth, with Hisense refrigerators holding a market share of 10.3%, representing an increase of 2.3 percentage points year-on-year. Localization in research and development led to a 33% year-on-year increase in the revenue of the household air conditioner business. The addition of large-capacity, high-efficiency washing machines established a competitive advantage for integrated washing and drying machines, resulting in an increase in revenue of 48% year-on-year.

(2) Americas Region

During the period, Hisense’s Americas region concentrated on the Central and South American markets, enhancing its local refined operational capabilities while overcoming significant barriers to markets such as Brazil. In 2024, revenue from home appliances in the Americas region surged by 46.5% year-on-year. Among these, the sales of refrigerators focused on channel management, achieving a 70.7% increase in revenue. The household air conditioner business prioritized the development of specialized channels and successfully advanced the North American refrigerant transition project, resulting in an increase in overall revenue by 30% year-on-year, with the revenue from light commercial appliances soaring by 176%. Furthermore, the revenue from washing machines rose by 70%.

(3) Middle East and Africa (MEA) Region

During the period, Hisense’s MEA region shaped brand appeal through sponsorship of sporting events, while focusing on top-end stores to establish a strong offline brand presence. The brand strength and channel efficacy consistently improved, resulting in a 27% year-on-year increase in revenue for 2024. Among these, refrigerators have further deepened layout in high-end channels such as flagship stores, with revenue increasing by 19.7% year-on-year, and a greater proportion of high-end products. The sales of refrigerator and freezer products ascended to the top of the market,

with Hisense refrigerators in the South African market accounting for 34.1% of total sales, representing a year-on-year increase of seven percentage points and securing the top market position for two consecutive years. Progress has been made in expanding specialized channels for air conditioners, with the light commercial appliance business driving an overall revenue growth by 27% year-on-year in this category. Central air conditioner emphasizes the application and study of technologies suited for high temperatures and sand-resistant capacities, thus achieving an increase in revenue by 57% year-on-year, while washing machines experienced a 39% rise in revenue year-on-year.

(4) Asia-Pacific Region

In 2024, Hisense's Asia-Pacific region implemented multifaceted strategic layout, enhancing its influence in regional markets through the restructuring of brand value and innovating product technology. In the Australian market, the focus was on amplifying efforts in three primary categories: air conditioners, washing machines, and kitchen appliances. Concurrently, in the Japanese market, alongside the enhancement of product strength, the optimization of the network of top-end experiential stores was also promoted. Furthermore, increased localized investment targeted potential markets such as New Zealand, India, and Bangladesh. In 2024, the Asia-Pacific region experienced a 15% year-on-year growth in revenue.

(5) ASEAN Region

During the period, the ASEAN region addressed the pain points of the regional market, while reinforcing its core category layout, accelerating the coverage of its network of chains, and continuously optimizing retail efficiency. In 2024, revenue from Hisense's ASEAN region increased by 32% year-on-year. The air conditioner business strengthened its construction of specialized channels, resulting in a 45% year-on-year revenue growth, with coverage in specialized channels increasing by 10 percentage points. The refrigerator and freezer business focused on structural breakthroughs, with the market share in Malaysia increasing by 1.63 percentage points year-on-year, and in Thailand, by 1.13 percentage points year-on-year. The washing machine business focused on promoting the running water washing series, thereby achieving a 58.2% year-on-year revenue growth, accompanied by a continual improvement in sales structure. The central air conditioner prioritized breakthroughs in specialized channels and water machines, where the revenue increased by 80% year-on-year.

7. Channel and Service System Development

(1) The deepened omnichannel layout for high-quality growth driven by the emerging ecosystem of business

In 2024, the Company seized opportunities presented by diversified channel development, while expanding through emerging platforms, constructing a comprehensive marketing system, and innovating service scenarios, in order to achieve synergistic growth across all channels. On the one hand, it established an extensive live streaming matrix that deeply penetrated platforms such as Douyin and Kuaishou, among which, Douyin has created an all-round live streaming ecosystem of

over 168 newly established live streaming rooms, while Kuaishou has developed an ecosystem comprising top-tier, niche, and mid-tier anchors. This strategic approach contributed to the industry's highest sales during the 818 sales cycle, with the Double Eleven campaign securing the second-highest sales from the official flagship store. On the other hand, the differentiated activation platforms harnessed their potential, with Douyin leveraging sports marketing as a breakthrough, while enhancing brand visibility through the EURO 2024; Kuaishou fortified its marketing efforts by utilizing national subsidy resources, resulting in a significant increase in brand audience.

(2) Collaborating efforts with both established and proprietary channels to strengthen top-end service capabilities

The Company accelerated the establishment of its specialized business system, with the total channel scale growing by 131% year-on-year in 2024 and a 43% increase in the number of touchpoints. Self-owned channels innovatively integrated "online engagement with offline services," while introducing new community service formats, and consolidating scenarios such as convenient services, trade-ins, and others, thereby effectively promoting the sales scale and service quality. The deepening of an omnichannel layout created a multifaceted growth engine for the Company, thus continuously reinforcing its industry-leading position.

(3) Upgrading of the comprehensive user operation system and redefining of the value of digital experience

The Company reshaped user experiences with data-driven and scenario-integrated, realizing cross-brand precise identification and stratified operations by integrating user assets across the region and constructing a user dynamic tagging system, which effectively increases the repurchase rate. Concurrently, the Company developed the "Love Home Membership" ecosystem, streamlining the entire chain of purchasing, logistics, and installation into a cohesive process, achieving complete order visibility and accelerated response times for installation and repair requests to just two hours, with a total of 1.13 million active services rendered. Leveraging the momentum of an increase in the sales of smart home appliances, the Company aimed to establish a value ecosystem integrating "products + services + data." This transition from isolated transactions to comprehensive user lifecycle value management has led to a year-on-year surge of 65% in monthly active users of the Hisense Love Home app, along with 14% enhancement in the Net Promoter Score (NPS) for our intelligent experience.

8. Establishing a globalized intelligent supply chain and enabling lean manufacturing with digital intelligence drive

The company is actively building an efficient, agile, transparent and sustainable global supply chain system. Firstly, it deeply optimizes category management, promotes regional integrated procurement, and continuously improves the supplier structure. Secondly, it promotes high-quality domestic suppliers into overseas markets, and enhances the supply of overseas localized resources, thus forming a hierarchical overseas supply system. Thirdly, it improves the risk prevention mechanism of the overseas supply chain while simultaneously achieving dual-track backup of core

materials. Finally, it actively enhances the supply chain fulfillment capability. The fulfillment cycle of core orders has been continuously optimized by 25.8%, and the order guarantee rate has increased by 7.5% year-on-year.

Leveraging the exemplary guiding role of the lighthouse factory, the Company has been steadfast in promoting its intelligent-centric advanced manufacturing strategy. During the period, the Hisense-Hitachi multi-connected machine factory received certification from the World Economic Forum (WEF), becoming the first lighthouse factory for multi-connected machines globally. It has innovatively created over 40 advanced scenarios across multiple industries. The rate of product development pace accelerated by 37%, and UPPH (units produced per hour) increased by 14.9%. Meanwhile, the global factory's performance and overall operational capabilities continuously improve by actively replicating advanced experiences. Additionally, the Company has added 11 new "National Intelligent Manufacturing Capability Maturity Level 3" factories to enhance its data-driven quality prevention, alerting and quality control capabilities, and to realize the intelligence, automation and flexibilization of the production process.

III. ANALYSIS OF PRINCIPAL FINANCIALS DURING THE REPORTING PERIOD

(I) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

☒Yes ☐No

The reason for retroactive adjustments or restatement

The Ministry of Finance issued the "Interpretation No. 18 of Accounting Standards for Enterprises" on 6 December 2024. Regarding the accounting treatment of guarantee-type quality guarantees that are not single performance obligations, the Company has made corresponding adjustments to the beginning-of-period data accordingly. However, the following financial indicators are not affected.

Item	2024	2023	Increase or decrease as compared to last year (%)	2022
Operating revenue (RMB)	92,745,611,109.52	85,600,189,224.06	8.35	74,115,151,039.29
Net profits attributable to shareholders of listed company (RMB)	3,347,881,773.89	2,837,322,754.58	17.99	1,434,968,215.84
Net profits after deducting non-recurring profit and loss attributable to shareholders of listed company (RMB)	2,605,848,900.08	2,355,069,261.87	10.65	905,567,200.78
Net cash flow from operating activities (RMB)	5,132,164,941.24	10,611,857,591.35	-51.64	4,032,382,602.38
Basic earnings per share (RMB/share)	2.46	2.08	18.27	1.05
Diluted earnings per share (RMB/share)	2.46	2.08	18.27	1.05
Weighted average rate of return on net assets (%)	23.27	22.64	Increase of 0.63 percentage points	13.13

Item	At the end of 2024	At the end of 2023	Increase or decrease as compared to last year (%)	At the end of 2022
Total assets (RMB)	69,701,939,817.33	65,946,495,555.67	5.69	55,375,868,443.33
Net assets attributable to shareholders of listed company (RMB)	15,455,626,606.63	13,580,174,485.95	13.81	11,518,373,442.25

Reasons for change in accounting policies:

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

Unit: RMB

Item	2024	2023	2022	Description
Profits or losses from disposal of non-current assets (including the part written off for provision for impairment on assets)	-5,693,941.96	-3,666,652.72	47,140,615.81	--
Government grants recognised in the profits or losses (excluding government grants closely related to the Company's business and are received with fixed amounts or with fixed percentage based on unified standards promulgated by government)	247,168,700.30	195,139,772.58	225,922,958.46	--
Except for effective hedging operations related to the Company's normal business operations, gain or loss from changes in fair values of transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, and investment gain from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other investments in debt	135,123,664.04	-239,068,307.45	16,533,562.48	--
Profit and losses from assets which entrust others to invest or manage	361,802,134.90	298,844,795.34	187,413,275.48	--
Gain or loss on debt restructuring	9,564,354.65	25,739,211.33		--
Other non-operating income and expenses other than the aforementioned items	179,094,875.47	371,016,020.58	366,457,850.14	--
Other profit and loss items that satisfy the definition of non-recurring profit and loss		72,041,335.03		--
Less: Effect of income tax	141,971,316.85	147,009,791.45	194,250,687.61	--
Effect of minority interests (after tax)	43,055,596.74	90,782,890.53	119,816,559.70	--
Total	742,032,873.81	482,253,492.71	529,401,015.06	--

(III) ANALYSIS OF PRINCIPAL BUSINESS

1. Analysis of operating revenue, operating costs and gross profit margin

Unit: RMB

Item	Revenue from major operating businesses	Costs of major operating businesses	Gross profit margin (%)	Increase or decrease in revenue from operating businesses as compared to corresponding period last year (%)	Increase or decrease in costs of operating businesses as compared to corresponding period last year	Increase or decrease in gross profit margin as compared to corresponding period last year (percentage)
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					(%)	point)
By industry						
manufacturing industry	83,623,219,672.09	64,819,490,898.10	22.49	8.66	9.45	-0.56
By products						
HVAC	40,283,913,190.36	28,784,059,348.72	28.55	4.22	6.19	-1.32
Refrigerators and washing machines	30,839,154,917.48	25,423,481,668.92	17.56	18.29	19.36	-0.74
Others	12,500,151,564.25	10,611,949,880.46	15.11	2.15	-1.89	3.50
Domestic	47,993,733,054.87	33,244,159,644.85	30.73	-2.12	-2.06	-0.05
Overseas	35,629,486,617.22	31,575,331,253.25	11.38	27.59	24.91	1.90
Direct sales	59,295,528,757.96	49,583,912,405.87	16.38	13.93	13.85	0.06
Distribution	24,327,690,914.13	15,235,578,492.23	37.37	-2.35	-2.76	0.26

2. Expenses

Unit: RMB

Expense Item	2024	2023	Increase or decrease as compared to corresponding period last year (%)	Reason for the significant changes
Sales expense	9,001,915,472.95	8,555,775,713.18	5.21	No significant changes
Management expense	2,499,492,962.69	2,296,063,851.05	8.86	No significant changes
Finance expense	-36,902,664.41	-204,586,431.88	N/A	No significant changes
Research and development expense	3,446,746,374.31	2,779,508,194.39	24.01	No significant changes

3. Cash Flow

Unit: RMB

Item	2024	2023	Increase or decrease as compared to corresponding period last year (%)
Cash inflows from operating activities	81,425,983,334.68	76,815,643,741.00	6.00
Cash outflows from operating activities	76,293,818,393.44	66,203,786,149.65	15.24
Net cash flows from operating activities	5,132,164,941.24	10,611,857,591.35	-51.64
Cash inflows from investing activities	37,576,184,678.56	20,906,798,504.15	79.73
Cash outflows from investing activities	38,195,621,766.67	30,464,242,081.12	25.38
Net cash flows from investing activities	-619,437,088.11	-9,557,443,576.97	N/A
Cash inflows from financing activities	4,926,600,091.46	4,558,764,891.41	8.07
Cash outflows from financing activities	10,047,920,217.55	5,179,903,602.62	93.98
Net cash flows from financing activities	-5,121,320,126.09	-621,138,711.21	N/A
Net increase in cash and cash equivalents	-685,871,793.99	398,794,325.14	-271.99

Explanations on the main contributing factors for significant year-on-year changes of the relevant figures:

√ Applicable □ Not applicable

The change in net cash flows from operating activities was mainly due to the increase in cash paid for purchases of goods and services.

The change in net cash flows from investing activities was mainly due to the increase in maturity of wealth management products.

The change in net cash flows from financing activities was mainly due to dividends, repurchase of shares and changes in notes margin during the Reporting Period.

(IV) PARTICULARS OF ENTRUSTED WEALTH MANAGEMENT

Unit: RMB ten thousand

Product Type	Source of funding for entrusted wealth management	Total subscription amount of entrusted wealth management as at 31 December 2024	Amount of undue principal and return as at 31 December 2024	Amounts overdue for recovery as at 31 December 2024	Impairment of amounts overdue for recovery as at 31 December 2024
Wealth management products of banks	Self-owned funds	1,751,300.00	1,599,829.89	0.00	0.00
Total		1,751,300.00	1,599,829.89	0.00	0.00

During the Reporting Period, the Company did not have a high-risk entrusted wealth management product which has a significant individual amount, or low security, poor liquidity or no assurance on investment principal, and the Company was not aware of any circumstances indicating the possibility that the principal of the entrusted wealth management could not be recovered or other circumstances that might lead to impairment.

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

Major Subsidiaries and Participating Companies Affecting 10% or More of the Company's Net Profit

Name of company	Company type	Major business	Registered capital	Total assets (RMB ten thousand)	Net assets (RMB ten thousand)	Operating revenue (RMB ten thousand)	Operating profit (RMB ten thousand)	Net profit attributable to shareholders of the Company (RMB ten thousand)
Hisense Hitachi	Subsidiary	Production and sale of commercial air-conditioners	USD150 million	1,845,756.87	644,118.80	2,074,427.24	415,413.85	348,577.13

IV. OUTLOOK

(I) The Company's development strategy

With the mission of “devoting to scientific and technological innovation, leading advanced manufacturing centered on intelligence, and serving hundreds of millions of families with high-quality products”, the Company abides by the values of “honesty and integrity, pragmatic innovation, customer first and sustainable operation.” By focusing on cognitive, operational, creative, and leadership capabilities, the Company continuously enhances its intrinsic driving force, prioritizes user needs, creates high-quality products with ingenuity, and aims to become the most trustworthy brand in the world.

(II) Business highlights for 2025

The Company will adhere to its customer- and user-centered approach, and cultivate competitive advantages for our brand and products. We will focus on user experience and product excellence to develop leading comprehensive smart living solutions. Additionally, we aim to accelerate our share in overseas markets and online channels, while swiftly advancing the integration of the Company’s internal platforms and digital transformation, in order to achieve a breakthrough in the efficiency of corporate operation.

The Company will continue to improve the quality of its operations through the following initiatives:

1. Breaking through core technologies to elevate product competitiveness. To complement our high-end offerings by achieving innovative breakthroughs in product capabilities. To create exceptional products by innovating in aesthetic design, and to position AI-driven interactions as a fundamental competitive edge in home appliances in order to significantly enrich the user experiences.
2. Vigorously developing overseas markets to enhance profitability. To integrate Hisense's advantageous resources to comprehensively support the development of international markets through the establishment of overseas research and development centers, product assurance, and talent provision. To employ multiple engines to rapidly advance in overseas markets in order to elevate the overall operational quality of the Company.
3. Executing a robust marketing strategy for the World Cup to achieve growth in domestic sales. To strengthen branding and marketing capabilities by enhancing strategic awareness, elevating online operational competencies, and fortifying offline networks to rapidly improve the quality of domestic operations. To leverage the sponsorship rights of such premier event to integrate marketing resources effectively, in order to conduct a successful marketing campaign for the World Cup, and to increase the market share of mid-to-high-end products in the domestic market.
4. Promoting organizational reform to enhance managerial efficiency within the enterprise. To leverage the Company’s comprehensive category synergy to construct a cross-category strategic collaboration network encompassing research and development, supply chain, manufacturing, and marketing. To achieve a leap in operational efficacy through resource sharing across all domains. To continue to advance organizational reform, improve efficiency, reinforce a flattened organizational structure, expand managerial breadth, and accelerate the release of management efficiency.

5.Enhancing global supply chain capabilities while reducing costs and increasing efficiency. To optimize the layout of global production capacity, strengthen localized procurement abilities, and ensure the security of the global supply chain. To undertake comprehensive deepening of category management, consolidating resources, and continuously lowering costs. To refine supply models to achieve efficient collaborative delivery within the supply chain.

6.Establishing an efficient, low-carbon intelligent factory, and leveraging AI to empower smart manufacturing. To commit fully to the digital transformation of the entire manufacturing chain, to enhance the Company's intelligent manufacturing capabilities across multiple dimensions, namely lean principles, informatization, automation, processes, and safety. To facilitate the upgrading of intelligent manufacturing technologies and position the Company as an industry leader, and to reduce smart manufacturing costs and solidify competitive advantages within the sector.

7.Strengthening the capacity for ESG (Environmental, Social, and Governance) development and expediting the transformation towards a green, low-carbon economy. To implement a carbon-neutral development strategy, achieve carbon reduction targets, establish green factories, and enhance ESG risk management mechanisms. To create a systematic management operation from the top down in critical areas such as carbon neutrality and compliance in order to accelerate the Company's transformation to a green, low-carbon paradigm and to promote sustainable and healthy business development.

(III) Risks faced by the Group include:

1. Macroeconomic fluctuation risk. There are increasing uncertainties in the global macroeconomy. If economic growth continues to slow down, it may lead to insufficient consumption momentum, which could, in turn, affect the consumer demand for home appliances.

2. Rising cost risk. Any fluctuation in the prices of raw materials will impact the cost of the Company's products. Any increase in the costs of labor and labor costs, shipping costs, installation and maintenance services may result in the overlapping of costs in multiple segments, which could put pressure on the profitability of the Company.

3. Exchange rate risk. If the exchange rate of RMB fluctuates significantly, it may trigger an inverse linkage between selling prices and costs in overseas markets, which would directly affect the cost competitiveness of the Company's overseas products and lead to a narrowing of the profit margin of the overseas business.

4. Market risk due to trade protectionism and trade barriers. If some countries and regions, in order to protect their own economic interests, intensify trade barriers through means such as increasing tariffs and imposing mandatory certifications, this could drive up compliance costs, make market access difficult, and weaken the price competitiveness and channel penetration efficiency of enterprises in overseas markets.

FINAL DIVIDEND

The Board proposes to distribute a cash dividend of RMB 12.30 (tax inclusive) for every 10 shares

to all shareholders (the “**Proposed Dividend**”) on the basis of the total share capital of the Company of 1,385,264,498 shares which represents the total share capital of 1,386,010,405 shares deducting the repurchased shares from the repurchase account as at the date of this announcement (as at the date of this announcement, the Company has repurchased 745,907 shares in total), without bonus issue or the issuance of shares through conversion of capital reserve. (For the year ended 31 December 2023, a cash dividend of RMB10.13 (tax inclusive) per 10 shares was paid to all shareholders on the basis of the total share capital of 1,385,264,498 shares of the Company actually participating in the distribution)

The Proposed Dividend is subject to approval by the shareholders at the 2024 annual general meeting (the “**Annual General Meeting**”). Subject to the approval of the Proposed Dividend by the shareholders, the Proposed Dividend is expected to be paid on or about 15 August 2025. The total amount of profits to be distributed is expected to be RMB1,703,875,332.54. Details of the payment of the Proposed Dividend will be announced after the conclusion of the Annual General Meeting.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND ANY RELATED HEDGE

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

CAPITAL EXPENDITURE

The capital expenditure of the group for the year ended 31 December 2024 was RMB 1,393.94 million. The Group has sufficient funds to meet the funding requirement for purposes such as capital expenditure plans and daily operations.

GEARING RATIO

As at 31 December 2024, the Group’s gearing ratio (calculated according to the formula: total liabilities/total assets) was 72.20% (2023: 70.59%).

CORPORATE GOVERNANCE CODE

To the best knowledge and information of the Company, during the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Hong Kong Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Hong Kong Listing Rules as its code for securities transaction by directors of the Company. After having made specific enquiries to the directors, all the directors confirmed that they had acted in full compliance with the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SHARES

On 8 January 2024, the Company convened the 1st extraordinary meeting of the eleventh session of the Board, in which the resolution relating to the plan of the repurchase of A Shares of the Company through centralized bidding trading (the “**2024 A Share Repurchase Plan**”) was considered and approved. The 2024 A Shares repurchased under the 2024 A Share Repurchase Plan are intended to be used for the 2024 A Share Employee Stock Ownership Plan.

From 17 January 2024 to 23 July 2024, the Company repurchased 13,915,968 A Shares of the Company through centralized bidding trading at a total transaction amount of RMB343,418,332.75 (excluding transaction fees). As at the date of this announcement, the repurchase of A shares under the 2024 A Share Repurchase Plan has been completed.

AUDIT COMMITTEE

The twelfth session of the audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely, Mr. Xu Guo Jun, Mr. Li Zhi Gang and Mr. Tsoi Wing Sing. The Audit Committee has reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the financial results of the Group for the year ended 31 December 2024 and the disclosure in this announcement.

SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS LLP

The figures in respect of the consolidated balance sheet and consolidated income statement of the Company, and the related notes thereto, for the Reporting Period as set out in this announcement have been agreed by ShineWing Certified Public Accountants LLP, the auditor of the Company, to the amounts set out in audited consolidated financial statements of the Company for the Reporting Period. The work performed by ShineWing Certified Public Accountants LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ShineWing Certified Public Accountants LLP on this announcement.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

The Group is not aware of any significant events that could have a material impact on our operating and financial performance after the year ended 31 December 2024 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND 2024 ANNUAL REPORT

This announcement is published on the websites of the Company (hxjd.hisense.cn) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The 2024 annual report of the Company will be despatched to the Shareholders upon request and published on the respective websites of the Company and the Hong Kong Stock Exchange stated above in due course.

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

DEFINITIONS

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

“Company”	Hisense Home Appliances Group Co., Ltd.* (海信家電集團股份有限公司), a company incorporated in the PRC with limited liability, whose shares are listed on the main board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“Hisense Air-Conditioning”	Qingdao Hisense Air-Conditioning Company Limited* (青島海信空調有限公司), a company incorporated in the PRC with limited liability and indirectly controlled by Hisense Holdings, which holds approximately 37.28% of the issued shares of the Company as at the date of this announcement
“Hisense Global Asia Holding”	Qingdao Hisense Global Asia Holding Co., Ltd.* (青島海信環亞控股有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
“Hisense Holdings”	Hisense Group Holdings Co., Ltd.* (海信集團控股股份有限公司), a company incorporated in the PRC with limited liability
“Hisense Hitachi”	Qingdao Hisense Hitachi Air-Conditioning Systems Co., Ltd.* (青島海信日立空調系統有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Hisense Intelligent Electronic”	Qingdao Hisense Intelligent Electronic Technology Co., Ltd.* (青島海信智能電子科技有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of Hisense Visual Technology Co., Ltd.
“Hisense International”	Hisense International Co., Ltd.* (青島海信國際營銷股份有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Holdings
“Hisense Jinlong Holding”	Qingdao Hisense Jinlong Holding Co., Ltd.* (青島海信金隆

控股有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Hisense Holdings

“Hisense Marketing Management”	Hisense Marketing Management Co., Ltd.* (海信營銷管理有限公司), a company incorporated in the PRC with limited liability and 50% owned by the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company, comprising the A Shares and the H Shares
“Sanden Company”	Sanden Holdings Corporation
“USD”	United States dollars, the lawful currency of the United States of America
“%”	percent

**For identification purposes only*

By order of the Board
Hisense Home Appliances Group Co., Ltd.
Gao Yu Ling
Chairperson

Foshan City, Guangdong, the PRC, 28 March 2025

As at the date of this announcement, the Company’s executive directors are Ms. Gao Yu Ling, Mr. Jia Shao Qian, Mr. Yu Zhi Tao, Mr. Hu Jian Yong, Mr. Zhu Dan and Mr. Dai Hui Zhong, and the Company’s independent non-executive directors are Mr. Li Zhi Gang, Mr. Tsoi Wing Sing and Mr. Xu Guo Jun.